Working With Discount Brokers As Investors

Hosted by*:* Joe McCall
Guest: Ben Mizes

Joe: Welcome. Welcome. This is the Real Estate Investing Mastery podcast. Glad you're here. You got a special episode today. We're going to be interviewing an investor and a Realtor here in the St. Louis area. Who's doing some amazing things? He's got a lot of apartment buildings and he's doing some really creative stuff for realtors. And I'm going to be talking about how you as an investor can take advantage of some of these things, whether you're licensed or not. We'll talk about that in a second. His name is Ben Mizes, and it's gonna be a really good podcast. First, I want to announce something, though. Came out with a new book. I think this is my sixth or something, but it's a new book called Simple Lease Options. Easiest and fastest way to do more deals in any market. And you can get this book for free logit for free by watching my webinar. Have a winner called Simple Lease Options. You can get to it by going to SLOClass.com, SLOClass.com.

Joe: Now, hopefully by the time this podcast is released, this book will be available. But we're working on kind of redesigning the webinar, doing some new things. And anybody who attends the webinar, you have to attend. At the end, I'm gonna give you this book. It's a serious book and I'm excited about it. You're gonna love it. It's all about doing creative deals because as the market starts to shift in transition, it's gonna be more important to know how to do creative deals. It could be on a financing lease, options, subject tos, whatever. When the cheese is moving, you need to go with it. And my prediction is we're gonna see a rise in foreclosures. We're gonna see a rise in motivated sellers, even though inventories tight. You need to know what I'm already seeing it. We're doing a bunch of marketing right now in Michigan. It's going really, really well.

Joe: And you're gonna see this more and more, especially with properties that haven't been on the market for 90 days, that haven't sold yet. Those sellers are really open to doing creative type of deals like lease options or owner financing and ought to be talking about that how to do those kinds of deals in this book. Simple lease options. You can get it for free again by going to SLOClass.com and attending the webinar at the end of the webinar. I'll give you this book. All right. So we've got a couple of guest on today's game is Ben, Ben Mizes. Ben is from a company called Clever. That's not Clever Investor, our friend Cody Sperber. This is a different company that Ben owns, has nothing to do with Cody. Cody is a good guy, but Ben's a better guy, as Ben is from St. Louis and he's a Cardinals fan. I'm assuming right degree and it's great to be here.

Ben: Thanks for having me on.

Joe: Glad to see you here. Guys, this is so crazy because I was Googling flat fee listing or discount broker or something like that. And Ben, his Web site was all over the place. And I forget what the exact if I was looking in a certain city or whatnot and the website is this big, it's like a national Web site. I thought it was somebody from Silicon Valley or whatever that is doing this. And then I started looking into it. He's from St. Louis. He's actually right here in St. Louis. He's an active investor himself. He's doing some cool things on the realtor side of things. We're gonna be talking about that. And then then right after I saw that a day or two later, somebody from his office messaged me and said, hey, you might want to get Ben on your podcast and talk about some of the cool things that they're doing. I said, clever. Where does he work with Cody? No. But anyway, Ben, I'm glad you're here. How are you? I'm doing great.

Ben: Definitely excited to be here and talk about real estate.

Joe: Nice. You're in the university city area. Anybody that's familiar with St. Louis, I'm going to guess. We've never met before, but I'm going to guess. You do not have kids. I do not. That's correct. That's OK. Anybody who is in that part of town does not have kids. Not because it's a bad area. But hopefully Ben will be getting married soon. Kids and move out to the suburbs. We're a little ways away from that. Yeah, I'm just giving you a hard time. There's every city has that right. You know, some areas where the younger kids live. They're not married yet. They don't have big commitments. And so he's living them the cool part of town. I'm living I got four kids been living in the suburban box store chain restaurants, part of town. Well, there's there's some pros there as well. There's some good chain restaurants out there. There's some good chain restaurants out here in West County. And there's also we got you know, I'm probably closer to Home Depot than you are. Yes, I'd imagine so. OK. All right. Anyway, so, Ben, talk about how how'd you get started in real estate?

Ben: Yeah, I was pretty. By chance. I didn't grow up thinking I wanted to be in real estate or to be a real estate investor. My background was actually more in startups. The first business I ever built was the first mobile app that paid users every text they sent and received. So something totally far away from real estate, but kind of built my love for technology and startups. And then I moved back home and I was actually looking for jobs in San Francisco, ended up finding a job at a different real estate company, and they were building a platform for big-time single-family rental investors to buy and sell with each other. And they wanted me to help sell the platform into new investors. And they said, if you're gonna do this, you've got to learn real estate. So that kind of got me started on the journey. I would be researching and reading and listening to podcasts in about 30 days after that, a sign that I went under contract for my first four family home and. Doing just tons of research on St. Louis and seeing how big of a market it could be. I was just absolutely hooked. And my business partner and I, we joined up in about two years. I'd grown a portfolio of twenty-two apartments all over St. Louis, City and County.

Joe: So when was this? When did you start? What year?

Ben: This was in mid-2017.

Joe: Wow. And you were living where?

Ben: Actually I'd moved back with my parents after college. So I rather than renting an apartment, bought my first home and it was actually a four family. So I moved in and then was having the tenants from the other side pay all the rent and covering all my expenses.

Joe: Really cool. So your parents were from here.

Ben: They lived in U City as well.

Joe: Yeah. OK. But you were living in California. Just so I'm clear.

Ben: So I went to school in Indiana. And then I'd worked at a different company in San Francisco. So I was living there for a while. And then I moved back and I was thinking I wanted to stay intact. And the best place to be in tech. At the time was San Francisco. So I was looking 90 percent of my time getting a job out there to just do anything I could in tech or start another company. And just by chance, I happened to find this real estate tech company in St. Louis that kinda put me on a different path.

Joe: Nice. All right. So then you came here, you bought a bunch of apartments. And how did you do that? How did you find these apartments? How did you buy them?

Ben: Yes. So I was doing a lot of research. And I think the first thing that became really important to me was kind of getting that confidence. I wasn't like a really handy person. So was first kind of understanding what is a good deal. So we had this rental property calculator that we built and I would just stay up late at night just modeling every property I'd find on Zillow and just putting it in to see is this a good deal? I think the expenses could be. So then the first property I found was actually on the MLS and it was at a time when the market was starting to get pretty tight. And this one, for some reason, seemed like it was cheaper than it could have been. It was in Tower Grove East, right by the park for those who know St. Louis, which is a pretty good up and coming area. And it seemed to me that building was forty or fifty thousand dollars underpriced and they wouldn't be doing any showings until you're under contract.

Ben: So I figured, you know, I'll offer full price on this. If it's what I think it is, I'm going to get a really good deal. And then ended up being a really weird situation where the owner was like having an affair with their property manager who was having an affair with someone else so they couldn't even get in to take photos. And then the listing agent who was there first, that reveal was a totally mispriced property that had actually suffered a fire and been totally redone with insurance money a couple of years prior. So my first deal was an absolute home run. We bought it for 220K with an FHA loan, which is three and a half percent down. So I only had to put in about seven thousand dollars. Right, four family. So it rented for about twenty four hundred as well, which I was then able to raise to almost three thousand and rent by the end. So it was a really good introduction to real estate to kind of opened my eyes to how good these deals can be if you do your homework. And on that one, get a little bit lucky.

Joe: That's crazy. Like any market right now especially is really hard to find good multi families, especially on the MLS. The fact that you could do this really good. Good for you. Yeah.

Ben: And then from there it became tough to find properties on the MLS and we got started kind of looking at other ways to find properties. And my favorite strategy at this point is driving around town and looking for rent signs that I can't find on Zillow or Craigslist. And that's a really good sign that you've got a landlord that's not keeping up with the times. They're probably collecting their rent in cash. There's a good chance they're older and looking to be done. And we found that that's a good way to find like people who own a lot of equity and are probably looking to get out, which can be a good place to find property when everything on the MLS is selling so quickly these days.

Joe: Good old fashioned, boring, knocking on doors, making calls. I love it. And some of the best investors I know in St. Louis that are doing the most deals. That's all they're doing. They're pumping and humping and going out there, hitting the streets, getting belly button to belly button, knocking on doors, calling people just actively doing this. And good for you. So the other 20 to 30 units are apartments that you buy or are they smaller? Multi-family is like a two to four family or they're bigger than that.

Ben: Yeah, everything we own is a mix of fourplexes and a couple of duplexes. And then we bought 18 all at once. So as a commercial purchase. But it was actually just a group of residential. And then there is one group, it's three, fourplexes that share a backyard. So it feels like a twelve plex, but it's parceled as a fourplex. So we're able to move it to a residential paper on a 30 year fixed mortgage.

Joe: So did you use a local bank for those or did you how did you get the raise the capital?

Ben: Yes. So we sold the first property. I bought that fourplex and did really well. We made about seventy thousand on it in about eight or nine months. That was a great start. And then we raised a little bit of private capital for the rest of the down payment. And then we used Carrollton Bank, which is a local lender here that had a lot of confidence and likes to invest in multi-family in St. Louis. And they were great to work with getting kind of the local bank feel that will work with you and build that relationship.

Joe: Yeah, definitely anybody out there listening to this. If you want to get into bigger deals like the local banks or the best, you know the market, they know the neighborhood, they know the good areas, the bad areas. And they're more likely to lend.

Ben: Yeah. And another tip we found was kind of our property manager had a good relationship with Carrollton and nothing put the bank at ease more than knowing exactly the manager and trusting that manager's reputation. It's a great point. So that was really helpful for us, that as soon as the loan officer saw who we were using, they were like, great numbers pencil out. I know this guy is not going to mess it up for you. And we got approved a lot easier than I thought it would be. How did you find that property management company? Pretty random. My business partner is dad worked with his spouse at a hospital, and it just so happened that he'd worked in tech. He'd been high up at GitHub and he was kind of approaching his management with some of the managed his property management company with some of the principles he learned in software development, which felt like a good fit for my background. So I wish I could say I had like a science or a process to find a good manager, but that was kind of kind of luck of the draw.

Joe: What if somebody who's thinking about this, like, went to the local banks and instead of asking them, like, can you borrow? Can I borrow money from you? But said ask them like I'm looking to buy some deals. But do you have any good property management companies that you guys trust and recommend? Right. And then if I bring you a deal that's going to be managed by them, would you lend on the deal? You don't.

Ben: I mean, that sounds like a fantastic strategy. Who better way to get someone that the bank trusts than have the bank recommend it to you personally?

Joe: No, that's just a win win for everybody. So win for the property management is win for the bank. And you can now go to that property management company and say, hey, I'm looking for deals. I've already been I already know what I need to do to get approved by this bank. Can you help me find something? Property managers. The good ones. Most of them. You know, they they either, number one, have a client who's got a property they want to sell and get rid of, or they have clients who are looking to buy more properties. And every property manager that I've talked to has always said, yeah, I've got somebody that has a property they want to sell.

Ben: Yeah, we've definitely seen that. And then we've gone to sell. We've sometimes had our property manager say, I've got four people I'm working with who would buy this building. So it definitely can be a really fruitful relationship. And at the same time, if you pick the wrong property manager, nothing can destroy a deal faster than having a bad manager.

Joe: Boy, that was a big gold nugget. Hope somebody picked that up. All right. So how did you get involved with Clever?

Ben: Yes. So Clever was pretty interesting. The company that real estate company I was working for before ultimately didn't succeed and laid everyone off. So I was kind of just sitting in my apartment, which I was living in for free. So I didn't really have any expenses. And I kind of had this newfound love of real estate. During that time. I'd gotten my hands dirty and learned how to do a lot of the work myself. And then I still had this love of technology. So I was kind of just thinking, you know, what can I combine here? And that's kind of where the initial thesis for Clever it came that, you know, a clever one of our core beliefs is that real estate has fundamentally changed with how people are finding it. With the advent of the Internet, and it's never been easier to do the paperwork and like the showings and kind of the legwork of the transaction. But we didn't agree with some of these companies that are saying, like, we don't like agents, they're not worth it. They don't provide any service.

Ben: And they're like trying to let you buy and sell by clicking a button. So we kind of combine that knowing that we're a pro agent company. We still want to work with great agents. But by taking out a lot of their time and expenses of actually finding buyers and sellers to work with, we thought we'd get them to be willing to discount their commission and still provide good service. So that was kind of the core thesis we were testing in the early days. It's clever and it's fortunately turned out to work that agents are really on board and willing to discount their commission in exchange for kind of the marketing we do to get them business and not skimp on service to customers. So we've really kind of built a Win-Win that works for both sides.

Joe: And this is a company you started. Do you have partners that helped you with it or?

Ben: Yeah. You know, a couple of co-founders with varying backgrounds and tech and marketing. And then my business partner for real estate investing is my main business partner here at Clever as well, who had a background in data science at Stanford.

Joe: Nice. I mean, looking at your Web site, I would have never guessed in a million years you were from St. Louis. Does not. I mean, I don't mean this to rag on St. Louis, but it just doesn't look like a St. Louis company.

Ben: I'll take that as a compliment.

Joe: You don't see like a picture of the arch in a red bird in any of your images.

Ben: Yeah. And to some extent, where we have a headquarters here in St. Louis and we also have a pretty large remote team. So we've hired people from all around the country and we have contractors that work with us in Canada. So we've really taken advantage of the new kind of remote work trend to bring in the best talent we can.

Joe: All right. So talk more about what Clever does if I'm looking at their Web site risks with Clever.com, find a top real estate agent and say, get it, get a better real estate agent, save thousands on commission. It looks like you read story brand, right?

Ben: I actually haven't. I'll have to check it out.

Joe: Well, one of the things that they talk about is on your Web site, it needs to be within one. Second, clear on what this company does. And it is right there. Get a better real estate agent, save thousands on commissions.

Ben: Yeah, and that's definitely the summary of what we do and how we kind of go about it. And that kind of thesis that we're building on is we want to be the best source of real estate education on the Web. So we have a large content team that's writing about really anything from finding an agent to thinking about getting through inspections as a way to kind of build trust with homeowners and potential buyers. And then we also have a licensed team of licensed agents that can speak with you on the phone to kind of give advice and build that trust and comfort. And then we've built this network now of 10000 agents all around the country so we can then match the customers to great agents from every major brand or top local brokerages that can help them buy and sell and save on fees. And it's kind of our goal to be kind of the engine for choice, to help customers interview agents, make good decisions, and then eventually help them out with other areas of the process as well, to really be the customer advocates, to help make the process easier to understand and ultimately get them a better outcome.

Joe: So you're nationwide. I was just talking to an investor friend of mine in San Diego who's doing a bunch of deals in Florida right now, and he's wholesaling them. You're familiar with wholesaling, right? And he's buying them for cheap and he's maybe cleaning them up a little bit, putting 500 bucks in it to clean it up and then just turning around and listing it on the MLS with a flat fee listing broker or something like that. But I still have some friends that are doing this from Phenix. They're gone nationwide, different parts of the country. They're kind of expanding their network out wide. And they're using they're going back to using realtors to sell their properties for they're buying them. It's called wholetaling where they just kind of cleaning it up a little bit, putting it back on the MLS to sell it for a quick 15, 20-thousand-dollar profit. Nothing big home run. Not as much as you'd make if you rehabbed it, but it's in and out really quick. And they're pricing it aggressively. They sell quickly. Right.

Joe: So this is this is nationwide. I just put in my zip code. And by the way, guys, I'm bringing this I'm bringing Ben on to talk about his company. I'm not getting any kind of commissions or referral affiliate commissions by talking about this. I just think it's a great idea because this is now nationwide. If you're doing any deals, virtually, you can use this company now to find agents that will help you sell your property at huge discounts, huge savings. Right. And I want to ask you about that. I mean, I like how. What's the incentive for them? How did they get this? So I put in my zip code and it says, list your home for just three thousand dollars or one percent, depending on your home's value. If the home is priced above three or fifty thousand, I just pay a one percent commission.

Ben: And that's on the listing side. Does it still encourage to offer the normal, both normal buyers can commission or else other agents aren't going to want to show your home, but that's still something you can determine, right?

Joe: You can still say know exactly two percent or two and a half percent.

Ben: And we always say it's important to talk to the agent about that, because in some markets, if most homes are offering three percent, especially similar homes to yours and you only offer one percent, you know, there's a risk that the agents aren't going to want to show the home. So we really stress and it's why we want to work with get agents who can help make recommendations to really maximize, you know, what buyer's agent commission is going to maximize the value of the home and the ultimate sale.

Joe: So you say here we save homeowners an average of ninety six hundred dollars and commission fees. Right. What does that based on?

Ben: Yes. So I believe it's based on the average data for the transactions we did in 2019. So we'll be updating that number. And it's compared to if we had charged the traditional six percent, we looked at all of our past transactions. So we'll be updating that here at the end of the year once we have a new data set. But it looks like it'll hold pretty consistent just based on the average home values that we work with.

Joe: So on average, instead of paying six percent, they're paying maybe three to four percent.

Ben: Yeah. And one way to look at it is if you have a three hundred-thousand-dollar home, if you paid three percent to your listing agent, you'd be paying nine thousand dollars. So it's clever. You're just paying that flat fee of three thousand. So you're saving six thousand dollars right there on the listening side. And then some agents would do two and a half on the buy side. It depends. But it's easier to visualize the listings that amount you'll save on the listing side. That's pretty standard.

Joe: And this is interesting, too. When I click because it's asking me what kind of house do you have it? You want to sell? And I said, single family. And it says, what's most important to you when looking for an agent? Selling quickly? Highest offer? Most experience? Saving on commission? Those are great questions. And that's something where when I used to do a lot of wholesaling deals here in St. Louis with the local wholesaler, his name is Jeremy. I was doing the marketing prescreening, the leads giving them to him, and he would go get them under contract and flip them. And then we'd split the deals. Right. Well, anyway, one of the questions that we always asked for him was that question. What's most important to Mr. Seller? You want to sell it fast or do you want to make the highest amount possible? And they said the highest amount possible would always just say, well, you should call a realtor. Here's some agents that you can call. But if they said I want to sell it fast, then that would be a lead we sent to him and he would go meet with them and get it under contract to buy it. So explain the reasoning behind those four questions. Are you selling quickly? Are you making the highest offer? Most experience saving on commissions?

Ben: Yes. So we've got a really large network of agents. The more we can learn about what the goals are, you know, there are some agents that have their average time on market is a lot lower. Some kind of have their list to sale. Price ratio is higher. So the more we know about what's important to the customer, the better of the recommendations we can make. You know, if someone's buying and they're trying to say, let's say they want to be in the Clayton School District, that school district here in St. Louis, you're going to want to get an agent that really specializes in nose homes in that market. So just the more information we can have, the better of a match and a better experience we can provide when it comes to making that introduction.

Joe: So if somebody says I want to sell quickly, what kind of realtor are you going to be for them to?

Ben: Yes. So we're going to look depending on the market. We're going to look for, you know, agents that have a track record of selling homes quickly. We make if they're really sometimes people are wanting to sell quickly because they're in distress and they have like I need to we have this thing sold in 30 days or else I'm going to be foreclosed on. Then we'll look at agents that have networks of cash buyers. We have some partnerships with ibuyers or we could make the recommendation. And it's really our goal to help be the engine of choice and help them make the right decision. And listening isn't on. The MLS isn't always the right decision in some cases. You know, if you do need to sell in 10 days, we can help them through the process of what are the other ways to sell and really just being the company that can help them make the right decision that meets their needs.

Joe: Do the agents have to pay anything to be on your referral list?

Ben: They do not. We're 100 percent free for agents to sign up with. And then we screened to make sure, you know, we wouldn't want to send an agent if it was their first deal. We wouldn't want them to work with one of our customers. So we have some pretty kind of quality guidelines that we look for to make sure we're sending someone an agent that's really going to do a good job for them. So how do you get paid through this whole thing? Yes. So we get paid a percentage of what the agent receives as a broker to broker a referral. So it's a thousand dollars on the flat fee of three thousand or twenty five percent of the one percent.

Joe: Nice. And so you can do that because you're a broker. Exactly. OK. So the company has to have somebody in the managing it that's a broker to get the referral commissions like that, right.

Ben: Exactly. And then everyone we have on the phone is a licensed agent. And then I'm a licensed agent as well. So it's been a fun challenge. How do we, you know, are we hiring agents? Very team? Are we training and coaching? And we've kind of done a mix and we really stress and teach our team and house a ton about real estate. And it's been cool that a lot of the team is wanting to get into investing and is really hungry about learning about it in their free time. So we've really built this team of people on the phone who are really knowledgeable and passionate about real estate.

Joe: I'm curious, though, on these four questions. What percentage of them pick these selling quickly option that I actually don't know offhand.

Ben: I wouldn't want to make up a number for you.

Joe: Could an investor become a referral to you who is not licensed for those I want to sell quickly leads?

Ben: I would have to double check with our account, so I don't see why not, since they would be actually just purchasing their homes as an individual. But I would be the way the rules and compliance are always a pain, so I'd be hesitant to say definitively, but I think that could work.

Joe: The thing that's tricky with that is how would that wholesaler pay you if they're not licensed?

Ben: Yeah, it's definitely can be tricky. And our main goal is to make sure that the customer is ultimately getting like if they came to us and said, I need to sell in three days, we would try and make introductions to help them. We've had some customers come to us like that. But more often, the sell quickly is more of like we're moving for a different school district or for a job and we need to sell in 30 to 40 days because we don't want a vacant house and we get less of the, I'm about to be foreclosed on. But we are seeing just the nature of doing so much marketing online. We do get customers from all situations and we do our best to help them.

Joe: All right. So you get paid again by a referral commission from the agent, the listing agent or the buyer's agent that you lead to? Yeah. Nice. And you can do that nationwide in all 50 states.

Ben: Yeah, we did a bunch of legal work to double check it there.

Joe: Wow. OK. So to become a preferred agent, what did people have to do if their license and their interest? How do I get some of these leads? What do they need to do for them?

Ben: Yes. So the way it would work is you'd go to our Web site. ListWithClever.com. And at the top, you'll see a tab for agents. And it has kind of a list of qualifications we need. We usually look for five years of experience and then a minimum number of transactions that somewhat varies in the area. If you're in a really, really rural area, we're going to look for less than if you're in a big city where you could be doing a lot of transactions. Then before we would ever introduce you to one of our customers, you'd do a call with our team. We'd send you over some onboarding material. Answer any of your questions and make sure you're really up to speed and educated on what it's like to work with Clever. And then from there, you'd be in our system and be eligible to work with the customers we get.

Joe: So what can an agent, a typical agent expect if they're getting referral leads from you, like on average, if it's in a normal Midwestern market? How many leads could they get a month?

Ben: Yeah. So assuming they perform well and it's working, you know, we have some agents that are doing upwards of 20, but kind of. Sweet spot we've found is anywhere from three to eight per month, which is enough. Are those referral leads? Yes. So the customers that we're sending to the individual agents. And we found that it's enough where it's really meaningful business and income that they can help grow with. But it's small enough that they can still provide really personalized one on one service to the customers.

Joe: Are there some markets that are just you have enough agents and you say you don't need anymore?

Ben: We won't ever say, you know, we don't need anymore. Sometimes we'll say, hey, it's you know, there's only a certain like, you know, it's harder to send leads to agents if we have just people who are getting fantastic reviews and we have several of them. But things definitely change as we grow and expand. You know, if we have five great agents, let's say, in Atlanta, but we get 3x the amount of customers, we don't want to just keep using that same five because we'll give so much business to them. They can't provide good service. So it's one of the fun parts of running the business is managing that supply and demand and optimizing and making sure the agents have enough capacity to provide a great experience to the customers.

Joe: I can imagine one of the problems you might be facing, correct me if I'm wrong, is you are rescinding leads to people, but those realtors aren't calling those clients back or it's taking too long for them to follow up. Am I right?

Ben: That was a problem early on. We've built a lot of tech now where if we're not introducing a customer, tell the realtor has opted in or the agents opted in and said, I'm ready for this, introduce me. But it is definitely initially a challenge we had to optimize for because nothing is a worse experience than introducing someone. And then they just don't hear from the agent or it takes a long time. So we've really tried to optimize around building the best customer experience.

Joe: How do you do that, though? How is. I know we're lazy, right? And they say they want the leads, but then all of a sudden when you give them to them to get the agent to pick up the phone and schedule the listing appointment or whatever, it's just really hard to find that kind of agent who is aggressive, willing. Yeah.

Ben: So I can't go too far in the weeds on how the actual technology works, but we've kind of built the system now that screens for and it ranks who's most responsive, who's the best fit. And then for many agents, we will just confirm, like, hey, are you ready right now? If we sent this over? It's not like an agent out of the blue looks at their phone and they have a customer. They're opting in and knowing, you know, the location, what they're getting to make sure that this is the customer. They're actually local to conserve. So we're making sure that it's an introduction that's going to be a good fit.

Joe: OK, this is some I wanted to ask before and I forgot if a listing agent is willing to take that discounted commission. It seems to me like maybe what's in it for them, like they're only making two or three grand upfront and they have to share some of that with you. Exactly. The services discounted also or is that realtor saying, all right, we're not going to do the full everything for you like we normally would for a normal client?

Ben: Yeah. So the services are exactly the same. The only things they aren't doing are we don't mandate that they do drone photography. Does sometimes costs extra. And we say they should offer it ala carte to the customers. But everything else, the photos, they're hiring a photographer, the open houses, all the things they're doing normally they're still offering to our customers. And kind of it's the athletes. The number one question we get from agents, from people we tell the business about, from investors, it's kind of the why would an agent do it? And the easiest way we'll explain it is if you drive along the highway and you see a billboard for an agent, they're spending a ton of money on that marketing. Or if you see an agent on Zillow and you click the preferred agent, they're paying money every single time you click and with clever. Instead of spending that money upfront, they're still spending it because the commission is reduced, but they're only paying it at the time of sale when they get it closing. So it kind of reduces their risk of upfront marketing to getting a guarantee they'll grow their business.

Ben: And then if an agent does a really good job and they're working with three to four customers a month that are sellers, a good percentage of those are going to turn around and buy where they'll make more commission there. And if they really do a good job, when those customers, they're going to tell their friends, they're going to come back to them, you know, and we'd have agents who've gone from one of the top agents in their market to the absolute top in their market, really, really growing their business. So we found that in transparency, it doesn't work for everyone. Not all agents can make it work, but the agents that get it and figure it out are really using it to catapult their business and be really successful with it.

Joe: Well, the other interesting thing, too, is they're getting these leads without paying anything for them. Exactly. Interesting. So one of the things I was thinking about, too, is then it becomes where the seller gets to negotiate with the listing agent, what the buyer's commissions is going to be buyer's agent's commission. Is it really true? And can a realtor actually do this where if that buyer if the seller says, I don't want to pay more than, let's say, two percent buyer's commission, is it true? Because it's going to go on the MLS. Right. And so can a realtor ethically say, I'm not going to show that house to my client because I'm not going to be getting paid enough commission for that?

Ben: Absolutely not. That is a violation of the NAR code of ethics. Right. The real question is, does it happen? And there's a bunch of case law. There's been some investigations by the Department of Justice and other companies that have kind of said like, look. This is happening. There are instances of some of the discount brands that are actually putting a discount sign in the yard, getting ripped down by other realtors. So it's really it's kind of one of those tricky situations when, like the law is clear, you cannot, you know, steer clients based on how much you're getting paid. And then if you look at what's actually happening and if you look at some of the cases, it's more of a, oh, man, this is something we should consider. So it's why we like the way our business is set up where there's not a discount sign in the yard. It's still a name brand. So there isn't that risk of someone seeing the home and thinking, oh, it's a discount or I'm gonna lowball.

Joe: OK. But still, you're saying they're not supposed to do it, but sometimes it does happen.

Ben: Yeah, that's what we've read online. There's a lot of just cases and incidents of people who are complaining and being concerned that it happens. But it's not it's not supposed to happen. But we feel like we're at risk and it might still happen.

Joe: Does any buyer any more today go to the agents and say, I'm looking for a house? Show me what you got. Or are they going to Redfin and Zillow and looking for themselves, telling the agents, we want to go look at these three, four houses?

Ben: Yeah, the most recent data I've seen was that 90 percent of buyers find their home online. There's still some that are saying, you know, an agent can set up MLS alerts now. So it comes from the agent's e-mail, but it's just another link to another portal. So it's not like it used to be where the agent would say, you know, meet me at 12:00 p.m. on Sunday and I'll show you eight houses and you don't know what you're going to see. It's much more common that the buyer is saying these are the three homes, especially now during COVID. We've seen that there's a lot more virtual tours. And then the only time you're seeing a home is because you're very confident that if you like it, you're making an offer on the spot. So it's been interesting to see how that's kind of changed the behavior and the amount of in-person showings and the level of intent that it takes to do one.

Joe: Yeah, that's fascinating to me. And I'm looking here. It seems like, you know, any time if a house goes on the MLS, it's going on Zillow and it's going on Redfin. And it's going to be out there. So I would see that kind of as a good thing because it's driving the costs of the commissions down, which is more better for the consumer. Exactly. You can argue it's not good for the realtors and the business in the industry of know being a buyers and sellers agent. But it's also taking a lot of the work away that the realtors used to have to do.

Ben: Yeah. And I would kind of argue that, you know, the work of the agent is less. Now, finding the home is still just as important. You get a buyer and seller who barely do a transaction every seven years if they're lucky under contract and there's inspections and negotiations, agents can really deliver a lot of value in that process because it's the most amount of money most people are going to receive or spend in their lifetime when they're buying and selling a home. So it helps to get someone trusted to walk you through it more now than it helps to help someone pick out the whole Montello.

Joe: Fascinating. OK. So if somebody wants to buy a property, what percentage of the leads that come to your Web site are looking to sell and what percent are looking to buy property?

Ben: It varies month by month, just kind of where we're at in the cycle. But it's when we started, obviously, the name list with Clever, we were very seller focused and now we're getting more and more towards 50 50. And we found that if you buy with us in a state where commission rebates are legal, the agent will give a portion of their commission back to the buyer.

Joe: And I was looking at this because when I click, I'm looking to buy. It says here you offer rebates up to one percent when you buy with clever. So you can get a rebate of a thousand dollars on homes less than five hundred grand and up to one percent on homes that are more expensive. Exactly. How does that work?

Ben: It kind of various state by state. Unfortunately, where we are in Missouri, it's just not allowed at all. The Department of Justice is actually actively working to make it allowed. They're really in favor of rebates because it's pro consumer. But the way it works and the biggest call out for anyone who's thinking of doing it with clever, with any age and in general is the moment you decide you go into your contract and know you're getting a rebate immediately loop in your lender because getting a rebate can mess up their underwriting. They need to know you're getting that cash back. Sometimes lenders say they want it to go into your mortgage to buy down points. They don't want you to get cash to. The advice we always give is immediately loop and the lender. That should not be a surprise on closing day. You know, if it does, we've seen instances where it might not happen. So really be transparent with your lender and then it's usually paid out at the title company or the attorney if you're closing in at attorney state.

Joe: This is interesting. So about right now, it's getting closer to 50, 50 percent of the people going to your Web site finding you are looking for to buy a property. And if you're an agent new in the business and you really want to start making some money, doing listings or whatever you recommend to agents to be the buyer's agent or be the sellers and you're which is a faster, easier way to make money?

Ben: From what I've seen from some of the really top agents that I know personally, a lot of them prefer doing listings just because it's easier. It's you can carry more listings than you can buyers because there's still a lot more showings and back and forth. And if a good agent has a listing and they have their processes down, one thing many just consumers don't understand it. If you have the home listed and it's vacant especially. Times it's on a lockbox and the buyer's agent brings their client and the listing agent isn't showing up to all of those. So you can do a lot more and provide a good experience. But if you're new, I mean, if I was a new agent, I would take buyers, sellers, renters, anything I could to build that relationships. Because it really is a networking game where if you help someone to rent a property now two years from now and they buy and they were impressed with how you help them, then they're going to give you a call. So really, as a new agent, just get your name out there and don't skimp on service because you need people to want to call you back.

Joe: Don't you think, though, if the technology today being a buyer's agent is easier than it's ever been before?

Ben: I definitely think it's easier than it's ever been because there's less showings, but there's just more work. If you're writing, you know, what we've seen now is that in some markets you make an offer and hear ten thousand over asking and you still lose. So if you're doing five to 10 offers like that, it's a lot more work than listening at home and presenting 10 offers a couple days after you listed and picking the highest one. So that might change if the market becomes the opposite, where you make an offer and the odds are getting accepted and listings are sitting on the market. What we've seen right now and kind of from personal anecdotes, the listing agents I know are loving the sellers’ market because they're getting so many offers so fast on their listings.

Joe: I think as we transition and it will soon, it has to, you'll see that it's the realtors that survive are going to be the ones that are marketing more aggressively for buyers.

Ben: I think there's probably some truth in that because it's. I agree. It can't continue this way forever. Eventually, something will have to change.

Joe: Very cool here. All right. So I'm just looking at your Web site again. There's a lot the questions that you ask. Like, anytime somebody comes into your world on your Web site, you're asking them about five or six questions to direct where to send them to. Mm hmm. I'm sure that's very intentional. You guys have spent a lot of time and resources and energy thinking about these questions and where to send people on their journey depending on what they answer, right?

Ben: Yeah, it's definitely an area where continually looking to improve on. Kind of that. That's the first experience. They had a lot of people find us reading a blog post and it's their first experience to work with us. So it's definitely an area we're always testing and looking to be better at.

Joe: So I'm trying to remember how I found you guys when I was searching. You do a lot of SEO. You're SEO is really strong. Are you doing a lot of Google pay per click as well?

Ben: We do some pay per click. We've done it various the seasonality and what's working for us. But we're definitely a fan of SEO.

Joe: What are some of the terms that you guys go after for SEO?

Ben: Oh man. At this point it's the big ones. Yeah. I mean, really anything if you think of a term, it's like someone is getting ready to actually sell their house would search? We really like those terms. But, you know, there's like to find an agent term, sell my house some of the discount times, obviously save on commission and stuff like that. And it really kind of varies. And now he's more expanded just to think about kind of a more holistic approach to education and what are what do you need to learn if you're thinking about buying a home, you know how much your closing costs you. How do you what are the things you're going to have to understand as it is? Should I be repairing my house or redoing the front yard before I list it? Any of the things in the process for trying to really hire in-house writers to write awesome content for it.

Joe: Is that a pretty competitive search term? Find an agent?

Ben: Oh, yeah. That's a pretty competitive one. There's some billion-dollar companies, realtor.com, some other referral networks that it raised a lot of money that are really looking to win that one.

Joe: I see number one for me. And my ad I just search was Dave Ramsey.

Ben: You know, he's big in this. He's Dave Ramsey does really well for tons and tons of businesses.

Joe: And how's he getting paid? Is he getting like a referral commission like you all?

Ben: Ramsey is I believe he's a licensed brokerage and then they do it his Ramsey services brand for all kinds of different industries.

Joe: Well, I'm looking at some keyword data here, and it's pretty expensive. Cost per click.

Ben: Yeah, we've really had to invest in an SEO and a marketing team to even compete. The barrier to entry is pretty high. So it's one of the things we're happy. We've been focusing on it for the past couple of years because it's not. Some industry as you can set up a blog and start writing and you're getting traffic really quickly. Real estate is definitely difficult.

Joe: So where do, if I'm going to your Web site where some of these articles kept?

Ben: Yeah, we actually just redid it. So let me pull it up. So if you see at the top, you see home selling, home buying and investing, I can home selling. You'll see best of so you can see discount real estate brokers, flat fee MLS services. We buy houses for cash companies and then we've got a section on guides and then we've got a learning section which is more of like the open-ended questions like how much does it cost to sell a house.

Joe: Yeah. So you've got a lot of just articles. How often do you produce and publish the content?

Ben: Yes. So we've got thousands of pieces of content that we've done over the past three or four years and we're building a fairly large in-house editorial team. So it's, you know, multiple pieces a day is kind of the cadence for Olin with a ton of research and the. Being now, if we're writing something, it needs to be the most authoritative, well researched piece of content out there.

Joe: And so you're doing all of that in-house. You're not outsourcing that to another company.

Ben: Yeah, it's we view it as a core competency for the business.

Joe: Yeah. It's obviously pretty important because you also have some articles about investing. You're doing much business with investors.

Ben: Yeah. We've done pretty well. We found there some people who have done 10 plus homes with us who are flipping all around the country. We've worked with some just first timers who found us through some of our writing about rental property. I actually wrote some of them personally in the middle of COVID to stay sane I was doing a lot of writing. And it's kind of varies the different types of investors we work with. But we believe our business. You know, I think an investor myself, you know, I'm selling a property that's the less I can pay on commission, the more money I have to buy another property. I've seen that it works well for investors.

Joe: It looks like you even have a rental calculator here.

Ben: Yeah. We took the thing my partner and I built three years ago to use personally and then had our designer stick a nice skin on it. So it looks better, but it's the same tool we use personally.

Joe: This is cool. I'm going to share my screen and show you all this thing. Let's see if this works. There we are. And I'm going to your Web site list with Clever. Can you see this? Yeah, I went to Clever. I went to investing and I went down here to Rental Property Calculator.

Ben: And there's actually two on this page. If you scroll down, there's one we built with a Web tool that's kind of a slimmed down version, which is this one you're seeing there. This is kind of the best one we can stick on the web. If you scroll all the way down, you can enter your email address and you can get the actual Excel sheet. It's a Google sheet that my partner and I use, which has a ton more fields you can enter in, like your electrical and your HVAC. This one right here, if you put in any email, we'll take you to a Google sheet. And then that's the one I'd say, if you're really serious about it. It really helps just to get every little thing, your taxes, your insurance. Anything you can model the cap rates and then you can save it. So if I'd really recommend using the Google in, you walk us through doing both of these real quick. Yeah, sure. Well, let's do the email. I think that one's a more useful tool. We built the Web one to be as useful as we can, but there's only so much you can do on a little Web browser.

Joe: All right. So I just went to that page right here and well, there's my e-mail address for and I even typed it in wrong. All right. So this is a calculator. I love calculators, spreadsheets. This is view only. So I'm going to I know how this works. Copy. So now I can edit it. Exactly. And it's just it's making a copy into my Google Drive folder. And it's called a copy here. And there's a video, a walk people through. This is pretty cool. All right. So you can put your address here. You have to put in the assessed value. Let's say it assessed this two hundred and fifty-thousand-dollar property. Just do one, two, three Main Street. And keep it at that. Does that sound about right?

Ben: That would be pretty high for a St. Louis property. Six percent. It should be, unless it's not hardcoded. It should be that multiplying it out. When I use it, I usually just copy in the number.

Joe: Yeah, let's just do that. Forty-five hundred. Purchase price. I'm going to buy it for one thirty after repair value. Hundred and fifty. Buying with clever? What does this do?

Ben: So then in the states where it's legal it'll put in like if you can get the rebate you would put that in and it would calculate the money back that you're saving into the cap rate. If you're buying in Missouri, you should check. No, because unfortunately you can't get a rebate there.

Joe: All right. So purchase closing costs plus to view more categories.

Ben: Yes, I here, if you're really thinking it through. You can put in all the different types of costs. When I'm modeling, usually I won't get this far. I kind of use it as a stage to does this pass that two-minute model and I should investigate further. And then if I'm under contract or getting closer, then I'll do all the diligence we wanted to have it there. So if you're really getting serious, you can do the same for the repair cost as well. You can really add and kind of model out your rehab in that tool.

Joe: Or I could just do like two percent purchase price, right? Exactly. Six hundred estimated repair costs are going to put ten grand in it cosmetics. So I put twenty five percent down because I do what Dave Ramsey says. Just kidding. Loan amount, interest rate points charged by a lender. Other charges amortized over how many years to 15 years. I do it, Dave Ramsey said. I'm just a total gross month. Holy smokes. So one hundred fifty thousand. My rent for thirteen hundred. Let's just say you're right. That's this is the monthly rent, right? Exactly. Electricity, the tenant pays, water. Seventy-five a month. I might pay that just because in St. Louis with our Communist Party called the MSD, they'll go after the landlord. So it's just easier to pay yourself PMI garbage. They do that. Tenant does that. HOA is none. Insurance. Sounds kind of high, doesn't it?

Ben: Probably a little high for a hundred fifty thousand dollar property depending on what you want to insure for.

Joe: It's a calculates insurance, other expenses. What do you do, does it track in here, vacancies? There you go.

Ben: And then the big one, we added with leasing fees. We found a lot of people miss that in their estimation if they're using another manager.

Joe: Vacancy, seven percent repairs and maintenance capital. That's future capital expenditures. That means like saving some money for you need to repair the roof in five, seven years. Exactly five percent. Management, let's do eight percent. Oh, leasing fees. That is. Most people don't do this.

Ben: Yeah. We had we were like serious with the modeling.

Joe: Oh yeah. Because you're going to have to get a new tenant. And what is your property management charge you when you find a new tenant? They charge you one full month's rent.

Ben: And I think these seven and a half percent is estimating an 18-month average tenancy, which is probably low for a single family. I bet you'd get tenants longer. We've seen with some of the multifamily is we'd like to be conservative in our modeling now.

Joe: OK, I'm going to make this 30 years. It's not going to look good, 15 years.

Ben: And then if you click on a report output there at the bottom, I'll show you its projections.

Joe: All right. So I'm being real conservative here. I'm figuring seven percent. Twelve. Seventeen. Twenty-five. Thirty-three by 33 percent. Yeah.

Ben: It's one of these things we definitely model this way to make sure that the deal is going to work if things go really bad. And then if it you can be pleasantly surprised in a good way if new expenses come in less.

Joe: So this money, at least the vacancies, repairs, capital expenditures and leasing fees, you better make sure you're saving that money, you know, and it's not just going in hip pocket. National Bank, OK. Income growth, two percent. That's conservative. That's PV growth. That's the appreciation? That present value. Expenses, sales expenses if you sell it in the future. Right. Yeah. All right. Report output. I'm negative on this, but it's because I'm being conservative.

Ben: And then this would be kind of. We'd look at this and think, all right, it's probably worth walking the property. If you walk in there and the plumbing's new and the electricals name on the roof is new, you're probably overestimating. But if you walk in and you're thinking, I'm replacing all this stuff, then it's a good sign that you should probably offer less or budget more for repairs.

Joe: Well, you just know this to buying under 50. You don't buy one hundred fifty thousand on a rental property to cash flow. A lot of money. This is a longer-term play. And you get a good you're gonna get a much better-quality tenant. There's not going to be as much to repair in a house like this in St. Louis. Right. Agreed. And that's gonna be a newer home, much better tenant. So your hassles and headaches are gonna be a lot less. Better quality. You can have less vacancies because it's in a better neighborhood. This is a good long-term investment. It's just like really it's just like your monthly cash flow. The way I look at it, it's negative. A hundred and twenty a month. But look at the return. If you were to put a hundred twenty dollars in the stock market in an index fund or something like that. What do you think is gonna give you more return on your money in 15 years? Or the stock market?

Ben: Yeah, it's always good to know. And, you know, you're most of your expenses are fixed and in 10 years of rents have gone up pretty substantially in your mortgage payments and everything the same. I'm definitely a fan of seeing just how well real estate does over time when you continue to own it and invest in it.

Joe: Yeah. So this is cool. Breaks out your all your expenses here. Purchase, closing costs, estimated repairs. This is the cash. Where does it show you the cash you're going to need to close.

Ben: It should be at the top. I believe total cash needed sell twelve.

Joe: There it is right there. OK. Cool. Going down. Looking at the clever can boost your ROI.

Ben: And this one it's zero because it's not offering a rebate. But if it was a state where there is rebates and if it was over that amount where we had paid a thousand-dollar rebate, then it would show you kind of how much that a thousand you're saving are impacting your percent ROI in terms of the cap rate.

Joe: Very cool and nice. It really breaks down the numbers really well.

Ben: Yeah. Especially if you're a newer investor. I would spend a lot of time in a model like this, just modeling deals. So when something hits the market, you can kind of have that confidence. Is this actually a good deal or is it just looks like a nice house? And that's what gave me the confidence to start buying, was just knowing that, like, I've got my spreadsheet. This makes sense. I know I won't get burned.

Joe: Does it do a pro forma out five, 10, 15?

Ben: I believe it should at the bottom on the report output.

Joe: Oh, I didn't see that at all for me. Sure. I didn't share the whole thing. Hold on. Scrolling down was analysis over time. Your three. Your four. So here you go. Looking at your as your loan balance goes down, your profit goes up, your ROI cash on cash.

Ben: If you scroll down more, it's definitely a compelling case for why real estate's a good investment.

Joe: And this isn't even figuring any kind of the tax benefits, the depreciation, the write offs that you get, especially if you're a high-income earner, you can deduct these expenses. I was talking to some really high-end earners a couple of days ago, and these guys will buy airplanes and jets because it'll actually save them money in the long run. They can write off the jet. Wow. And they make so much money. Instead of paying a million in taxes, they can pay a million dollars and buy a jet and they'll not have to pay any taxes. Wow, that's quite the strategy. That's Donald Trump tax strategy, right? That's something you could think of him. We'll leave it at that. OK. So, yeah, this tells you the value is going up. Your equity is in, orange is going up and your loan balance is going down. So there's this is a beautiful, beautiful thing of it. You know, you're 20. You're sitting on a lot of equity. You pay most of your interest at the beginning and supercool. All right. People can get that by going to ListWithClever.com, ListWithClever.com go the very top. Go to investing. And there is a rental property calculator right there. All right, cool. So, Ben, how can people reach you? Is it just the Web site?

Ben: Is that the best place to go? Yes. So the Web site lists with clever dot com. If you want to e-mail me, my email is Ben@listwithclever.com. And then I have a personal Web site that's just BenMizes.com that I'll link out to it as well.

Joe: ListWithClever.com. And the what was your e-mail again, Ben?

Ben: And it's Ben@listwithclever.com.

Joe: And what was your personal Web site, BenMizes.com. If I got this right. There you go. Here it is. Ben Mizes B and M-I Ze. S dot com. Hey, Ben, it's been a pleasure talking with you. It's been great to be here. I really enjoyed it.

Joe: This is a good option for those of you that are looking for deals and you want to work with a realtor, you're wanting to sell a deal and work with a realtor to sell your deals nationwide. Go check it out. ListWithClever.com. Maybe you're an agent, too, and you want to get on their preferred agents list. We love all our agents. That would be great. Cool. All right, Ben, good talking to you. And we'll see you later. Awesome. Thank you so much. Thank you, everybody.