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## Deals Gone Bad #6: Losing Money On Flips & Getting Sued Twice On Old Deals with Beau Hollis

Hosted by: Joe McCall

Guest: Beau Hollis

**Joe:** All right, hey, guys, what's going on? Joe McCall, Real Estate Investor Mastery podcast, glad you're here. We are on another episode. I think it's episode number six. Don't quote me on that of deals gone bad. It's a new series that I'm doing talking about the brutal, honest truth of this business, because sometimes if you've been in the business long enough, deals go bad. And if you haven't had a bad deal yet, then you've not been in the business long enough. It's just a matter of time. It's kind of discouraging, maybe. But actually, it's just been a really good series because they say smart people learn from their mistakes. Wise people learn from the mistakes of others. And I've shared lots of my mistakes over the years, almost ten years now doing this podcast, I've made a lot of them right.

**Joe:** Sometimes that's how we learn. That's how we learn the best. And so I've been interviewing people on this series talking about bad deals. And when I posted this on Facebook a week ago, I was shocked at how many people raised their hands and was willing to share their stories, which I think is going to be really helpful for all of us. This makes us all better investors. And these aren't people that intentionally did anything wrong. These people that I've been interviewing did not go out thinking, all right, how can I make a big mistake or how can I find a bad deal? Nobody's looking for bad deals. It just happens. And we're going to be interviewing a gentleman today. His name is Beau Hollis, good friend of mine that I've known for years.

**Joe:** And we're going to be talking about a couple of deals that went bad for him and even maybe a couple of lawsuits that happened. And I'm a little nervous talking about that. But Beau will be on here in a second. I just want to tell you guys, too, I've been taking notes and my assistant, Dana, who's awesome. Hi, Dana, if you're watching this has been helping me with my notes in this mind mapping software that we have and a mind map, if you don't know what it is, it's just like a map of notes and stuff like that. And so we've been keeping notes and a lot of our guests have been giving us things that they use in their business that we've been adding to the mind map. So if you want to hear all the previous episodes, see the transcripts of the previous episodes, see my notes, see the resources and stuff that we talk about, you can get the notes from these series of podcasts by texting the word bad to thirty one thirty one, thirty one. Or you could go to [JoeMcCall.com/bad](http://JoeMcCall.com/bad). Again text the word bad to thirty one thirty one thirty one or go to [JoeMcCall.com/bad](http://JoeMcCall.com/bad) and you will be sent to a little thing where you can put in your name and email and get



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the mind map where all of our notes are. We'll probably turn this into a resource later on down the road. So enough of the introduction. Let's get started here. We got Beau Hollis from Kentucky is in Louisville, Kentucky Beau.

**Beau:** Yes, it is Louisville, Kentucky, but we say Louisville, Kentucky.

**Joe:** Louisville. Louisville.

**Beau:** Yes, yes, yes.

**Joe:** How you doing, man? Good to be. Good to see you.

**Beau:** Good to see you, man. Doing really well. Doing really well.

**Joe:** Today's Election Day, Tuesday, November. Have you voted yet?

**Beau:** Oh, yes. We have had early voting since October the 13th. So I went ahead and got that done early. In person.

**Joe:** A couple hours from now I'll be going to the polls myself. I am not looking forward to staying in line because that's no fun. But we'll see. Yeah, it's I'm appreciative and grateful for the opportunities we have in this nation to vote, and so I'm not going to take that for granted. So thanks for being here, man. Tell us a little bit about your background.

**Beau:** I run a wholesale operation and also investing around properties. I've been doing that for now and it's been just past four full years. Wow. One of my fifth year. And it has been a lot of fun, a lot of success. A few punches in the mouth like we all have, you know. Right. If you're going to be in this business for any period of time, you're going to have your ups and downs and most is really good and just love the business. I love real estate investing. I love the opportunity that it brings. And it's just a lot of fun. It gives me a lot of awesome people and you get to help people out. It's just a, it's a great business to be in. I just absolutely love it.

**Joe:** I've had you on my podcast before. Do you remember?

**Beau:** Of course.



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**Joe:** And we talked about some of the deals that you're doing in Kentucky. You're mainly wholesaling, right?

**Beau:** Yeah, mainly wholesale, getting into the rental side of the business, which my rich dad, I'll call him, is just hounding me. Why do you keep selling these good deals to me? Keep. So he's convinced me, twist my arm and I'm doing rentals now too.

**Joe:** So how long a full time have you been doing this?

**Beau:** Going on five years.

**Joe:** You're one of the first guys that really took a hold of cold calling for your business, weren't you?

**Beau:** You know, at the very beginning before there was the kind of TTP movement I would say with and I don't think I've ever said this publicly on a podcast, but before there was TTP, Brant was a friend of mine. I met him through the wholesaling inc stuff when he was kind of a student there and he was cold calling and he just kind of gave me a script and said, hey, say this. And so I started doing it here locally and had just a ton of success with it. It's been, cold calling's been and probably still is. It's a great, great business.

**Joe:** I was going to ask you about it. Are you still doing it?

**Beau:** Yeah, yeah. Just a little bit different than I used to do it because, you know, everybody and their brother seems to be doing cold calling. So you kind of have to branch out and just expand so your eggs are not all one basket, in my opinion.

**Joe:** All right, cool. So this is a show about bad deals. How many deals would you say just give people the size of your business? Over the last year or two, how many deals have you been averaging a month or so over the past several years?

**Beau:** We have done, I would say, several hundred deals. OK, so just July was a big month for me. We closed 15 transactions in July and we're still trending in a positive direction for the year, doing multiple deals a month. So today I'm going to sign up personally four contracts. So I'm really, really busy.

**Joe:** Are you still focusing in Kentucky?



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**Beau:** Yes, yes. It's focused mainly in Louisville, Kentucky, southern Indiana. But for the most part, business is just local. I try to do some virtual stuff. It takes a little bit of extra training that I did not have at the time, and it hurt my local business. So I decided to stay where I'm where I know what I'm doing.

**Joe:** Are you doing them? Are you going to the house in person to see the homes and meet with the sellers? Are you doing it virtual even when it's local?

**Beau:** I do everything. I do everything myself. I go to meet sellers at their houses. And I think mainly because, you know, Mark Evans would call me the mule, good friend of mine, but mainly because I came out of a door knocking business and I came straight to face belly to belly style sales and that I had a lot of success with that. And I just like that style, looking somebody in the face and getting the deal. I like that.

**Joe:** All right, cool. So let's talk about some of these. I think you mentioned in your thing that you filled out for me had several bad deals, several flips going on at one time, over a million dollars in hard money out during all of that. You got sued a couple of times for some past deals, which you won those two lawsuits.

**Beau:** Yes, I did.

**Joe:** You wrote here, Year Long Money Losing Flip's, Crazy Contractors lawsuits. I have it all, but I'm OK now. L-O-L. Well, that's good. So talk about how whatever you want. How did this all start?

**Beau:** Yeah. So when I first got into this business, I would hear people say stuff like, hey, if you haven't been sued yet, you haven't done enough deals. And I heard you guys make flippant statements like that. And I would always have the inside. I would say to myself, well, that's because they're just not doing something right now. They're doing something in the back of my head. I would think these guys are just being silly. Right. And they're just doing whatever. And that's why they're getting well, that's not always true, you know, and there's always two sides to every story, so.

**Joe:** Well, let me tell you let me add to that real quick, too. I was taking an ethics class since I of my realtor's license. I was taking an ethics class at the Local Association of Realtors here in St. Louis. Yeah. And the lady teaching the class was the former president of the St. Louis Association of Realtors, still active in the business. You know, she just didn't want to she wanted to go back to the listing side of things. She was the president of the Association of Realtors. And she was saying, if you've not had an ethics complaint filed against you yet, you have not done enough listings and you've not been in the business long enough. And she said not that it's a badge of honor, but she said even I have had ethics complaints filed against me. It's



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because that's just the nature of the business. It's frustrating and sad, isn't it? But you don't hear people talking about this.

**Beau:** It is. And it is a crazy story. And I'll tell kind of the truth of of everything, you know, of what's going on. So I say that to say this is that no matter if you're brand new or you're a seasoned investor, that you're probably going to take some licks. And some of those licks, like you said at the very beginning, is that you learn by experience yourself and then sometimes you can learn by other people's experience. And so hopefully somebody listening to this can listen to our experience today and make wise choices. So at the beginning of twenty nineteen, I was doing wholesale and I just decided, you know what, I'm going to whole tale, I'm going to whole tale some deals.

**Joe:** That's barely cleaning it up and putting it on the MLS.

**Beau:** Right. Yeah. So we bought a house, you buy a house basically and it could have stuff inside and you eat the stuff out of it, clean it up, dust it, get a cleaner in there and clean it up, make it doesn't smell bad. Mistake it back on the analysts. Well I got some deals like that and then I got one good deal and then I got another good deal and then I just kept getting really good. What looked good on paper. Good deals. And so I decided, hey, I'm going to buy this, I'm going to take it down with hard money. And for those of you who don't know hard money is, it is just you're using private money from an individual or a lending institution that gives you a higher than normal interest rates for short term. And you're paying how much? So on average, your hard money is going to be typically, I'd say 12 percent, 10, 12 percent on average, I'd say lean more towards twelve percent. I'd say that's industry standard, roughly 12 percent and so starting out twelve percent.

**Beau:** But if it goes over six months, some of these people will have penalties that accrue on these on these loans that they increase. So I would get into these deals and let me say how I make my decisions a little bit on when I'm making a purchase that I'm going to put skin in the game. Right. You got skin in the game on a deal, right. On a wholesale transaction. You don't really have skin in the game. You really just. You're selling paper? Well, I would get three or four comps making sure the numbers are right from different people, like different realtors say, hey, give me a comp on this house, make sure that our numbers are across the board. It's not we're not getting the two hundred thousand, then a one forty and then then a two forty. We want to make sure that the houses are actually worth what they're worth mixed up.

**Beau:** So go in there and make a purchase and then you get inside the house like, man, I can just paint this house. I could just paint a little bit and a realtor would come in and say, if you paint this, you could get a



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few more thousand dollars out of this. You keep nickel and diming your way to a total flip. That's how it happens if anybody's ever out there. Some people probably watching this, laughing, listening to this because they've done that. Right.

**Joe:** Just so we're clear for people who don't understand. Maybe I'm oversimplifying this and you're talking about whole taling. You're talking about just cleaning it up, sticking it on the MLS and selling it. And it's still a good discount. But selling it on the MLS because you get a bigger pool of buyers, generally, you sell it for a higher price. But to put it on the MLS, you have to close on it, you have to actually buy it and then you may sit on it for three months while you're trying to. But usually if you price it low enough, you can sell it pretty quick, which means you're going to make more money than you would in a normal wholesaling, traditional wholesaling deal. Correct. So you're thinking I'm just going to do a little bit more work, I'm going to do a little bit more work a little bit more, and you keep on increasing your amount of work that you're doing. Yes. So you can get a little bit higher price. A little bit. A little bit higher. Right.

**Beau:** Kind of nickel and dime. If you take ownership and you have holding costs which include insurance and taxes and your hard money fees. Right. So this keeps adding up. Then I kept adding to the portfolio of properties that I was doing at the same time. Well, a few bad painters later a water line bust in a house, just you name it, you just keep adding to it. And then the hard money costs alone on a million bucks is substantial.

**Joe:** So you had a million dollars that you were borrowing on. How many different houses at this time?

**Beau:** I think we're doing five, six. And then it would it would it would fluctuate six for sale one add another one kind of a deal like a year. So we get into this one house that was just looking back at it and I don't know why I didn't wholesale it. Great neighborhood, great purchase price. And it was literally just a huge hoarder house, but in a great neighborhood. So a hundred yards of trash later, everything's cleaned out of this house and yards of trash. How many dumpsters is that? About three and a half. Forty dumpsters. No, three forty-hour dumpsters, roughly one hundred yards. You do the math. So it's about two and a half actually. But give or take, it's a huge amount of garbage out of this one house because we couldn't even walk in the house. It was, it was so bad. But great neighborhood.

**Beau:** The house is worth probably fixed up really nice. About 240 and I bought it for like one thirty was our contract price. And so go to the closing the very first time we go to the closing. And the seller says that he needs six thousand more dollars at the closing table. So right off the bat a little bit.



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**Joe:** Rewind a bit, sorry I was distracted. Were you already doing work before you bought it?

**Beau:** Yeah, we cleaned that. We helped clean out the trash. We got dumpsters and stuff. We closed on it. Yeah. Just to kind of expedite the process. OK, so the seller.

Joe: Was that a lesson learned, by the way?

**Beau:** Yeah, yeah. Yeah, absolutely. So the lesson would be that, you know, if you're going to start putting out your own money, that you need to get a lot of stuff in, get every single thing in writing that you're doing and get some guarantees. So work with a good real estate attorney and figure out what your liability is on that on something like this.

**Joe:** So you've got a house under contract. You started cleaning it up and then you try to close on it. The seller called you and said what?

**Beau:** He needed six thousand more dollars.

**Joe:** He needed six thousand more. What was his justification for that?

**Beau:** Because he couldn't do what he needed to do. Right. He couldn't move to the place that he wanted to move to. OK, so paid the guy. Right. Six grand.

**Joe:** What were your numbers? What was your expected profit on this deal?

**Beau:** Expected to put in about, let's say we're going to expect to put in about 15 grand into this house and just kind of sell? It's still not a perfect, amazing flip, but make it to where it's good, not top of the line, but still someone could buy it and still have a little equity in place, not trying to maximize.

**Joe:** So that was what was your what was your hopeful profit?

**Beau:** Hopeful profit was about 30 grand we were hoping to make on this house after realtor fees.

**Joe:** So someone said they want more money. You gave it to them. You said, OK, so you increase this purchase price.



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**Beau:** Yes. And so at this time, I had a the person who was going to be managing the flip because I at this point, I was like, I don't I don't like flips. But if you manage to flip to a partner person, I'll just bring the money to the table and see it that way. Well, this was your own money you're bringing to the table. Well, I brought hard money to the table and it was the houses in my name. Yes, OK. So we get down the road a couple of months and really nothing is nothing's happening. It's we're three months into this deal. We're in the peak selling season. We're buy the house in January, February. And we're going to peak selling season at this point.

**Beau:** And I'm like, what's going on? Nothing's done. Well, the move for a couple more months then I had to this money was getting at 15 percent because we got over our six month one. So that took up a massive chunk of money was our hard money costs because we're six months in. It is getting expensive because our purchase price was already one hundred and thirty-six thousand dollars plus closing costs. So we're basically at one hundred and forty grand of purchase price. Well, so I had to refi out.

**Joe:** You're paying about eighteen hundred dollars a month in interest.

**Beau:** Yeah. And then that's not including holding costs, insurance, utilities.

**Joe:** So you're paying maybe eighteen hundred to two thousand dollars a month in whole and carrying costs during this time.

**Beau:** So and now I'm on the hook for the money side.

**Joe:** I don't mean to rub it in, I'm just trying to get the numbers because so people get an idea what's going on here. All right.

**Beau:** Yeah. And it's, it's real. And so you learn a lot from things like this. You really do. These are the points in life where you really kind of you learn who you are as an individual, as an investor, what kind of grit you have and how to move forward. Right. And will you rebound from this? Yes. What do you do? Because that's all you always hear the success stories in a lot of guys. It sounds sexy when someone says, now, I've been doing X amount of deals. Are all this kind of stuff that you really don't know what's keeping them up at night.

**Joe:** There always more to the story. And I'll say this, too, all the time. And our mutual friend Tom Croll said this. You go to these mastermind's and you hear all these people about all these deals that they're doing



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and all this cash flow that they're getting, you pretty much just need to cut that number by half. And that's might be getting a little bit closer to the truth.

**Beau:** It's crazy. So we get into this deal. I refinanced with another hard money person at twelve percent. So at this point we had to find a higher number because our hard money was high. We had already spent so much money, so we had to refine higher. Well, make a long story short, a year later, oh, we sell this house and in the meantime we had the air conditioner stolen, the house had gotten vandalized, bad painters. I mean, literally, I mean, just every single thing that you can think. Inspectors ripped this deal apart because the contractors that were being used were just shady as shady could be this. It was horrible. A year later, we ended up losing like forty-five grand. Forty-five grand. Yes. On one flip. We basically just lost our shirts on the deal. Now.

**Joe:** It's about what, a year or two ago?

**Beau:** Yeah. Yeah it was in twenty nineteen. Yeah.

**Joe:** So in twenty nineteen about a year ago when the market was screaming hot. Right. I'm trying to bring this up because even when the market is really, really hot, you can still lose money on a deal.

**Beau:** Absolutely. Absolutely. You can if you are making really poor choices and not making a decision fast enough, you let your time keep going by and not make the hard decisions that you know inside that you need to be making. Time will go by, water will go under the bridge, and pretty soon you're going to look up and it's six months later and you're up a creek. You're going to lose potentially friendships and money and stuff. So that deal taught a lot of what not to do in deals and what my strengths and weaknesses are.

**Joe:** So was there a lawsuit with this deal or is that another we're going to talk about?

**Beau:** No totally different deals.

**Joe:** Before we move on from this deal, I want to ask you some questions about it. I want to talk about those other two lawsuits that you were talking about. So looking back, what would you have done differently?

**Beau:** I would have wholesaled it. Yeah, I would have wholesale this deal or potentially to stuck it on the MLS, do no work and let people come through there or run it through an auction, something like that. Just



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do no work. My strength does not lie in doing those kinds of deals. So wholesale or a whole tale, clean the trash and stick it on the MLS because it was still the buy was good. Yeah. OK, the buy the house is a good neighborhood.

**Joe:** Which is one thing I just love so much about wholesaling isn't it. Just because like beautiful these are deals like when you, when you wholesale a deal, sometimes it's better to make a fast nickel than a slow dime. Absolutely. Because there's so many things that can go wrong, obviously over that six months, 12 months, when you're putting all that money at risk, all the liability you're managing is like an adult day care when you're managing contractors, managing the realtors and inspectors and buyers, agents, all of the people that are involved. And things can go wrong. You guys, you're obviously talking about, that same time you would have that maybe even made 20 or 30 grand on this deal. Maybe you made forty thousand. Right. During that time, you could have wholesale five or six deals and still made the same amount of money. A lot less risk, right?

**Beau:** Yes. Yeah. It just had become a real big stress point at the. The time when it closed, oh, I forgot to totally forgot to say this, one of the reasons we lost so much money, not so much, but during this, the realtor that we were using, I had gone out of town on a trip and one of the inspection report came back that we needed to there was a room with some electrical not working. Well, the realtor said, hey, I've got an electrician. I he can go out there and check it out. So he checked it out and said, hey, there's some plugs that have reverse polarity. We're going to fix about six plugs, change a couple of light switches, and there's a breaker that's not working. And so I get on the phone with the electrician speaker speakerphone. He says Yeah I'm to do this, these things and be done.

**Beau:** It was over a weekend I came back and he sent a bill for four thousand or five thousand dollars and he rewired, essentially got a brand-new panel in there, rewired it. So much stuff. I never still haven't met this guy and he immediately went and put a lien on the property. Are you serious? And so that wasn't just and I never met the electrician. I didn't hire him. I never signed anything with this guy. And that was just another one of those deals where the and then the realtor was like, you're the one that okayed it, unless you want to go to court. You just pay it.

**Joe:** How can you fight that? Yeah, you just you just go. You pay it. So would you say another what's another lesson learned? I'll lead you into this.

**Beau:** Yes, absolutely. So if you're going to hire contractors and people like this, one of the first things that you need to do is you need to get a scope of work, exactly what they're going to be doing and get it in



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writing. Get ink on paper as if you don't have ink on paper. You have nothing because they could take it just like electricians, just like that. All they have to do is go and slap a big lien on your property. Could be the guy could have said he did fifteen thousand dollars and work in this house and he could have stuck a lien on it and I would have had to go to court again to fight this guy. So total error on my part. I mean, we're going to fight with a realtor. I mean, it was it was a really heated season.

**Joe:** This may not have been a good idea, but did you complain to the ethics commission?

**Beau:** I had that thought. I personally just decided, hey, I'm not going to use this person anymore. I complained to his broker, but I just decided, you know what? I'm just not going to deal with it. I'm just going to go along. It was too stressful. It literally was keeping me up at night. I was it was so stressful. I was just like, forget this. I'm done with that.

**Joe:** So another lesson learned then is always get your rehab. The scope of work in writing very clear from home. I would say maybe another thing is be very, very careful who you trust to manage your rehab project with.

**Beau:** Oh, man. Absolutely. Make sure everybody's very clear, crystal clear on your communication, on what the expectations are, because when expectations are not met, it is the very first thing that goes self and expectations are not met. Disappointment sets in and frustration and everybody's mad at each other. So set the expectations and get it all in writing.

**Joe:** All right. So what other things would you have done to avoid the problems? What are some other lessons learned?

**Beau:** You know, realizing your strengths and your weaknesses, what you're good at it and be vulnerable with yourself and the people who surround you like, hey, I'm good at X, Y and Z and I'm not good at these things and stick this thing, you know, you're all like, know what you're really good at? I'm good at finding deeply discounted properties, getting them under contract and having to prove an exit strategy. That is what I'm good at, which is wholesale or, you know, keep it as a rental property. Like, I'm good at those two things. And so anything outside of that, I'm going to need an extremely experienced partner. That's what I'm going to do. So to keep myself from this is I say I'm good at these things and I'm not good at these things.



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**Joe:** Really good. What else? What other things would you have done to avoid what could you have done to avoid those problems?

**Beau:** That's such a good question. Looking back, I overextended myself big time, doing way too much at one time. And when you overextend yourself, when you kind of it's a vulnerable statement. I guess when you do a lot of deals, you say, man, I'm good at one thing. That must mean, therefore, I'm good at other things. That's good. I'm guilty of that. Know, when you when you do things and you have success, success can be it can be an illusion, it can be something that really makes you think thoughts that are not true and you have success in a certain area can make you think, man, I'm, I'm just good. And so, you know, so I had a lot of success selling. So I thought maybe since I'm a good wholesaler, I'm going to be good at this thing, too. Well, that's not true. That's not true.

**Joe:** So true. I was just listening to one of my favorite shows right now is Alone, the survivor show. And one of the guys on there said because he was actually thinking about looking like a fool in front of millions of people on the TV. And he said, if you want to avoid humiliation, you need to learn to be humble. I thought that was really good. Simple. Like if you want to avoid humiliation, learn how to be learn humility and the lack of humility. This is what he said. A lack of humility leads to humiliation.

**Beau:** It's very true, is very, very true, and I let myself get to a place where, hey, I'm a smart guy, I know what I'm doing, I know the real estate market. I have lots of connections. And so I let that get to the place where I thought I could be good to all these things. Well, you know, success lure smart people to sleep, right? It lures you to sleep to where you think me. And I'm just kind of get into a comatose state of it's going to go through life and I'm going to have success everywhere. And I found out really quickly that there's a couple of things I'm not really good at, and nor do I want to be good at those things. So knowing where your weaknesses are and if there are glaring weakness, stay away from that. Run at all costs. Away from those things.

**Joe:** Good. Anything else?

**Beau:** Yeah. And build yourself, build relationships in your local market. Always be building relationships with people who can help you out in a bind. Not that you're building a relationship just so they help you out, but build your network because this business is all about relationships and networking. That's what really saved me upon also having enough money to make mistakes. Save your money. Don't just go out there. And when you make a lot of money, don't just go and buy fancy things and live it up. If I wouldn't have had money in my pocket at the time, I would have been a much different position right now. I saved



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up some money. I was smart with my money and that helped me out a whole lot in my relationships with my friends. Really help me out as well where I could say, hey, if I had a deal that was just kind of like it was sent in the back burner.

**Beau:** When you have all these deals going on, you could say, hey, I just need to get rid of this one really quick so it's not that big of a pain. Know people who are willing to take on projects. So keep your relationships with people strong and always try to learn out who's a hard money lender in your town or build relationships, relationship, you know, private money. When you need to refinance out of projects, you can have access to capital. It's a big, big deal in this business.

**Joe:** Make sure you have access to capital that kind of relates to what you're talking about, partnering and networking and stuff like that, right?

**Beau:** Yeah, networking. I think I was telling Brant Daniels I was with him last week and I said was like, you know, what do you think it takes to be a good wholesaler? And I said, always be able to talk to people on the phone and network. If you can do those two things well, you will always be in business. I think so. I think you'll always be a business network. Well, and always talk to people on the phone.

**Joe:** Bryce Moore says here, thanks for sharing both adapt and overcome.

**Beau:** Yes, sir. Bryce, good to see you, buddy.

**Joe:** By the way, where we are live here on YouTube and Facebook, everybody. So if you want to comment below and have any questions for Beau, type them in the Facebook or YouTube comments and we'll get them even Periscope. We've got Claude Diamond here in the house from Periscope watching. So what's very cool. All right. So let's talk real quick about these two lawsuits.

**Beau:** All right. So when I first got into the business, it was advised to me that just go out and do a deal, right? Don't worry about fancy marketing. Don't worry about LLC. Just go out there and do a deal, put your name on paper and just do a deal. So that's what I did. I did that. I took that advice. So I went out there and did a deal. And in this deal, I'll get all the details of this deal so you guys can judge for yourself and understand how this stuff happens to people. So I did a deal. It was a wholesale transaction and I was here in Louisville, Kentucky, and the seller was in joint ownership. And if you don't know what joint ownership means, it could be multiple people on the deed, brother and sister, me and Joe on the deals. We owned



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something together. So it's joint ownership and one party in one state and another party living in another state. And so this house is a rundown house, very rundown.

**Beau:** And we had I had agreed to buy the house for really cheap and everything was going smoothly and did the transaction. It was a mail away closing to both parties or to one party because they were out of town. The other party was going to come in town. So the mail away closing, what they had decided to do was going to get kind of a little technical here for people maybe who are new. I'm going to explain kind of what this stuff is. One party decided to give their interest back to the other party via quitclaim deed. And so they just said, hey, I'm going to sign my interest back over to you. So they signed their half interest over to the other party. And they just then I bought it from that individual. So our attorneys did a quitclaim deed mail away to them, got it back.

**Beau:** The person flew into town, did the closing, I wholesaled it to somebody else, made my profit, moved on. End of story. A year and a half later. A year later, this was back in twenty, sixteen, twenty seventeen that this happened. My attorney, my local real estate attorney got a letter in the mail and he called me, say, Hey, I need you to come in the office. Well I went to the office and there was a lawsuit on his desk for two hundred and fifty thousand dollars that they wanted. They were going to sue me and other parties involved for this house that they allege that while this all happened, that they were in Egypt, that they were not in town and that somebody stole a notary stamp and forged the documentation. So when we did a mail away and sent it back.

**Joe:** So the person suing was the one who did the quitclaim deed. Right? Right. And they were saying, hey, we never did that quitclaim deed, we didn't quitclaim it over to this other guy.

**Beau:** Yes, so they were saying that their half interest was not actually valid, therefore, the sale was not valid and they wanted two hundred and fifty thousand dollars as payment.

**Joe:** How long after was this?

**Beau:** That was almost a year and a half, two years after that. OK, so my attorney is like, this is insane. So this is not my fault, right? I didn't forge anything. I mean, my attorney sent this out to a state far away, got it back via FedEx or UPS or whatever, and we closed. Well, the problem is, is when I first started in the business, my personal I didn't buy this in an LLC or a land trust in my personal name. And so when I first started, my wife even was on the deeds because we yes, you can see where this is going. My wife is on the deed because when in our state, the spouse has marital interest in properties, many states are like that, I'm



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sure. So my wife and I, we're both named in the lawsuit personally. And that made me really sick to my stomach because they were suing me personally and my wife personally. Well, this is crazy.

**Beau:** So one of the people who I had representing me in this case was a partner in one of these deals that had gone bad. This was an attorney. So when the other deal went south, he recused himself from this lawsuit. OK, so a partner in another deal was an attorney that I had going on. And so I was like, hey, man, just send them some letters here. Let's get this together. Like, sure. So when the other deal went south, our relationship fell out. And you recused himself from this lawsuit.

**Joe:** You lost me. So there's another deal where there was a lawsuit?

**Beau:** No, no. I'm saying the other flip that went bad. Yes. We talked about earlier that my partner on the deal was an attorney.

**Joe:** OK, and so how does that tie into this one?

**Beau:** Because he was representing me in the lawsuit.

**Joe:** OK, so he had to recuse himself?

**Beau:** Because our relationship fell out at the time.

**Joe:** OK, so he's kind of leaving you on your own saying, hey, I'm out.

**Beau:** So I had to go hire brand new attorney, start the whole process all over again. And during this time, the person who was suing me died and their daughter kept the lawsuit going. Then the people who had bought it from me sold it to somebody else and that person tore the house down. So now we just have a piece of ground. And make a long story short here. My new attorney was I went to my real estate attorney and I said, hey, a real estate attorney. If your local title company, they probably do not do litigation. So your local title companies probably don't do litigation. So I went to my local title attorneys and I said, hey, who would you use if you were getting sued? And they know the case and they said I would use this person.

**Beau:** So I went to that person, years of experience, big law firm stuff, and hired this person. And we actually got a winning on the pleadings. And what that means is when the attorney goes to the judge and



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says, hey, here's the case, the judge can decide right there before they even do a jury stuff. And he was like, absolutely, throw the stuff out. And so we got a winning on the pleadings with prejudice, meaning that absolutely, no, this can't come back with prejudice. So it was just a frivolous lawsuit craziness, nothing to do with fraud on our side. And it was just a very stressful and actually costing money.

**Joe:** About how much money did it cost you?

**Beau:** A couple grand.

**Joe:** Not to mention the stress.

**Beau:** Oh, yeah, the stress. So it was great to get out of that deal. So the last lawsuit is something that everybody can learn. You can learn from. The last one, too, is make sure you got your entities all set up, make sure you're buying stuff and either a land trust or an LLC, whatever your attorney advises, don't listen to exactly my recommendations, but speak with an attorney and how you can protect yourself when you are buying properties and taking them into your personal name if you are not assigning the contracts. So I would have avoided all of that if I would have signed the contract.

**Joe:** It would have avoided all of that. You could still have been sued, though, even if it wasn't an LLC or a trustee, right. I mean, if you assign a contract, well, that's not a title. They can still name anybody they want on the lawsuit, though, right?

**Beau:** Sure. But if you assign a contract, you're not in the chain of title. And that would typically avoid nine out of ten of that kind of things.

**Joe:** Wow. All right.

**Beau:** But speak with an attorney and figure out what's the best buying method for you, OK? And so that's what I would figure the next one. It was a this is crazy one. I bought a house junk house from an individual. And when I say a junk house, I mean, it's just a really worn down house rental property. And it's tore it up, went to landlord type of situation, holes in the wall, holes in the floor, just everything possible. Drug addicts went in there and tore out the copper. Just everything was rough, rough area and bought the house. I assign to this one to actually I didn't assign it, I think a double closet. That's why I'm in the I double close it to a buddy of mine who bought just a lot of houses from us. And at the closing the people said we



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need to get a few things out of the garage. And if you're listening to this and your new, just take a lot of notes here and you're going to save yourself a lot of problems. So.

**Beau:** They say we need to get a few things out of the garage, which I had never seen inside the garage, they just had a deadbolt lock on it and they didn't give me the key to to even transfer ownership to my party. I said, sure, no problem, we'll give you access to the garage. But they said, we're going to go today or tomorrow to get the stuff out of the garage. No worries. Right. And these were elderly people. Felt like just good old folks. Right? Good people. Good heart. And I just made a judgment call, cheap house and didn't think too much about it. I had no reason to believe that they wouldn't keep their word when we closed. And twenty nine days later, one of their family members sent me an email and text me and said, we can't get in the garage. A month later.

**Joe:** You sold the house yet or your market?

**Beau:** I double closed on it immediately. I mean, the same day I bought it, I sold it.

**Joe:** Oh, so you didn't even own it anymore?

**Beau:** No, I didn't own any more. I had another investor bought it. Yeah. So I double closed on this wholesale transaction. So A to B, B to C. OK, so I was when I walked out those attorney's doors, I no longer owned this property. So they texted me and said, hey, we can't get in the garage. And I was thinking, well, you said that you were going to the garage that day and you were going to get the stuff out. And so I texted the owner, who's a friend of mine, and I said, you know, the person had been able to get the garage. And he said what I thought was, hey, it's been a month. You know, what do you what do they think it was? Let me ask around. So he goes, yeah, we cut the locks off last week and figured everything was gone out of there that they wanted. We checked it. He didn't. He doesn't he's not the kind of guy who goes in there and does that himself. They have crews. They're a big operation, hundreds of rental properties. And they cleared out the garage, cleared out the garage. And he didn't tell me what was in it. I didn't ask you just said stuff was in it and they disposed of it or took it to somewhere.

**Beau:** And so I immediately reached out to my attorney because at this point I had become a little bit wiser. And I said, this is the scenario. And the people I had kept, they kept saying, hey, where's the stuff? Where's the stuff? Well, I said, hey, you need to contact these other people. I'm no longer involved in this, contact somebody else. Well, soon I get a letter a little bit later from an attorney, of course, stating that we denied access to the garage and there was a nineteen fifty five Porsche hit car in the garage.



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**Joe:** Yes. Holy smokes. And your buyer didn't even know this or didn't tell you about it. What did he do with it?

**Beau:** He said his team went in there and they're just a bunch of people that they kind of hire off the street kind of people. They just he has guys are kind of roughnecks tell people and they go in there with big trucks and trailers and just he doesn't ask questions and they just they go in there and do their thing. Right. OK, OK. And so they allege that there was a nineteen fifty five Porsche kit car in this in this garage, which I never saw. I never got access to see it. They didn't even show me when I looked at the house the first time, which would be worth about how much money do you know, fully built out.

**Beau:** It would probably be worth tens of thousands of dollars. Yeah. And I don't know if it was built out or not. So anyway, I had to hire this attorney again and they wanted to settle for a couple of grand at it. I was like, you know what, no, I didn't throw this away. I didn't do this. I didn't go throw something away that was valuable. They said one thing, I said one thing. I don't even own this house more than five minutes now. I'm not paying for something that I didn't do. I didn't commit a crime. And so anyways, that that's the kind of deals that you can run into. And so anyway that deal worked? Went away you some I mean, I won, but at the end of the day is cost money. That's the thing of these kind of things. I'll say mistakes because I'll tell you how to remedy this right away.

**Joe:** How would you have avoided this?

**Beau:** There is a foolproof remedy right away and it's called an addendum and it's called a hold back. So what you do is that at the closing, if somebody says, hey, I need some time or I need X or we have something in the house or we need five days to get out because we can't get our fridge and our stove out and our child's Xbox is in there. You sign an addendum, you get it notarized by the attorneys and everybody signs the piece of paper that by X date we will have everything that we want and or else it is your we forfeit all ownership to you. And if it's not out by this day, you can do it. You can hold that money. It could be a five thousand dollars, would be three thousand dollars. It could be whatever you guys decide and it could be a daily penalty or it could be, hey, if you're not out by this time, eleven fifty nine, midnight on this date, you forfeit this much money.

**Joe:** You know, it's interesting as you talk about this, this is standard stuff the realtors deal with all the time. And these are things that are already covered in at least our real estate contracts or realtor contracts. Right. Do you think you could have now that you've done a lot of deals since then, have you ever taken a look at the local realtors' contracts in your area if you ever use them for yourself?



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**Beau:** Ours is about twelve pages long and about three hundred fifty lines of stuff. So what I did since then is I had all of these kind of scenarios that you could that could happen to an individual like myself. Sat down with my attorney and said, hey, I'm tired of paying these kinds of lawsuits, not just the money aspect, but just the stress of dealing with the stuff that just shouldn't have to deal with that. Everybody could all parties work together and solve these kinds of things at the closing table. So fix that. And I just became smarter. I just became a smarter investor. I tell people, hey, when we close, I want full ownership of this property. Nothing else. Like, I'm going to have you sign something that says, hey, we're out of the property, we want nothing back and we all signed. We all agree. Or if you need time, we're going to hold back. We need to hold back of three to five thousand dollars. Or we're going to do a daily interest, something like that, where everybody's on the same page and communication is clear.

**Joe:** My advice to that would be anybody to look at your contracts and go get some real contracts as well. Yeah, you just gonna have to ask around if you're not a licensed agent. But take a look at what these documents that they have in all the there's a lot of addendums like that that realtors' contracts have. And I know technically by the letter of the law, only realtors can use those contracts. So I'm not telling you that you can maybe copy some of the language. I'm not saying that. But you maybe could look at it, you know what I mean? And the same with Lease's purchase and sale agreements. There's a lot of these really good addendums that your local real estate commissions have that I think people need to be paying more attention to.

**Beau:** Yeah, absolutely. And there's that great blending of real estate professionals and investors that your attorney can really help you figure out where that where you fit in that equation to where you don't have things like this happen now. So I learn a lot from this kind of stuff like this is how you learn.

**Joe:** We've talked a lot about attorneys on this podcast, too. I mean, how do you, how does somebody go and find a good real estate investor friendly attorney?

**Beau:** Yeah. So what I would do is I would get with your local group and what that stands for is your real estate investment association, your local group on Facebook, or look them up and join your local area. That's a great first place to start. And I would figure out, hey, write a post in the group and say, hey, who is an investor friendly attorney in this market and find out who a couple of them are and go sit down with them and figure out who you get along with really, really well. And you can even share stories like this and say, hey, I heard this guy did this. He got sued for X, Y and Z or this kind of stuff happened. How can I protect myself from these kinds of mistakes? And he's going to give you his opinion and why you need his



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opinion and not my opinion or my attorney's opinion is because he's the one who's going to be backing you in these kinds of things happen or someone gets upset with you.

**Beau:** Because the truth is, is that people are just going to be upset sometimes in these kinds of situations. The people are just upset in general. Sometimes they're going through a tough time. The tenant just destroyed their house. I can see I might be frustrated as well. So figure out how you get along with them. Who's going to back you in the long haul? Because I have a great attorney now. My real estate attorneys, they do all of our closings and they are fantastic people and they know my business. They know my successes and they know my failures and they know me as a person so that they can back me. Now, I really think that's powerful.

**Joe:** So as we wrap this up, I sure appreciate you taking the time to share these stories, too. And that's a lot of money, a lot of stress. But has it been worth it? I mean, looking back over the four years where you are now, is it worth the struggle?

**Beau:** It is worth the struggle, man. It really is. On a positive note, I was thinking about myself seven years ago. I was in the insurance business, ah, eight years ago, insurance business. I was doing OK, but I had these goals of where I wanted to be. I wanted the house. I wanted to drive a certain car. I wanted to live in the certain neighborhoods, you know, like the how the goals that we all set for ourselves of, hey, I want to better my lifestyle goals. I want to make my you just do this for your family. Right. So when I started out in real estate, I set these goals right now. I think I achieved every goal that I wanted to achieve. I achieved every goal that I set out to hit. And even among all the good deals and the bad deals and the sideways deals that we all deal with, you still strive for those goals and it's worth it.

**Beau:** I live in a better house than I used to live in. I drive the car. I want to drive my wife. She doesn't have to work. There's a lot of things that we've been very blessed with and a lot to be thankful for. So I'm I'm so glad to be able to go along this journey and educate myself through personal experience and some of these things. I wish I had other people to tell me along the way, but through these personal experiences, you learn and you become a better person, you become a better investor, and you can help people out along the way. So I'm very glad I made a decision to be in real estate. And it's a great journey to be on this, to be on this path.

**Joe:** I'm just going to review the mind map and my notes here of lessons learned. And if you guys want with this mind mapping these notes, text the word bad to thirty one thirty one thirty one. We're go to Joe McCall.com/bad. But No one I wrote down here some of your deals. You just need to wholesale it, right.



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Sometimes it's better to make a quick nickel rather than a slow dime. Or if you're going to do a true wholesale, just get the trash out, get the stink out and wholetail it. You got to sell these things as fast as possible. You should have managed the rehab yourself or been more involved with it, or if you aren't good at that, find a good partner who is good at that, right?

**Joe:** If you're doing rehab, make sure you get the scope of work in writing a list of all the work that's supposed to be done. Get that in writing. Realize your strengths and weaknesses. Stay in your lane, stay in your role. Stay of what you're good at. Something I wrote here is don't overextend yourself either. Trying to do too much at one time can spell trouble, right? Be careful about what you think you're good at. Be careful with cockiness or arrogance that that was good. A lack of humility leads to humiliation, which is true in many times. Build relationships in your local market that can help you out when you're in a bind. Build your network, make sure you have multiple different, or make sure you have access to capital. When deals go bad, you have access to money to bail you out or not to bail you out to help you get through it. Make sure you're buying properties in an LLC or in trusts. Right.

**Joe:** When you're selling deals, you need to have an addendum or hold back. If they want to keep anything in the property by X date, we'll have everything out or else we forfeit it. And when you close on the property, make sure you have full ownership of the process. Get a good local real estate investor friendly attorney, go to your local network, your local regroups, and just start asking around, maybe even ask other wholesalers or other investors who you recommend that's good in this area and start networking with them. Never quit. Don't ever give up is the final thing I wrote in here. And you want to add anything else to that?

**Beau:** No, I think that's a great that's a great point, man. So many times you can have some low moments in this business because, you know, we don't go to jobs every day. This is our job. We don't have coworkers, so to speak. So sometimes we can be an island. And when you're going through hard times like this, it can be very overwhelming. It can be very, very overwhelming. My advice would be to if you see the writing on the wall like, hey, I've made a poor choice, a bad buy or something happened between the buy and where you are, just get rid of your pride and just let it be OK to rip the Band-Aid off and deal with it. Just move forward. Don't just sit there and just take action and move forward and just get rid of it.

**Beau:** It's OK just to walk away and say, hey, this is a deal I shouldn't have done and I'm just going to take my licks and move on just and keep moving forward. Don't ever stop. Don't ever stop just because you had a hard time or you had a bad day, had some good friends and confide in them, talk to them and get really good advice and surround yourself with people who are experienced investors who can patch on the back



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and say, hey, you're going to make it. And that's what helped me a lot, is just having really good people in my life and there's no worry about it. We're be all right now. It's going to be OK.

**Joe:** That's true. Dominique here says, thank you both for sharing your stories. Thanks for being real. Love it. Kind of question here real quick from Nate. And then we have two questions real quick from Nate. Great. It's good to hear from you, Beau. What advice would you give to someone who is looking to get into wholesaling or real estate investing?

**Beau:** Great question, Nate. My first thing I would advise you, I would get a mentor. I would get somebody who is gone before you. That would be the first thing I would do. I would find somebody who has experience in this wherever path you want to go in real estate investing, whether it be wholesaling, flipping from somebody who actually has success, not me. You could find somebody who is a good wholesaler, landlord, whatever path you want to go find that person, don't be a trailblazer and follow their path. That would be the first thing. And then save up money for marketing and then just take action.

**Joe:** Get a mentor, save up money for marketing, take massive action, massive and perfect action.

**Beau:** That is the way to do it. And don't just be a person who just is always trying to get little education pieces here and there. And then someday you're going to have a mental center where you're like, I'm just going to mentally ascend over the next two years and pretty soon I'm going to be so stinking smart. I'm going to go have tons of success. Doesn't it doesn't work. You're going to be one of those people who are ten years from now still learning through YouTube University.

**Joe:** Not be professional students anymore. David Thompson, I'm not good at talking on the phone. This is our final question here. What advice would you have to overcome this?

**Beau:** Great question, David. I would say practice your phone skills, even though you feel inadequate, practice those skills, because there's somebody who needs to talk to you and your voice needs to be heard. So don't count yourself out because you're not good on the phone. And then number two would be while you're practicing, find somebody else who would be good on the phones that they can teach you and figure out what you're lacking. That way you can educate while you're taking action.

**Joe:** Get a good mentor who's good at sales. I mean, if you're weak in something, find somebody who's good at it.



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**Beau:** Get some help, get help. Do it right away. Don't wait. Just keep moving forward a little bit at a time, because when the minute you stop in something, you're going to start moving backwards and forwards and backwards mentally and it's not going to be a good place. Let's keep always move forward, though.

**Joe:** Beau Hollis, thank you so much for having me, man. How can people reach you if they want to reach you?

**Beau:** They can get with me on Instagram at Beau Hollis. And that's a great place to start a new. Yes, yes, it's a great spot. So my Instagram is not all real estate. I have a big hobby of barbecue, so I do barbecue and real estate stuff. So I travel around barbecue restaurants and you can also get some real estate quick tips. So that's my life.

**Joe:** Beau Hollis@BEAU HOLLIS on the Instagram. All right, man, thank you so much for being on the show. Appreciate you. We'll talk to you, sir. See you guys later. Don't forget, if you want the mind map on all the notes, the transcripts and the links to this video, the links to the other videos and podcasts text the word bad to thirty-one, thirty-one thirty-one or go to JoeMcCall.com/bad. Text the word bad to thirty-one thirty-one thirty-one. And we'll see you guys later. Take care. Thanks again. Thanks, Joe.