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Real Estate Investing Podcast Creating Win Win Win Deals – Part 3

Hosted by: Joe McCall

Hey, what's going on folks? Joel McCall, REI In Your Car. Beautiful sunset. I tell you one of the things I love about St Louis, Missouri are the sunsets. I know you all probably have sunsets where you live, but I think St Louis Missouri has some of the most beautiful sunsets next to Montana. Got to give it to Montana. Big, blue sky, country. Anybody listening to this from Montana? Big shout out to you. I tip my hat to you. It's part of the most beautiful country out there. I love Montana.

Anyway, I'm just looking out in the beautiful sunset as I'm driving in my car. I'm on my way to pick up my son from gymnastics. He actually does tumbling, which is not gymnastics, but it's competitive tumbling. You just run around these trampolines and mats and ton of flips. And my boy, he's a big boy. He's probably close to 175 pounds. He's 14 years old. He's just tall and big boned and he flips around like a little monkey. It's amazing how he flips around.

Anyway, I've been talking in the last couple of episodes about creating win win wins, right? You want to make sure that the seller wins on the deals. You want to make sure that buyers win, whether it's a cash buyer or tenant buyer. But you know what, if they all win and you lose that, there's no fun in that, right? You might as well just be a realtor. You might as well be the listing agent and then split your commission with the other broker and then it's just so frustrating. These realtors work so hard, right? And they only make a few thousand dollars on each deal if they're lucky. Come on now.

So anyway, you want to make sure you win, right? I was saying before, you want to try to get at least \$10,000 assignment fees or wholesaling fees on every single deal you do. I remember when I hired my second acquisitions manager, this was a guy, we're still good friends but we're not working together anymore, but he was happy to make like \$2,000 on a deal. And he's like, Joe, that's good money. \$2,000 for just talking to a seller and giving them a piece of paper to sign and then making a phone call to a buyer. That's it. It would take me 50, 60 hours of work at Home Depot to make \$2,000. Probably more than that.

So, what on earth is wrong with that? And I kept on having to push them back. I kept on pushing back on him and saying, "no, no, you got to do more than that". You got to shoot for at least \$5,000. And so eventually I got him to where he was getting five grand on a deal and I said, all right, now let's try to get eight. And he



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reluctantly agreed. Then we started getting 8. Then I said, all right, now we got to get to 10. You got to try to get a \$10,000 minimum assignment. We just got to expect it and when you make your offer, just calculate it in there.

So anyway, right about that time we parted ways, he started working for himself. It's a long story, we were making like three grand deals and by two or three months later we were making an average of \$7,500 per deal. That's really important, right?

You should be expecting larger assignment fees if you're in the area, especially. I see this all the time. A new wholesaler's coming to visit a local real estate club, you know, they're all excited and they start talking to other "wholesaling experts". First of all, let me tell you, most of the full-time wholesalers do not go to the local REIA groups. I'm not saying don't go to the REIA groups. You should. You can learn a lot there, but don't listen to the people that are there because most of them are not active investors and most of them are not doing a lot of deals. And so, I hear people say this all the time. "I went to some wholesalers and everybody says it's too hard and marketing doesn't work anymore and yeah, you should expect only \$3,000 on a wholesale fee, etc."

That's such bs. Who said it has to be three grand? Who said that? The leads have to be hard to get. So just be really careful listening to the yeah butters and the whiners out there, right? We have no room in our busy business minds to listen to whiners and yeah butters. So, don't listen to them. So, here's the thing. Start expecting profits of \$10,000 and just start getting it. What else? You know, you gotta make sure you win on these deals, right? Well, you gotta make sure you're not burning the midnight oil. You got to make sure you're not losing your nights and weekends and if you've got a business that you're working long nights, long weekends, you're not spending any time with your family. You may be making some money, but at the end of the day you're going to lose.

Man, this business is all about freedom. It's about having the freedom and the luxury of spending more time with your family, and so if you're in this business and you're making decent money. But you're not spending any time with your family and you're not seeing them, you're not going to their baseball games, you're not going to gymnastics, you're not going on vacations or you're glued to your phone when you're at home and your kids don't know you. Whenever they see you, they just see the top of your head. Then you need to fix something. You need to change something, right? You gotta. Make sure your family comes first in this business. Super important. I don't want to be known as the dad who was absent, right? I want to be known as the dad who was present, who didn't have his phone glued to his forehead all the time.



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You know, I read the bible in the mornings and I try to. I used to read from an iPad, sometimes an iPhone. Not that I care about being seen reading my bible and all that, but I read it now from a paper bible, like a real book because I want my kids to see me reading the bible. And I'm not super religious or anything like that, but I don't want them seeing me in the morning looking at my phone or my iPad and I'm ignoring them. I want them to see me reading the bible. That may be weird to some of you, so whatever, put that in your pipe and smoke it. That's a real religious thing to say. But anyway, so you got to make sure that you're set up in this business so that you are spending time with your family.

If you're burning the midnight oil and you're working nights and weekends, you just stop. There's better ways to do this. You should be designing a vision for your life first and then building a business around that. So, if you build a vision for your life, what do you want your life to look like? Maybe it's being home every day at 5:00 and it's having the weekends free and it's having breakfast with your kids before they go to school. It's going on a date night with your wife once a week, design all of that for your business, okay? Put all of that in your calendar and then design a business around that that supports that. So that could possibly mean that you don't work after 4:00 or you put the phone down and you lock it in a safe so you can't get to it or at least it's hard to get to after a certain hour in the evening or whatnot, right?

So just think about that. Because I wanted some freedom, I wanted a business that created long term or short term cash flow and long-term capital wealth. So, if you're already in this business and you're just doing short term cash flow, you're just making a quick five grand or whatnot. What are you doing with that money? Are you spending it all? Are you thinking about long-term capital wealth? Are you taking some of your profits and reinvesting them maybe into other cash flowing deals, maybe into the stock market, diversifying and things like that? You need to be in this business to create a cash flow, think long-term capital wealth, okay? Don't always just think short term because that's going to come bite you in the butt. Also, don't forget about taxes. Don't forget about taxes, right?

The other thing I was going to say is, this business, I like it. One of the major things I like about it is that I can run it from home or from anywhere in the world, right? I want a business, and I think most of you guys listening to this as well, you need a business that allows you to work remotely. You don't want to be tied into an office. You don't want to be tied to a ton of overhead. You don't want to be tied to a bunch of fixed expenses that no matter how much money you make, you're going to have to pay every single month. I'm telling you guys, listen, pay attention, you're going to have up months and you're gonna have down months. You're going to have months where you make really good money and you may think you're on the top of the world and everything you touch turns to gold, but business will get hard.



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It does not always go up for people. I was just talking to a good friend the other day and their revenue for this month is up. I'm probably 25 percent from year over year, but guess what? It's down 50 percent from last month. And this guy has a huge business and he's freaking out. And I reminded him, I said, you know what? Sometimes the summer months are slow. And for me, these are some of my slowest months. So, you just got to think about that, right? You want a simple business. If you want to win, keep it simple. Sometimes we want the big business, we want to make the big money. But you gotta remember guys, and I know a lot of you know this, the more money you make, the smaller your percent net is. The more revenue that you make, your profits will go up, but it's not a straight-line dollar for dollar increase.

I'm just using round numbers here. Let's say you're making a million a year. Let's say you're making \$500,000 gross revenue a year. You're doing good if your net margins, your net take home after taxes and overhead and everything is maybe 35, 40 percent. Once you start getting into the million dollars a year, 3 million a year, etcetera, your net margins, the net profits that you're taking home and putting into your pocket are going to drop from 40 to 20 percent. Just sometimes the bigger your business is, you're doing really, really good if you're keeping 15 to 20 percent of it. So, you just got to think about that. It's not like you're going to make 40 percent the whole way through. No matter how big your business is, and if you are, let's talk because I'd like to know what you're doing.

I've just seen this it in so many friends' businesses and people that I've talked to and all that stuff. So, you gotta make sure your business stays simple. You don't need a bunch of staff, you don't need a bunch of overhead and if you are bringing on people, consider hiring them on commissions, okay? So, you also want to make sure you have a business that helps people, benefits the community. Simple, low overhead, cash flow, long-term capital wealth and gives you the luxury of spending more time with your family. You want to be able to work from anywhere in the world, right? Because wouldn't it be cool if you could run your business while living in Hawaii or living in the mountains in Colorado or Montana? That's true freedom right there, right? True freedom is not retiring and not working ever again.

I think for me; true freedom is not what? Money, not money. But it's what money can do for you. It's what money can give to you and it can give you time. It can give you freedom, can give you location, independence. Just being smart. Working smart. Not hard.

So that's it guys. That's all I wanted to tell you. Hope that all makes sense. I wish I would have been able to talk from written notes, all of that stuff. Just coming from the top of my head, but I think it's good. So, I appreciate you all. Listen, get my book, my Wholesaling Lease Options book. Just finished it recently. Wlobook.com. If you haven't gotten it already, wlobook.com.



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You can read it in a couple of hours. It's an easy read. And I talk about how to do wholesaling lease option deals where you flipped the lease option. It's a great strategy to get started in the business. It's what I use to quit my job back in 2009 and you'll get a lot out of the book. I bought the book. I'll send it to you. You just pay shipping and handling and I'd love to send it your way. By the way, also, if you get the book, I'm going to give you a free bonus of some cool things that you'll get when you sign up for it, so go check it out at wlobook.com. I appreciate you guys and I'll see you later. Bye bye.