



# REAL ESTATE INVESTING MASTERY

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## What's Going To Happen In 2020?

Hosted by: Joe McCall

Guest: Matt Theriault

Joe: Hey guys, how you doing? Joe McCall here. This is the Real Estate Investing Mastery podcast. I have a special friend who is also has an epic real estate investing podcast as well. His name is Matt Theriault. He's in the house and I'm excited and honored to have Matt on the show. We've got a lot to talk about on this podcast and... First, a couple house cleaning things. Number one, if you're listening to this on iTunes and Spotify or Stitcher or wherever, thank you for being here. Subscribe to the show and give us a review. Give me a review. Let me know what you like about the show. Let me know that you like my show better than Matt's. That's awesome. I'll send you 1 million bucks if you've... No, I'm just kidding. Don't do it.

Matt: That's my trick.

Joe: That's his trick. There we go. Alright. One more final announcement. This podcast is being brought to you today by... you ready for this, Matt?

Matt: Yes.

Joe: Oh yeah. My new book, REI Secrets, Daily nuggets of real estate investing wisdom to help you get more leads and close more deals. And I wrote this book, you know, I do these little REI In Your Car podcasts, they're little short ones. I turned them into chapters from a book and each chapter is about two or three pages long, just to give you a little, you know, daily doses of inspiration and wisdom and like just to, just read one little chapter a day while you're sitting on the toilet or whatever and like, yeah, I can do it. I can make it happen and whatever. That was gross. I'm sorry I said that.

Joe: But you can get this book for free at [reisecrets.com](http://reisecrets.com). Just pay the shipping and handling and I'll send it out to you for free, [reisecrets.com](http://reisecrets.com). I've been talking about it for a while. I've told you guys before, just yesterday or the day before we finally opened up the sales page. So, it is actually available right now. If you go to [reisecrets.com](http://reisecrets.com) you can get it. Cool. All right. Enough of that. Thanks.

Joe: Thanks for being here. Matt. How are you man?



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Matt: Congratulations, Joe. I didn't know about that little secret that you had right there, REI Secrets.

Joe: I even got the domain reisecrets.com.

Matt: Before Russell Brunson?

Joe: Yes. Hey, by the way, I'm writing a new chapter for Russell Brunson's new book. Yeah, I did.

Matt: What is that going to be about?

Joe: Well, first of all, this is the one I did, I did a chapter on this book... It's called 30 Days. If you're to lose everything and all you had was a Click Funnels account, what would you do? And so I wrote a chapter on doing mind maps for this book. And it's more education, publishing, internet marketing based, right? His new book's about using Click Funnels for brick and mortar businesses. And he asked me to write one for realtors and investors and what you would do if you had a click funnels account and you had to get a hundred leads or you'd have to shut the door. And, so all I did, you know, it was super simple. I just started thinking about, well, number one, who is our customer in this business? It's not the sellers, it's the buyers. And I use the whole thing of like, you need to go out and find buyers first.

Joe: And so I talked about content marketing, things that you could do to find buyers hyperlocal in your specific market. And so this would apply to realtors and investors, find the buyers, find what they want and then go get it for them. So much easier isn't it, to shop for what buyers want then to try to sell them what you have. So, I just talked about that and submitted the chapter the other day and it looks good so far. They're probably going to publish it, the whole book in, in the next one or two months. But, stay tuned for that. It's going to be a cool book. Their goal is to do it for like 20 different industries. You know, chiropractors, dentists, realtors, and agents...

Matt: Nice, that's a good model.

Joe: So, yeah, Russell writes these huge books and he didn't even write one single page of it.

Matt: I like that type of authorship he has.



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- Joe: So, what's been going on in your world? You just left California?
- Matt: I did. I did. We moved to Vegas. I've been here about four months and had enough of the taxes, had enough of the traffic and I'm really glad I made the move. I really like it here. And we moved here right in the middle of the summer too, and everyone was warning me about the summer. I was gonna hate the summer, but it's actually a pretty mild summer. It was actually pretty enjoyable. One thing I noticed when, you know that little cliché thing, when people say, yeah, but it's a dry heat. Oh, it doesn't matter. That's, yes, it does. Joe. That's a real thing, yes. So next summer you come visit me and you can compare the St Louis humidity to the Las Vegas dryness and you will say, wow, this is nice. You're right.
- Joe: Well, okay. You know, you've been to St Louis quite a few times, haven't you?
- Matt: I have. Yes.
- Joe: And it does get pretty humid here. So, you're telling me you'd rather have a 110 Las Vegas heat, then 90 degrees Saint Louis humidity heat?
- Matt: Absolutely. Yes. I didn't have to think about it. I didn't even have to think about it.
- Joe: Alright, whatever. So, I'm assuming you're saving a lot of taxes because Vegas doesn't have state income tax?
- Matt: Yeah, it's a zero... It's a 0%. And then, you know, this year, we did our taxes and Trump love him or hate him... I mean he's good for some people, not for others. And in this situation, he's not good for California cause that state tax is no longer federally deductible. So, we're basically moved over here. We got the same, the house was probably about twice as big for the same price and the tax savings alone pays for the house so good move. Yeah.
- Joe: Good for you. What does Mercedes think?
- Matt: She is warming up to it. It was tough for her to move away from her family and, but we have this thing called Jet Suite X. You probably won't know about that in the middle of the country, but it's a little private charter thing... I think it's private. It feels private, but you get to skip TSA, you go to this little separate hangar, you can drive up 15 minutes before



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your plane leaves, and it sounds really posh and expensive. But like if you do it enough in advance it's a hundred bucks one way from Las Vegas to Burbank.

Joe: Serious?

Matt: So, it's faster than flying. Excuse me. It's faster than driving and it's cheaper than driving.

Joe: I've been flying first class almost everywhere I go for the last couple of years now.... I don't care how much it costs.

Matt: Yeah. You know what? I learned a little trick. So, to save on the first-class costs I will, if you take a connection first-class, it's not that much more than the direct coach flight.

Joe: So, what do you mean "connection"?

Matt: Yeah. So, I'll take a two-part flight. Like I'll, if I'm going to from LA to Miami, I'll stop in Atlanta, before I get to Miami and by making that connection, that two-part flight, it's actually not that much more than coach.

Joe: So, you'll get out at Atlanta, you won't finish the second leg of the flight.

Matt: Oh, no... I'll, no, that's, I'm definitely going to Miami in that scenario. Oh, okay. I might have an hour layover, so I just go to the bar, have a drink and then get back on the plane.

Joe: There is a service. Have you heard of this? It's where you, let's say you want to fly to Atlanta. Okay. It's sometimes cheaper to buy a flight to Miami that has a layover in Atlanta. Okay. And so, when you have your layover in Atlanta, that's really where you want to go, just get off. You just leave, right? You stay there at the airport. I mean you leave. And so, this company does that. So, you tell it where you want to go and it'll give you all of the flights. I'll find it here when you're talking, I'll look for it. But it gives you all of the flights. The major airlines were suing this company for it but they won. They won because, oh, I forget why they, there's a bunch of other industries that do this and they're not breaking any laws. There's no restrictions against that. I'll find that link and I'll tell you guys about it here soon, but this is the Real Estate Investing Mastery podcast. Not flying on airplanes.

Matt: But we have to travel to the real estate.



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- Joe: That's exactly right. So, what do you got going on in your business? Are you still, you're still doing deals in multiple markets or...?
- Matt: Yeah, that's pretty much Mercedes' area. She's handling the turnkeys. She's still in, probably really active in six different markets. And helping busy professionals build a portfolio so they can retire early is kind of the whole thing around her world. And then, now that I'm here in Vegas though, I'm back, I'm back on the streets. I'm in a market where I can actually work and generate cashflow. Couldn't do that in LA for so long.
- Joe: So, Mercedes is buying, doing the turnkey business, helping clients find turnkey cash flow, rental properties in other markets. Is your website, what's your website in case people are interested in that? Is it still Cashflow Savvy, cashflowsavvy.com?
- Matt: Yes. Yes. That's it, cashflowsavvy.com. Cashflow savvy.com. Yes.
- Joe: And, I've wholesaled some houses to you guys, I don't know if you remember that. It was a long time ago. Probably back in 2014, 2013.
- Matt: Yeah. We were buying from everybody in St Louis, but I know we bought some from you.
- Joe: Yeah. And we were selling turnkey properties that you were turning around and selling to cash buyers, investors that were looking for good long-term cashflow. Are you still doing business in St Louis? Just curious.
- Matt: Yeah, I just bought four myself in St Louis.
- Joe: Nice. And, let's see. So, you're doing now your own deals just in Vegas. You're not going virtual. So, you're doing the old belly to belly appointments now with sellers.
- Matt: Yes. It's so you're still invigorating. I'm loving it. I.
- Joe: You went back to the dark side. Yeah. Good for you. So, like why, you know how to do deals over the phone.
- Matt: You know, there's several reasons. One, I think it makes me a better coach. Two, it helps me stay up to date and it helps keep me sharp. You know, I do the Ground & Pound School



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with Jeff Garner in St Louis about negotiating with sellers and you know, in that very first one that we did I got really clear as to how rusty I got and how if you don't use it, you lose it. Absolutely. So, there's that.

Matt: And I like this market, you know, with the Raiders moving here. They say there's about in the next three years, the population is going to double in Vegas, which sounds extraordinary to me. There's, right now I'm still learning the geography here even so I don't know too much just other than what I hear. But, apparently there more jobs right here now than there are residents. More jobs available.

Joe: Wow, that blows me away. And we're not talking about like jobs on the strip. You're talking about like all over Vegas.

Matt: All over. It's the whole economy. What I've learned is the strip is a very small part of Las Vegas. That's where everyone comes to see. I about 20 minutes away from it, 20 miles from it. So, I live in just, it looks like little, little town, rural USA and you know, it's a little bit newer and, but everything's nice and clean and neat and kids running around and it doesn't look anything like the strip.

Joe: And so, you're, so you're doing marketing, finding the seller leads, taking the calls, going on appointments, all that good stuff. So, what did you do when you moved there? Talk a little bit about, you know, kind of, did you start doing, did you do the research? How did you figure out what you're going to do?

Matt: Sure. So, I'm actually documenting the first 30 days because I have three clients here are REI ACE clients that were in Las Vegas and all of them kind of petered out and they said it was too hard here, too competitive and they couldn't do any deals. And so, I came here on a mission to, okay, let me go see how difficult this market really is. So, I said I might as well document it. And the goal is to do a deal in 30 days. Either that's a wholesale deal at \$5,000 or more or a seller financed property, buy and hold deal. And I'm going to work no more than 10 hours a week and I'm going to spend no more than a thousand dollars on marketing.

Joe: For a month?

Matt: A month. Yep. Well just the first 30 days I'm recording, so I'm in the middle of it



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Joe: I've tried, I've done that before. And it's not easy. The challenge where you're documenting everything.

Matt: Yeah. Yeah. It's, it's more, it's almost more difficult to get all the cameras set up just to work. And then once you've got all the cameras set up and you're like, now you're tired and you don't feel like working, you know?

Joe: That that's what I was doing when I was doing it before and I was trying to document my process and it would take, I'd have a five minutes seller call and it would take me 30 minutes to redo or set up that seller call and publish it. But good for you. I mean, I think it's important that people see that and see that, you know what, this isn't that hard. We're still in the business. This still works. So, what are you doing then? Can you, do you mind sharing a little bit about kind of marketing that you are doing?

Matt: Sure. So, I am doing 10 Craigslist ads a day. So, I'm starting there.

Joe: You're posting 10 Craigslist ads today?

Matt: Yep. I am doing, let me write down... The 10 Craigslist ads a day. I am doing 10 LOI's wrapped in a yellow letter a day.

Joe: So, you're sending in a letter of intent with a yellow letter to who?

Matt: So, I went and downloaded everything I possibly could for my four zip codes in PropStream headed over to Property List Manager to stack them. And I'm just starting with the biggest number, the ones that have the most in common and working my way down. So, I've got the, I'm still working through properties that have like five factors in common right now. So, doing that and then writing these letters or printing them, I'm handwriting them. It's, yeah, it's fun to, it's fun to go back to the, back to the basics. That's a quote that I heard from Joe McCall one day.

Joe: Brilliant at the basics.

Matt: Brilliant at the basics. Yes. Then, doing the driving for dollars.

Joe: Nice. Are you doing the Deal Machine?



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- Matt: Yep. Very cool. And uh, doing that and then I'm writing at least one offer a day through my realtor friend.
- Joe: MLS properties.
- Matt: Yeah. It's MLS properties that have been on the MLS 90 days or longer. And we're sending full price offers with a principal only seller financing.
- Joe: Oh, I love this. Did you hear that? Matt just said, guys, this is gold and this is something we're actually doing right now. We pulled a list of free and clear properties that had been owned by owner occupants or absentee owners. Both. They've owned it for over 20 years and their age was over 55, I think. And we've got a bunch of them free and clear. Did you know one third of all the homes in the United States are owned free and clear, right? That's from the U S census.
- Joe: Oh, they've owned them for over 20 years. What does that mean? A lot of deferred maintenance. Okay. And they're, they're getting elderly, they're wanting to move. They're free and clear. Lots of equity. We're sending them a letter and these letters... I've done this before a couple of times and this new batch I'm doing right now; I found a student to partner with me on it who does a lot of owner financing. So, we're sending a cover letter, says, Hey, we're gonna make you an offer. I know this is strange. This is out of the blue, it's okay. We want to make you an offer for full price on your house. In fact, we say on there, we'll buy your house for Zillow value minus repairs and we'll give you full price. We say we will give you full price for your house, which is Zillow value minus repairs or something like that.
- Joe: And we, in the offer, it's a one-page letter of intent, okay? And we put on there, we got like 4,000 or 5,000 of these properties. I paid somebody on Fiverr to go and scrape all of them from Zillow and give me the Zestimate and the rent Zestimate. Okay. And then we made them an offer at the Zestimate price. And then for the payment we did half of the Zestimate rent. So, if this estimate says it rents for 1,000 bucks, we told them we'd pay them 500 bucks, principal only payments, and we sending these offers now right now.
- Joe: I've done it before. Not a huge response, but holy cow. The calls that I did get, they're like, this is interesting. Tell me more like, you know, I was getting ready to sell my house and you're telling me I don't have to clean it up or fix it up and you'll do owner finance and I





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don't have to pay capital gains taxes on this thing. That's what they're thinking. They would rather get monthly income for these properties and not worry about being the landlord. Right. We get monthly income from these properties and you're buying it owner financing so they're not going to get any calls from the tenant to fix things, to replace things or whatever. Right. They're just being the bank. They go crazy over this. It's amazing. I'm excited about this. We're doing this for land right now. We're just sending blind offers. Why not send blind offers for houses as well that are free and clear on terms, right?

Matt: How much are you offering down?

Joe: Oh, for the down payment? We didn't even say anything. Oh, you know what? No. My letter of intent doesn't even say anything about a down payment.

Matt: Got it. Does your letter of intent say principle only?

Joe: Yes. No. What it says is... I can pull it up here. I don't want to waste people's time. I think we said, we'll pay you \$500 a month until paid. I think it's how we phrased it. Something like until paid and anyway, I love owner financing and I think, Matt, you're really onto something, especially in a competitive, difficult market like Vegas. You look at all the competitors out there, what are they all trying to do? They're trying to get properties at 60, 70 cents on the dollar. Right? And you're now able to come to these realtors and say, listen, you've got a client wants to sell their house. It's been on the market for 90 days. I can give them the price they want if they're willing to do owner financing. Right.

Joe: And in fact, you could probably get a VA to go through and look at all of the properties that had been on the market over 60 days and look them up, look them up in Prop Stream and see which ones are free and clear, see which ones were bought over 10 years ago. And you, if you have too many, you could just focus on those, have the VA do that and send offers to the realtors. Right? Oh, I love that. Sweet. Now that's awesome.

Matt: I just want to get one a month is all I'm shooting for and if I get some others, I don't want to hold, I'll wholesale those, but I'm trying to get, just get one, add one property to my portfolio per month.

Joe: Here's something, Matt, that I wrestle with. Like, you know, we both coach a lot of people and we're always trying to get them to focus on focus, right? And not chase shiny objects.



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One of the things I think we struggle a lot with coaches is we're telling people to focus on one thing, right? But when you're talking to a motivated seller, well you can offer cash, you can offer lease option, you can offer owner financing, you can just subject to... How do you navigate through that? When you're working with somebody or even in your own deals, do you take the philosophy like you should just only make one offer? You should just have one thing that you're doing or do you, you're saying that you should make multiple offers or how do you navigate that?

Matt: Sure, so what we were just talking about right now, these are just blind offers going out. So, I'm going for just the seller financing situation. But when I get the appointment and I'm belly to belly, then I'm definitely going for the equity position. I go for that every single time. Okay. And then, I've got five different ways that I ask for it before I move on to my next structure. Okay. And typically, I'll just segue into, if we're going back and forth and we just can't meet on the price, then I'll say, okay, well if I gave you your price, how much of that do you need right now? And then that will go into, oh, what do you mean? Right? So yeah, ideally that's what I'm looking for, the response. But that's how I make the transition.

Joe: You know, there's a lot of tired landlords in Vegas. If you were to go right now and look in Zillow. Normally when I'm looking at a city, you know, you've got a little area like this and there's, you know, a couple of dozen red dots in that little area for rentals, you know? But if you go look on Zillow in Las Vegas, that whole box is red. Like there's so many rentals. It's ridiculous. Which is a good thing. Why? Because of all of the groups of sellers out there, what is the one group of sellers that's most likely to be motivated to want to sell? People that have a vacant house, vacant houses, and a lot of them are landlords. One of the things you should try to do, Matt, if you want my advice...

Matt: Tell me, tell me Joe. I never don't want to talk about something.

Joe: Look up the rentals on Zillow that are listed by property managers... or, doesn't matter. Look up the rentals on Zillow in your target zip codes. Send the owner a letter.

Matt: Yeah, we already do that. We do it, it's called our Frustrated Landlord Attraction Marketing. It's called our FLAM letter and...

Joe: Here's the thing. I do this thing called Five Leads in Five Days Challenge, right? I've done it a couple of times. The first thing I tell everybody to do, go to Zillow, find the rentals and send



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20 handwritten letters. We're getting students in their Matt that are telling us they're getting 15% to 20% response rates, 15% to 20% on a handwritten yellow letter. Direct mail doesn't work anymore. What do you think about it? These are rental properties. They've been vacant for three months. The seller, the owner, the landlord just put in five grand to clean it up and now they're going to have to pay the property manager another full month of rent after they get the tenant. The property doesn't need any work and you call them and say, "Hey, I can give you full price for your house... you want to talk"?

Matt: Yep. Love it. Yep.

Joe: I'm supposed to be interviewing you, Matt, and I'm doing all the talking.

Matt: Nah, it's good, I'll take all the coaching, Joe. I wrote it all down, but that one we already had, we already do that one.

Joe: Yeah. It works, man. It works really, really well.

Matt: Yep. Our cover letter kind of addresses all of their pains too. Like, Hey, I know what it's like to have a vacant house. I'm an investor too. Would you be open to selling if we could get you really close to what you would net on your cashflow anyway? That's how it goes.

Joe: Alright, so you're going back to the basics, right? You're sending, you're sending marketing to sellers, you're posting Craigslist ads, you're driving for dollars. What happens, Matt, when the phone rings?

Matt: Oh, I say hello.

Joe: Oh? You don't let it go to voicemail?

Matt: No, no. I answer live.

Joe: Oh, why do you do that?

Matt: Because you gotta answer the phone on their time. I don't want to sit around and chase voicemails.



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Joe: Oh, I love. Okay, cool.

Matt: Oh, you were setting me up.

Joe: I said it was a trick question.

Matt: I saw what you did there. I was like, well, why wouldn't you answer it? They're calling you right now.

Joe: Especially, guys, in a competitive market, the first thing you can do to stand out above your competition, it's really simple. Answer the stinking phone!

Matt: How many sellers do you talk to that are like, yeah, the other guy never called me back, like over and over and over and over.

Joe: I can't tell you how many buyers that we've worked with, right, that will tell us, listen, you're the only guys who answer their phone. The reason why we chose to work with you and go with you is because you answer the phones. Realtors don't do it. Property managers don't do it and wholesalers and investors don't do it. They're the worst. I'd say realtors are the worst... wholesalers are second, right? Like for some reason we think of this phone like a cactus or something, you know, but answer the phones, that's where the money is, right?

Matt: Yup. And I got all my, my different phone numbers programmed in my phone, so it comes up on my caller ID. I know who's calling and what it's about. So, it gives me a little, a few seconds to prep and know its game time.

Joe: Nice. Okay. And then, if you can't answer the phone, it goes to voicemail. Not a big deal, right? Do you, do you wait a couple days to call them back?

Matt: Always.

Joe: And you do a bunch of research and look up the property on Zillow and try to figure out a bunch of comps? Yes. That's what you're supposed to call them back?



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Matt: No, actually, right after they call me if I, if I can't get it, 15 minutes later a ringless voicemail goes to them saying, "Hey, I was on the other line. Sorry about that. Give me a call back. I'm available now." And then, if they don't call back, 15 minutes later it gives them a text. And in that text, it says, what does that say? "Hey, I had to run out. If you just click this link, I'll get you an offer, probably the quickest way, that way." Then that sends them to my website and then we Repixel them and then, go from there.

Joe: We're doing, I'm doing some land deals with my boys. Alright?

Matt: We use Repixel to remarket. That's what we do. Go ahead, I'm sorry.

Joe: It's fine. I'm doing land deals with my boys using Jack Bosch's land system and I built it all out in REI Simple, which is our CRM. We white labeled Freedom Soft and it's called REI Simple, but I've customized it for lease options and I've also customized it for my land business as well. One of the things we do is we have a local phone number that we put on the letters and all of the calls going to that number go right into our database, right? And, we're getting about an 8%, I just looked at it this morning, we're getting an 8.7% response rate on our letters to vacant land owners.

Joe: But anyway, the call comes in and that's in California. We're targeting Kern County and LA County vacant land that are three plus acres or more. They're worth less than a hundred thousand dollars. So anyway, they call it goes to voicemail because we just get way too many calls to handle. We have a reference number on the top of the letter that, Hey, thanks for calling. If you can please leave the reference number on the top of your letter and we will send you an offer right away. It goes to voicemail; they leave a voicemail. Nine times out of 10 they leave that reference number, but if they hang up, it sends them a text automatically back right away. Hey, thanks for calling. What's the letter reference? What's the reference number on your letter? And give us your email. We'll also email you the offer. We'll prepare an offer; we'll email it to you.

Joe: And so anyway the voicemail comes in, we get the reference number, my boys then do the research and then we will, we will mail and email the offer to the seller and... So, we'll stick it in the physical mail. But anyway, I love how automation with systems and tools like that, you can automate a lot of that follow up for you. Right. And we set up, we change the status, it sends them a text in four days. Hey, you should be getting an offer in the mail today or tomorrow. And then we send them another text 14 days later if we've not heard



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from them back yet. And then we send them a second offer, then we send them a third offer. Like guys, the technology is out there and I'm assuming you use a different CRM, but it's not that hard to set up, is it?

Matt: No. Once it's set up, you just let it go. Does it for you.

Joe: So, Matt, what are you using for your CRM?

Matt: REI Solutions and I had this before I had I ever heard of REI Simple, just so you know. No, we white label, we white labeled REI Blackbook.

Joe: Which is awesome. I love REI Blackbook.

Matt: And he adds a new feature every quarter and it's just like, it's sticking right up there with the best of them.

Joe: It doesn't matter what you use. So again, I'm bringing all this up guys, because I just want to let you all know that being brilliant at the basics is how you make money in this business. You send out marketing consistently. I'm assuming, Matt, you're doing this every day, you're not letting anything stop you. You're not getting distracted. You're not working on your website?

Matt: No, I do have an eight-year-old that runs around the house though. But other than that, I'm pretty focused.

Joe: So, guys, I mean this is one thing I like about Matt so much, is that he's hyper focused. He gets so much accomplished. You know, you look at his, he does way more podcasts than I do. Are you every day now?

Matt: Yup. Daily.

Joe: It makes me mad. But he's doing daily podcasts, delivering incredible value and content right. Every day. And he's doing deals and he's got an eight-year-old running around the house and he just moved to a new market doing deals from inside of Vegas. I love it. Answering the phones.



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- Matt: Yeah. You know, one thing about, let's just talk about, we spend a lot of time right there running through all the different technology and what's available. And this is something I'm frequently having with my clients right now because we have gotten pretty technology intensive over here and we've made some amazing systems and we just copy and paste our business into our client's business. And, I'm noticing that they get so bogged down in the technology and they forget the objective of the technology is to get on the phone with the seller. Right? So, don't let the technology get in the way of the actual goal of the whole process. Cause it's a people business and this technology just makes it easier to get in touch with people. But that's the key, is to get in touch with the people and not sit there and jerk around with the texting and RVM thing.
- Joe: Tom Kroll told me one time, he said, Joe, you show me a Podio expert. You show me an expert in Podio and I'll show you a broke wholesaler. He is absolutely right. You know...
- Matt: He's got some good ones every once in a while... that was a good one.
- Joe: Yeah, he does. But like you need to step away from the computer. Right. And I was just talking about this today on my coaching call. It's just like, guys, listen, stop, forget about the technology and getting the contracts to fill out and all that. Print a bunch of blank ones. This is a pen. Okay. Get a pen and fill in the blanks with your stinking pen, right? Get an envelope, fold it, put it in the envelope, stamp it, write the address and mail it. Take a picture of it with your phone and email it to the seller.
- Joe: Like whatever you do, your goal is to talk and this is me talking, like this is, I'm supposed to be interviewing you, but let's talk to five sellers a day, guys, talk to five sellers a day. And what's the number one rule in real estate? It's not location, location, location. It's make offers, make offers, make offers, right? So, if technology is getting in the way and stopping you from doing that, then get rid of the technology. Like stop it. Right?
- Matt: Yep. A few things that my old real estate agent or broker used to tell me. This was like, gosh, now it's been like almost 15 years... You know, I'm always saying that I've been in the music business for 15 years before I got into real estate, but now I've been in 15 years in both. But that's okay, I'm getting old. Anyway, he always says a couple of things. He'd say, this is a home-based business, it's not a home bound business. Right? So, you got to get out on the streets. He also said it was, this is the easiest low paying work you'll ever do, but it's the highest paying hard work you can ever experience. Oh, and the other thing was,



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which I love this about her. She would just say, just go out and get contracts signed. I don't care if you mess it all up, just bring it back here and we'll fix it for you. We'll fix it all up and it'll be all nice and you just get the signature on the contract and bring it back. So that was like where I started from was with though that type of foundational thinking.

Joe: Well that's good. You know it's just, yeah, if the price is close enough, get it under contract. Right. Because you can always negotiate the price later. You can cancel it if you have to, but just get it under contract. Especially for lease options. I tell people all the time, just get it under contract because after a couple of weeks, if you're not getting any traction, you can go back to the seller and lower the rent or something like that. Good. What do you see Matt, for 2020...? We're coming into the end of the year. 2020 is coming on us. See any major shifts in the market? Does it matter?

Matt: To me it doesn't matter cause I'm a cashflow investor, right. My intent is to hold everything I come across. I don't, but that's my first intent and then once I do my evaluation then I decide I'm going to or not.

Joe: By the way, doesn't that make it easier when you're talking to sellers because you're the guy buying the house. You're not in the back of your mind thinking, I hope I have a buyer for this. You know, I hope I can wholesale this. You're approaching every deal like it's your own deal for yourself. And that changes your mentality, doesn't it?

Matt: Totally. And I shared that with my clients. Like, you're going in and you've got your transition agreement on your way out saying, okay, thank you Mr. Seller, Mrs. Seller, I got everything I need. I'm going to go conduct my due diligence and it looks like it's gonna be a great property for my portfolio, but in the event that it's not a good fit, don't worry, I've got a whole network of investors that'd be happy that to pick it up from me and we'll make sure that we just get your money in the time promised. That's, after all, that's what's most important, right? Yes. So, I'm going in, this is my property, unless due diligence reveals otherwise.

Joe: Good. Excellent. So, 2020, you know, 2020 doesn't matter. It's, if it's cash flowing, you're going to hold it.

Matt: Yeah. You know that I'm so big on the principal only structure now. Yeah. And I've always done it, but I had a student that just went bonkers with it and he doesn't even do the





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three-option letter of intent anymore. He just makes principal only offers. That's the only thing he offers. He's a young kid, I think he's like 29 now, okay. I'll tell you in a second. I know you're a God-fearing man, so I was like... That's why I stuttered. And I was like, should I say this or not? But he just put a strip club under contract for seller financing, principle only. Is he from Vegas too? Is that where he is?

Matt: No, he is up there in Pennsylvania. But his Instagram has blown up ever since.

Joe: Oh my gosh... is he going to keep the business in operation? What's he going to do? Own a strip club business?

Matt: Like I said, his Instagram is pretty wild right now so who knows what the future holds for him, but he did. He showed me like, yeah, he actually became the teacher in some regard where he had all of these properties, I mean he probably had 35 to 40 principal only payment properties. And in two years he came to us and asked, said he wanted to do a refi and his first round of refi him got 750 grand and his next round of refi got like 600 grand. So that's like \$1.3, \$1.4 million tax free because that's a loan.

Joe: And he's refinancing them into a traditional mortgage?

Matt: Right. But he got the principal pay down so darn low that he was able to take all that money out and put it in a really low interest rate. He's still cash flowing. He still owns all the properties.

Joe: Why not pay them off, you know?

Matt: Well, he's still building.

Joe: But that's the cool thing about owning free and clear rental properties. You don't need a ton of them to make great cashflow. Right?

Matt: No, you don't. Well, it depends on how big your dreams are, I guess.

Joe: So, let's talk about this cause this is so important and I totally agree with you, Matt. This is like I think the future because prices are starting to slow down a little bit. Maybe even come down. There are tons and tons of sellers out there who want to sell. They want to go



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through the hassle of listing with a realtor and they own the house free and clear. Everyone else is going out there trying to make offers at 60, 70 cents on the dollar. You're saying you can offer the seller full price principal only payments. So how do you run your numbers? How do you make your offers on these kinds of deals?

Matt: Well, it's pretty much the traditional wholesaling thing, you know, you take your after-repair value, you multiply it by a certain percentage based on your market, somewhere between 70% and 85% and then a, let me back up and just say it this way. My mindset when I go into a property is I'm going to buy this property in one of two ways. Either my price and their terms or their price and my terms. As long as I can control one of them, I can always make a deal for myself. So, there's plenty of situations where if they would take my terms, I didn't have no problem overpaying for the property. Right?

Joe: So, let's talk about the terms a little bit. Is that all right? Let's say it's a \$200,000 house and they own it free and clear and it rents for \$1,500 a month. Okay. You offer them 200 grand. How do you structure the payments?

Matt: Yeah, so typically I will say I'll give you a 10% down and divide the balance up into three hundred equal monthly payments,

Joe: 300, which is how many years is that?

Matt: Twenty-six or something like that. Yeah. They always push back on it. So, I don't have a problem with it. 25 years. 20. Yeah. I was way off.

Joe: Cause they're going to push back on that and then what do you do? Where do you go from there?

Matt: So, I said, well how about we'll leave, we'll do 200 payments and then I'll balloon the last hundred? And I'll just keep kind of going there. Cause I know that 300 monthly payments typically will allow me to cashflow just about anywhere.

Joe: Well, is there a certain dollar amount cashflow that you want to cashflow every month or does it matter when it's principal only payments?



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- Matt: Yeah, I look for an infinite cash on cash return because I know with that type of structure, it might be... The cash on cash return, there might only be what, 10% to 12% in that type of deal. But when you factor in all the other profit centers of real estate, it's really like a 35% return. And then you've got all the principal pay down, you're up to 50 60% return. So that enables me to go out and get the, get private money for the down payment, pay them 10% and I've got this arbitrage where I got 50% left and...
- Joe: Okay, well let's talk about that. Do you mind? The private money for the down payment... Are you putting that private investor in first position and putting the seller in second? Okay. And so, you're getting a private investor...
- Matt: No, no, no... They go in second. They go in a second.
- Joe: Okay, good. I wasn't gonna say nothing, but you know, maybe you got your thing going and then...
- Matt: No, no, no, no. You're right.
- Joe: There was a guy, a guru, and I won't mention his name, he went to jail, from Colorado, who taught this strategy. And he would say, get a private investor in first position and borrow your, some of your profits early, which I think is a disaster. So anyway, you want to keep that investor safe and protected. First position. You get a small second position note. Bu, so then you get maybe 200 payments with a balloon and maybe 10 years, something like that. Right? And then what... Do you turn around and just rent it like a rental property or do you sell it owner financing and wrap it?
- Matt: It depends on the quality of the property. Yeah, I guess that, I mean I guess its kind of popular terminology to use the grading system, the A, B, C, D. If it's something that I know is going to be... I've had enough of these now I can kind of know what's going to be easy to manage, what's going to be difficult. If it's going to be difficult, then I'm going to look for a buyer to sell it on seller financing. Okay. Most of the time I want to keep it.
- Joe: So, you'll just rent it then and do, you'll be like a regular normal landlord?
- Matt: Yep. Traditional rental, nothing fancy.



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- Joe: When you sell it on owner financing you wrap it on owner refinancing because you got a great note on the A to B side, do you allow them on the B to C side to refinance it in five years or like cash you out or does it...
- Matt: Yeah, I don't have a prepayment penalty. I'll actually do contract for deed on the sale. Okay. So, it doesn't mess with title at all.
- Joe: So, you'll let them owner finance it from you for 30 years if they want?
- Matt: Sure. I just make sure it's bigger than the note that I have on with the seller.
- Joe: Nice. And so, on average, what do you cash flow in one of these deals? How much in dollars per month.
- Matt: Average? Probably between \$250 and \$450. Yeah. As a cashflow. But then there's another \$500 that's going straight to the principal.
- Joe: And since you're buying these, you can depreciate them. Correct? You get to write off the taxes?
- Matt: But the amortization is the sick part. That's where all the money's at.
- Joe: Yeah. Yes. If you wanted to, you could sell these notes.
- Matt: Totally. I'm actually going to Eddie Speed's thing next week to really learn how to do that. Yeah.
- Joe: Man, I'd love to go. That'd be cool.
- Matt: Yeah. It's in Atlanta. You're closer than I am. But yeah, I'm going to there cause that guy's the master. But I know like, I know how to structure a note and it works for me, but if you're going to go resell those notes, there's certain things you have to have in place that I'm not quite clear on, so I want to go get clear on that.
- Joe: Excellent. We'll have some mutual friends there, I'm sure.



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Matt: Yeah, I'm sure. Um,

Joe: Okay, so... I love that.

Matt: I'm going to make it even cooler, Joe. So, a lot of times you will get pushback on the principal only. It's not like just everyone's a sucker for it and takes it, you know what I mean? It's like, Oh yeah. You're like, well, wait a minute. What about my interest? So rather than offering, okay, I'll give you 5%, 6% on an amortized type loan. How about I give you 50 bucks a month interest on top of the \$500 payment?

Joe: \$50 bucks interest. So, you're...

Matt: So, I'm still getting the huge principal pay down.

Joe: So, about what interest rate does that work out to be?

Matt: I don't know. I guess I could figure it out. All I know is I still want that big chunk, \$400-\$500 a month, going towards my principal.

Joe: You're saying, how about I give you \$50 interest a month on top of...

Matt: Yeah. Or 100 bucks a month in interest. Exactly. Rather than complicating it with percentage rates.

Joe: I love that. And you can also negotiate, if they want interest, you could lower the price a little bit too. Right?

Matt: Yeah, so the price and terms, they like a little seesaw, they go back and forth. And then, actually something I learned from Eddie about a year ago was to then start tiering your interest. So, okay, so let me cashflow and catch up since I'm giving you all this money. I'll give you 25 bucks a month in interest. My second year I'll give you 50 bucks. The third year I'll give you 75 bucks a month in interest and tier it like that. And so that that's just another little negotiating thing that you have at your disposal to use.

Joe: I used to have, you know, you've heard of The Red X? It's not a strip club.



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Matt: No, I have not heard of it.

Joe: It's called The Red X. It's a, if you have an MLS subscription, you can get expired listings. So there dx.com, you go out and you plug in your MLS access, they give you expired listings. You might also be able to get fsbos or something like that and they'll skip trace it for you and then it's got a dial and you can call them. Well anyway, this is maybe seven, eight years ago, I got a subscription to it and I asked them, I said, Hey, listen, you can give me all of this data on these properties. Can you also give, from the MLS, can you also give me public record data? He said, well, what do you mean?

Joe: I said, listen, I just want to know of all these properties that are on the MLS, actives or expired, can you tell me what was the last market sale date on those properties? And they said, yeah, sure, don't tell anybody. But yeah. So they did the thing for me and I was able to download every week properties that were actively listed and, from a spreadsheet, see when the last market sale date was and if I knew the last market sale date was blank or it was over 10, 15, 20 years ago, that was a property with a lot of equity. And so, I never did this all the way, but I started contacting the realtors of these properties. Instead of sending them an offer, I started just calling them or emailing them and saying, hey listen, I'd like to make an offer on this property. Is it still available?

:

That was kind of my entrance into it. Yes, it's available. Oh, I'm surprised it hasn't sold. It looks like a really nice house. What's going on? You know, just start building a little rapport and talking to them and I say, I don't, this probably won't work, but would they be open to maybe owner financing, something like that? And they're always thinking, well, in the back of their mind, they may not say it. They may say, well, what about my commissions? You know? Right. And I say, well listen, if we can structure something, I don't know if it'll work, but like I'll make sure you get your full commissions, number one, and I'll let you represent me. You can get both sides of the commissions; you can double dip your commissions. And that opened up a lot of doors and it's something that you guys can think about, all y'all listening, is just talk to these realtors. Right? And a lot of these properties that are listed for sale there are free and clear. Find out which ones those are.

Matt: That's actually my favorite question to ask a realtor when I'm buying property there. That's about the only thing that they're good for is to ask, say, Hey, do you know any, do you have any listings that would be willing to carry back? And they'll say yes or no. But, other than that, yeah, they don't really, they get so paranoid about their commission and...



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- Matt: You know, having been a realtor, when you're holding an open house, you get a number of people coming through and a small percentage of them, but there will always be some who will be investors, they'll come in and they'll say something dumb. Hey, got any good deals, you got anything that pencils? You got anything that makes sense? Like they come in and ask such generic vague questions that realtors just, that's their normal experience with an investor and they're just, their eyes just roll in the back of their head whenever they hear investor. So, going in and asking specifically what you're looking for. Hey, I'm looking for a three bed, two baths in this zip code. Any listings that you know of that would be willing to carry back financing and then your reception will be a lot better.
- Joe: Very good. I love it. I've got to get going. I just, it's 5:10 right now in St Louis and I've got to take my kids to gymnastics, Christmas show practice and dinner. I've got to go. This is what happens when you get four kids. Matt, you need more kids.
- Matt: Yeah, I got one and he's at hockey right now, so I'm good.
- Joe: I appreciate you being on the show; we talked about a lot of things, went a hundred different directions, but this has been really good. You have a fantastic podcast called Epic Real Estate Investing Show and I want to encourage all of you guys to go with listen to it. I've never listened to one episode that I thought was dumb. Okay?
- Matt: Thank you, Joe.
- Joe: I've listened to a lot of your podcasts and every one I'm like, that's a fantastic idea. Or it's like, I like the way Matt, I've heard that before, but I liked the way Matt simplifies it and makes it sound so easy because it is. So, I'd encourage all of you guys to go listen to Matt's podcast, the Epic Real Estate Investing Show. Matt, where can people go get more information? You've got some really good books and courses and programs. What's a good, give us all the different websites that people can go to.
- Matt: I mean the podcast is probably the best place to start. Type in [epicrealestateinvesting.com](http://epicrealestateinvesting.com). And that'll open up the podcast app right there on your phone, [epicrealestateinvesting.com](http://epicrealestateinvesting.com). There's that one. And then, one thing that's been really successful for us is we're showing people how to do this business with little to no money. And I know that's a common thing that most people say and it's really easy to show people



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how to do the real estate with little to no money, but it's not as easy to show people how to do the actual business with little to no money.

Matt: And so, we have a challenge, so to speak, over at [thefreerealestateinvestingcourse.com](http://thefreerealestateinvestingcourse.com). You make a \$100 pledge to yourself that you will complete the course. And if you complete the course, I'll double your money back. And if you post a check inside of the Facebook group inside of, what is it, 12 weeks, inside of the first three months, I will triple your money back and I'll have you on the podcast and I'll make you famous. [Freerealestateinvestingcourse.com](http://Freerealestateinvestingcourse.com). There you go.

Joe: [Freerealestateinvestingcourse.com](http://Freerealestateinvestingcourse.com). I love that. That's like a no brainer. Yeah.

Matt: Yeah. I mean, I will pay you to complete my course. In my lease options course, I do the same thing. I have what's called a Business Completion Challenge. And hey, go through the course, just set up your business and I'll give you your money back. Okay, cool. Nice. Anything final words, Matt?

Matt: I love you, Joe McCall. Those are my final words.

Joe: I love you too, Matt... brother, pal, man, dude.

Matt: Alright, man... Go take care of your family and I'll see you soon.

Joe: Good to see you, Matt. Take care, man. We'll see you. Bye. Bye.