Deals Gone Bad #2: A Turnkey Investor Sold 4 Bad Rentals to Vamsi Boddu & How He Recovered

Hosted by*:* Joe McCall
Guest: Vamsi Boddu

Joe: Hey, everybody, this is Joe McCall, the Real Estate Investing Mastery podcast. Glad you're here. This is part two of an exciting series. Well, exciting in a certain way. Some of you guys, it's painful. And we're on a series right now called Deals Gone Bad. And I posted this just the other day, and I just had this harebrained idea. Let's do this podcast series called Deals Gone Bad. And I posted on a Facebook. And I said, hey, is anybody interested in sharing their bad story of deals gone bad? And a ton of people said, yeah, I'd love to share. A lot of people said this is a great idea. So I thought let's do this. Let's just interview people who have had bad deals. And guess what? We've all had bad deals. Right? And if you haven't had a bad deal yet, you've not been in the business long enough.

Joe: So sometimes somebody said once what smart people learn from their mistakes, wise people learn from the mistakes of others. And so Vamsi is a special guest that I have today come in from Florida on today's podcast. And he's going to be talking about some deals that he had that turned bad. But he's learned a lot from them. And here's the great thing about this, guys. Many times we learn more from our mistakes and bad deals and we learn from the good deals. Right. And if you take advice from somebody who's only been doing deals from the last five years, you've got to be careful. Take a little bit a grain of salt with the advice that you get, because like in the last five, seven, eight years, it's been almost impossible, not impossible, but it's been hard to lose money because the market has been so strong. So I love hearing advice from people that have rebounded.

Joe: People that have hit the bottom and then bounce back up. People that have made a bad mistake or bought a bad deal but bounced back and recovered from it, didn't quit, didn't give up. And so I feel like you guys, we're all going to learn more similar in some ways from the deals that gone bad than to deals that gone good. There's so many people out there sharing the big checks and the Lambos and the bank, the mansions and all of the success and the money and. And that's awesome. It's exciting to shop talk about. I'm glad people do talk about that, but nobody's talking about the bad deals. So in this series, we're going to be talking about deals gone bad. And as we go through this, I'm recording these podcasts. They're being released at the Real Estate Investing Mastery podcast. If you've not subscribed to the podcast, what's going on? I released two or three episodes a week at the Real Estate Investing Mastery podcast. So if you're watching this on the YouTube's Go to Apple podcast or Spotify or Google podcasts, tune in radio, wherever, stitcher, wherever you listen to podcasts and download the podcast, subscribe to it.

Joe: Leave us to review. Let me know that you like to show what you like about. Let me know if you like this series here. Really appreciate it. And YouTube. I got a YouTube channel. Do you guys subscribe to the YouTube channel yet? Go to YouTube, subscribe. Just do a search for Joe McCall, release about two or three episodes, videos week. And this podcast right now as I'm recording it, is being broadcast live on YouTube and Facebook. So if you're watching this on YouTube and Facebook. Hello, what's going on? Hey, and we can see your comments live. So don't say anything. Mean type nice stuff in the comments. Say hello and I'd love to give you a shout out and say hi. If you have questions, let us know. Like Mark. Mark Davis. What's going on, brother? Good stuff, he says. So if you've got comments like that, tell us. Hello. Tell us where you're from. Here in the in the podcast. On YouTube or Facebook. Type in some comments down below. All right.

Joe: One more final announcement thing here before we bring our friend Vamsi on. I'm keeping notes from these podcasts. I've been trying to keep notes and a mind map. Then my assistant comes afterwards and listens to the recording and adds to my notes because it's hard for me to take notes while I'm talking to my guests. So if you want the mind map or the notes from these podcast series, a text the word bad to 31, 31, 31, again, text the word bad. I don't know why I picked that word. Thirty-one. Thirty-one. Thirty-one. Or you can go to JoeMcCall.com/bad and we will forward you a link to view the mind map and the notes. I'm thinking about turning these podcast series into a book or something like that. I think it'll be really helpful for you all to see. Lessons learned, lessons learned from things like this. OK, so again, text the word bad to 31, 31, 31 to get the notes from all of these podcasters. I already have like twenty or twenty-five of these lined up, so I'm excited about this. Or go to JoeMcCall.com/bad. All right, let's bring Vamsi on. Vamsi from Florida. How are you sir?

Vamsi: I'm good. Joe, how are you?

Joe: Nice. Good. Very good. Thanks for being on the show. I appreciate you being on. And you're one of the first that raise their hands on my Facebook feed and said, yeah, I'll talk about my deals. And I appreciate that. I really do. You're in Florida right now. Right. Right. And how long you been doing real estate?

Vamsi: Started real estate in twenty seventeen December. That was my very first investment into real estate.

Joe: OK. Twenty seventeen in December. And do you do real estate full time and you have a job?

Vamsi: I'm actually an I.T. consultant and I'm doing it part time, but right now I'm out of the projects. I'm going full time. If I find a project, I might take again part time, try to go back and forth between full time and part time. But my goal is to be in it full time.

Joe: Nice. Good. What got you interested in real estate?

Vamsi: So what happened was. OK. It's a funny story. So I'm a consultant and I make an hourly wage and as a consultant, you know that there are times when you don't have a project and you have no income. So what I did was I said, OK, and let me just make as much money as I can in the next six years, have a sizable amount of saving and then take up a full time job and then just have fun, stay local with my kid and my wife. But after that, I bought a Tesla and I realized that my initial goal was make a one point five million pay taxes, have that one million cushion, and then I can live the rest of my life happily. That one Telsa took me down by nine hundred thousand dollars. And that's when I realized, you know, that's a very bad game plan. And that's when I started educating myself, read Rich Dad Poor Dad, which is really one of the very first books that got me excited about investing in real estate. And then I subscribe to this channel. I learned a lot about real estate, and then I got very interested. And then I joined a lot of other podcasts, which sparked my interest fearlessly.

Joe: Nice. And what is your favorite podcast?

Vamsi: So my favorite podcast obviously is Wholesaling Inc, Tom Kroll, Bran Daniels podcast.

Joe: Is Real Estate Investing Mastery on the list?

Vamsi: Real Estate Mastery, it is on the list. So I subscribe to a channel. I'm actually yours too. I've done the Simple Lease Option program in June or May of this year. And I'm going to use your strategy for the three rentals I'm going to talk about.

Joe: Well, nice. Nice. Good. OK. Thanks for the kind words. And by the way, Tom Kroll's podcasts and Cody Hoffman's pod is really, really good, called Wholesaling Inc. You guys should go check that. I was just texting Todd yesterday. Our Tom I was texting Tom yesterday asking him how he was doing. OK, so you've got your bottom deals in Indiana, Indianapolis, Indiana. So talk about what happened there. And by the way, I'm sorry if you see me like looking down and typing, I'm typing notes. So I know it looks rude because it looks like I'm not listening, but I apologize. Go ahead. You bought some. How'd you find these deals? Are this person that sold these deals in Indianapolis?

Vamsi: Sure. And, you know, just respect everybody's interests here. I'm not going to mention any names, any companies or anything. I'm just going to tell that. I mean, I subscribe to the channel and I was learning a lot and consuming a lot of real estate material. Learning about how do you run numbers on rental properties? So I felt it like an obligation that, hey, this person is giving me free knowledge I should invest in rental properties because he's trying to help other people, you know, build real estate investments. So which is why I went to a stunt company and then bought rentals. So we started with three and I had three other partners with me. So we were four people, which actually give the confidence that, hey, let's just invest. These are cheaper properties like forty-five thousand apiece, you know. So all my investment is probably going to be at on forty five thousand.

Vamsi: And you know worse comes to worse, that is going to be a learning experience. That was what our thought process was when they started. But once we got into it, we were in a hell of a ride because we were promised finished properties at forty-five thousand. We were promised that we would be getting a completely done property. And then all we have to do is collect rental check every single month. So we were in this dream land. We were thinking, OK, let's buy 50 of these, hundred of these, get that two hundred dollars a check. So it's two hundred dollars per property after all expenses on one hundred properties to make twenty thousand dollars so we can just relax, sit down, each of us, and pay off our expenses. And life is going to be good over, but we were so wrong.

Joe: Ah OK. So these were, those of you who don't know what turnkey is. Turnkey is a term that people sell properties turnkey which means it's rehabbed, ready to go, it's rented. Sometimes they'll even offer to manage it for you, sometimes they'll even guarantee the rents for the first year won't be any repairs. So the different turnkey providers offer different kinds of rental properties. So Vamsi is in Florida, you have some partners with you. How many partners do you bring on?

Vamsi: I had my brother and two other friends.

Joe: And so did you pay cash for these deals?

Vamsi: Yes. All cash for all of these.

Joe: And you bought these for about forty, forty-five thousand dollars each?

Vamsi: The first one was forty-three but the next two were forty-five. So let's just run it up to forty five apiece. And they said okay there are four offers, we can take it down you know, and learn from this experience.

Joe: OK. And so you bought three of these, right?

Vamsi: We bought three of these and then I got tempted because they were so cheap and we thought we are going to make so much money. So I talked my wife into buying one property and the way we did that is we took money from her 401K. So she could take up to 50 K, so her property is forty five. So we took cash out of our 401K and bought another property. So that's why I said a package of four properties.

Joe: OK. So you bought a package of four and they told you that these properties would be rehabbed.

Vamsi: Rehabbed, rent ready and have a tenant in place and all we had to do was just wait for three months for the rehab and everything to be finished and start collecting those rental checks. Those mailbox money.

Joe: OK. All right. Well, I think some of you already know what's going to happen next. How long did it take you? Well, what happened next? You just put it in your own words, Vamsi.

Vamsi: What happened was, like I said, December 17th was when we'd really get the money for these properties, and we are hoping to get them rent ready in 90 days.

Joe: Was this December? Twenty eighteen, twenty, seventeen, twenty seventeen. OK.

Vamsi: And we were promised that it would be rent ready by it within 90 days. So in March we said, hey, let's just drive up. So I drove from here all the way to Columbus where my brother lives. It's three hours from Indianapolis. So we drove to the property and it was a horror story. Two of the properties had supporters. One of the properties did not have any rehabs done. And one of the property was being rehabbed. So I think we sensed that something was wrong. So we went back to the turnkey company. We actually bought four properties ourself and one with my wife. We were able to successfully sell one property back to this company. So that's why it's we were left with three properties. We were so lucky that we were able to get rid of that one property. But unfortunately, someone else got screwed because they took the property back and sold it to someone.

Joe: OK. What kind of neighborhoods were these properties in?

Vamsi: Well, if you look at the neighborhoods, ABCD and D being know like tough, rough areas. This was in D areas, but they were advertised as C areas, blue collar areas. But they were lower income areas, more crime, more vandalism. So one of our properties got vandalized, all sorts of things.

Joe: OK. And what were they renting for? You bought them for about forty-five. What were they renting for?

Vamsi: They were renting for seven hundred.

Joe: Seven hundred a month. Right. That they were a little two bedroom. Three-bedroom houses.

Vamsi: That's right. Yeah. Two bedroom. Three bedroom. That's it. Not one.

Joe: OK. Renting for 700. So then what do you do. Like a few months later you're there in Indianapolis. You're looking at these homes and they're not finished. They're in really bad neighborhoods. What'd you do?

Vamsi: So this whole what happened was this whole thing just blew apart and the turnkey company ran into trouble and they were getting lots, lots of lawsuits filed. So we on the other hand, we thought, you know, filing for fighting and then getting a lawsuit filed is not going to get us anything. Let's just take these properties ourselves. Let's rehab them ourselves and put it as a rental because if we were to sell them, as is at that point, the best offer we got on this property was for like twelve thousand or thirteen thousand from wholesalers, obviously investors, because they had to put in another twenty thousand, they had to buy it right. Just because we screwed it up and we bought it wrong, we can't expect someone else to screw it up. So the offers they were giving were legitimate offers and it was kind of painful for us because we know that we can't let them go for 12000 because that means they're going to take thirty thousand dollar hit per property. So we're going to lose the hundred thousand or ninety thousand, right?

Vamsi: Yeah, well, we said, okay, let's just get a property management involved. So we work with the property management company. That was another painful experience because the property management company we worked with told us that they would rehab, they'll manage all the rehab. All they will do is charge us 10 percent for managing the rehab. And they were very sweet and they were nice. At first. We believed it and we went ahead with them. Another horror story, three months, still three or four months.

They were still not doing any work. They were getting all these bids, high bids of course. And we still we paid more money to get them rehabbed. But in the end, when we saw no progress has been made, we had to fire them and go to another property manager. And this guy did a great job. He's awesome. And he's not cheap. He's market value, but he's honest and he got the work done, which is what really matters.

Joe: So how many months till you finally got 'em rehabbed and ready to rent?

Vamsi: So we got into this fiasco in March and we knew that it's a pain. And then between March and November, we were struggling between property managers trying to get it done. And then we got so tired. We fired the property management, hired another property manager and it took him just two months to get it ready. So by December, all the properties were ready and by Jan, they were rented.

Joe: So almost a year. A little over a year, you finally got them rehabbed and rented. About how much did you spend on average in rehab for each property.

Vamsi: Counting the first property manager, I think we spent eight thousand on them for all properties or nine thousand on them for I will say ten thousand on two properties. It's still very big. What happened with the other property manager, but the next property manager who came in? I know for sure that we spent anywhere from 15 to 18 thousand for property. So it looks like we are all in at sixty to sixty three thousand dollars per property. That's where we stand right now.

Joe: Geez. If you were to sell, now are they rented right now?

Vamsi: So that's another horror story. That's another learning expense because of the area. Horror story after horror story for you, which is why I thought, you know, let me raise my hand. And one of the investors getting in, especially people who are Nike, who have no understanding of real estate. Stay away from big dreams, learn first and then get it. So my learning experience from this rental was that they were renting for seven hundred, but these tenants were just beating up those properties real bad and we had to evict some tenants. In the end, all the money we made from rentals were going back on the rehab of these rentals. So we are making no money on these. So we listed two of the properties for sale on MLS with the realtor. And so the conundrum here is we are in this spot. They're the area. They're investor friendly areas. So investors want to lowball us, they want to give us fifty thousand or forty five thousand, which makes sense because they have to buy low and sell high to make a profit.

Vamsi: And we can't sell for that low because, you know, we are at 60. We want to at least. We don't want to lose much. Maybe lose a thousand dollar per person. So get it ready to sell it like five thousand dollar loss per property instead of thirty thousand dollar loss. If you would have sold it for you. You know, that's the problem. The homeowners who come in there, they don't have the cash to buy the property. They don't have the money to buy the property with the bank loan, because not many people are getting loans, which is why now that I joined your program, I'm going to use your strategy of lease options. I'm going to take your course. All the dispositions strategies and then list them on Craigslist, Facebook, just get that option payment and then have a lease option tenant.

Joe: And, you know, you might consider for properties that are under one hundred thousand dollars in the D neighborhoods. I would suggest instead, maybe instead of a lease option, do owner financing. And I can help you with that off line here. But I would suggest looking at owner financing instead. Typically for the cheaper properties, I don't like doing lease options. I don't want a tenant in there for obvious reasons, as you know. I mean, you just you don't have very good tenants in those areas, unfortunately. But if you can get an owner in the house, sell it with owner financing and it could be long term, you know, you could sell it for. I wouldn't charge a ton of interest. I would maybe charge if it rents for seven hundred dollars a month, come up with an interest rate that gives the buyer after their PITI, principal interest, taxes and insurance, they're paying about the same. Seven hundred, seven hundred fifty dollars a month. So maybe that's five percent interest or something fair, but you could sell it on owner financing.

Joe: Then you can be the bank now instead of the landlord. Right. Because even on a lease option, you kind of technically they're responsible for minor maintenance and repairs, which is better than a rental. But again, in my experience, on the cheap or low-end properties, I think you're going to find a better occupant of a better person in the house if they own it instead. Right. And that I mean, that's just my opinion. Now, if you sell with owner financing, you know, you're going to, you know, you don't want to give him a balloon. There's Dodd-Frank issues. You need to make sure you're working with a good licensed loan originator, mortgage broker, a licensed mortgage broker, whatever that can help you set it up. But that way you still get the same cash flow. But less management needed less because you're not going to be responsible for any repairs or maintenance because you're selling it with owner financing to a buyer.

Joe: So that makes sense. Right. Like, you would never call Bank of America to ask them to fix the toilet. So you can now be the bank instead. And you're giving. You're selling it at a fair price. Right. You're not charging an exorbitant interest rate. You're just charging five, six percent interest. But whatever that interest rate would work out to be, where they're paying insurance and taxes, you have to make sure that they're getting insurance. You have to verify that they're servicing companies that you can hire that can do the collecting and the s growing of the taxes and the insurance from your buyer. Does that make sense?

Vamsi: Not. I mean, I was going to lease option out is because I will still be on title. It will still being my property until the person pays off. I was worried that if I go the seller financing route and if they stop making payments, partially because these are rough areas and they think, you know what, I'm not going to pay. So then I don't want to go through the process of foreclosing it and getting it back. And another beat up property, that was one of the reasons why I was worried about seller financing. But let me know if my thought process is wrong.

Joe: OK, well, yeah, you do have to go through a foreclosure. I don't know. I wouldn't say that's any harder than eviction. And I may be wrong, but a lot of times, nine times out of ten, you can get these people out by offering a cash for keys program, you know, saying, listen, I'll pay you a thousand bucks to leave or I can go through a foreclosure or go through an eviction. And you're going to have damaged credit. It's going to follow you forever. And let's just, you know, I'll pay you a thousand bucks to get your stuff and get out. And nine times out of ten cash for keys program works. Right. But we can we can talk about this later off line if you want some to think about. And I'm saying this for everybody out there also as well, like when you've got the cheaper, lower end properties. Think about owner financing instead of a lease option on a cheaper properties lease options. I think most the time work better for the nicer ones. Maybe in the Midwest, homes price one hundred thousand or more. OK, so how many of these properties do you still have? You still have three.

Vamsi: We still have three. One is rented, but the two are fixed up and listed with the realtor.

Joe: Listed for sale or for rent?

Vamsi: For sale. Yes, we said and that's the payments. So which we can come back to either of these options or seller financing or any of the strategies.

Joe: OK. If you don't mind me asking these properties that are listed for sale or what are you asking for?

Vamsi: So right now, because the property has, the area has turned and on one property, we asking I believe you started with 79 and right now it's at sixty-nine. We took it down to sixty-nine. And the second property again, we listed for 79, we dropped it down to seventy-five, we did find buyers. So that's another horror story. W did find a buyer for one of the property. It was listed for sixty-nine and we got a buyer for sixty-five. But the title company screwed it up. Yeah. The title company found something on the title which was even prior to the previous owner owning it before us. And they said. That hasn't been closed. So we don't want to give you a clean title So the buyer tried to clean it up. She couldn't do it. So she backed off. But that was a good sale. We could have sold it for sixty-five and lost a little. Or maybe broke even to be honest.

Joe: So is that issue taken care of or is it still clouding the title?

Vamsi: It's not taken care of. But now we are. What we are trying to do is make sure that we tell the buyers that we will only close with our title company because then we tried to file a title claim. That's when this company came back and said, you know what? Please don't file a claim. We'll make sure this property sells because that title company the buyer was using was a different kind of company who didn't know what they were doing. They just wanted to give it a clean title.

Joe: So did this claim on the title have anything to do with the previous company that you bought it from?

Vamsi: Not even them. It's before then.

Joe: All right. So let's talk about lessons learned, Vamsi. What would you do differently next time? How could you have avoided this?

Vamsi: Sure. So the first thing was, I did not know how to run my numbers. When I listen to the podcast. I love those things. But I didn't implement them. So what I didn't factor in was I did not factor in 10 to 12 percent for repairs. I did not factor in eight percent for vacancy. I did not factor in 10 percent for property management, which I now do. And of course, insurance is something I did not factor in, whether the property like property insurance. Yeah. Now I know how to run my numbers so that anytime or one of my friend reaches out to me now that, hey, I see that you own 17 rentals. Now I want to buy this rental. I tell, you know what slowdown. And I share them the link to bigger pockets, which has a breakdown of exactly how to run numbers on rental properties. And I say I say watch four or five of these videos. If you make sure that you get that message from five videos, you're listening to the same thing or know. Again, it will stop. Right. Strength. And after on that, do they come back to me and say no? What if I do what you're saying? I'm not able to buy any property? I said, that's the point. Don't buy it.

Joe: Oh, that's so good. Because most turnkey providers know I'm not going to blast turnkey providers because there are really good ones out there. And I should say that there's only a few bad apples, but there are good during key providers out there. You look at their numbers. You really need to look at their numbers with a grain of salt, whatever that means. Like you need to look at their numbers because nine times out of 10, there are going to be. Their numbers are unrealistic. You need to cut them in half or double them or whatever, like because they don't include property management. They don't include vacancies or maintenance and repairs, future capital expenditures, the one or two months it's going to take to find a tenant. And then a lot of them don't even count properly. If you're using a property manager, every time you find a new tenant, they charge you one month's rent as a fee. Right. That's a lot of money. And so people don't remember that. So it's important that, you know, the numbers have bigger pockets. I agree. They have really good resources on bigger packages Web site for people that are looking to buy, buy and hold properties that help you live like cash flow calculators and things like that. So you said you have how many properties now?

Vamsi: So right now we have four in rentals and three in Indianapolis. I don't even consider them as rentals because we're not getting any cash flow, but we are getting cash on the remaining fourteen and all 14 of them are in Columbus, Ohio.

Joe: And are they doing well?

Vamsi: And they are doing well. My brother's local. And again, we learned a lesson there, too. You partnered up with the property manager, were eating us up on their nickel and diming us to death on repairs done or was eating up on the cash. So we are not losing money, but we are not making money. So now we because it's local. We saw what's going on and now we switched to a different property manager. So I would tell any newbies that the biggest asset you can have is not just your asset, but a good property management company. Because if their model is to charge you cheap for property management but charge you a ton for rehabs and renovations, you can never win. So when we look out our numbers, the bank, which five properties are financed at 70, 30. We try not to leverage more than 30 percent of the purchase price. So the bank has 70 percent of their money. So they are taking the most money. I'm OK. It should be us the second one. Maybe the property manager at the third. But when we saw the cash flow at the end of the year, it was the bank, the property manager, who had no money invested in the asset, just providing services. They were killing us and we were the last one. So now we switch that equation.

Joe: Very good. So you have somebody local in Columbus, Ohio, that you trust.

Vamsi: My brother is my partner. So.

Joe: And he helps you manage the property managers. Yeah. What would you what else would you have done differently?

Vamsi: So another thing I would have done differently is I would definitely pay for a mentor or partner up a mentor who has done these transactions because at first the just vendor at the company, again, you can go with the phone company, but even a better strategy is to partner up with somebody who already knows from the rentals are our peer consulting fee to somebody who's an expert. And they can at least tell you, hey, this is a deal. This is not a do you need to look at this? Just pay like a fixed fifty dollars on your dollars for maybe five or six properties. If somebody is even interested, because most people out there, as you know, in the real estate space, they are ready to give knowledge for free. So, you know, to be honest, you really don't even have to pay anybody. But so when my friends reach out to me, I don't charge them anything, I just tell them that don't buy this property because, you know, you're not factoring in these things. Factor in and they don't buy. So try to reach out to your friends and family first who have investments. And only if they're making money, then get the recommendation.

Joe: Nice. And, you know, it's easy to find other landlords in that city who have property, isn't it? And you can call them. Would you buy properties in that and then those kinds of neighborhoods again?

Vamsi: Never. We actually got a great deal. We got a package of eight properties for one fifty thousand and similar areas. And one was a fourplex., they were ready to give it us for free. Free. Because we didn't want to go through the same nightmare.

Joe: What kind of areas are you looking for now?

Vamsi: So right now I in the B, c, you know, in those areas. I try to stay closer to B, B minus areas or C plus areas. So what I'm what we are again trying to do is make sure that in our portfolio we are at maybe 60 40 equation where 60 percent is in the Bay Area or 60 to 70 parts in the B areas and 30 to 40 in the serious but serious are only to get that cash flow to make sure we pay off this market and all that stuff. But eventually we'll sell those off and switch up with better area, because we know now that it's not just cash flow. It's also appreciation which you need. And the lease option strategies you teach is one of the best strategy to own a single family rental because you don't have to pay for any repairs. If you have a tenant buyer.

Joe: They're easier to manage. OK. So give us an example of a class B or a class C property in the Midwest. Right. So in Ohio or Indiana, what would the price range be of a Class B or Class C?

Vamsi: Sure. Say that's a B area. It's almost about 75 to 80. I would say closer to one hundred and above is a B area. Anything below one hundred up to, I would say 45, 50, between 50 and a hundred. I would categorize at least me personally, I would categorize in Columbus and Indiana. Fifty-two hundred would be a C anything and 100 to 150 would be a B one or one eighty. Even one eighty. But anything about 180, I think it would be a B plus. I would never go in to any property, a single family which is more than a hundred and fit hundred and eighty because your cash flow doesn't make sense.

Joe: Yeah, that's true. All right. So then what would they rent for. What a class C, fifty to a hundred-thousand-dollar property rent for?

Vamsi: That would be probably anywhere from six fifty to seven hundred. They could go up to eight hundred. It's a stretch but you could get it if you had a good property manager who can advertise like crazy and then get a better paying tenant, but there's no guarantee there might be a tenant in or because they are paying so high. B area, I would say at least in Columbus, Ohio, I don't know about the entire Midwest. But in Columbus, Ohio, a B class area would be anything which would be, I would say a nine hundred and above.

Joe: OK, good. All right. So what was the biggest lesson you take away from this, Vamsi?

Vamsi: So the biggest again, my lessons are not done yet. I'm still learning lessons on every screw up I do. My biggest lesson is just do it, learn it. Either partner with somebody. So there is a cost of education. You either pay a mentor or you pay a partner to learn it or you screw up and then you pay more than what you and I. These people learn.

Joe: Yeah. I heard somebody say once you think education is expensive, try ignorance. Right. Yes. I've spent a lot when I made a lot of mistakes. And I'll talk about some of my bad deals as well on a future podcast. But I went through some very expensive seminars back in 2009 and 10 with some the properties that I bought that I shouldn't have bought. OK, cool. So what advice would you give to somebody else listening to this Vamsi right now who wants to, you know, buy cashflow rental properties? What are some things you'd say to them?

Vamsi: I would just say that don't be in dreamland like we were when you got started. Just try to understand the facts. Talk to your friends and family who have been investing in real estate or if you don't have anybody who's done it, join the Facebook groups, joined a mentorship program. Learn how things are done. Understand the pitfalls. And then in this, I know your money is not going to run anywhere. You might be under stress that your property is not appreciating or making you money. But if you invest without having the right knowledge, you won't even see that money again.

Joe: Vontae, would you do me a favor? As soon as we're done here, would you send me some of the links, the resources on bigger pockets that you mentioned that you send to other people? And I will include them in the mind map for people to get. Would you mind doing that?

Vamsi: Definitely. I wouldn't mind at all.

Joe: Good and Vamsi, do you have a place people can go to reach you or just find you on Facebook or Instagram or whatever?

Vamsi: Right now I just have Facebook. I don't have Instagram. Amigo Emce is my ID on Facebook. They can reach out to me, you know, and again, if they still want to talk about I'm not going to tell them the name of the company or the turnkey company, which screwed up because, you know, again, you can focus on either the losses or you can just focus on it as a lesson. Lessons learned and then just move on.

Joe: Which is why you're gonna be very successful, Vamsi. I think you have a bright, awesome real estate investing future ahead of you. Don't quit. Don't give up.

Vamsi: Never give up because my wife gave up because she lost twenty-five thousand right away. But I on the other hand, I said, OK. You take care of our home expenses. I'll take care of our investments. And I'm not going to give up. Which is why we own fourteen rentals now. And our goal is to get at least a hundred rentals so we can get enough cash flow and pay off our monthly expenses and still have money left so we can invest more and just, you know, just keep building that for free.

Joe: There's a good book I have called Building Wealth. One House at a Time. It's a really good book. I have it right here on the floor. So Vamsi, cool. Can you send. Again, send me the links you talked about from bigger pockets. I know they have some really good resources there that are free. They have blog posts, forum posts, calculator's resources. And so if you could send me those links, I will put them in the mind map. And again, guys, if you want that mind map with the notes from this, the lessons learned. Even we'll eventually get into the mind map here into the notes. The transcripts of these podcasts text the word bad to 31, 31, 31. B-A-D to 31, 31, 31, or just go to JoeMcCall.com/bad. And we will forward you the link to get the mind map or the PDF, whatever we have in here as we go through this. And my assistants, so if anybody watching this live. Now you're not going to see the notes until my assistant goes through this video and adds them in here. And I'm going to add some in after we're done here. But, Vamsi, I sure appreciate you being on the podcast here, taking the time to talk about your deals gone bad. I want to wish you the best of success and hope you do well. Let's keep in touch.

Vamsi: OK, perfect. Thank you so much. You're doing amazing things in the real estate space. No doubt about that. I just heard you talk in the Wholesaling Inc summit in 2018. You know, it's just I like you. I'm like, hey, I need to learn from him. But then I decided to stick to one path, focus on wholesaling and cash sales and then start adding other like those. Which is what I'm doing right now.

Joe: Nice. Appreciate that, Mark Davis here. Always enjoy your stuff. Many thanks. Oh, we got a question for you. From Deb. Did you buy a title policy when you bought the property the first time. And if he did, did that company have to clean it up?

Vamsi: We did buy a title policy, which is why when they threatened that we were going to file a title claim, which is when the title company came back to us and said, hey, please don't file a title claim. We'll help you make sure that these problems are solved.

Joe: Yeah, they didn't want to get in trouble. Right. Jonathan. Hey, bad to the bone. Jonathan Rexford is my man. In fact, I got him. He happened to be talking to him next. I think he's got lots of deals under his belt. And we're gonna be talking about one of his bad ones. Chris Chico, my obnoxious best friend. When deals go bad, Joe McCall gets to the bottom of things. Whatever. Chris. We've got Jon here from Tempe, Arizona. What's going on? Sudi. How are you? I just appreciate you guys putting in the comments in here and it lets me know that you are listening to the show and you like it. All right, Vamsi. Thanks again. Appreciate it. I mean, send me that stuff and I'll put it in the mind map for you guys to get. Text the word BAD to thirty one. Thirty one. Thirty one. We'll see you all later. Thanks again, Vamsi, Bye bye.