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Perfect Focus Brings Clarity

Hosted by: Joe McCall

Guest: Phil Marsh

- Joe: Welcome. This is The Real Estate Investing Mastery Podcast.
- Joe: Hey everybody. Joe McCall with The Real Estate Investing Mastery Podcast. And I've got a special guest. His name is Phillip Marsh. He goes by Phil, his friends call him Phil, right?
- Phil: Either way, that's fine.
- Joe: I'm excited about having Phil on this podcast. But first let me tell you guys, this podcast is being brought to you by Wholesaling Lease Options, my book discover the fastest and easiest way to make money in real estate today. We're not going to be talking about lease options on this call, but I just wanted to let you all know that this is a really good book. And if you want to learn how to flip lease options, one of these, some of the easiest deals to do. Go get this book, it's like just free, just pay shipping and handling. You can read it in a couple hours, but it's not, well maybe three or four hours.
- Joe: It's not fluff, right? Because like you can see there's a lot of words on each page, right? And so there's a lot of good information in there. You can't buy it on Amazon. If you want this book for free, just pay shipping and handling. Go to WLOBook.com WLOBook.com and get it. The one you buy will not have a ring around the cover. This is where I had my coffee earlier. But you got to get your own copy of this book. Go get it it's really good. Check it out. WLOBook.com Phil, how you doing Phil?
- Phil: Doing good. Doing good. Bought a house today.
- Joe: You bought a house today and by the way he was a few minutes late to this. I was too, but then he was late because guess what he's doing? He's on the phone with a banker doing some business. I love it.
- Phil: Yeah, Oh yeah.



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Joe: So I like Phil. He is a house buying machine and he's in a little small town in Illinois. Not that little, but it's a small town compared to Chicago or St Louis. And I remember talking to Phil few years ago and he was like, does this really work in a small town? I don't know if I can do this in a small city, should I be doing deals in these other bigger cities? And I had the privilege of working with Phil and coaching him a little bit and so I'm excited to have him on this podcast because he's doing a lot of really cool things. He's doing some good deals. And so Phil, tell us a little bit about yourself. Where do you live?

Phil: Yeah, I live in Springfield, Illinois, the capital of Illinois. A county is 200,000 people. So it definitely is a small, a farm, and there was a little bit of a challenge, overcome that mindset of thinking can I really be successful? But we're doing great things. I've been doing this since I joined with you, Joe, I think in 16, April of 2016.

Joe: Was it that long ago?

Phil: Yeah. Yeah.

Joe: Wow.

Phil: Yeah, it's been pretty while, well this is my fourth year, so you know, I remember there was some speed bumps, but uh, yeah, that's why I hired you, Joe, you helped me through a lot of that. And it was amazing. It was really just like two events. I remember like two or three events where it was just, it was so simple what you did, but it just helped me so much. That's why it's important I owe you.

Joe: Well man, you've been so much fun to work with because you're just a massive action taker. We're going to talk about extra strategy here because one of the things that I loved about Phil's story when he was telling us the other day, he went to one of our workshops or masterminds, you know, about a month ago we have, we just small little masterminds with our private coaching clients and we asked Phil to come and he just shared with us some things that's working.

Joe: But one of the things I really appreciated about what he said and why I wanted to get him onto the podcast is he really started breaking through and doing a lot of deals when he focused, right? Will you talk a little bit Phil? What were you doing before? Like, you know, you were trying to do all these different strategies and just



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kind of trying to be a jack of all trades, but master of none. Tell us a little bit in what you were telling me about how you focused and that's when you really started changing for you.

Phil: Yeah. First year of 16, I signed up with you. I had learned a little bit about wholesaling and I did, I think I did one deal before I signed up with you just fumbling my way through it, did a few fix and flips, construction background, remember I signed up with you and I had a job at a full time job signed up with you.

Joe: I remember that.

Phil: By the end of that year I did 20 deals, you know, a couple of fix and flips, like 16 wholesale deals and I think two we've kept for rentals just to try it out, I just wanted to try it. Second year still had the job, did another job.

Joe: By the way, what kind of marketing were you doing back then?

Phil: Back then I think you taught me to do the mail. I was doing mail and a couple referral deals, you know, you just kind of get your name out there and people start calling you. Second year we did another 20 deals. I don't know how I did 20 2 years in a row, but it just worked out that way. Bought three more rentals that you're so 20 of them. Three of those were more rentals because it was the rental thing was working. Third Year, I'll be honest, I got a little discouraged and just kind of shut the business down for whatever reason. I don't know. I still can't really explain why I did that. But then near the end of the year I started missing it and realizing, wow, I got to get after it. So I finished the year strong. Did about, I don't know, eight deals last year, but...

Joe: Why were you getting discouraged?

Phil: Well, you know, I'd have to think back about that. What really, you know what I do know why? Because we were talking about it earlier, I wasn't focused. That's right. I told you this at the mastermind. You had me on the spot here. I was trying to remember what it was. I started chasing land is what it was in 18 I began the year thinking, man, this whole selling thing and this real estate thing, it's just frustrating. I had all these frustrations and really this is for whoever's watching the problem was, and it still is. Is you get on Facebook and you start seeing all of these guys



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showing big checks, showing all their success, and you start saying, what's wrong with me? I'm not doing that. Or even though you are, you know, I've had, I've had big deals, but you start seeing these guys online and you think, well man, it looks like they're doing them every other weekend, you know.

Phil: So you just get a little discouraged seeing all that in these shiny objects. So I started chasing land, spent eight months tinkering around with land, still doing a few deals here and there, real estate. But I got distracted and that was part of the discouragement because all of a sudden what I ended up with was just a bunch of stuff that really wasn't working, you know? And so I got...

Joe: Here's the thing though, land still works.

Phil: Oh it does. Yes.

Joe: It works. But like I think what your problem was Phil, was you were chasing two different things at once. Like what's the saying? If you're chasing two rabbits, you'll never catch, you won't catch any or something. How does that go?

Phil: Yeah, well and I learned with the land, it was literally, it's a totally different business the way I was wanting to do it, you know, I was wanting to do all the seller financing and it was just a lot to learn. So honestly I was only half in on both things at that point. And I never even did it deal because I never really even tried. It was just really what I was doing was I was avoiding the growing pains of building a real estate business. You know, I was avoiding the growing pains because I knew I needed to go to the next level. But the truth is deep down, if I was honest, I was afraid, you know. So you start looking for something easier. And but I ended the year strong. I just finally got laser focused like I told you at the mastermind, I just thought, you know what, what's working? What is working? What was working for me was finding deeply discounted properties and keeping them as rental properties.

Phil: That's what was working. Wholesaling, I did okay. But real estate, you know, rental properties, fixing them up and renting them out that was working for me. So I just went all in with that. And that's what we're doing now.

Joe: And you're doing the burr method, right? Yes. That's my focus, yeah.



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- Joe: So can you describe what that is?
- Phil: Well, everybody's probably heard it on Bigger Pockets. Basically. It's just like the perfect deal I did this year was a property, I bought it for \$27,000. The guy, basically he just called and said, I'll sell it for what I owe on it. And he sold to me for \$27,000 and all in, I had about \$42,000 in it after repairs and the appraisal came in at \$82,000. So the bank, I finally found a bank that'll based on loan to value, which is they'll base it on the appraised value of the home.
- Phil: So after I fix it up, I just call my banker and I say, hey, can you go ahead and get the appraisal that won't appraise for \$82,000 so he'll do anywhere from 70% to 80% loan to value depending on where it is. I think that one, he did about 75% he would allow it to 75%. So I pulled about \$62,000 out of that house is what I agreed to pull out. I didn't want to go overboard with it. I just felt like \$62,000 is enough. And so what's amazing, this is what's amazing, Joe, is I heard this on a podcast years ago. I heard this guy talking about wholesaling to himself. In other words you get what he's saying. So as long as my appraisal is high enough that I can pull out more than I had in it. In essence, I just wholesaled it to myself and made spread.
- Phil: So when I heard that, I just kind of tucked it away and now I'm like, wow, I'm actually doing what that guy talked about. This is amazing. And I know you love lease options and maybe lease options is a similar strategy, you know? I know I've never done one.
- Joe: So just to clarify though, the burr method, that's where you find a deeply discounted property and you buy it.
- Phil: Yeah. Yes.
- Joe: Then you renovate it.
- Phil: Yes.
- Joe: Then you refinance it.
- Phil: Yup.



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Joe: And then you...

Phil: And then you repeat again. Yeah.

Joe: Yeah. Okay.

Phil: That's what we're burr is supposed to stand for. Yeah.

Joe: Did I miss an r?

Phil: I don't know. I don't think so.

Joe: Well, okay, you buy, you rehab it.

Phil: Yeah. Buy, rehab.

Joe: Refinance it.

Phil: Well rent. You missed rent.

Joe: Rent. I did. I did missed rent.

Phil: Rent, refinance it, repeat.

Joe: Yeah. So, okay, let's try it again. Buy rehab, rent, refinance, repeat.

Phil: Yes.

Joe: For R's. Now it's a great strategy. So you started doing that because your, your big goal is to get cashflow, enough cashflow to replace your, to cover your expenses, right?

Phil: Yes.

Joe: And were you able to quit your job?

Phil: Yeah, I quit my job in 2017 I think it was.



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Joe: A couple of years.

Phil: I was able to quit my job that year because of wholesaling and just doing flips and things. So I did end up quitting my job. But that's part of distraction too is my wife and I started a second business. I'm helping her with that. You know, there's just so many moving parts, whereas this year it is just perfect focus clarity. I know when and you helped me with that. You taught me freedom is more important than being a millionaire. Like for a long time. I'm like, man, I'm going to be the next millionaire wholesaler and, you know, I'm just chasing all these dollar signs.

Phil: But at what point does it become greed? You know, what you taught me is freedom is much more important.

Joe: Oh yeah.

Phil: Just get enough money to cover your expenses. And so the magic of what I have built and it's still, I mean it's kind of like I'm getting to the point now where I'm like, wow, this is working, you know, where as for awhile I was like, I hope this works. I hope this works. But I'm just buying them, getting them and I'm handing them over to a property manager. And as long as my property manager's doing his job, I just talk to him and he handles all the management, all the headaches, everything. All I do is write checks and collect checks.

Joe: When do you decide to wholesale a property or keep it for yourself?

Phil: If it's small, like I just picked up one. It's actually under contract right now. I thought it was going to be an amazing real property. Property is worth about \$150,000. I've got under contract for \$78,000. All it needs is flooring, paint, light fixtures and there's a little bit of water in the crawl we got to deal with, but just needs sunk pit, you know, so no big deal. But at the HOA there's an HOA, they won't let me rent it, so we'll just flip that one. We'll wholesale it or what I'll probably do is I'll probably close it and put it on the MLS. Just see what I can get out of it. So that's how I decide if I can't rent it. Basically I let my property manager decide. If he says it's in a good area, we can get good rents. He likes it. Then I keep it as a rental.

Joe: I love that. We had a, whenever we were wholesaling a lot of properties to a cash buyer out in Idaho at one time, what we did is when we would, we were just



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wholesaling, we weren't keeping any of them for ourselves, but we would recommend to these buyers that were out of state, three different property managers that we knew and trusted. So they would pick the property manager. They could never come back to us and say, hey, that property manager you gave me is bad. You had three to choose from, right. But it got to a point where every single one of our best buyers, they're just like, they trusted and relied on the property manager to tell them yes or no. It's a good deal. We can find a tenant and it's just wonderful when you got a property manager like that, isn't it?

- Phil: Oh yeah. Yeah. And then Gavin at mastermind encouraged me. And I put it on my dashboard. Yeah, I can't go to the property. That's my next goal is to get to the place where I have a contractor and a property manager who they go to the property and say, Phil, you don't want this one or Phil, this is a great one here's what it will cost to fix it. And I don't even have to go there. That's possible. But until the mastermind I didn't realize it could be that simple. I've already got the pieces in place. I just have to do it. You know what I mean?
- Joe: It's funny because Gavin doesn't know anything about rehabbing or construction. He's from England. He was a former golf professional, like he has no idea how to fix a house up or like, so it's funny when he says, why would I go to the house? I would have no, I wouldn't have any idea what I'm looking at anyway. Like looking at this kitchen, I don't know if it needs work or not. It'll hurt him when he is negotiating with the seller because he'll be too nervous because he doesn't know what stuff needs to be fixed or what doesn't. So anyway, yeah that's so important. You don't have to go see these houses.
- Phil: Yeah. I just never even dreamed that that could be possible until someone told me, you know? But it makes sense because there's guys buying them in California all the time and they, they're not coming over here, you know? They're just trusted eyes on the ground. So it's possible that's what I'm going to get to.
- Joe: Cool.
- Phil: But then another tip for people, what I did to find a property manager is I just hired two. I just hired two. I gave a handful of properties, I already had five properties. So I gave two to one and three to the other and I just compared them and I just, it was pretty clear who the right one was after that because I don't...



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- Joe: Even in a small town like Springfield, the whole county has 200,000 people. You were able to find good property management.
- Phil: Yeah, I mean I've used two and even the second one's not bad, it's just the other one's better.
- Joe: Okay. Cool.
- Phil: I mean, you just, I just have a strategy when I'm looking for something, when I'm looking for a new professional to work with, I just call a list of them. I just have, I mean from the days when I signed up with you to get help with wholesaling, I just was taught massive action. So if you need to find a contractor, call 50 contractors, you'll kind of get a feel for that some of them, you know, you just kind of click with a few of them and then go with them, get some bids. Or with a property manager, you know, you're going to know right off the bat. Yeah this isn't the right one. You just keep calling them until you find that one you just kind of click with and...
- Joe: Okay good.
- Phil: So that's how we're doing it.
- Joe: All right. I wanted to ask you about the money, the money part of it. How did you go about finding, do you get most, do you use private money, hard money, go to the bank, get a line of credit. What did you do there?
- Phil: Well for those watching that are probably just starting out, I what I did at first was wholesaling, you know I had, I was stacking up cash in the bank account because I'm doing wholesaling deals and in my market houses are cheap. You know, you can buy a house for \$50,000 grand on the high side for a rental. So what I did is I had some cash in the bank and the banker just said I need a 20% I found one I wanted to keep, I called the bank and I said how do I buy this as a rental?
- Phil: And he said you need 20% down. So it was like, I was like \$25,000 property and it was a wholesale deal. So I put \$5,000 down on it. I mean if you're wholesaling \$5,000 thousands not very hard to come up with, you know, so I just put the \$5,000 down and I bought two properties at first year. And to my surprise a year goes by and I got \$10,000 grand sitting in the bank. You know, it's just everything went so



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good. I'm like, wow, this works. What if I had, what if I had 25 of these? So that's how I got started. But now, you know, once you get some properties, you have some equity in them because I want to make sure I stress this point. Wholesaling is the art of finding deeply discounted properties. So I'm buying properties with equity already there.

Phil: You know what I mean? There's such good deals. So then I can go to the bank and say, hey, I've got equity. I want to convert this to cash. Which they just give you a line of credit.

Joe: And so when it's got a lot of equity, that's pretty easy to do, isn't it?

Phil: Oh yeah, yeah. Oh yeah, it's piece of cake and they'll, a lot of them will loan up to some will loan up to 90% of the value.

Joe: It's so funny too, I've seen this with my own, in my own business and in a lot of other students was it's like the banks are like, what? How did you get that deal? Like I didn't think that was possible.

Phil: Yeah. They think it's got to be a piece of junk. That's what they think.

Joe: Or they think it's a scam. So it's a piece of junk or they think it's a scam. They think something's fishy.

Phil: You know, one of my favorite deals last year was a, this lady called, she was a tired landlord. Tenants we're just not paying the rent. And she was too tired to even enforce any rules. She just literally walked away and put her hands up, you know? And she called me, and it was on the line of a rough area, but not a bad street. Property is worth about \$30,000 as a duplex though brings in \$1,000 in rent. And I offered her on the phone, she was willing to come down to \$10,000, okay. So it's a deal already. And I get out there, we can't get into property though. So I said, I'm sorry, \$5,000 I mean I can't even see inside I'm sorry, \$5,000 thousands best I can do, you know, and I never dreamed she'd take it and three days later she said, let's do it.

Joe: I love it.



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- Phil: So we get into the property and the only thing wrong with it is carpet's missing in the front room, that's it. And the property manager took over and he got him paying. So they're paying, we didn't even have to get new tenants. And you know, that was one of the best deals of last year. But that's what's possible. You're talking about a property that's got \$25,000 in equity just by signing some papers and bring in a check for \$5,000 grand, you know.
- Joe: Just making an offer.
- Phil: Yeah.
- Joe: Exchanging, speed and convenience for price, right?
- Phil: Yeah.
- Joe: Telling the seller if you want the speed and convenience to get this big pain in the butt away from you or this, this giant monkey off your back. Here's my price. And you won. She won. Everybody wins.
- Phil: Yeah. And I tell every seller as part, it's every seller. You could make more money using a realtor. Why don't you call a realtor? I don't want to, I just want to sell it and I don't want to put up with that, you know, whatever. You know, what their excuse is, whatever.
- Joe: That's such, I hope everybody listening to this who's paying attention to that because some people have this, this mental blockage of like, I can't offer a seller that little, that's taking advantage of them. That's wrong, right? No, not if you do it right. I mean, it can be if you're intentionally lying to the seller, if you know the house is worth \$150,000 and you're telling them it's worth a hundred, but when you come to them is somebody who's motivated, who's got a problem, who doesn't care, and you just say, listen, you should list this with a realtor. You should fix it up listed with an agent and sell it because you'll make more money that way.
- Joe: And almost every time you say that, if they're motivated, they're going to be like, okay, no I can't. But if they say, yeah, you know what, that's a good idea. I should do that, then that's good because you don't, you wouldn't want to get that property under contract. They're probably going to say no to your offer anyway. So



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it's pulling away. It's a great negotiating tactic, number one. And it's the ethical right thing to do.

Phil: Yeah. Yeah. It builds trust.

Joe: It does.

Phil: Like this guy just told me a better option, you know. So I mean, how could I be and I'm not trying to rip them off. I want to be their last option. I do because I really, I've probably am, if they're using me.

Phil: Well, you're also telling them like, you know what, I'm, if they're, and this is one of the cool things about being in a small market, is you don't have a ton of competition on these deals. You've got a little bit, but not as much as like the big city, right?

Phil: Yeah. Yeah.

Joe: You can come to these sellers and tell them, listen, I am not going to be your highest and best offer.

Phil: I do it all the time.

Joe: Yeah. You can probably find people that will buy it for more than what I will, but I can promise you this. I'm going to close when I say I'm going to close, and the cool thing about your positioning too is like, hey, I'm the one actually buying this thing, yeah. I love that.

Phil: Yeah, it's great. I mean, we could go, we could talk forever on negotiating. I've, I've learned a lot. There's just, I mean, I've just learned to just be totally, because you're right. At the beginning, I was so scared to be open with what my intentions were or just to make a low offer. I mean, I literally would think someone was going to slug me in the face, you know? But you just learned the very softly presented, you know? And because that's just the truth, that's what I can pay. But they don't have to sell it for that price. So what harm is there?



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- Joe: It's just people don't understand the motivation of sellers. You know? It's like that guy who spends \$1,000 bucks to buy a treadmill, right. Never uses it. It just sits and collect dust and collects laundry, right. And every time he walks by that thing and it reminds him of how fat he is, and his wife gets mad at him for just sitting there not using it, and they finally just put it in the garage sale and sell it for \$25 bucks. Like the thing works, but they don't care. It's that pain. Like, got to get rid of this thing, just take it. And there are sellers out there. They're very much out there, right.
- Phil: They're mostly, it's all emotional. Even for me, I don't know what I can pay for a property. I just do what feels right, you know? Because you offer \$10,000 and they counter at \$15,000. And even I'm like, I don't know I don't know. You know, it's all emotional.
- Joe: I want to ask you, how many doors do you have now?
- Phil: I actually added it up last night. I think we're up to you. I keep stepping on my cord. I think we're up to 32 units is what where at right now, but I've got a couple that I've bought that I'm not sure I'm going to keep. You know, again, it's the power of wholesaling. You find a deeply discounted property, you've got options. I don't have...
- Joe: Multiple exit strategies. Oh, that's so good. That's so good. All right. Now all right what's your goal? Is your goal to pay them off as quickly as possible or do you just get as many as you can keep on refinancing? What's your goal?
- Phil: Yeah. My original goal was 25 units. I've exceeded this or what I, I mean I pretty much exceeded that beginning of the year. So I just set a goal to 25 properties, okay. Whether they're, you know, duplexes, eight units, six units, we've got an eight unit under contract right now. That's going to bump me up pretty fast. So, you know, 25 properties and then like I told you the mastermind, I'm just going to kind of take, reassess everything and maybe I'll go back to land. You know, I don't know what I'll do, but it's like get a system working and just keep doing it.
- Joe: So you're financing these all with the bank?



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Phil: No. I have a, well, we have lines of credit that we've used because the equity in the properties. So that's kind of how I got started. Then at the end of last year I found a private money guy. So that changed everything.

Joe: Yeah. Yeah.

Phil: I mean it's literally like, hey, I'm buying another one. Okay, where do you want me to wire the money? Here you go. And it just, it's just amazing.

Joe: Do you mind sharing what you pay them?

Phil: I pay him 5%, which is amazing. Yeah. It's amazing.

Joe: Any points?

Phil: No.

Joe: How'd you find this guy?

Phil: Yeah, but it's limited. You know, we're not talking to a million, you know, it's a couple hundred thousand but in my market that goes a long way. So you know, I can buy potentially four to five houses if I'm getting them at wholesale prices. So then I have strategy. You know, my biggest deal I ever did that, I guess you could call it a wholesale deal. It was the beginning of this year. We paid \$15,000 for a property and I bought it, closed on it, just put it on Zillow. And I set it out there at like \$38,000 just to see, I didn't know what to set it at. It was a, it was a pretty rough property. It ended up selling for \$61,500. So let's see if I had just done wholesaling, you know, I called a contractor buddy of mine and a few buyers that I knew and they offered me like \$20,000 25,000, you know, so if I had wholesaled it the conventional way, I'd have made \$10,000. So I'm learning, you know, there's a lot.

Joe: So did you put it on Zillow as a for sale by owner?

Phil: Yes. Yeah.

Joe: Okay.



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- Phil: And that one was kind of a unique property though. I just kind of tried some new, I set it at a, what I thought was, because I was getting some activity around, you know, it's a long story, but right before I closed on it, I had somebody come in and kind of act like they'd pay me \$40,000 for it, but I didn't know for sure. So I thought, well, I'll just put it out there at \$38,000 on Zillow and see what happens and it went bonkers. I mean my phone about melted so that we agreed to a price the next day and sold it. So that was pretty sweet. So I'm just learning there's power in this, but it all starts with that first deal and just build from, and you can't get to the first deal if you're not talking to sellers.
- Joe: Yup. And it's about making smart offers, right. Have you ever made an offer and you couldn't sell it? You had to back out?
- Phil: Oh yeah. Yeah, I do. I think I just had one two weeks ago.
- Joe: What's that? When you first did that, how did you handle that? Because it's nerve wracking and a lot of people are afraid of that.
- Phil: Well, yeah, I don't remember the first one, but I know I'm nervous every time. But what I've learned to do is set that expectation up front. In other words, again, just being open and honest. Because it's like we're so afraid to say too much that we're going to kill a deal. But the truth is if they're motivated, they're the most time they're probably not even listening really, but, but I always make sure I'm very clear. I say, listen, this con, this contract, this agreement, I call it an agreement, whatever.
- Phil: But I just say it has one contingency. I have an inspection period. If I find anything I don't like, I may back out. Do you understand that Mr. Seller? Yeah, that's fine I understand no big deal. So then when I go to cancel, if I have to, you know, they knew that was possible.
- Joe: Yeah. Very good.
- Phil: So you know, no fear. So when you try and hide it you assume they might get mad, you know, which they probably will if you're telling them you're going to buy it when you don't.



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- Joe: Yeah, you got to be clear. You need to be a truth giver and a Truth Seeker. I heard that from, I think Todd Toback or Tom Curl one of those.
- Phil: Yup. Yup, Yup.
- Joe: But you've always got to tell the truth and you've got to seek the truth from them as well. That's where it relates back to what we were saying in regards to, you should probably list it with a realtor. So that's important to say that stuff, right. And if you want some more R's, I have three more R's for you. When you're renegotiating. I like to blame it on the numbers and that way it takes, it just makes you feel a little more comfortable.
- Joe: You blame it on the rents, the rents not as high as I thought they would be. The repairs, there was more repairs than I thought it would be. The repairs would cost more or the resale value. It's not worth as much as I thought it would be, right. Blame it on the numbers. Blame it on one of the three R's. In honest and in truth, right. So let's talk real quick. I mean, you're in small town America, the middle of, it's not nowhere, Illinois. There are a lot of places in Illinois and Missouri where there's nothing, but you're in Springfield.
- Joe: It's a good, yeah, you know, small little town. You know, had people either are worried about, there's too much competition in my market or my market is too small I can't do deals here. It's always one of the other one. What's it like for you? Like you're in a small town, you're doing direct mail, is that right?
- Phil: Oh, yeah, we direct mail. We send direct mail to niche lists, like driving for dollars, inheritance list, probate, and we scraped those ourselves. Then I, we're actually doing text marketing on the big list. But for a long time I was doing mail and we did some signs, but I got from that, I discovered it's seems to be somewhat illegal in my area. I'm not really sure. So I'd rather be above the board then to take a chance with that. But it all works. You just had to pick one channel and go all in.
- Joe: Why did you stop doing direct mail or like to the bigger lists I mean?
- Phil: Well, I don't know. Probably I just felt like I was spending a lot of money and it was fear. I mean, I'll be honest, I just felt like I was spending more money than I was getting a return on. But the problem, this may be a really honest, I just, I wasn't



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consistent enough with it. Because it kind of builds on itself and you know, you start spending the money and you just start getting nervous. And then when I discovered the texting thing, I thought well man that looks interesting and I tried it and it's working great for us. But it all works, the mail works too.

Joe: Yeah. What tool are you using for the texting?

Phil: Lead Sherpa?

Joe: Lead Sherpa. I did an interview with Jason on my Facebook page or a podcast. I might've done it as a podcast. You're interested in that interview guys. Go to RealEstateInvestingMastery.com and do a search for Jason or search for Sherpa in the search bar. And you'll see an interview I did with him talking about Lead Sherpa. Cool. So I wanted to ask you, could you talk a little bit about your strategy for making offers? How do you make offers, Phil?

Phil: Well. I try to make all, I'm trying to make more offers on the phone now because I just, I get tired of going to properties. I'm getting kind of, I said lazy at the mastermind you said smart. So we'll stick with smart, but you just get tired of wasting your time. So making offers I, you got me thinking now I just kind of go through my little script. It's in my head now and you just try to get them to give their price. You know, what's the property worth and they tell you and then you just ask them if you all you paid cash and closed quickly, what's the best you could do? And they always give you a number. And then if I really, if it's not a number that sounds motivated, where I'm like, yeah, I don't think I really want to go out to look at that one. We always mail them an offer. So what I do is I have my virtual assistant run a just to get on Zillow and look for the three lowest comps. Do an average at 80% or whatever, and then we just mail the offer. So pretty simple.

Phil: And then if, but I typically don't make offers, I'll make an offer on the phone, like a soft pass. If I'm having a hard time getting a, if I feel like they're hiding something from me and a line I've used, I don't know where I came up with this, but it works for me. I do it in person on the phone, wherever. I'll just say the last time I bought a house in that area, we paid around and then I'll just go low, you know, because I've got enough track record that is an honest statement. You know, we bought houses cheap in that area. So and then that kind of just, you kind of see how they react to



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it, you know, if they go oh no way, there's no way. Well then, you know, we're not very close, but they're chewing it and kind of thinking about it.

Phil: You're like, oh, wow, we're in the ballpark. You know, you just kind of get a feel for it. And then if I think we're in the ballpark, I'll go meet them.

Joe: How do you come up with that number though? Is it just, do you look at sold comps? Active comps?

Phil: Well see I'd love to give somebody a little perfect instructional...

Joe: A formula.

Phil: But I just know my territory. So I just go low and it's like, I think I heard Todd Toback say it. He said if your guts not churning when you're making your offer, you're too high because it has to be low. I mean, especially in my market, I almost have to ask for basically offer, you know, give me the house is what I'm saying. You know, because they're just so cheap here.

Joe: Yeah, that's another great thing about small towns too. You can, house values are so much cheaper there. You can buy them a ton cheaper and the rents are still strong in those small towns.

Phil: So usually what I know is, I know how much I can pay, but I also want to see, you know, I don't want to get the first offer or you want to see what they're thinking first. Because I've had some sellers surprise me in what less than I would have even paid for it, which is a win, you know, they're happy. I'm happy.

Joe: Nice. Okay. I talked about that, that, that and that. How much do you pay your property manager?

Phil: I'm paying him, I think he charges 8%. I understand the average is like 10% so I'm getting a pretty good rate. And he's great. He's a great guy.

Joe: Good. How will a recession affect your exit strategy?

Phil: Yeah, I've thought about that. I mean, in my, I mean I remember 2008 or nine or whatever it was. I just remember there were a bunch of foreclosures, but I didn't



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notice any rental properties on the foreclosure market. Because back then I was always looking for, I was always looking for, I was a hobbyist fix and flipper. So I always had realtors out looking for opportunities and there were a ton of just, you know, nicer homes on the market, you know, those mc mansions and things like that. A lot of home builders going broke, but I don't remember any landlords going broke. And the reason why is because our market is pretty stable. I mean...

- Joe: There weren't landlords going broke, but they were over-leveraged they were buying based on appreciation. But if the fundamentals are there, which obviously when you're buying them that cheap they are, the fundamentals are there it's like recession, bring it on because that usually means there's more people going into the market to rent. People always need a house over their heads. You're going to see maybe probably see rents increase during a recession.
- Phil: Yeah, I don't know. I'm not worried about it. I mean, I've never had anybody, I guess I'm hesitant to say, because I've never really had someone that I trust that's, you know, tested my system or looked over everything. But I feel like I'm safe. I mean I'm buying them at 50%, you know, 50 cents on the dollar. And I know guys that are paying 80 cents on the dollar. So yeah, I would assume I'm going to be okay.
- Joe: You are Phil. Yeah, I remember telling you, you are going to be okay early on. And that's so cool. You sent me a message. You forwarded me a message I sent to you a couple years ago.
- Phil: Let's talk about my, you wanted to talk about the way I have my virtual assistants set up my...
- Joe: Oh yes, that's right. I forgot to talk about that please.
- Phil: Because that'll help somebody.
- Joe: Oh, this is good. This is juicy. This was the best part. Go ahead Phil, how do you use your virtual assistant?
- Phil: Well, because again, with just extreme focus, I just learned, there's a motto I live by, I live by this. I hope to write a book someday. I don't know if I have what it takes



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to write a book, but I am the problem. I just repeat that to myself all the time. I am the problem. So the quicker all of you listening come to that conclusion, it will help you so much. Could blaming your wife, could blame in your kids, quit blaming God, quit blaming your market, quit blaming whatever.

Phil: You know what I mean? The government, it's me, I am the problem. So whenever I started realizing that, and I still have to realize it every day I have to remind myself, that I'm avoiding what I need to be doing. And that's talking to sellers, talking to buyers if you're looking to sell. So anyway, so I just try to set up a simple system where I have a virtual assistant. She keeps me off my computer. If it can be done on a computer, she's doing it. She, every morning she starts about 8:30 she starts preparing my task for the day. All of my follow-up's, all the new leads. She's listening to voicemails, she's checking the text messages, just anything that she can do from her computer. And she's preparing my task list for the day. She sends me all the people I need to talk to one at a time through Voxer.

Phil: And I wish I could show you what she sends me. I might be able to on my camera. But anyway, but she just sends me this is, anything that she can get off her computer, the Zillow link, the, the parcel link to the county shows like tax information, just anything at a fingertip that I can just click if while I'm talking to the seller, I want to know what the taxes are. If I want to know what the fair market value is or I want to know what the Zillow is, you know, on it the zestimate. So it's all right there. The phone numbers there, I click the phone number. So here, let me give you my little workflow. She sends over a new lead. She even, she came up with this, new leads have little sparkle emojis above it. Okay. So I know, wow, that's a new one. I better get after that.

Phil: Follow up is little arrows in a circle, like a circle emoji, I don't know. And then the hot ones that we want to stay on top of as she has flames, okay. So every morning I wake up, I just, at 9:00 o'clock I start get on my phone, I click phone number, make phone calls, they don't answer. I hang up, send a text message to them. I was called about the house because I've learned people ignore voicemails today, they just do. So I send a little text and I message her. They didn't answer follow up tomorrow or whenever. I don't care, you know, it just depends on how many times I've tried to call them. But she handles all of that in Podio, you understand? She's setting the little tasks. That's stuff I'm horrible at. If I was the one doing it, it would never get done ever.



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Phil: I hate being in Podio. So I just messaged her and I immediately go to the next one. And I mean you can imagine how quick this is, especially if people aren't answering. I'll go through 20 follow-ups in 10 minutes if they're not answering. But if they answer, I just talk to them, have conversations and make notes and I message her back, hey seller, they're not ready to sell. They might be ready to sell in two months. Just market for follow-up in one month. Just because I don't want to take any chances. You know, just the case. They're a little more motivated than they were sharing. I don't want to miss an opportunity. You know what you see what I'm saying there?

Phil: Because they'll say six months, but I don't want them to sell to somebody else in three. So I'll just tell her when to tell me to follow up and then I'm not trying to keep track of it all in my head on paper. It's just out of sight, out of mind. I know she's got it taken care of. And then to cover the bases, we'll, we'll just send out a voicemail blast every quarter or so to the whole database just in case she missed something or forgot to check something or you know, because the numbers are automatically imported through Call Rail when people call in. So that's my simple system. It's just simple.

Phil: Sounds like this is, this is so good guys. Because another mutual friend of ours, Tom Krol, said, you show me an expert in Podio and I'll show you a broke wholesaler, right?

Phil: Yes.

Joe: So true. Now I'm in focus. Okay, good. But you got to step away from the computer, right? You should not be the CRM expert, whether you're using Freedom Soft, REI Simple, Podio, whatever. You cannot be the CRM expert. You need to get a virtual assistant to do it for you. You take the calls, chicken scratch your notes on a piece of paper, and then Voxer or voice message, the details back to the VA. Have the VA update the CRM for you. Put the notes in there. Do the follow up for alerts you with the next thing you got to do.

Phil: Yes.

Joe: That is so, so critical and important. I love that. Great idea.



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- Phil: Yeah. And I'll show you this. I'll show everybody what I do, but it just works. Because my goal is, and you helped me with this Joe. Like when you send me that podcast? I think it was David Hodges, I think it was when he just said, if you're not talking to buyers and sellers, everything else is just stupid, you know. Probably dropped a few cuss words I don't remember.
- Joe: He did. That's a good podcast. If you're not talking to sellers and buyers, everything else is just stupid.
- Phil: Yeah. The truth is because we're afraid I am the problem. I'm avoiding what I know I need to be doing. So I've just tried to create a system that allows me to do what's important as fast as possible. So honestly I can just get it over with and move on to the next thing, you know? But here's what it looks like. This is what she sends me.
- Joe: I see some emojis there.
- Phil: Yeah. That's a hot lead. I covered up some of the importance stuff because I don't want you stealing it from me, but that's just, it's that simple. And she even keeps track of each conversation. I always say, and I train her as we go. Again, that's the thing with the virtual assistants. I mean she didn't know squat when I first hired her, but I just trained her as we built the system together.
- Phil: You see what I'm saying? I didn't come up with the system day one. I just told her the end goal in mind. I said, help me get there. And she's a very smart, capable lady and she does great and she helped me build the system so it works. That's how we do it. So everyday her goal every day, I've told her, I said, I want you to help me create five new leads a day. So like with the texting, she's just texting whatever it takes to produce five new leads. And we, you know, three to five is usually what we get a day and I'm not doing any of that. And then after the mastermind, I left with this nugget. This really changed everything. I don't remember who even said this, but I went home and implemented. I said, I said, hey Gwen.
- Phil: Why can't you start doing some of the follow up? Because there were so many follow up calls. It was just all I was doing was just reaching out and touching them. You know, it was just, you know, those people that they're not even ready to sell, but you just want to stay on their mind. Well she just goes into Call Rail now and



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she just sends them a text through Call Rail just saying what I would have said anyway. You know, I mean it's just amazing.

Joe: She does the follow up for you.

Phil: She's just doing the task for me. And it's simple. She just says, Hey, it's Phil. I was calling about the house. You know, just hey, it's me. Let me know when you're ready. And that freed up probably an hour a day just doing that.

Joe: Phil, this has been one of the best podcasts I've done in a long time.

Phil: Cool.

Joe: We just got a question real quick. One more question then we got to go, because I know you've gone over the time that I promised you and I appreciate your time. How did you find your VA and how long did it take you to train her?

Phil: Okay. I love this topic because that man, it works so good. And it was because of fear that I didn't do this the first time. And I don't, our fears are so stupid, you know what I mean? It's like we just hallucinate these things that just are not true or we just don't want to be inconvenience. But what I did, I just finally did it. I created three ads and Upwork, okay. Three ads and I think I took the template from you, Joe, or it was either you or Todd Toback or somebody. I just took someone else's ad and I just copy pasted it into three different ads on Upwork and I just changed the headline.

Phil: One of them I said looking for extremely organized assistant and the other one just said, looking for an assistant and you know, just make it up. It doesn't matter. And each one of those had about five applicants and I just, and I had a task in my ad, okay. You know, I think Todd teaches that you teach it. Just, you know, in your application, put I'm a rockstar at the end, you know, or whatever it was and that weeds out a bunch of them. So each one I had one or two applicants that met all my criteria of the application and so anyway, so then I just talked to those people. I just go on the phone with them. I interviewed them and I hired three people. I hired one from each ad. Hopefully everybody's following this.



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- Phil: I hired one. I hired them, okay. I gave them a simple task. I said, go scrape tax delinquents, give me a spreadsheet of 50 tax delinquents. And I gave all three of those the same task. And then I reviewed the results and it was so clear who the right one was after that it was so clear. The one that I interviewed that I thought was the best one, she ended up being the worst when it came to the task, it looked the worst. It was the sloppiest. She was the slowest, you see what I'm saying?
- Joe: Oh yeah. I know what your saying.
- Phil: And the one that I thought was least likely to get the job. She was the one that her results of her task were amazing. Organized on time, everything was correct, all the data she asked questions, you know, that's important. I get nervous when they're not asking questions. You know what I mean?
- Joe: You didn't say anything about, you know, they need to have real estate experience.
- Phil: No, no, no.
- Joe: Yeah. Somebody just asked that.
- Phil: I just wanted somebody that was reasonably priced and that was just smart. Because I mean how hard is this business, Joe? I mean good on the tax site and scrape names. I mean my child could do that if they were patient enough, but it's not hard. It's just finding the right person for the job. I'm telling she's amazing. I don't, it's like you always want to say you got lucky, but I think I just did it, right.
- Joe: You're absolutely right. And you're also continuing to do it right because you're communicating with her every single day.
- Phil: Yeah. And the only reason I wouldn't have done it that way before is I was just lazy. I mean let's just be honest. I just was either lazy or afraid or whatever it was because I didn't want to sit down and take the time to create three ads on Upwork. But that's what it takes. So if you want it bad enough, you'll do it.
- Joe: Excellent. Excellent. Phil, thank you so much man. This has been an awesome pleasure interviewing you. Talking about the, I don't know, I hope you guys saw the



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huge gold nuggets that Phil just laid down for you and, hey Phil, thank you so much. Any final words you want to say here before we before we end?

- Phil: Okay, well I just get off the couch. Quit watching YouTube. Quit listening to, basically if you're going to listen to a podcast, whatever they tell you to do, like I just gave you a lot of action steps, get off the couch, go start driving around, driving for dollars works like that's one of our best lists. And it's so stupid simple now with all these apps out there.
- Joe: Are you doing the driving yourself?
- Phil: Yeah, just because I enjoy it. I really do. Just kind of enjoy it. And so it'll get to a point, I think I've driven my whole city already. So I'll get to a point where, you know, I'll hire somebody. But what I love about it is I enjoy it and I'm also learning my market. I mean, even though I live here, there's some streets I've never been down. So now when a seller calls in and says, you know, the house on such and such street, I'm like, oh, I've been down that street. I remember that street. So it's kind of cool. It's a way to do market research and find prospects. So I mean just get out there and do it. And there's something I learned. I mean, I don't know if even if you taught me this Joe. When I first signed up with you, I mean, from that day on, if I see a for sale by owner sign, I call it, I don't even think about it, I just dial.
- Phil: I see a for rent sign, I just call it, because you just never know. There's a buyer for sure. Or there might be someone who wants to sell because their tenant just moved out and trashed the place. And I've bought them doing that. I've found deals doing that. So it's just a matter of just realizing I'm the problem and just get out of the way, you know?
- Joe: Yeah. That's quite the, what's the word I'm looking for? Oh I can't think of the word. Like you say things to build yourself up. Affirmation. That's quite the positive affirmation. But it's good it's honest.
- Phil: No, it just works for me. Because you know, you've had it Joe, where people come and they're griping about their, you know, let's just be honest. They're griping about their spouse or they're griping about whatever. And you know, the truth is it's like, dude, just good blaming everybody else. You know, you're the one with issues.



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Joe: Yeah, we're all guilty. Good. So thank you Phil. Hey, if somebody wants to reach out to you and contact you is, do you have a Facebook page or are you on Instagram?

Phil: Yeah, yeah, I'm on Facebook. You can message me on Facebook or whatever. People reach out to me from time to time, that's fine. I love to help. Anything I can do.

Joe: Nice. Hey, let me just give one more plug for my book WLOBook.com if you'd like to work with me one on one as well. Just go to CoachJoe.net it explains a little bit about what we do. CoachJoe.net. All right. Thanks again, Phil.

Joe: This has been such a good podcast. I really appreciate you very much.

Phil: Yeah, anytime.

Joe: Look forward to hanging out again soon. We'll keep in touch.

Phil: Yeah, I'll be there. If you call me, I'll be there.

Joe: All right. See you guys. Thanks again. We'll see you later.