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REI Secrets – Joe Answers Your Most Common Lease Option Questions – Part 3

Hosted by: *Joe McCall*

Welcome. This is the Real Estate Investing Mastery podcast.

How are you doing, Joe McCall here. This is the REI Secrets show and on this show, webinar, podcast, whatever it is, I go live every week and I teach my favorite secrets when it comes to real estate investing. So it's not a call where I necessarily answer a bunch of questions like a normal coaching call. It's typically a call where I go live and I teach something cool, new and exciting and it's a lot of fun. I enjoy doing these. I call it the REI Secrets series.

So whether you're listening on podcasts or watching on YouTube or watching on Facebook. Hi, what's going on? This will be part three of my series that I've been doing the last few weeks on answering the most common lease option questions. So I get a lot of questions about lease options. How do they work? When do you use them? When you don't use them? What are the biggest mistakes to avoid? What's the right way to do it? Stuff like that. And so I'm going to be continuing the series and answering your most common questions. About a month ago, I did a big class on lease options and I literally got I don't know, I got a lot of questions and I take the best of them and I put them here and I'm going to be covering them.

OK, so in the meantime, if you want this book for free, I wrote a book called Simple Lease Options The Easiest and Fastest Way to do more deals in any market. You can get this book for free just by watching my master class on these options at SLOclass.com. If you go to SLOclass.com And check out the webinar, it's absolutely free. And at the end of the webinar, I'm going to give you this book for free. It's a PDF book and I walk through step by step how to do lease option deals. My story, how to find the sellers, how to make the offers, how the paperwork works, how to find the buyers. It's all there. Go to SLOclass.com To get my simple lease options book. Cool. All right. You're going to love it.

Now, a lot of you guys are watching right now on YouTube and Facebook live. So hello to you. If you have any questions or comments, please type them in the comments in the YouTube or Facebook and just say hi, give me a thumbs up. If you're watching this on YouTube, please subscribe to the channel right now and I'd really appreciate it. Cool. You ready to jump into this? Nice. So what I've done here is I have taken all of the questions that I have and I still have a bunch left. So this would probably be in a four part. I'll do the one more after this. I'm just going to go through and start answering these questions. And Lisandro, hey, how are you? And Warren, how are you?



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And Tagg is asking what kind of camera I'm using. I'm using a Sony a sixty five hundred I think a something Sony a something one hundred and it's a DSLR camera behind a teleprompter and I don't know anything else about it. I had a friend help me set it up. OK, let's dove into the questions shall we. This is a question. And again, I just copy and paste these questions that are in no particular order. I might have answered them already before, but I'm just going to go through it again. And these are questions specifically related to lease options.

OK, this question, even though you are a realtor, do you still advertising market through a realtor? The answer is yes. So one of the things I teach is when you when you're finding a tenant buyer for your property, that's one of the first things you should outsource. You want to be taking calls all day from tenant buyers and showing the homes and all of that. So you're going to outsource it. Why not outsource it to a realtor? So many investors are afraid, for whatever reason, to work with agents. I think it's one of the best ideas ever. So you should hire an agent, a leasing agent to find tenants, tenant buyers for you. So even though you are if you are a licensed agent. Yes. Hire a leasing agent to find you tenants.

What insurance what is the insurance a tenant must carry to be a tenant lease option buyer and the seller. So I'm not an insurance expert, but what I do know is I require my tenants to get just typical renters insurance. They in fact, I don't I don't know if I'm required or just strongly suggested. I think the lease has it as a requirement, but it's not like I'm going to evict them if they don't have it. But it's a really, really, really good idea for tenants to get renters insurance, which covers all of their belongings. Now, the cool thing about lease options is I don't take the risk of actually owning the property. I just control it. So the owner who still owns the property, they have to convert their insurance to a landlord policy, which isn't a big deal. Homeowners do that all the time. It usually doesn't cost anything more, maybe just a little bit every month. But if they were living in the house at one time and now it's a rental property, they need to convert their policy to a landlord policy. And this is in my checklist. It's really important that you review this with the seller and you confirm that it's not OK.

What's the update on the restrictions for texting or slide dialing seller leads? Can we still do it? So slide dial, there's a difference between slide dial and slide broadcast. This is a company that does this with ringlet voicemail's. I don't recommend doing slide broadcast unless these are existing customers you already have a relationship with. Slide dial is a little different. Slide dial is just one at a time sending a personalized voicemail to somebody. I'm not a legal expert on this, but I still think that's OK where you're calling one person from one phone number and you are leaving a personalized voicemail for them. So what it does is it leaves them a voicemail without ringing their phone. So it would be, hey, Jim, I'm just I just saw your property here in one, two, three Main Street. I sent you a text and I'm wondering if you would be



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interested in renting it out or selling it or something like that. I'm not a realist voicemail expert. There's a lot of people get in trouble with that, but they're getting in trouble because they're sending out hundreds, if not thousands of them at a time and they're not personalized. So you just make sure you're doing it right. Make sure you're doing it the right way.

Are there any YouTube videos on best practices on how Joe uses both freedom soft and prop stream? Yes, I do have some of those videos. I do have a lot more videos in my course, but I use freedom stops and props stream every day for our deals. I love it. I use it all the time. And so if you go to my channel and you just go to YouTube to search for Joe McCall, you'll see some videos of me talking about freedom soft and propstream in there. And if you I was there when I first started this REI Secrets series, I did a bunch of videos on this. I'm going to be doing some more. So, yes, they're in my course. There's also some videos on my YouTube channel. So just go to my YouTube channel and do a search for freedom soft and you'll find some good videos in there.

If I have an assistant for five hours per week, what's the most important work I can have her doing? Great question. Simple, easy answer. Marketing. That's it. You're not in the real estate investing business. You're in the marketing business. So you should be having your voice do marketing. They should be bringing you leads. In fact, tomorrow, I think it is. I'm doing a virtual conference call with some investors from Israel that are doing remote virtual wholesaling in the United States. I'm looking forward to that. Time is a good friend of mine, Haim Pelamis. I believe his last name is. I always get that mixed up. Sorry, Haim, if you're watching this, but he's from Israel. Cool guy. We did a course together called MLS Hacks probably five, six years ago. And I got this idea from him and I loved it. He had a virtual assistant. You had three different virtual assistants emailing realtors in three or four different markets. So every day is Vas would send one or two hundred emails to realtors of older listings, properties on the MLS that needed work. And he would send emails saying, Hey, I saw your property on Zillow at one, two, three Main Street. We might be able to it was listed for one hundred grand. We might be able to offer 60 grand if your client is interested. Attached is a proof of funds. Let me know. And so these VCs would send these emails for him to these realtors and he would get deals from it. Yes. Have your views. Do marketing. Your VAs could do text messages. They could do letters. Even if you use click to mail, there's a there's a service through called print print genie. If you have a monthly subscription, they can do one off letters for you. So you could do one off letters to rentals.

You can have a VA scrape properties from Zillow, from Craigslist, from Facebook marketplace. Send messages for you. I've had Vais that will go and look for evictions and judgments from court records, put them in a spreadsheet, give them to another virtual assistant who is local and have them handwrite twenty yellow letters a day. So yeah, if you've got a VA, all you have is five hours a week. I don't know if that's



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enough but yes. Have them do marketing period. That's, that's number one. Number two thing you should have your voice do is update your CRM for you. OK, if you're using freedom soft and hopefully you are, have the VA be your freedom soft expert, have the VA update freedom stuff for you. And then the third thing you should have to do is follow up. They should be doing all of your follow up so you don't have to worry about any of that. Right.

How do you arrange a property management? How do you arrange property management for out-of-state deals that you may never go to? First of all, if you're doing lease options, I don't think you need a property management company unless you have a bunch of them. OK, that's a great thing about lease. Options are super easy to manage. You're not going to have the maintenance and repairs and the vacancies that you'd normally do with regular rentals. So I don't think you need a property management company. You should be able to do it yourself or what I recommend. What I do is having my assistant manage the properties for me. But if you have to get an out-of-state property manager, just look for them. I mean, they're out there. There's tons of them.

Do you have a title seasoning issue with the double close's that you mentioned? I believe the rule is that after you close, you must hold title for 90 days. Great question. I already answered that in part one of this Q&A series, so I'm not going to spend much time on it right now. But yeah, if it's first of all, you want to make sure you're working with a good mortgage broker and a good title company that understands what lease options are and how to do them, OK? And when you do that, it makes everything so much easier because they're going to tell you how to handle this. No. One, it doesn't that you're tending bar doesn't have to get an FHA loan, which is typically the loan that requires a 90 day seasoning. Not maybe there's either Fannie Mae or Freddie Mac. I don't know. So maybe it's they're doing the same thing with conventional and unconventional loans. I don't know. But you need a mortgage broker. And so what do you do that no one you may have to do is subject to for 90 days? OK, number two, maybe you use private money, you close on the deal for ninety days. Number three, maybe you just remove yourself, put a lean on the property, remove yourself. Now, it's a new contract between the seller and the buyer, and you get paid on the HUD as a revocation of option or an assignment of interest or I've seen a couple different things, an option release, things like that. So I just have that conversation in advance with the title company, with the mortgage broker and ask them how do we do that? There are ways around it. And again, the mortgage broker could just find a bank that doesn't have 90 days seasoning.

What would it be like to market to expired listings compared to fizbo? I think you should do both and not either or market to buyers, market to fishbowls, market to landlords and rentals. Yes. Do I need to be a realtor I. I'm a realtor, do I need to disclose yes, always one hundred percent now, technically, maybe some



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real estate commissions or brokers require you to disclose that you're an agent in all of your marketing. So if you have to do that, then do that. I don't I mean, maybe I should, but I think it's really stupid. So I don't do it. But when when I talk to them, I let them know I'm a realtor. OK, it's on my website, but when I only have this little postcard that I'm sending out, I'm buying these things. I'm buying them by owner and I'm selling them by owner. Sometimes I'm keeping them. So I don't need to I don't think for me personally, I don't disclose in my outbound marketing that I am a realtor because I'm not looking for listings. I'm looking to buy properties. But as soon as I talk to the seller, as soon as I get all of my contracts and paperwork, I disclose that I'm an agent. But this is a non broker transaction. OK, I'm not using agents to help with this. All right.

Let's see how the comments are coming in. We're getting some good comments. The Silence Seawolf. Good afternoon. What's going on, Manny? Hey, Joe King of Lease Options. So many. Thank you. Stevie Mitchell. Hey, Michael, do you get your lists from the county? I get my lists from prop stream. PropstreamJoe.com. Hey, Lenny, how you doing? Thank you, Manny. This is a perfect storm for these options. I totally agree. I think you're right, Robert. How are you doing? Good to hear you. Hear from you, your voice. Bruce, got a question.

What's your best lead source for lease option assignments, rentals, landlords on what do you call it, people that are advertising their properties for rent on Zillow, Facebook, Marketplace, etc. because these are already nice homes. They don't need any work and they're vacant. And I also like for sale by owners. Now, how are you, James? Thanks for being here. Cool. Robert, are you just going to landlords? Are you also looking at low equity homes? Both Yes. So and I see your comment about Max Maxwell has a program. Well, where did I go? He's a he's got a program about ring this voicemail. Yeah. So here's the thing. Ring this voicemail works, but you can get into big trouble if you make somebody mad. So don't do it. Now, when it comes to documents getting signed, you use Dakis. I know I use freedom song, freedom soft. I can get them signed electronically. Right then in there. Infusionsoft, Alvin, you mentioned getting your list from Prop Stream. Is it better for lead generation than freedom soft? I kind of, yes. Maybe depends. Right. Like Prop Stream is going to give you more options for leads. They just have a much, much bigger database. Freedom soft is still really good. Freedom soft is better for like just absentee owners or just vacant properties. So I use both. I don't know if that's a good answer, but that's what I do. OK, next question.

From the questions submitted in advance, I would like to know more about what it really costs on a monthly basis to do the marketing, including the software it costs, phone numbers, text charges, skip tracing, Vas assistance, etc.. OK, monthly basis. So that's a hard question to answer because it depends on how much marketing you're doing. I would say in general you're spending one to two thousand dollars in



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marketing per deal in most markets, one to two thousand dollars in marketing per deal that you're doing now. Unless you're doing Google Pay per click or you're doing a lot of direct mail, that could get up to two, three, four thousand dollars in marketing per deal. That includes your CRM, your VAs, your marketing channels, et cetera, et cetera. But when you're making 10 to 20 grand on a deal, it makes sense, doesn't it? Yeah, and it all depends on how much follow up you're doing as well. So you've got to be doing follow up. Generally speaking, I tell people you should have at least a minimum budget of five hundred one thousand dollars a month. And marketing.

Joe, you mentioned on another video that you have some people locking up less options under a contract and then using the property for Airbnb. Could you please elaborate? Yes, I'm not an Airbnb expert, but I do know a lot of students that are using what I teach on lease options and are because then when you have it under at least option, you can do whatever you want with it for five years as long as you're paying the monthly payments. Right. So why not turn it into an Airbnb? Yeah.

Hi, Joe. I'm working on letters. Can you give a snapshot of the verbiage we use? OK, when it comes to letters, keep it super simple. Very personal. OK, what I like to do is when I, I've used this a lot, where I send a letter from my wife, my wife is sending a letter. So hey Jim, my husband and I are looking for a property that we can buy in the area. We saw that you have your house at one, two, three, Main Street. You wouldn't be interested in maybe selling it, would you? Thanks, Victoria. And phone number. All right. So it's my husband and I are looking for buy a property. Maybe it's an expired listing or for sale by owner. So we might say, hey, Suzy, my husband and I are looking for an investment property that we can lease for a year and then buy. If that would work for you, please call me. Maybe I wouldn't say investment property. I just say my husband and I are looking for property that we can maybe lease for a year or two and then buy. If that would work for you, please give me a call. Phone number. Super simple. Very personal. Those are the kinds of letters I like to send.

Let me say something else. If you can take the letter after you write it up and crumple it all up and then fold it back out, put it in an envelope and then mail it, why do you do that? It just gets more open rates. You get a higher response rate. OK, they're going to feel this envelope, this kind of thick, crunchy little bit. They open it up, they see it crumpled up paper that's been folded, their peaks, their curiosity, they open it and they read it. It's just going to get a higher response rate. More people are going to read it. That's why I recommend if you can crumpling up the letter, it may be if you want to be. You say something like that there, say something like, please don't throw me away again or something like that.



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How does the paperwork flow and the cash move on a wholesale lease auction deal? That would take me 10 minutes to answer. That's why I wrote the book. Check out the books and lease options. Wholesaling these options is basically where you wholesale a deal. In fact, I wrote another book here called Wholesaling Lease Options, and you can get that book at WLObook.com. Boom. How do you like that? You can buy this. Just pay shipping and handling. It's free. The book is free. I'll send it to you. Just pay seven or eight bucks in shipping and I'll get you that book. Wholesaling Lease Options talks all about how those deals work. Cool. All right. Let me go back to the questions and move on where they go. Here we go.

When you get a tenant buyer who's responsible for the repairs, a couple of different things. OK, first of all, when I give my contract to the seller on a lease option, I tell them, listen, I'll be responsible for all the maintenance and repairs under five hundred dollars a month and the seller will be responsible for everything, everything above that. Then when I put a tenant, Byron and I make the tenant buyer responsible for all the day to day maintenance and repairs under five hundred dollars a month. So if something it doesn't, something happens, something breaks, the air conditioning breaks. Well, that goes to the seller. I'm not responsible for under. I'll cover the first five hundred bucks the seller covers everything above. That thing you could do is you could buy a home maintenance warranty to cover those more expensive appliances. That's going to be three, four or five hundred bucks maybe. Probably well worth it. Sometimes the buyer won't fix something. So if the buyer doesn't do it, you have to do it so that you're kind of responsible for that. You can deduct it or you add it to the price of the home when they buy it. I have language in my contract that says, Mr. Seller, if you don't fix something and I do that you're supposed to pay for, I get a credit back times to when I buy the house. So if it's a twenty five hundred dollar repair that I have to do, I'll pay for it. But then I'm going to get a five thousand dollar credit when I buy the house in one or two or three years. That makes sense. So if the AC goes out and it's one hundred and twenty degrees, outside seller doesn't want to fix it. Buyer is not going to fix it. You're going to have to fix it. You're going, you're in the middle. You're the landlord of this deal or else you're going to get in trouble with the judge. You've got to fix it, but you've got to make sure you have the money save for that, which isn't a big deal. Then when you fix that, you get that credited back to you. Times two from the seller when you buy the house. Makes sense.

Oh, there's another part to that question. Rent that they pay does not get credit. Does that get credited towards the total amount that they agreed to pay? Yes, sometimes I do have rent credits, although they don't call them rent credits, their seller concessions. So I tell this tenant, if you pay your rent on time every month, I'm going to give you a three thousand dollar credit at closing or I'm going to give you two hundred dollars a month at closing. And all it does is reduce the price of the home. It doesn't go towards a down payment.



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What are the contracts between you and the seller and between you and the buyer? OK, I answer this before I answer it again real quick. The seller and I are going to have either a one page contract or a three page contract. I have two different ones. I'm doing a wholesaling lease option. Assignment deal. I have a one page contract. That's that's the lease in the option together. If it's a sandwich lease option where I'm staying in the middle, I have a simple three page letter, three page contract that I give them where it's between it's a lease and an option together, where I'm going to be the tenant buyer. When I find the tenant buyer and I'm putting a buyer in the house, I have a separate lease and a separate option agreement with them. There's other things like seller's disclosure statement, lead based paint. I may I might have a pet agreement or an animal pet agreement thing that I might do. Some people do a purchase and sale agreement at the very beginning. I don't think you have to do that, but you could if you wanted.

Is there a place where you have any recorded seller calls that we can listen to? I think that would be very helpful. Yes, I have a lot of them in my simple lease options course. So again, if you go to SLOclass.com, you see my my webinar, you get my course. I have a lot of recorded seller calls in there.

How do you set up your criteria to pull a list for lease option deals if you're using perhaps Jamila's or so? There's not really anything different in pulling a list for lease option deals. And again, my marketing is not necessarily looking for lease option deals. I'm looking for deals. I'm looking for motivated sellers that have a house they need to sell motivated sellers make your job so much easier. So you're not doing marketing for lease option deals? I'm not talking to sellers trying to get them to do lease option. I'm talking to sellers, just trying to see what their situation is. Why do they need to sell their house? Why don't they just list it with an agent? What's the lease they would take? What's the lowest that I'd be willing to bet that they would be willing to sell it, that I could maybe buy it for. And if they want too much for the property or if there's not enough equity, then I talk about a lease option. OK, if they're not in a hurry to sell it, then I talk about a lease option. If price is more important to them and they're OK to wait and I talk about a lease option makes sense. Sometimes I'll make them a cash offer. If they say no to that, then I offer lease option. So I don't really pull a list for lease option deals. I just pull this to motivate potential motivated sellers.

How did you lease options in Texas? We can't do sandwich lease options in Texas where you can actually, but you can't do longer than six months. But you can do lease option assignments all day long in Texas. So there's a bonus module in my course. It talks about how to do them in Texas. I recommend you check out if you are in Texas, I recommend you check out my friend John Jackson has been doing this type. In Texas for years, lease option assignments and just Google him, he's all over, he's a good guy. It's kind of funny to don't tell him I said that.



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Do you require your buyer to purchase a home warranty? No, I don't require it. But you can if you want. I think it's a good idea. I think somebody should buy it. Sometimes the seller buys it. Sometimes I buy it. Sometimes a buyer buys it.

What's the percentage of equity that you'll stay on in a sandwich lease option? Deal. I want to see at least 15 percent equity on a lease option deal. Sometimes I might take 10 percent if it's a really hot market, but I want to see at least 15 percent equity in a lease option deal for me to stay in the middle on a sandwich lease option. Right. And that's really about if you tell a seller, if I can get you the same equity you would get if you sold with a realtor, what would you be interested in that? And that's about 15 percent or eighty five percent of the deals that make sense. After step three, talking to sellers, when you say you're going to send them information with references, is that what you send? Is that when you send the offer? And is this what you are talking about when saying that? OK, so when I talk to a seller, I send an offer to every single seller and I've done other videos on this and are secrets, but I like to send it if it's a cold lead. They're not ready now and that's most of them. I send him a three option letter of intent and is going to give them a cash offer, a lease option offer, an owner financing offer or maybe just a sandwich lease option. Offer a wholesaling lease option offer. Sometimes just a cash offer. Just depends on the deal. Right. But sometimes on a lease option I'll send references. You don't have to do this. But these aren't references of other sellers that you've done deals with. This could be a mortgage broker, that you've done the business with a mortgage broker on your team. It could be an attorney title company, another realtor, a property management company, maybe a banker for whatever reason, maybe a couple of different mortgage brokers that you work with, the credit repair company. Maybe if you have a private investor that lend you money on deals before, if a seller says they want to see references of other sellers that I've talked to, I said, listen, I'm not going to give you their information. I mean, if every seller that I did a deal for, I gave their phone numbers out, they'd be getting tons and tons of calls. So I just don't do that. But I say it doesn't sound to me like you're interested in doing a lease option then. So why don't you just list it with an agent? Why don't you just listed with the realtor make sense in a simple, easy option or a sandwich lease option. Deal.

Would you say you had any ownership in the property? No, I don't think so, because I'm leasing it. I'm just a tenant buyer. I have a leasehold interest, not an ownership interest. OK, so it is some equitable interest in the property, but no ownership. The title stays in the seller's name. I'm just leasing it property. I'm a tenant buyer with the right to sublease it out to someone else. It's kind of like a master lease.

OK, ok, this is interesting question. I called the house and I found in Florida the owner. I told the owner that we were looking in the area for a house we might rent for a year or so. And then by he said first he has



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heard of this but didn't know how the process goes. And then he asked me, why not just buy it now? What would have been the best approach here? That's a great question. I would say to the seller, well, if I did buy it now, if I did make you an offer to buy it now, what's the least you'd take? Is that the lowest you go? Can you go any lower than that? Oh, man. Really? How did you come up with that number? I'm just curious. It's not disappointed listening. Do you think that's a fair price for this crazy market right now? Let me ask you something. If you were in my shoes you were an investor looking for a property to buy, would you buy your house at that price? If they say they want one hundred, that's at least they take they feel like if they say they want one hundred, that's the least they would take. Then I would ask them if I came to your house right now with a briefcase full of seventy five thousand dollars, would you not take it for your house? OK, so I'm trying to get them to the bottom line. No, and basically they say I say I will buy your house, that you're probably not going to like my offer. All right. But I can pay you more if you'd be willing to carry some of the financing or do some terms, creative terms like owner financing or lease purchase. OK, if I can get you that price that you want, Mr. Seller, would you be willing to lease it for a year or two and then let me buy it? Why don't you just go buy it now? I would, but I work with private investors and I when I buy properties I have to buy them. It's pretty significant discounts like 60, 70 cents on the dollar. So I can make you a cash offer. I can buy it, but I'm not going to be your retail buyer. I'm just looking for investment properties. OK, again, you should probably list it with a seller with a real estate agent, Mr. Sellers. So I pull away, I take my offer away. If they're not interested, not motivated, don't want to do a deal yet. That's fine. Not a big deal.

I'm just looking at comments on YouTube and Facebook here. What's good, Joe, or that's good. Joe wouldn't would stay, but I'm at work. I love the course. Thanks. All right. Thank you. Can you tell me what real estate contracts you use? Well, those are in my course, Mike. Those are in my course. Also, are you still doing partnering with Joe? Yes. Go to PartnerWithJoe.net if you're interested in that. Robert crumpling up is awesome advice. The letters I did that after you and Larry did the small town training. I get awesome calls back on that. That's awesome.

How can you do list options on duplexes? Yes and no. The problem is you can't put a tenant buyer in a duplex. The buyer is not going to buy the duplex. You want to it's like more like a master lease with the option to buy it in the future. So you would just sell that contract as long as the cash flows, you'd sell it to another investor and then you'd be out of the deal. On that same note on the duplexes, which. Ones would be the best to do list options on I don't know if I can answer that out like you typically don't do list options on multiple families. You can just it has to cash. Well, I would recommend doing just a regular straight up option on a multifamily. All right. Many thanks to your lease options course. My first deal is the house that I live in now in less than eight months, I have eighty thousand dollars in equity. Thank you, Joe. I highly



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recommend your course. Wow, that's awesome. I love it, Manny. It's great. That is so cool. It makes my day, Manny. Appreciate it. So he did a lease option on his own existing residence, which I've done. And in eight months, he has over eighty thousand dollars in equity. Oh, that's beautiful.

Chuck, how do you make the transition from your one to two year lease with the seller to five to 10 years that you're looking for? That's where I give them options. Chuck, I say, listen, I can get you one to two years, but it's going to be at this price. If you want that price, I can give you five. I can get you that price if you're willing to wait five to 10 years. So I give the seller's options, OK? I just use at the beginning one or two years to get my foot in the door and I will do at least option for one or two years. But it's going to be at a lower price if they want more time than that, that I'm going to need more if one to two years, if they're OK with waiting five years and I'll give them a higher price. Does it make sense? It's price or terms. So it's all negotiable. I can give them the price they want. If they give me the terms that I want, I can give them the price they want if they give me the terms I want. So I say that, right. All right, good.

You mentioned that one time companies that screen tenant buyers. How do I get that information? I give you in my course the companies that I use for tenant screening. But you can also I mean, just Google. I recommend networking with people at your local real estate clubs and find out who they use.

A great question here. Why would sellers agree to do a lease option when our market is on fire and there's bidding wars happening anywhere, everywhere, every day? What I would say, are you sure they're bidding wars happening? I mean, here's the thing. Somebody give me a market right now. I'm going to show you some proof that the market's not as hot as you think it is.

Somebody in the comments right now. Give me a market that you're looking at, that you're investing in, that you're working on. I'm going to give you guys a minute to type it in the chat, type it into the Facebook or the YouTube's chat. OK, San Jose, California, one of the hottest markets in the country. All right, let's go there. San Jose, California. I would share my screen here, right there, San Jose. I'm going to remove the outline and actually zoom out a little bit. All right. Great market. There's twenty eight hundred homes on the market there. Now, if San Jose is such a hot market and all you need to do is take a sign in the yard and you sell your properties above asking price in days, why would anybody want to do a lease option, then? Surely there would not be any homes that have been on the market over sixty days. Right. So let's look at houses, townhouses, condos. Let's do time on Redfin. More than 60 days. There are five hundred and five homes in this area right now in South Bay that have been on the market over sixty days. This is from Redfin. All right.



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So you might say, well, let's exclude the really, really expensive homes of San Jose. I don't know what a really expensive home is there. Let's exclude anything above two million right now. There's two hundred ninety eight. And let's also remove any new construction. Sometimes they will put properties on here that are just been built or they haven't even been built yet. So just in this area, there's two hundred and forty homes priced under two million dollars in the South Bay Area that has been on the market over sixty days, two months. The market's white hot right now. I thought all you had to do is take a sign in the yard and you could sell your house. Is lightning fast above asking price? Well, then why are there still two hundred and forty homes on the market? This looks like a nice house right here. One point four million doesn't need any work. Why isn't this house sold yet? It's been on the market sixty days. Let's go here to page five. Here's a house in Santa Cruz near the ocean, one point five million fifteen hundred square foot house. You people in California are crazy, but look how beautiful nice this house is. Why hasn't this house sold yet? It's like five blocks from the beach. It's crazy. It's beautiful. Here's a house for eight. Fifty five. Seventy five. Why hasn't this thing. So that's way out in the Diablo Grundy. That's like way out there. But why isn't that house sold yet. All this looks like a great this might be a townhouse or something for sale by owner. They're asking seven thirty. Why isn't it sold yet?

Because they're asking too much. Well, don't you think some of these houses are going to be vacant? Do you think maybe they got a vacant house, they're making a mortgage payment on it. And if you contact them and say, hey, listen, if I can get you that price you're trying to sell it for, would you be willing to lease option it for a year or two first and then sell it? This house is vacant. They're asking nine hundred ninety nine thousand dollars on it. I don't know if that's a good area or not. Looks kind of far away, but, you know, they might be tired. It's been on the market one hundred and sixty days. This market is white hot and I haven't sold this thing yet. They might be getting motivated. You make an offer, follow up. Chances are they're not going to sell this thing unless they lower their price or they do some kind of creative financing on it. So even in the one of the hottest markets, most expensive markets in the United States, there are still a ton of homes.

Now, if I zoom out now, there's nine hundred and twenty. I'm in Modesto and Stockton. Let's go up to Sacramento. This. Whole area here. Thirteen hundred homes under two million dollars that haven't sold yet. And over in under 60 days. OK, so they're out there. I just wanted to show that to you to prove my theory clear as mud. I could do that for every market in the county, in the country. Deborah says you like to pick on California. I used to live there. I was born there. That's why I can do that. Why don't you pick on a state your own size? Deborah, that's funny. Oh, I love California. I just would never want to live there. Chuck makes a great point here. You can't get enough rent to cover the mortgage that I maybe won't do the deal or I make the seller cover the difference. If it's a motivated seller and their mortgage payment is



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four thousand dollars and the rent is only twenty five hundred dollars, I'm not going to pay the difference. Right. I'll pay the seller. Twenty five hundred a seller pays. Wouldn't the seller rather pay an extra fifteen hundred dollars a month and four thousand dollars a month. OK, yeah why not. And maybe I will pay the mortgage payment of four grand a month if the seller reduces their price. If it's worth a million dollars I'll pay four thousand dollars a month but I'm going to buy it for five hundred thousand dollars. I don't know, something like that. OK, a bunch of people are commenting about California now. Let's be nice to Californians.

Next question. I have a new LLC. How do you present yourself to a seller as yourself or use the name of the LLC? OK, so when I'm talking to the seller, it's me. I'm the Joe Blow investor, the average Joe. And when it comes to the paperwork in the contracts, I use my LLC then. Yes. So you should put all your contracts in your LLC. I think I'm going to get through these questions in one part three. I don't think I need to do a part four. So let's move on.

What if the house does not appraise when it's time for financing? How do we handle this? Do we renegotiate with the seller? Maybe that's a great thing about lease options. It's just an option. You don't have to buy it. So if the price drops, you can walk away. I mean, worst case, you've been cash going three, four or five hundred a month. All right. And the tenant buyer who's in the house, you should tell them you should be glad you didn't buy this house because you had an option to buy it for seven fifty. Now it's worth six fifty. Aren't you glad you didn't buy it? Right. That's the seller's problem. So but you could go back to the seller and renegotiate or you can negotiate more time. So let's say you have a you have an option to buy for seven fifty. It's only worth six fifty. You can say to the seller, well, this is the I'm getting a cash flow on this. Obviously, I can't buy it. I don't want I'm not going to buy it now because it's so I can give you the house back or you can give me more time. I'll continue paying the mortgage, give me more time and then I'll buy it when it does appraised for whatever the option prices. It's the same with the buyer. The seller still receives depreciation with the property since we only have a lease and not technically the owner. Correct. All the income we received is taxed as ordinary income. I think so when it comes to taxes. Talk to a tax attorney advisor. I'm not a tax guy, but yeah, I think so. That's one of the drawbacks for at least option when you're doing this subject to I think technically you can get the depreciation on that. So I really appreciate how you explain things.

Could you explain again what a wraparound lease option is and how it works? So a wrap around in my mind when I think about it, it's like when you when you buy a property with owner financing or you buy a property subject to the existing mortgage, you create a new mortgage that wraps around the existing mortgage. So it doesn't really apply to lease options. Wrap around is where, again, you sell a house on a



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land contract or contract for deed or owner financing on owner financing. Terms with that mortgage wraps around another mortgage. So the B to C, the end buyer is actually paying the mortgage on the A B agreement. Kind of technically. Does that make sense?

Who do you recommend to send out your direct mail, direct marketing or your offers? OK, so I use click to mail to send my direct mail because I can do it right inside of freedom. So if there's another service I'm looking at, it's called print X, I think go big printing does it. So if you Google go big printing, print genie, you should find a service and I'm looking at them. I might start using them.

I don't know if I'm going to get to all these questions. Actually, now that I'm looking at it, I am not going to get through them all. So I think it's might be a good time to wrap it up because there are so many good questions. You're getting a lot of good comments and feedback from people.

Somebody is asking about a question from AI, would you consider doing a lease option on a property with a tenant already in place? I would if the there was good cash in the deal and there was good equity, because you got to remember, too, that tenant buyer who's in the house right now, you have to keep them in there until their lease expires in a couple of years or one year or whatever. So if you're willing to take on that risk of being responsible for this mortgage payment on somebody that you did not place in the property, then yeah, that might be good. But again, as long as there's equity and good cash flow and the chances of that it was living in the house to actually want to buy it is slim to none. So you just got to be aware of that. Yeah, hope that helps.

Deborah's got a good point here. Good observation for properties where mortgages greater than the rent. Think about adding a granny flat or an aidoo you an add you as an accessory dwelling unit like a little tiny house to the property or doing a short term rental. Often short term rentals make a poop load more than long term rentals, two or three times more. Yeah, right. And also I know guys that rent. Properties that rent properties by the room so you could rent a property by the room and you could add add some adieus or little tiny houses onto the property, turn it into an Airbnb to get more. There's a lot of things that you can do creatively, especially in California. You need to think more about these types of things. Thank you, Deborah, for that. All right. So good.

I'm pooped. Speaking of poop, I am tired, so I'm pooped. I need to wrap this up. All right, guys, I appreciate you. Don't forget, if you want my book, Simple Lease Options for free, you can get it where it is. SLOclass.com, the easiest and fastest way to do more deals in any market. All right. Go check it out, get it free. It's a PDF. You can get it after you watch the webinar, the master class. And in that class, I'm going to teach you how to get more leads and you can handle for free. I'll teach you how to make offers to sellers,



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Cool, guys, I appreciate it. I appreciate all of you. And we will see you guys later. Take care.