3 E-mail Campaign

 The information below is what I’ll send to sellers in my “3 E-mail Campaign” and at the bottom is a pre-drafted e-mail you can use when for potential buyers via e-mail when they ask “How does your program work”? Feel free to make adjustments to any of this if you want.

In particular, you’ll notice the info I send to sellers regarding the contracts is a little lengthy and specific to Texas Law, but can be easily adjusted for your needs by simply removing the reference to Texas law.

**1)** When an owner contacts me via e-mail or phone, I get the basic info from them in regards to the address, how much the house is listed for, and what they owe.

I then send them the “How Does a Lease Purchase Help?” pdf with an e-mail that says something along the lines of:

I am putting the preliminary figures together for your house and will have those to you shortly.

Often times, when a home owner is trying to sell their house, they think there are two options.

1) Sell for cash.

2) Rent the property out.

The truth is, a lease purchase can be a fantastic second option, with just offering a straight rental as a distant third option.

Just some of the benefits for the seller utilizing a lease purchase are:

* Absolute top dollar for the property
* No haggling, no negotiating with the buyer
* No commissions, which will save you 6% in most cases
* Cash flow each month
* Purchaser obtains a home warranty thru Old Republic Home Protection
* You are not responsible for any repairs other than what is covered by your insurance, such as storm damage etc.
* Although we draft 12 month contracts, most of the buyers that come thru our program get permanent financing within 8-10 months, as they want to close as fast as they can.

I’ve also attached a short 2 page sheet that shows the flow of a lease purchase with our program, and how it can be a great option for sellers.

**2)** After I send the e-mail above, I go to work putting the numbers together, then put those numbers in the “Seller Price Sheet”, and send the e-mail below, filling in the numbers within the body of the e-mail, then attach the “Seller Price Sheet”:

I've put together some preliminary figures and information for you to review.

I've also attached a sheet that shows the figures for you.

Keep in mind these are preliminary, but I think will get us very close to where we need to be. Since this is NOT a straight lease, rather, they are making payments directly to you while getting the financing in place, I think it's important to review how it will come together for you financially.

With a lease option, there are 4 primary figures to look at, so I'll break them down one by one.

Option Price

Option Fee

Rent Payment

Seller Concession ("Rent Credit")

I'm going to start with the Option Fee, since it affects the Option Price

Option Fee-  This is what the Optionee pays as a non-refundable fee.  This is how Leasing to Buy is paid.  Our client, the Optionee (tenant/buyer) pays us the Option Fee, which is an assignment fee for our contract, and will reflect as part of his down payment at the time of finance.  This is paid at move in, just as you would expect from a deposit.  However, since there is no additional deposit with a lease option, we actually pay the owner part of our fee. I set the Option Fee at $\_\_\_\_\_\_\_\_\_\_ and you would actually receive $\_\_\_\_\_\_ of that at move in.  We pay you this out of our fee, and it is non-refundable. The full Option Fee is reduced from the price at purchase, since it will reflect as their down payment.

Option Price--  This is the purchase price. What we like to do, if we can, is RAISE the listed price (if we can) by the portion of the Option Fee that we retain, that way, when we are paid at move in, you end up right back where you started at the list price or very close to it, yet you don't pay a commission to us. You will see the Option Price as $\_\_\_\_\_

Rent Payment----This of course is the payment that comes directly to you each month.  We actually like to see it set up electronically if possible.  We base the monthly on 2 main things.

1) What are the owner's payments?

2) Approx. what will the buyer's payments be when they go to finance?

I set the lease payment at $\_\_\_\_

Seller Concession (Rent Credit)-  With a lease option, there is a "rent credit".  Potential buyers will often ask "how much of what we pay goes towards the purchase?" Since they do NOT want to rent, they want to PURCHASE, they want to know that they are working towards that goal as quickly as possible. The "rent credit" is actually nothing more than a seller concession at close. You don't write a check for the concession, it simply comes off your side of the HUD-1. On a typical purchase offer an agent may bring you, you will normally see that the buyer is asking for a concession. Typically, they will ask for the full amount allowed by the lender, which for FHA can be 6%! That's on top of the fees and commissions you pay! Yikes!

Rather than see that happen, we just like to have a small, set amount which will help the purchaser complete financing. We set the concession at $\_\_\_\_\_

Total Received:  $\_\_\_ This of course represents what you would receive for your property including the portion we paid you.  This does not take into account your monthly cash flow.

\*\*Again, keep in mind, there is no commission paid to us on this.\*\*

Feel free to contact me anytime you have a moment, and we can discuss these initial figures as well as the structure and flow of how the lease option works.

**3)** Once the owners review the figures, and I follow up to answer any questions they have about the figures, I plug the figures into the docs, then send the docs with the following e-mail. Again, this is for Texas, but just tweak it as needed:

I've attached the lease option contracts for your home below.

It is a PDF attachment.  If you can not open the attachment, please let me know.

Please take a moment to print the documents, and review them, making note of any questions you may have, so that we can discuss those items in detail in the next day or two.

Keep in mind these are the standard documents but there are certainly a few items that we can make adjustments to if needed and we can discuss those items as well.

Although they may appear lengthy, they're actually quite straightforward, but do contain certain items as set forth by Texas Property Code so I'll give you a quick breakdown on each section, which makes it much easier to understand.

The first section, "Landlord's Acknowledgements" is essentially you acknowledging that you own the property, the payments are current, etc.

The first few paragraphs are required by Texas Property Code, and are in reference again to the payments being current and assuring that the house is not in foreclosure.  Texas requires certain disclosures and acknowledgements for the buyer's protection.  Years ago people would put money down on a house but the owner didn't disclose the fact that it was actually in foreclosure, so the Texas Legislature drafted Code to try to protect people from being taken advantage of.  So if you're wondering about some of the odd verbiage and references in Paragraph 2, it's because politicians wrote it!

Again though, the purpose of the statutes are to protect the buyer from getting into a house that is in foreclosure, such as Item 2(D) that allows the buyer to save the house from foreclosure if the seller stops making payments to the bank, but the buyer would be able to deduct what they had to pay to save the house from the price.

The third page shows all of the financial figures together, so you can see the Option Price, the monthly payment, and what you would anticipate to receive at close, minus your closing costs.

The second section is the Lease Agreement.  The Lease Agreement is fairly straightforward, and not really much to point out, but one item that is important to note is Paragraph 17 regarding Maintenance.  The buyer is responsible for all non-structural related repairs, and we even offer them a home warranty through Old Republic Home Warranty which covers items such as plumbing, AC, water heater etc.

The next is the Option to Purchase, which of course allows the buyer to purchase the property.  This simply shows the price, payments, and rent credits, so not much to point out on this, although I will point out a few items. Item 6 discuses closing costs at the time of finance, in regards to which party will pay for certain items.  These are broken down exactly as it would be in a traditional sale, so that the seller has their costs, such as title policy etc., and the buyer has their costs.  Items 15 and 16 are again in reference to Property Code, and are just the seller again acknowledging to all parties that the payments are not in default.

The Assignment of Agreement is just a one page document where we assign the contract to the tenant/buyer.

The next section is for the Assignee, and is their acknowledgements regarding their role and responsibilities etc., so you would not need to sign this part.

The last two pages typically draw interest.

They are required by Texas Property Code, and go back to protecting a buyer from a house that is in foreclosure.

The next to last page would be completed by you with your mortgage information.  This is supplied to the tenant/buyer.  The verbiage at the bottom again reverts back to the specific language required on the document by the state.

The last page is to be held by you, then completed when we have the tenant/buyer, and you can fax that to the mortgage company once we have assigned the contract.  That does NOT go back to us or the tenant/buyer.  This page simply tells the mortgage company that they have permission to verify to the buyer's that the house is not in foreclosure should they ask.

Let's try to follow up in the next day or two and we can discuss any questions you may have in detail.