



# REAL ESTATE INVESTING MASTERY

[www.RealEstateInvestingMastery.com](http://www.RealEstateInvestingMastery.com)

## 1157 – 7 Steps To a Recession Proof Business : Steps 3-5

Hosted by: Joe McCall & Gavin Timms

- Joe:** Hey, this is part three. How you doing? Joe McCall here. Gavin Timms over there. How are you doing, Gavin?
- Gavin:** Good Joe, how are you?
- Joe:** Awesome. Guys, we're talking about our PDF report that you can get for free. It's a nine page PDF at WWW dot REI Proof dot com slash seven steps. The link is in the description of this video. Check it out. Previous two videos we talked about, number one, finding your buyers first. The second step you need to take is lowering your offers. Then our next one is number three. Where to go? Here it is. Learn creative finance. All right. I'm already seeing it, Gavin. A lot of sellers are starting to accept a lease option. Offers a lot more sellers. We're even getting calls from realtors saying, hey, tell me more about this lease option. Before the realtors would be like, now we're getting multiple offers, so we're not gonna have any problems selling this thing. They're selling it the same day. Multiple offers above asking price. Now sellers are panicking and they're like more open. They want to get the price that they wanted to before they're going to need to be open to creative finance. So, Gavin, what is creative finance? Can you talk about that?
- Gavin:** Yeah, absolutely. So there is multiple ways. I guess creative financing comes under multiple buckets, right. So a few of them would be lease options, which could be a some ways lease option or assignment lease option, sandwich lease option being while you're staying in the middle of the deal. So you can make some money upfront, you can cash flow, make money on the back end by staying in the middle. You can assign the lease options, wholesaling the lease option. You've got seller finance out of finance where you're taking over the property over terms and the seller's pretty much acting as the bank is subject to if you want to take the mortgage over, if that's necessary, all these ways of the creative bucket is to give more options so you can close more deals. And as Joe said, it becomes now a much easier negotiation. It will be in months to come because they want to hold out for that price. That price is now not selling on the market, that price that they thought was going to sell. But they're still emotionally attracted to not giving up any equity or lower in that price. That's where over the right terms we can come in and make an offer where we can actually make that work. Right. And if we've made a cash offer and we've learned how to position this, we've positioned the cash offer so we can compel more give more money again over the right terms so we can actually help the seller out. We get a good deal because we've got it on the right terms. We're going to be cash flow and we might assume equity or we're going to build equity as we go through the term time and then the seller wins because they get



# REAL ESTATE INVESTING MASTERY

[www.RealEstateInvestingMastery.com](http://www.RealEstateInvestingMastery.com)

the price that they wanted. So you're going to see this as a much easier way to be able to negotiate and what these deals are.

**Joe:**

And let me kind of walk you through this again. You can get this PDF report here, dub dub dub dot REI proof dot com slash seven steps. I think you have to do that www dot, but the link is in the video description, so good. Check that out. You can get this pdf for free and we just walk through. It's only nine pages long walking through those steps, so this is what the page looks like when you go there. Now what we're talking about here is and this is a calculator that our students use that kind of just helps you come up with multiple options. We're talking about giving sellers options. If you want to make yourself stand out, you want to be able to give, you want to do more deals. You can go from getting one out of 30 offers accepted to maybe three or four or five out of 30 offers accepted when you start giving the sellers options. Okay, so this little calculator I built, you just kind of walk through it helps you come up with cash offer lease option offers and owner financing offers. Okay. And this is just an example property I put in here, you get the comps. When we're looking at comps, we're just taking the Zillow estimate value, Redfin pricing, whatever. We kind of average them out. Having said that, you still want to verify this number. Looking at what is your current competition? We have a similar property that's selling for 125 or you need to lower the RV 225,000. Okay, whatever that is. And you click next. Now we're in the cash offer section. We talked about this before. You know, normally when you would offer maybe 75%, maybe now you need to offer 65% of a RV. Maybe before if you were figuring \$10 in repairs, you need to maybe do \$15 a square foot in repairs or something. Right now, a lot of times when you're doing this, you're going to see, depending on the offers, the method that you're doing for cash offers. And this is particularly true. I'm seeing this with vacant land right now. So one of the things I'm working with my students on is showing them, all right, so if you you know, if priced, for example, one of the tools we use tells you to offer this and the other method you're looking at, Zillow tells you to offer this is more important. Now than ever to pick the lower one, take the lower estimate. If you're looking at if you're looking at a property that you think might rent for 700, \$800 a month, go with the \$700 a month. If you're looking at repairs, that might be 30 grand. A 40 grand. Go with the 40 grand. If you're looking for comps or cash offer of either 53 or 70,000, depending on which method you're using. Go with the lower one right now. So for example, here is going to put a \$500 earnest money on those, give them a deadline of the 15th. All right. Now, when it comes to lease option offers, this is an example of a lease option or owner financing. And this is something we give to our students and walk them through. You know, we still maybe before I get 15% equity now, I want 18% equity. All right. And the market rents on this property, it's worth it's worth 225 grand. Well, if it rents for maybe 1000 to 1100 dollars, better, more realistic, 1112 hundred. So I'm going to figure on 1100 in rent, cash flow. I want to lease 25% of the rent in cash flow. I'm going to give the seller 1100 dollars



# REAL ESTATE INVESTING MASTERY

[www.RealEstateInvestingMastery.com](http://www.RealEstateInvestingMastery.com)

monthly. So before I would try to negotiate at least three years, you know, I try to get five. But now with the market uncertainty, you can bet I'm going to try my hardest to negotiate five years instead of three years on a lease option. You need to give yourself more time, especially with creative deals you don't want to give yourself, paint yourself in the corner and only give yourselves a limited amount of time to get somebody else into that house and sell it. Does that make sense? So you've got, I would say now minimum five years because we're coming into is or transitioning into a buyer's market. Okay. Wholesaling lease option offer. This is like whatever the price the seller wants. Okay, I can do a now. I mean, I can dove deep into that. But you know, when it comes to either a sandwich lease option which you are going to keep for cash flow or a wholesaling lease option, I would suggest probably doing more lease option assignments, more wholesaling lease options in this kind of a market because you don't know what's going to be happening in 3 to 5 years. Sometimes it's better to make a quick nickel than a slow down giving the sellers options. And you'll see here in a second I can give the seller more a higher price if they're willing to meet my terms. Right. So anyway, if we wanted to offer owner financing, let's just say. I can do any discount. I'm not going to do any down payment. I'm going to give them principal only payments of 50%. And so let's say they want interest. So I'll put five down. I mean, I'll do a discount of 5%. I'll put 5% down and they want interest. So I'll do 4% interest balloon in ten years. This is just some examples of what you can offer in this calculator. Then I want to show you what it looks like to do different options. I'm going to download this one that I have here and let me just open it up, grab it. I mean, talk about this a little bit. We have Gusten that works with us and I open this because it's going to take me a second here. Can you talk a little bit about what we're seeing on the subject, too side of things, getting more sellers to accept us, letting you take over their payments. That makes sense.

**Gavin:**

Yeah, yeah, absolutely. Yeah. So, you know, Dustin, you know, we do some creative deals together. He's actually in the coaching program as well. So we partners with our clients house negotiate the deals as well. But yeah, I mean the same things. It's all about situation. All right, all of these deals, it's hard to say, well, you should do this deal this time of year because of this is what we're saying. You have to look at the individual deal. You have to look at what the situation is with the seller and then how are you going to solve that problem. And sometimes, you know, we have one right now that we're looking at. They've only recently bought it within the last four or five months and now they want to sell it and they don't have enough equity to potentially sell it. And they're behind a couple of months already on payment. So it's already beginning. And that's where sometimes we can come in and take that mortgage over, we can bring that paid current, maybe sometimes even put some money in the pocket as long as we can get it, cash flow it so that that that's what we're looking at. And you need to be if you call in all of these things not feel watching in your new you still got to focus on one thing you still got to get one thing work in before you



# REAL ESTATE INVESTING MASTERY

[www.RealEstateInvestingMastery.com](http://www.RealEstateInvestingMastery.com)

start coming in and try and do everything because you start to mix the offers. Okay. So everything's about timing, not only for the people, for you as an individual trying to invest, you can't come in and try and do everything that's kind of in the coaching. Why we offer that as an option, where if you just get the seller to say, Hey, would you sell on some kind of terms? It can be as little as that. And they say, Yeah, if you could get me close to my price would definitely be interested in that. Then we get on the phone and how we negotiate that and that's huge.

**Joe:**

That that is huge because like what I'm showing you here, I go through it really fast and you're like, Oh man, that's awesome. But like, I have no idea what you just did. How can the numbers go up like this with different options? What on earth? Don't worry about it. If you're working with us, we'll get on the phone. If you got a seller that says, Yeah, I would consider maybe leasing my property for a little bit and then selling it or letting you take over my mortgage or do owner financing or whatever. We'll get on the phone with you and that seller and help you close the deal. So we wait in this calculator. It gives me what I call a three option letter of intent, and depending on how you structure, this, gives you an all cash offer. You can see right here, 53 grand at least purchase option of 88 grand or owner financing with principal only payments zero down of 107,000. So for me, I don't care which one they pick. Right. But you can see how giving them options is going to help you close more deals. Now, we're not seeing the first time you talk to a seller. If they want to sell now, you should give them all three options. You need to spend some time digging into. What do they really need now? A lease purchase may not work for them. They may not have enough equity. Right? Maybe they have a ton of equity. You don't want to do a lease lease purchase. You should do maybe an owner financing or you should if they're behind on payments and you need to get the loan current, you should probably do a subject to get did take title of the property. All right. But the point is you want to be able to give the seller's options. And what we like to do, what we coach our students is is like when you're talking to the seller, if it's a cold lead or they're just not ready yet, go ahead and print this report. This is a seven page thing package. You can send to them a cover letter, the three different options, and then of one or two pages explaining what lease purchases and then explaining having frequently asked questions. You can customize this and send it to the sellers, but this is just going to help you close more deals. And here's our whole point. Sellers are becoming more and more open to these kinds of offers. Make sense? Yeah, absolutely. All right. Very good. If you want this PDF report where we dove deeper in talking about this stuff, go to WWW dot REI proof dot com slash seven steps REI proof dot com slash seven steps. The next step is going to be should we talk about it? Give them a teaser, see if I can open it up here. The next step is going to be lining up money. Lining up the money for your buyer's.



# REAL ESTATE INVESTING MASTERY

[www.RealEstateInvestingMastery.com](http://www.RealEstateInvestingMastery.com)

**Joe:** This next thing we're going to be talking about is huge because if you're going to offer your buyers financing, investor buyers, retail buyers, and you're going to offer them financing because it's harder to get now, you're going to sell your deals at a premium really fast. We're going to be talking about how to do that. All right. The next one. Yep, we'll see. We got some comments here. Oh, yeah. Somebody says this calculator is fire ice and then somebody else has more comments. Someone else here says, I'm having troubles locating owners of abandoned, vacant homes. That's one of the things that we like to do real quick on this. Put us put some Post-it notes on our door and talk to the neighbors. Real quick trick if you want to talk to a seller of an abandoned home and they're not responding any recalls put a for sale sign in the front yard. You'll get some calls from an angry homeowner and that's how you find them. All right. This is step number four of the seven steps wholesalers must take now to survive this recession that we're coming into. So you can get this PDF again for free at WW w dot REI proof dot com slash seven steps. The link is in the description below video or you can just type that in. I think you have to do the WWw dot for some reason. The URLs giving us a hard time right now, but REI proof dot com slash seven steps. Now the first steps we talked about was finding the buyers first. More important than ever, the next one is lowering your offers. No brainer. Next one is give the seller's option, learn creative finance, give them options. Now the fourth, and we're going to combine the fourth and fifth steps because they kind of are similar, kind of related. But you need to start selling your deals with financing in place and start offering incentives to your buyers. So the first step is selling your deals with financing in place. Gavin What does that mean?

**Gavin:** Yeah, so it's having options if you've been networking and you start to build a rapport with certain lenders, right? Like hard money lenders, private money potentially. And you can go and basically say to a buyer if they need financing, like I have a person that will be able to finance you on this deal if you want to take it fixed and flip it, whatever it is that that do it so you can actually package that, put them in touch with the lender and also build a good relationship with the lender. So you're referring people to them. And also while you're with that lender, you can say, hey, I've got a deal. Do you already have any want gas? Do you already have anyone that you are lending to that, you know, trust that might be interested in my deal? So it's a two way, two way street when it comes to that.

**Joe:** Yeah. So important and we're talking about number one find good local hard money lenders will lend on these on these houses. Right. Number two, private money. There's private investors that are lending money on deals right now. But the third one also is local banks. Local regional banks. They still lend money on good deals. So try to find those investor friendly banks, credit unions that are still lending to local investors on deals and come up to them and ask them, hey, listen, I've got these deals. I'm wondering, do you



# REAL ESTATE INVESTING MASTERY

[www.RealEstateInvestingMastery.com](http://www.RealEstateInvestingMastery.com)

would you finance these types of deals that need full get rehab? They need minor cosmetic rehabs or whatever in these areas. And if they say, yeah, you say, great, tell me, what is your lending criteria? What do you want to see? And it may be they say, well, all right, we want to see six months of reserve. We want to have at least 25% down. We'll finance hundred percent of the purchase price. As long as it's less than 70%, we'll finance the rehab costs we want. Whatever it is, you need to find out what their criteria is. And then when you are advertising the deals, you advertise these deals with, Hey, financing in place, ready to go. I have a hard money lender, I have a mortgage company, I have a credit union, I have a private investor in place. They've already looked at the deal they're willing to lend and then list the criteria. You still get 25% down and you still have your credit score. Ask me this are your resources out to be that? But when you can offer financing in place, know the pool of buyers is shrinking. The pool of wholesalers is still really big. If you want to stand out above the crowd with all these other investors that are trying to sell these deals, these guys go the extra step and offer financing in place. Now, what else do we mean by that? Also, seller financing lease options subject to if you can sell a deal where the mortgage is already in place, it's you know, they have to maybe bring five grand in to get it current. But there's a mortgage that's got 20 years left at 3% interest. That is great financing. You can sell those deals very, very quickly for high assignment fees. So be thinking about how you can keep financing in place, offer new financing to your buyers. You're going to sell your deals a lot faster than anybody else. And you. Sell them a lot at a higher price and a more of a premium make sense. Here's the other thing I love about this strategy to Gavin, Mike, and you already mentioned it. If your local hard money lender won't lend on that deal. It's probably not a good deal. And you're going to know that. Okay. Well, I have to go back to the seller and lower my price. The other cool thing, too, is these banks, these lenders, they know who is actively buying deals right now. They know who they like to lend their money to. So they're going to refer people to you if it's a good deal and you get to offer, if they can accept it, you can offer them \$1,000 referrals, you know, a two or three or four or \$5,000 referral fee if they can bring you a good buyer. Makes sense. Absolutely. Yeah. The other thing is it's tied to this is the fifth step is offer incentives to your buyers, offer incentives to your buyers and your real estate agents. Lot like examples could be paying for closing costs, right? Maybe a lower earnest money deposit than you used to charge before pay offer higher referral fees to agents if they bring you good buyer and like we talked about before, offering the financing in place. So there's a lot of really good creative things that you can do. Before we had such high demand for our properties, they were easy to sell. We just said highest and best, highest and best over. But now you need to be more customer centric, customer service centric. You need to be thinking about, Right, what can I do to make this deal more attractive to these buyers? What what are some of the things you guys are doing, Gavin, with selling your deals faster to the buyers?



# REAL ESTATE INVESTING MASTERY

[www.RealEstateInvestingMastery.com](http://www.RealEstateInvestingMastery.com)

- Gavin:** Sometimes if we just get it, we don't put it out to everyone. We just go to one buyer and just say, Hey, you're the only one that's seen this. So it's more like a VIP treatment. I'm going, Look, can you give us an offer in 24 hours? We won't send it to anyone else, and then they respect that. And often we get asked to do that. A Please don't send anything, but like we can't give you everything, but we definitely share the load out to try and keep them more happy. So that works really well, really well.
- Joe:** Super important. And that's treating your buyers like VIPs because they're really our customers in this business. And as we start transitioning out of a seller's market into a buyer's market, that means it becomes harder to find buyers. There's more sellers and there are buyers. And so we're going have to go back to the basics, back to what we used to have to do ten years ago to really find those buyers and seek to serve them and give them deals because you want to be their go to guy or gal. You want them to give you their money so you can find their deals, bring them the deal. So anyway, real simple, right? Try to offer your deals with financing already in place, a lender in place, existing mortgage already in place under a lease option contract or whatever. And I remember this so clearly. Again, I just want to verify this. Like back when the market was at the worst in 2000, eight, nine and ten. Back then, before there were still guys wholesaling a lot of deals and the ones that were wholesaling the most deals were the ones that were making building relationships with the local banks, that were still banks that were lending on these deals even back then, small, local, regional banks and credit unions. Find out what the criteria is. The money with them will always be cheaper than the money with a hard money lender. All right. And longer term, so built relationships with them. You're not going to be the one qualifying for these loans, but you're going to be the one referring other buyers to them. And when you can spell out the criteria, you're going to get much better buyers that will take these deals. All right. So real simple PDF, go get it right now WWW dot REI Proof dot com slash seven steps and in this nine page PDF, we're going to break down the details of this stuff. We give you links to resources and videos and stuff like that. Just a handy tool. Go get it right now. And here we got two more videos left, Gavin. Two more right.
- Gavin:** Let's go.
- Joe:** We'll see you guys.