How Dani Got Started Doing Real Estate Virtually – In the US -From Israel

Hosted by: Joe McCall
Guest: Dani Beit-Or

Joe: What's going on, everybody, welcome, this is the Real Estate Investing Mastery podcast. We're in for a special treat today. We have a friend named Dani from a company called Simply Do It. He got started doing real estate deals from Israel in the United States. And he came across my radar recently and I said, hey, I guess I gotta get you on the podcast and talk about how to do deals virtually the automated way. Like anybody that can do deals in the U.S. from Israel is a rock star, in my opinion. I even coach some students one time. Dani, you'd be interested in this, that we're doing deals in the U.S. from Beirut, Lebanon. And it was crazy. So we'll talk about all of this stuff here.

Joe: First, I want to let you all know that this podcast is brought to you by my brand-new book. It's called Recession Proof Real Estate Investing. And you can get this nice book here for just seven dollars. You don't want to wait for it to be delivered in the mail. It's a PDF book, but it's more than just a PDF. It comes with a mind map. It comes with videos. It comes with calculators and spreadsheets and my marketing pieces. Here's the thing. As you all know this. We're in a recession, right? There's no arguing about that. Doesn't matter if you think we should wear masks or not. If you think COVID is real or not like we're in a recession. Officially, it started like five, six months ago. So here we are. What do you do?

Joe: I'm actually excited about this recession that we're in in a good way. Not like I'm happy that people are suffering or whatever, but with every crisis comes an equal amount of opportunity. And as investors, you need to know how where the new opportunities are. You need to know what you need to focus on and how to do more deals, make more money. In this recession, I wrote this book, Recession Proof, Real Estate Investing, to talk about this because it was in 2008 09 when I quit my job at the height of the last recession that we were in. And I've talked to so many friends and other investors that that's when they did their most deals. They did their most deals in the recession.

Joe: So now is the best time to get in the business. Now is the best time to get started. Check out this book. You can get it for just seven dollars at REIProof.com, REIProof.com. You're going to love it. And there's some cool things that I'm going to give you the opportunity to buy after you get the PDF that is not available anywhere else. Like huge insane discounts. So just be aware of that. Check that out. OK, but go to REIProof.com. Check out the book if you don't like it. Keep the book and I'll give you your money back. It's pretty cool. All right. So got a special friend who is with me on the show right now. Going to bring him on. His name is Dani from a company called Simply Do It Dot Net. Simply do it dot net. And Dani, how are you, man?

Dani: Hey, good to see you. Thanks for having me. I'm doing good.

Joe: Thanks for being on the show, man. I appreciate it. Somebody sent me an e-mail telling me about you and I looked you up and it's research like, holy smokes. This guy is from Israel. He did deals in the US while living in Israel. And anytime somebody tells me things like that, like, I got to get him on the show and I want to talk about how you were able to do deals in the U.S. virtually from halfway across the world in a crazy place like Israel. And I'd love to go there someday. Someday I will. But now you're in California and you're doing even more deals, but you're still doing deals virtually, right?

Dani: Correct.

Joe: All right. So cool. Dani, real quick, tell us a little bit about where you're from and what you do, what your company does right now. Guys, I don't get any commissions or affiliates or sales from Dani for talking about his company. You know, he's got a great company, he's doing some great things right now. I want him to talk about what he's doing, but I'm gonna be asking him a lot of questions, too. And let me say this. If you're watching us live right now on the Facebook or YouTube, we can see your questions. And so if you type in questions or if you have anything you want to ask Dani typed them in the YouTube comments or the Facebook comments right now and we will see them.

Joe: So just say hello. Type of type in the comments and questions down below. Tell us where you are and you have questions. Let us know, like Brutus right here. I love doing virtual deals. Nice. And somebody else here who I don't know who you are because it says unknown. Thanks for everything. You're welcome. So if you got questions, please type them in. We'll get to them here. Down below. So, Dani, tell us about you and what kind of company you're doing, what you have right now.

Dani: Yeah, I have a quick feedback about your book, just as a little aside tiny side story. In 2000, I can't remember, I think it was 2011, I remember clearly I was walking and thinking and I'm telling myself the following conversation, me and myself.

Dani: Right. Only the two of us exist. And I tell myself the following. This is 2011. So, Dani, remind your Dani in the future in 2015, when that 2015 Dani asked, why didn't you buy more properties in 2010, 2011, 2012, that you bought as much as you could at that time. You know, it's to a funny story. Honestly, in 2015, that thought came to my head. And then Dani of 2015, the conversation that was already stored from Dani from 2011, reminding him. And I was, you know, in the middle of the craziness. It's exactly like you're saying. It's kind of funny that I was having this whole triple, quadruple personality situation.

Joe: This is the worst time to back out, to slow down, to get out of the market. This is when you want to double down. This is when you want to. More market, you want to buy more deals, you want to get more in the business. There's a lot of operating, there's so much opportunity right now.

Dani: I think that every market presents opportunities. You just have to know what angle to work. And I got to say, since 2002 when I started, but mainly since 2004, that's really when I picked up picked up the pace. I've never been in a not buying mood. It’s just matter of what works now? Where should we target? It's always been it's been like this.

Joe: Cool. All right. So, Dani, you started in 2002 in real estate, right? Correct. Yeah. Where you were a young man back then in your 20s.

Dani: In 2002, I was starting my high-tech job already two or three years into maybe two years or three years into my high tech job in Tel Aviv, Israel. In Israel, if you're not familiar, usually everything is a little bit done later because it's 18 mandatory three years of military service. So that means you really start college or university at 21, 22, which is exactly what I did. So I finished my three years in the Special Forces in Israel, started school, got my engineering degree, started working, started saving money and realized year into my job with a good income for the Israel high tech company, that was a year ago was purchased for one point three billion by Salesforce.

Dani: I wish I could take any credit or any stocks. None, but I realize something is off with the formula that I am facing. Like I'm a young guy. Twenty-five, twenty-six. Starting adulthood or financial world. And what I'm seeing in front of me is the following. Working those crazy hours like wasn't a startup. What was it like a little bit of a startup atmosphere or generally the atmosphere for such businesses in Israel. So all those crazy hours started working long weeks. Traveling to Europe, which I actually loved, making a good income.

Dani: But what really happens to financially. Nothing really kind of moves me forward financially. And then I have my, I call it my negative role model, in front of me, a negative not in the sense of negative bad, but ways that I think the people ahead of me that doesn't make sense to me. My parents are not negative role model, but financially, at the age of 50, they had a condo with a mortgage. That's it. Hard working people, cousins, older cousins, uncles, friends of my parents. You could see the same pattern, working, working, working long hours. And what do they have to show for all those 10, 15, 20 years of working hard and really quality people, a house or a condo with a mortgage for the most part. And I told myself, this is this does not add up. Something is off here. I was not willing to accept that formula in the past. And I just needed to find my own path. And that's kind of what led me eventually to start investing in U.S. real estate.

Joe: Why U.S. real estate? Why not real estate in Israel?

Dani: Excellent, excellent question. I just found out that you can. Well, there are so many good perks for us, for US real estate that are not being offered by the Israeli or many other countries around the world. A couple of things is, first of all, you can buy at the time, my first property was not even a hundred and thirty thousand dollars. It's a really nice suburb of Phoenix. Brand new home from the builder. In a nice community. Good schools. One hundred and thirty. And it rented for like eleven, twelve hundred a month. That just doesn't exist in Israel, right?

Dani: I mean, not that quality piece of real estate and that rent. The numbers were off. Leverage, I would need at least 30 percent down, maybe even 35 at the time I used 20 or 25 percent to buy that. That was easier to do in the US versus Israel. And then when you, as foreigners and this is something a lot of the U.S. based people don't realize. Yeah, there are so many perks, such as when we get a mortgage here, I call it the mortgage miracle. For me, it's a miracle.

Dani: The mortgage here is not pegged to the cost of living. Wait, you everyone who was born here. Oh, yeah, of course. That's the way it is. No, it's not the way it is. The way it is is usually pegged. Cost of inflation. Cost of the bank wants to get back what he loans to you pegged to inflation. This is amazing. I think that that alone can stop.

Joe: The miracle of mortgage.

Dani: Yeah, mortgage miracle I call it. It's amazing.

Joe: So it's all perspective, isn't it?

Dani: It's a lot of perspective. There's no doubt.

Joe: And I've traveled a lot and I've even done workshops in Spain, in Prague, in the Czech Republic. And in England, you talk to different people. And it's like, man, we don't realize how good we have it here in the United States. You know, little things like when it comes to access to public records or even having access to an MLS where you can get almost all of the properties for sale. For sale on one place, a Web site you know what I mean.

Dani: So I fell in love with all those perks of so much. Highly regulated. But with this highly regulation industry comes a lot of transparency. So just the environment of conducting business is relatively safe. In Israel, you can wait. Maybe now it's better, but anywhere from two to seven years until at the time, you know, years back until the property's recorded to your name or in the country records. Why? Really? Now, it's not that it's not recorded, but properly recorded. Years. Here I have a client who purchased a house. After a week, it was recorded. He found that there was a mistake in the recording. Some his name or address it. He asked the title to fix it.

Dani: Two weeks later, it was corrected. He closed two weeks ago. Unbelievable. So that creates a safety net and advanced market in terms of, you know, seller financing doesn't exist. Lease to own. All those creative ways. What you can do with a property. The notes. I'm not even talking about. So many things here. You can say, OK, this is a really advanced, sophisticated market and you can slice it in so many ways. I haven't checked all the countries around the world, but in Israel, seller financing doesn't exist. No such thing as a note. There's only one note from the bank. There's no secondary market. All those things up here we can tap into. We can use. That's just amazing perks to own real estate. But the mortgage miracle is by far my favorite thing.

Joe: A mortgage miracle. I love that. In your bill, there are a lot of people investing in the United States from outside of the United States. So, Mike, talk a little bit about people are afraid of that. And we have a lot of audience. A lot of people in my audience, a lot of people listen to my podcast from outside of the US. What were some of the fears that you had of investing in the United States while you're in Israel? And how did you overcome those?

Dani: Of course. So I want to talk about it in a moment, maybe in two ways, because I have a little advantage, so to speak. When I was in high school, my dad, who was military, was stationed in Washington, D.C. and that gave me an opportunity to live throughout high school in Washington, D.C. and even graduate from high school. So that gave me, I always say I came to the U.S. with a broken English. And then within two weeks, I needed a survival mechanism.

Dani: So I picked up on that quickly. So that gave me some advantages. Social Security get a feel what the U.S. is all about, the English, that helped me. So it's going to be what I'm seeing when I'm talking to my clients from Israel about investing in the U.S. I call it the multiple gaps because obviously there is a time gap. That's a I wouldn't say easy one, but relatively easier one. Then there is the language gap. Some of them, even those who say I speak fluent English. When someone in Israel says they speak fluent English, it means it's not as broken. That's usually what it means.

Dani: It's a language barrier, terminology language barrier. Time expectations like this is how it works in Israel. This is how renters all work. Here's a very simple example. Here, typically, when we rent the house, the renter puts one month of security deposit. So hopefully we do proper screening, but then we get a month. Maybe we're lucky we're getting two months of security deposit for the most part. In Israel, you get maybe three months of security deposit, at bond, and your grandma signing on the paperwork as well. So the owner of the property says if you screw me up. I have so many ways to go after you.

Dani: So that gives the owner a lot of protection. So the Israeli guy comes here, say, wait, only giving me one month of security deposit? That's nothing. You're absolutely right. Coming from Israel, I think it's wrong. One month. But that's what's the norm here. Sometimes by law, sometimes by standard. So those are the type of things people don't even know how to ask. And then you've got someone who comes in and we talked about the language, the time, the terminology. And then I always also said one other important thing. Culture, culture. This is more of a cultural thing than the security budget. But also, I always tell my clients this. And in the U.S., you need to know not to speak English. You need to know to speak American. They'll say, what do you mean by that?

Dani: Here's what I see a lot. Very common in the U.S.. When you talk to someone. Many times I can real talk or property manager or someone, they will give you a very extensive elaborated answer. But when you actually slice and dice it and see what is the answers that I receive, when you kind of refine it, like you hang up the phone and say, wait, wait, wait. You talked about this and this and this and this. But I only wanted to know if this house is a good house to invest in that area. And I got a lot of, you know, kind of generalities going around the bush, but not really specific. Israeli buyer and I'm talking about Israeli because that's mainly what we work with. They don't understand that at first, only it takes them time. So when I work with them, I tell them, this is not English. It's American. It's a little bit different.

Dani: You need to know how to ask questions. You need to know how to politely ask it. You need to know what landmines not to step on such as politics and you know. And also, Israel is very loose, very straightforward. Like I would tell you. Hey, Joe, you know, I really don't like the you know, the how you did your beard today. Right. Like, why you're saying that? That's just the mentality. Because they're thinking your friend. I'm not passing any criticism now. Just using it as an example.

Dani: That's very much the Israeli mentality. It's not necessarily the same mentality from the Americans. I want you to even make a comment on my beard. It's crazy, right? So even I when I say it, I'm like, I hope I'm not being offensive to Joe. I feel that, you know, you have no problem with it. But you make a joke with your Realtor not realizing you're being friendly. The Realtor got offended and they're never going to tell you. So this is the difference culture and not language, but mostly cultural gaffes. It's really hard to overcome that.

Joe: And that stuff is just fascinating to me. And I can't wait to go to Israel. I tell my wife all the time, let's go to Israel. And I even I want to go to not just Israel. I want to go to Syria and Lebanon, Jordan. I want to go to Iraq. And Iran maybe. I don't know which is safer Iraq or Iran right now, but go to Egypt, Saudi Arabia. That would be so cool. I'd love to do that someday.

Joe: So anyway, we got some really good questions here. I'm going to be asking you these questions here in a minute, Dani. So those of you watching right now keep on typing in your questions and I'll get to Dani with these questions here. So, Dani, when you started buying deals here, how are you finding the deals in the U.S.? Were you just going to, was Zillow around back then? How were you finding deals here to buy?

Dani: So 2002, 2003? No Zillow. Public records were maybe starting out. Maybe Google Maps were not around. Google was a startup. All right. Now, we used MapQuest at the time, that was it.

Joe: And you would print the map on a piece of paper. Remember that? You print the map on a piece of paper and you bring it with you in the car and you'd highlight your map. You were hot.

Dani: Absolutely, turn by turn. And the MLS prints from the agent were coming through black and white, scan fax, whatever. I worked with someone first who already had the network in the U.S. and they would source the deal. So I use some like a broker kind of a thing who present the deals. And, you know, off the record, the amount of analysis I did on my first deal is a joke. There's a great deal, a great deal. But the analysis that I conducted was, oh, looks nice. Numbers OK/ done. I kid you not. Today I am just shocked of the amount of analysis. Not shocked. But we do with every client.

Dani: Just this week I had a client who told me, oh Dani, I look at your excel now and the ROI, the cash on cash is only six point nine and I'm looking for seven and above. And I'm like, oh my God. Are you kidding me? But you know what? Sometimes I blame myself, too. I groomed them in that direction, because my Excel is very detailed and it's I call it not an analysis excel, but the business plan for the property because it's analyzes the property over 30 years.

Dani: So you can see the performance over 30 years. It's not like in its analysis. It's a business plan template. And we've used it probably, it's probably been used more than 50000 times between me, my investors, my Realtor. So it's been really kind of hammered down.

Joe: So when you when you got started, though, you're buying properties to hold and you were renting them out. And about how many properties did you buy while you were living in Israel in the US?

Dani: I did one rental. I did two participated in two syndications. Nothing too extensive. In 2004, we decided my wife and I, we wanted to move. That was always the plan. But we did it in 2004. We moved to the states and I continued doing real estate and working with others. And I had in 2004 five years goal of owning five properties within five years. That was my goal at the time. I ended up doing it in two and a half years. Part of it was the house in Phoenix, which we purchased in 2002, more than doubled. And that bought me two more properties when I pulled money out. So that's kind of how I was able to do it quicker. And then 2007, 2008 came of course.

Joe: Yes. What happened to you when the market crashed?

Dani: So I was highly leveraged. Multiple properties, five percent down, 10 percent down, negative cash flow by design. All my income is real estate. You know kind of real estate depended in my income jump? So I had to fight over to see which one I'm letting go and which while I'm keeping. It wasn't pleasant. I was 30 at the time. Or was it me? Yeah, a little bit more than 30 at the time, 33, 34. On a personal level, I had to struggle. And there was always solutions, you know, to pick from. By the way. One more thing that I've learned during the crash, and I'm kind of expecting it to happen all of a sudden. Loan modifications and short sales. And what was another thing I can remember right now? Old deed in lieu.

Dani: All those kinds of tools or mechanism which I am expecting to come again right now. We already saw the first one. The forbearance. Who knew what forbearance was before March of 2020? We all know now, but I'm sure people knew. But you know. That’s not something in the forefront of all of us in the industry. All of sudden, forbearance of course. I'm sure, more such maybe the short sellers will come back or a loan modification. But the way I know the US, it will be a new terminology. There is even a new terminology.

Someone told me before this COVID thing. We think there's a new name to the no docs. You know the mortgage where you don't need....

Joe: Yes, I know what you're talking about.

Dani: Subprime has a new name. Yes.

Joe: Subprime has a new name. And what's it called again?

Dani: I can't remember. I wrote it down. I wrote it down somewhere.

Joe: If anybody knows and you're watching right now on YouTube or Facebook, just type it in the comments. But subprime loans are now called something else, right? It's another politically correct.

Dani: So those things, I'm sure, will happen again. New programs, new mechanisms. I don't know how to call it. Like loan modification or maybe loan modification. Maybe the same way or same name or different thing. So I'm expecting those things. And this is what I think will also help kind of ease up or mitigate what we're going to go through soon.

Joe: So you moved to the US, you started buying a bunch of properties. And like a lot of us, I did the same thing. I some of them had negative cash flow. She's counting on appreciation. That was over leveraged at too much debt. You know, I thought it was OK sometimes. And I know a lot of people that did this, too. And I wasn't as bad as some guys I know. But you made your money from the refinances. You'd refinance, pull out your cash. Right. And that would pay your bills for a couple months. Right. Then you do it again, you know, and that's how you got paid.

Joe: Well, all of a sudden that dried up all you just have. It's just it was a disaster and I deserved it. You know, we really did. And so what's forced me since that crash has happened is to focus even more heavily on the fundamentals, which is why your spreadsheet is so important. Because you need to know this makes sense. These numbers. Worst case scenario, we're going to be OK because we have cash flow. And you're not counting or basing all your decisions on future appreciation, right?

Dani: Exactly. So that's one hundred. So I feel that on one end, the crash of 2008 or that period was far from being fun because first so I could tell you that I made a promise when this thing started and I had a lot of clients at the time. And we're all of them in a similar situation. Not all of them. And I told them the first thing I told myself while this was happening, I made a pact with myself. I said, every client that's going to call, I'm going to be there to answer his phone or whatever. And I'm not going to shy anyone out. And I know those are not going to be fun conversations frontwards. And I will do it for a few reasons. First of all, if they need to vent towards me or somewhere. Go right ahead. That's one. It's important to let people vent. And this, by the way, I remember many venting at me, just venting altogether.

Dani: Second, because I am in the trenches and I'm digging and looking and searching. Maybe there's something I can do that I found out that can help them. So maybe I can help them with finding a solution or pointing them in there in a certain direction to help them. And third, maybe they're doing something that I can benefit. And I remember those calls. I took all of them. You know, I know people, the colleagues that were taking the time, putting their head in the sand. They disappeared for months or years and came back when things started to recover. And I just decided that I'm taking it in a different way.

Joe: What does your business look like today? Dani, what are you doing these days?

Dani: So today we do rental properties remotely. Most of the clients I work with are coming from the West Coast. Some of the East Coast. All of them are in the mindset of I'm busy work, family, dealing with COVID, whatever. I don't have time to find. You know, I live usually in a very expensive, realistic market such as Silicon Valley, whatever market it is. Real estate around me is expensive to buy. It's the horrible cash flow wise because the rents are relatively low. I understand real estate is a good tool, but I can't do it here or it doesn't make sense. I need to do it out of state. And that's when they realize they have to go out of state. It's where all their questions starting out.

Dani: Where should I go? How can I analyze a deal? Who can I trust? Which market? Tons of questions start to come up and that's when we come in and say, listen. On one end, we can help. You, the investor, you know, help with all answering those questions and addressing all your needs. And everybody has challenges like financing or that everybody has challenges, fear or finding properties. It doesn't matter. So we're going to help you steer you through all those challenges. So that's like a mentoring aspect of my business, or the analogy is like a financial adviser for real estate.

Dani: But then what are you going to do with that knowledge? So it's very important to help them not just figure it out, but apply it as well. That's when we have systems and processes in place, highly vetted or spend a lot of time vetting realtors or property managers and everything. And what kind of properties we buy and where would we buy in all of the use. And we create those systems and processes and teams in different parts of the country Houston, Dallas, Phoenix Orlando, Tampa, Kansas City, etc.. All right. I've been through forty-five plus metros around the country setting up teams. And it's kind of changes every once in a while. Some. And then we offer our investors to buying those markets when it's a turnkey operation, not a turnkey property, turnkey operation. Everything is ready. You just have to choose the house, so to speak.

Joe: Good, good. Talk about the lending environment for investors. You know, somebody from California wants to buy a deal in Dallas, Texas. I have two questions for you. Number one, talk about the numbers on a typical deal that you sell to an investor. And number two, talk a little bit a bit about Dani the lending way. Is his lending tightening up right now? What are you seeing investors able to get in terms of finance?

Dani: So, yeah, absolutely. So numbers wise typically by upper middle class, middle-middle class, lower middle class type of schools and areas, and that will go for the most properties from, give or take, 150 to 225. Give or take 25, 30 thousand dollars up and down. So those are the prices that we're looking at. And if someone is not from those areas. Yes. You can buy a really nice house for two hundred thousand in a suburb of Nashville. And I mean a really nice house, right? It's not a mansion, but it's a nice house. Even 450. And that's not a down payment. That's the entire house with the land. So that's kind of the pricing.

Joe: Well, that house that you can buy for 150 to 250000 in a suburb of Nashville. What does that rent for?

Dani: So let's say in Nashville, first of all, a lot of people are used to the one percent rule. I found in the past three, four years. The one percent doesn't exist. It's more like zero-point five percent.

Joe: It does exist, but not in neighborhoods you want to invest in.

Dani: Right. Thank you. Correct. In that category of real estate, the middle-class category, rarely does it exist. You can still find it every once in life. But I wouldn't bet on it. And by the way, Nashville never was never in the one percent. It was always below. And for anyone who was working for the one percent rule or whatever adjusted rate, it is my little piece of advice. You don't. And that's where I made mistakes. And I see I missed on Nashville for about a year or two because I analyze it based on the one percent rule and what I did a year later, I took nine properties in different parts of Nashville, fully ran them through our analysis model.

Dani: Realized none of them follow with the one percent rule, but also realized the cash flow was zero-point seventy five percent in Nashville is better than the one percent in Dallas. Why? Property taxes and insurance rates. OK, so if you're an investor and you're looking for the one percent you may be missing. By the way, the rent is not what we need. We need to know what the cash flow is. So it can be a really high rent and a lot of expense. And the cash flow sucks and it can be the other way around.

Dani: So it's important to really run the numbers fully to know your numbers. I made that mistake. I'm telling you to not follow the one percent rule because it's a rule of thumb. And what does a rule of thumb when you have to go into the nitty gritty? And so those are the type of properties. Now, regarding financing.

Joe: Nathan says here, the one percent rule is a horrible rule of thumb.

Dani: I agree. I learned the hard way.

Joe: Let me just emphasize this here. It does make sense. Like if you can find a deal, that's great. But a lot of times those kinds of deals are not going to be in the best areas. They're not going to be in really good, solid markets with good job growth, good economies, a high demand for living. And you're gonna get a house that's maybe older that needs more, that has more deferred maintenance. That's maybe not going to attract as good of a tenant. It's going to need more updating and things like that. So that's all of stuff that you need to evaluate as well, right? Isn't it?

Dani: Absolutely. You're spot on with clarifying that because you can get that. I always say it's a compromise. You can get a cap. You can buy a lower and cheaper house. In not the best part of town. The old house could probably on paper generate the one percent, whether it will actually generate the one percent or above. It's a little bit speculative. It could have zero deferred maintenance or very minimal with a great tenant. You're lucky. My experience in most cases, the tenant is challenged financially. The property is old, it needs repairs. So all of a sudden on paper, the one percent that you got becomes zero point five percent with a lot of turnover. So that's the tradeoff that you can consider. For me, just making sure of the numbers could work.

Joe: Talk a little bit about the financing of the properties. How does it become more challenging for investors to get financing on their deals in this economy right now?

Dani: Nope. 20, most of my investors, you know, for a minute there, it was a bit more challenging just because the banks were like a little bit hesitant. I think in May the banks kind of started OK. It's not that crazy. Some banks added more reserve, increased the reserve they want or maybe decided to go for a little while with higher down payment. But the banks are now back pretty much to where they were. The biggest challenge with the banks is they're swamped with work. 2.5 to three point five percent.

Dani: People are hammering them for re-fi and for purchases. So the biggest challenge is just getting the bank to work quickly and appraiser to go through the house just because they're swamped because of those rates. So as an or if you have good credit, not perfect good income, not, you know, not a not a million dollar, but just good income, steady if you are safe in the eyes of the bank. You're not a risky borrower. You could probably do 20 percent down. Most of my investors do twenty five percent. But you can do 25, 20 percent down. Remember, rates for investment property are always going to be higher than the primary residence. So that's something you can to keep in mind. But we are closing on houses with mortgages on a weekly basis.

Joe: What are the limits that banks are having? Are you finding it harder to get new loans from our investors once they reach a certain limit of eight, nine, 10 homes or something like that so far?

Dani: Is the usually it's four or six depends Fannie Mae or Fannie, Freddie or Fannie for is usually the first kind of barrier. Up to 10. Not necessarily a problem. If you have husband and wife, both work. Each can get to their own 10. So you can actually find ways to work around above 10. We're going into the creative solutions and there are solutions there. The way I usually work with my clients who are looking to buy multiple properties. When we get to six and seven mortgages, I start giving them instructions how to improve their credit standing. So they are more are better prepared for, you know, coming up. And then around 10, we'll find other creative ways out to consolidate your mortgages. So you have less drawing on your credit score credit report.

Joe: What other advice do you give to investors? Do you encourage them to pay off their mortgages as quickly as possible? Or are you are you trying to where's the balance between trying to pay them off or using more leverage to buy more deals?

Dani: OK. So I have my answer is it really depends what the client wants to do. But if you ask me, ideally, if we have those amazing mortgage miracles that I talked about, I would want to have them forever, because in a way, I am. There's an erosion of the principal because inflation does happen in this country. And the mortgage the mortgage vehicle is actually there is an erosion of the principal that they owe. So why pay back? Keep it 30, 40 years, 50 years. In my opinion, that's a much better financial vehicle. But we are not just in the financial vehicle type of tools. And people want to get to a certain point where they are free and clear or have multiple houses that they have accumulated over the years, paying their livelihood or most of it, so they can either fully retire or semi retire.

Dani: So if you are thinking like this, I got to get to the point that I'm not feeding those houses with time. They are feeding me. So that's when I tell my investors, although I love those mortgage miracle tools, let's start using some sort of mortgage acceleration mechanism in order to get you to be done and paid off within ten years, fifteen, whatever you want to accomplish. So I'm trying to work the situation to the person and see how the general of holding mortgages coexist with our basic need to get to the point. OK. Done seven houses all paid off in, you know, in 10 years. That's it. Now show me how to get there. OK. Let's use a little bit different tactics because we all want to get to that point eventually. It's some you know, when we're maybe 50 or 60 or whatever, the 40, you know, depending how soon we start and when we will be at that point.

Joe: You know, we talked about the last recession. I didn't meet anybody in that last recession who went into bankruptcy or foreclosure, who had free and clear houses. You don't have to like every person that I know in that market who got hurt and crashed had a ton of debt. And so there is something to be said with paying off your properties as soon as possible. That's my philosophy on that. I know some people say like. Refi till you die and you can't argue against a spreadsheet, right, because the numbers will always show that you're better off by just continually refinancing at buying more properties, taking on more properties, more debt, more leverage.

Dani: I just thought about it not too long ago, that the Refi, refi. I would never get to the point of, like, you know. Really? Yeah. All of us do it to, you know, to get to that point eventually. So I think that it's really something like personal goals. But those who understand and want to get to that point and many do. I tried to show them with few really simple techniques, but just need to understand how to utilize them to get to that point even sooner if they want to.

Joe: All right. So let's talk real quick about, because we've got to wrap this up soon. When you're meeting with a new client, what are some of the minimum criteria they need to be looking for in a deal? How do you measure that as a cash flow cap rate net operating your cash on cash return?

Dani: You know, I mean, oh, thank you for a great, great question. Here is my way of flowing about it. A lot of investors in the residential world are looking at the cash on cash or cap rates. I don't. I think anybody who does that is only looking at the portion of the picture. I measure if property, financial performance, I'm not just measuring make a decision based on financial performance, but the financial performance for me stands on three legs. The cash on cash, a little bit of appreciation. Let's go to the inflation rate, right. Three percent this year. The fact that the market is eight percent last year, it has no meaning for me. This is speculating over time, three percent in this country we can count on. You want to make it two percent fine.

Dani: You want to make it four percent fine. I don't care about anything beyond that. If you buy with me and you end up with eight percent. Woo hoo! I'm happy for you. I'm not banking on that. And then the third is the principal reduction. Remember, our cash flow includes mortgage payments, which factors principal reduction. It's not money in the bank. It's in the walls of the house. But it's our money. So those three things, I measure the cash on cash, the cash flow or the cash in cash. The inflation rate, the appreciation, not more than that. Principal reduction. And that tells me the financial story of this property. Of course, if I buy cash, I lose one of them, and that's fine. And that's how I measure those properties. And one thing you said earlier and I learned after the crash, the reason I started using this financial excel modeling or model is because I needed a realistic tool.

Dani: And I needed a tool. You know, I couldn't go with a best-case scenario. That doesn't work. I used to work under the worst-case scenario. You know what happens when you do worst case scenario? You go in, you get the worst case. So I have a cemetery full with great deals that I didn't do because no property would pass. The worst-case scenario is just not going to happen. Then I said I need something else. And I decided what I call it, realistic case scenario. And I put a little bit conservatism into it. So if I'm not sure about the rent, I will not slice it. I will drop it by 50, 100 bucks. The expenses will go up a little bit. I'll go down. I'm not going to burden 10 percent. You know, in this and 10 percent of that, that's worst case. It's not going to happen.

Dani: So I'm trying to be realistic and accurate as possible with the numbers and always go down a bit to conservatism. I can tell you this, after close to 5000 properties, rental properties excel that we've used more than 50000 times just because not every property we analyzed, you know, gets purchased. It works. The model works. The model, not 100 percent. We've had better. We had worse. The rent didn't turn out to be what we expected. I don't have horror stories like the rent we quoted fifteen hundred and end up being 600. Never happen. It did happen fifteen hundred to end up being twelve hundred. No fun, but that's not a common practice. That's rarely happens.

Dani: So the model works. The model works well. Most times investors are telling me a year, two years later, we are doing cash flow better than the Excel. Not great deal better. 100 bucks more, 150 bucks more, which is great. You know, it changes things quite a bit. So those are the main thing that I look for. And then, of course, the house itself, location, size, age. Make sure I'm not next to any urban nuisance stuff. You know, I'm really picky about what we buy. You know, I'm really careful about how we analyze it. But it all has to come together, right? It cannot be just the cash. It cannot be just the size of the house all together.

Joe: We got a question here from somebody. Is it possible to do deals virtually with just getting started with limited funds?

Dani: Yes. Up until the limited funds. So, again, my answer, my world is a world of mortgages. And the world of mortgages require a down payment. When you're saying limited funds, it may be two thousand dollars. I don't know what the number is. It could be for someone who lives in the Bay Area or California. He calls it fifty thousand dollars because he thinks he needs to do more. I would say if we buy in my world, virtually, as you call it, a hundred-thousand-dollar home, which is possible. Usually the lowest we would go in order not to compromise too much on the age and locations in school, you need 20 percent down. That's 20 thousand dollars and you need another 10 ish in costs. Make ready, etc.. So that's about thirty thousand dollars.

Dani: Now, if you're saying limited funds and you have twenty-five. Yes. You're almost there. If you're saying no, I have five. There are people all over my career. I'm hearing you can buy real estate with no money down. I was close to doing it twice. Never succeeded through actually pulling it up, pulling the trigger. Maybe Joe knows how to do it. I don't know how to do it. No money down purchasing or owning real estate. I'm not. But wholesaling and stuff like this, that's all. That's not really in my world. Selling is not really investing. You're not really owning real estate. But I could be wrong about the terminology.

Joe: I got another question here. Well, this is a comment from Rebecca. Shalom. I've been to Israel three times. I love it. I know people there and I'd love to do real estate marketing deals there. Just started speaking to a seller in Texas. Very cool. Glad you're here. Somebody is asking me. Deal machine, Props stream or both? Deal machine is really good if you wanna do driving for dollars. Deal machine is amazing. Prop stream you'd perhaps dream every day. PropstreamJoe.com. Twin Cities. Twin benefits is asking is this being recorded? Yes, it is. By the way, you can get all of my podcasts. Realestateinvestingmastery.com. You can get it on Spotify, Apple podcasts, Google Play. It's all over.

Joe: Carla, good friend of mine who is in Illinois who does tenant screening. This is awesome, Joe. Great topic. I have several investors that I do background checks for in Israel. Also several members in other countries. I created my Web site so anyone can change the language. I respect you touching on this. Your guest speakers informative and sounds great. Carla, I've been using Carla for tenant screening for years and years. If any of you all want to check her out. Go to landlord. Well, her Web site companies got landlord tenant services. I believe the website is LTServices.us. Nathan's been to Israel twice. Jordan once. Love it. Larry, subprime loans are now called disastrous future.

Dani: No, that's not the name I am unfamiliar with.

Joe: Non prime loans. Maybe they're called non-prime loans?

Dani: No, it was like abbreviation. Yeah. I don't know.

Joe: There is a funny name for it. I know you're talking by Dani. How can people reach you? Where's a good place for them to go to. Looks like is your main website SimplyDoIt.net.

Dani: That's correct. It's pretty much everywhere you go with the words simply it. It's like my web alter ego on Twitter, on Instagram, YouTube. I put a lot of content out there as well. So look. Find me on my Web site. Contact us. Usually I offer a free strategy session. We just talk. No strings attached. I actually just had one this morning. We ended up 30 minutes before we started this call. I have another one in 20 minutes. I already told my assistant to let my next one know that I may be late. I wasn't sure when we're going to be wrapping, so I may. I may or may not. That's fine. During that call, we tried to talk about you, specifics. What's your challenge? What's bothering you? Ask me questions, etc.. And then if it makes sense, we may work together. If it's not a good fit, that's OK.

Joe: Nice. Good. SimplyDoIt.net SimplyDoIt.net. Do you have like any blog or YouTube channel or podcasts or anything like that?

Dani: So I have a not fully maintained podcast. I have one in Hebrew that is more active. Actually very active. The SimplyDoIt.net has a blog site. Part of it. And on YouTube. YouTube Simply Do It. It's also my channel.

Joe: Good. All right. Scott just said here, I just bought your book. Thank you. Scott and Karla LT Services.us. LT Services. If you're interested in a tenant screening company, gotcha. Somebody is asking here, Jerry, is wholesaling legal in Chicago? Yes, but you probably need to get your license or just go ahead and buy it.

Dani: Isn't that what we talked about? You can also one a year without license or something like that?

Joe: Yeah. You know, I don't know. It's one of those things where just buy the house. Close on it. Get your license. Not a big deal. Really isn't. I have a lot of students and friends in Illinois that are still crushing it. Doing deals. Where there's a will, there's a way. Cool. Dani, thank you so much for being on the podcast. SimplyDoIt.net. It's been a pleasure. Best of luck to you in your endeavors and as the market is changing and transitioning now. Thank you. Appreciate your being on the show, man. All right. Guys, don't forget real quick too. My book, go get it at REIProof.com, REIProof.com, and it's only seven bucks. It's not cooperating with me. There it is right there. It's a real book. I just wanted to show you. And it has color inside, and I show you my letters and all of that in there that I used to find deals, buyers, investors, stuff like that, so good. We'll see you all later. Thank you, Dani. Take care.