Deals Gone Bad #11: How David Ounanian's Very First BRRRR Deal Went Bad – And Why He Didn't Give Up

Hosted by*:* Joe McCall
Guest: David Ounanian

Joe: Hey, what's going on? We're live this is Joe McCall, Real Estate Investing Mastery podcast. How's it going? Glad you guys are here. We've got a special podcast today. We are continuing our series called Deals Gone Bad. And we have a local St. Louis son who's a Cardinals fan in the house today on this podcast. His name is David O. I'll try to pronounce his last name, but I'm sorry I'd butcher it. Ounanian. I can see him nodding. No. Yeah, no, he's not. OK, I got it anyway. Guys, we're going to be talking about deals gone bad. This is number 11. And on this podcast series, you've heard me say before, smart people learn from their mistakes. Wise people learn from the mistakes of others.

Joe: And sometimes the best lesson that we can get when it comes to real estate investing, our mistakes are bad deals. We all have them. And if you don't have one yet, you've not done enough deals yet. You've not been in the business long enough. But what I so appreciate about these guests who have been on the show excuse me, my throat store, these are guys and ladies that have picked themselves up. They have rebounded. They didn't let defeat hold them down. They didn't let setbacks slow them down. They decided to persevere, to not quit, to not give up. And I respect so much more the people that have rebounded than people who have tried and failed and never picked themselves back up again. There's that famous and maybe while David is looking, I'll find that famous quote by Winston Churchill.

Joe: You know, it's not the ones who I'll come up with that that quote later. But, yeah, they've rebounded and they've come back up. Cool. All right. So as we've been going through this series, I've been collecting notes right now. They're in a mind map. Pretty soon they'll be in a PDF of all of the lessons learned from each of these episodes. And if you want to get the mind map or the notes, go to Joe McCall.com/bad, JoeMcCall.com/bad or just text the word bad to thirty-one thirty-one thirty-one and we'll send you all of the notes. And I'm probably gonna turn this into a book or something because these lessons are so good things that went wrong but couldn't, should have been better, could have been prevented and things like that. All right. So was there something else. Oh yeah.

Joe: Hey listen, we are broadcasting this live right now on YouTube and Facebook and Periscope, believe it or not, Periscope still around. And if I can find a way to get it on LinkedIn and Instagram, I would. But if you're watching this right now and there's a bunch of you on, if you're watching this right now on Facebook and YouTube, say hi, type something in the comments right now. Say hello. Tell us where you're from. Just give us a shout out as we go through this. If you have questions for David or me, type them in the comments and YouTube and Facebook and we can pop them up here and we can ask them. So I want this to be a live interactive type of podcast to answer your questions, get feedback from you all. Really, really appreciate it. OK, so good. I think we should bring Dave on now. Enough of me talking. How are you doing?

David: What's up Joe? How's it going man. So excited to be on long-Time listener First-Time Caller here.

Joe: That's weird man. That's an honor and quite an honor actually to have somebody say that to me on my podcast. Glad you're and you're in St. Louis and I love your hat. Go cards. They didn't have the best year, but they made it into the playoffs and the Cubs didn't win. So, I mean, what else could you ask for now? So, man, welcome to the show. And talk a little bit real quick about your history in real estate. How did you get started in the business?

David: Yeah, man. So like so many of us, I was raised to go to school and get a job working for somebody else. And so I went to college, I studied computer science, came out, got a software engineering job at a huge corporation, which I worked really hard for ten years, and I've stayed there for twelve years. But during that journey, I had a freaking wall and the first ten years of my career, I was getting promotion after promotion, after promotion. And every time I got a raise, I did what everybody else was doing and we went out and bought nicer things right. So my wife and I bought a bigger house. We bought new vehicles. We bought a lake house. We bought a boat. We bought a wave runner. And before I knew it, my paycheck was coming in on one day and the very next day, all of it was being spent to pay for all these bills, all these lifestyle upgrades. And that's when I realized I was absolutely trapped in the corporate rat race. And at 30 years old, the only retirement savings I had had was a 401K was basically guaranteed me that I was going to be working til I was fifty-nine and a half.

Joe: Isn't that crazy? That 401k, which is supposed to give you freedom, actually enslaves you to your job because you think people think that the only way they can retire is slaving at their job for another forty, fifty years before eventually maybe hopefully if the market cooperates they can retire. I'm not saying that foreign cars are bad, but sometimes it has an opposite effect of holding people back. But anyway, that's another story. Another topic. What were you working? What was your field?

David: I was a software engineer, so I did it company here in St. Louis. I remember the day very vividly when I got bit by the real estate investment bug. I was huge into fantasy sports and betting on football and all that stuff. So the only podcast I listened to at the time was completely fantasy football fantasy group stuff. A lot of them win the football game this Sunday and I would always lose, but I would keep coming back, keep coming back. And I remember sitting in my cubicle that day and it was like November, December. So it was getting dark at four thirty in the afternoon. And so I had just realized that I had spent my entire day, all of the daylight hours of that day sitting in a cubicle and I was like, this is miserable. And so I decided to open up my podcast app.

David: And I was like, well, maybe there's some way you can invest in real estate. I had actually gotten my real estate agent license on the side a few years before. This was about four years ago. Exactly. So I decided to search on podcast. Wonder if there's any podcast on real estate investing. And I found yours several others. And there's just like tons of information out there. And I just started just taking this stuff on like a firehose. I listen to hundreds and hundreds of podcast episodes, read tons of books, and just started becoming obsessed with learning how to invest in real estate and learning how to break free of this corporate rat race.

Joe: I'm sorry, man. You're talking about fantasy football. What happened to Tom Brady last week?

David: I don't know. But I saw his Facebook post and I thought he was turning it around.

Joe: But I thought, OK, this is a funny story, totally off topic. And last week I got four point eight, five points from Tom Brady. Those of you who don't care about fantasy football or anything, normally a quarterback gets you at least 30 points. Twenty-five points like the worst quarterbacks give you twenty-five points. OK, I got from Tom Brady. I'm looking at right now four point eight points. He passed for less than one hundred yards, four point four or five. I got four point four, five points. He passed four. I can't see it right now anyway. Oh, there it is. He passed for two hundred yards, three interceptions, no touchdowns, and he completed only fifty eight percent of his passes. All right. So this is the funny thing about this was I posted something on my Facebook the day of the game Monday morning, I think. Right, because he played Monday night and it looked like and it looked like a pro Trump post. Right.

Joe: And you had to click on the find out or more button to open expand. And when you when you opened expand the text of my Facebook comment on my post, it was really talking about Tom Brady and how what a turnaround he's making in Tampa Bay and what a great quarterback he is, you know, even though you may hate him and all that. Well, anyway, it was that evening after I posted that he had like the worst game of his career, one of the lowest points ever in fantasy football. He's one of the worst was the worst quarterback of the entire season that we completely bombed with Antonio Brown on his team. He didn't do squat either. So anyway, totally not related. But that was kind of funny.

David: That was funny. I copied and pasted that post that you made and sent it to my friends and they sent me back a picture of the scoreboard and I was like, oh, crap.

Joe: All right. So four years ago you got started in real estate. I know. I just lost half of everybody and now everybody's mad at me. That's all right. So you got interest in real estate. You got a real estate license, right?

David: Yeah. So that goes back a few years before this. So when I bought my first house, my realtor sucked so bad that I had to learn how to do everything myself. So I went on that transaction. I decided I'm going to go get my license. So that way I can help my friends and family avoid this crisis of having a terrible real estate agent. But I never really thought I'd have a career. It was just kind of a side gig for fun. Never thought about investing at all at this point, so just kind of had it.

Joe: All right. And then what kind of real estate did you start trying to do for on the investing side of things?

David: Yeah. So what I got really excited about was the concept of doing the BRRRR method. So that's buy, rehab, rent and refinance and then repeat that process. So being able to rinse and wash that same capital and build a large rental portfolio with very little money out of your own pocket. So I was really, really excited about that. I did a ton of research and like I said, hundreds of podcasts, dozens of books.

Joe: Let's just clarify what the strategy is. Just a little bit more. Buy it to rehabbed. You rent it, you refinance and you redo. Is that it? You repeat, you repeat the same process over and over again. So the idea is you find a cheap property that needs work and you buy it with somebody else's money, hard money, lender lending, maybe a private lender give for three to four months. That gives you time to fix it up, rent it out and then refinance it so you get all your money back and now you have a new loan in place and it should cash flow a couple hundred bucks a month, net cash flow. And you got to make sure you're covering for all of your expenses and stuff like that. Then you get your money back so then you can go do it again. And it's called the BRRRR Strategy. BRRRR. It's really popular in Bigger Pockets Circles, which is an awesome podcast, an awesome website. You guys should go check it out. Bigger pockets, dotcom. But I'm assuming that's kind of where you got inspired by the BRRRR strategy, right?

David: Right. Yeah. So you didn't need a ton of money to invest in real estate. You can do this method and be able to scale up really as fast as you can refinance these properties. So just to give you an example of some numbers, like if you're going to buy a property. For fifty thousand dollars, put twenty five thousand dollars into renovating it at that point, you want to hope that it's going to appraise for a hundred thousand dollars so that you can refinance at about seventy five percent of loan to value pull out the seventy five that you're into it for and then go on and do that again and again and again. And after that refinance with your mortgage payment, with all the expenses. We're still in that cash flowing a couple hundred dollars a month.

Joe: Yeah. It's a great strategy and we have some mutual friends that do it a lot in St. Louis. All right. So your bad deal, though, was one of these, right? Oh, yeah. And it was that your first deal ever?

David: My very first deal. Baptism by fire, right? Yeah. So I spent the better part of a year just in, like, analysis paralysis mode, like just researching as much as I could possibly do. Of course, I didn't know anybody that was investing in real estate. None of my family, none of my friends. And so there's very little support around me, basically. And originally, my wife was very much against taking some leap of faith into the real estate market and all this. But then after month, week after week after week, I'd be coming home from work and listening to these podcasts on the way home and the way there and telling her, oh, look at this great idea. We can do this, we can do that. So every night of her hearing this, over months and months, months, she was finally like you need to go out and buy your first deal. Like, stop talking about it. It's time to take some action. And so I went ahead and pulled the trigger. And that's when this nightmare started. This was a property that I found on Craigslist. It was listed by a wholesaler. And then only later did I find out from the tax records that it had been wholesale to the wholesaler. So I was like at the other end of a hot potato game and I landed on me and I got stuck with it.

Joe: So it's kind of like a daisy chain, right? So, yeah, one guy gets it under contract to buy it. Somebody else comes and says, hey, I'll bring you a beer, we'll split the fee or something like that. Or he adds his assignment fee on top. And so then by the time that it comes to the end buyer, there's two or three guys in the middle that all get a little bit keeps on bumping the price up. All right. So where was this property located, David?

David: Yeah, so this was kind of near the airport in an area called the St. Ann.

Joe: And not a bad area. It's kind of a class C area.

David: Yeah. So I was like, very careful to try to stay away from any war zones, any D class areas. And this kind of passed the test as like this is kind of a working-class area, pretty clean street. Everything looks good. The purchase price was forty-five thousand dollars. So that literally that example that I just gave you about the BRRRR, like this property was lining up to be exactly like that. What happened was so basically the wholesaler had said it'd take about twenty thousand dollars to you make this house rent ready. And so I had never estimated a rehab before. I actually bought a book on estimating rehabs. It's behind me. I read that book and basically I knew just enough to be dangerous. Right. I didn't have any real-world experience, nobody to help me, nobody mentor or coach me on this process. And so I was just taking what I was learning from podcasts and books and online courses and trying to implement this stuff on my own. And so I walked the property. I said, you know what, I'm going to pad this a little bit. I'm going to be ultra conservative. I'm going to say it's going to take about twenty-five grand to rehab this property, get it rent ready.

Joe: And the wholesaler said it was going to need about what?

David: Twenty K.

Joe: And you said, I'm going to pad it to twenty-five.

David: Yeah. And I asked him all kinds of questions too, like he actually sent me like kitchens that he had remodeled and bids from contractors and he was like really selling me on the fact that this was only going to cost twenty thousand dollars to renovate. Is this a hole that we both know, you know, I don't have time. Right. OK, I won't say his name, but I don't think I've ever talked to him after that first deal. He kind of radio silence on me. Yeah, I padded it. I said, I'm going to pad this thing. Twenty five percent right now. I'm going from twenty to twenty-five and thought I was going to be safe with it. Well at the end of the day it ended up being a fifty-thousand-dollar rehab just to get rid of it. And so this thing came crashing down real quick.

David: And I remember very vividly like the day that I closed on the house, I was very excited. My wife and I were on the front porch talking about what we were going to what colors we were going to paint the house and all the stuff and kind of celebrating our win. And the mailman comes up in, the mailman says, you didn't just buy this house, did you? And I said, yes, I did. And it goes, you know what happened here? And I was like, no. He's like, well, the son killed himself right in this room right over here. And I'm like, oh, my God. Like, what in the world did I get into? And so that that was the start of like this just downward spiral.

Joe: OK, to be fair, though, and this sounds crass, people die all the time inside of a house. I know that wasn't the big deal.

David: No, it's not something that you actually even have to disclose to anybody. So it really, really isn't that big of a deal. It's just emotionally at the time we were on this high of got our first property and. And like here comes the beginning of bad news for the next six months.

Joe: So you bought this thing just looking at my numbers and my notes here, you bought it for forty five. Yeah. You thought it would need about twenty-five grand in rehab. And what did you think it was going to be worth fixed up.

David: I thought it'd be worth about one hundred thousand.

Joe: OK, so just similar what we were actually talking about which would give you enough equity if it all worked out that you could refinance it and get your money, you use your own money to buy it, or did you get hard money?

David: Yes. This was one of the biggest or one of the mistakes I made. So I used all of my own money. So my wife and I had, like, literally our life savings. Every single dollar got sucked into this property. And by the end of it, I didn't know how I was going to pay for something if something else was going to go wrong. So that's when it got really, really stressful. Put a ton of stress on my marriage. It was just a really bad place because nobody knew what was going to be the outcome of this thing and literally could be setting me back financially a decade or more when I'm trying to get to freedom and not be stuck in this job anymore.

Joe: OK, so writing these notes down here, talk about the repairs that needed to be done. Then how did you know. Yeah, like twenty five wasn't going to be enough?

David: Yeah. So I mean surprises just started coming up. So I actually got this property inspected. So I had been a normal real estate agent. So I knew how to write contracts. I knew how to open escrow at the title company. I knew how to hire an inspector to inspect the property. So I felt pretty good about all this stuff. The problem was when we inspected the property, it didn't have any power, the water wasn't on, so there wasn't a ton of stuff we could actually look at. And this house was really dark on the inside. So we really had to have like a flashlight to see anything even on the upstairs during a sunny day. But some of the problems that came up, probably the worst of it was the foundation. And so it had a finished basement. And I remember the day that I was down in the basement, the contractors took down the paneling and like literally like, hey, man, there's all kinds of like water and cracks behind this. Paneling in the basement. Yeah. Do something about it.

David: So I came over there, had a foundation guy come with me and he was giving me the worst news on the planet that day. He's like, this whole wall has to be redone, like it's going to cost twenty, twenty-five thousand dollars because we've got to take a forklift, lift up the house, take this wall out and build a whole new brand-new wall. And when he left that day, I usually not a very emotional guy. I mean, I cried when my dog died, but that day I thought, man, I was down on my knees just thinking, like, what in the world did I do with this property? And I called a buddy of mine and I was just telling them, like the bad news. And he's like, dude, you need to get three bids, you get three bids. And so I got another bid. And that bid was only for ten thousand dollars to fix the wall. And then I got a third bid and that there was only five thousand dollars to fix this wall.

David: So then I was like, OK, I can I can stomach a five grand on the on the on this foundation wall and be able to give a nice warranty to my end buyer because at that point it turned into we just got to sell this and try to get as much of our money back. And this isn't going to be a BRRRR deal. This isn't going to be a rental that I'm holding on to. And this is going to be a fix and flip basically some of the other problems that we found like no water when we inspected it. So, of course, all of the plumbing in the house is completely shot.

Joe: Back to the foundations. Do you think if you would have had a better inspector or could any inspector been able to see the problems with the foundation walls on this property?

David: You couldn't because they had finished the basement. And so unless somebody is going to take the paneling down off the wall, you would have never known what was behind there. And it was below grade on the outside of the house.

Joe: So you couldn't handle it wasn't wet. It wasn't wet. Yeah. OK, so pretty much that I mean, you got a fix for five grand.

David: Yeah. So they put in some i-beams, epoxy all the cracks and basically made it good.

Joe: Which isn't really the big thing. I know it's a big deal for you and your first deal, but a normal house renovation in St. Louis, it's not that big of a deal to have to fix foundations. And that's a good lesson to learn there, people, because people many times, things like termites, bad foundations, mold, they scare people. Right. But that shouldn't scare you as an investor if you've got it budgeted for those kinds of repairs, because those are easy things to fix. Foundations are actually it's real common concrete cracks. No. One, you got to understand that right now, a lot of basements leak water. It's not that big of a deal. And when you can get it fixed, you can usually if you got a good reputable contractor that doesn't get a lifetime warranty, that's transferable. And a lot of times it does not hurt depending on how bad the problem is. But it doesn't hurt the sale of the house, the resale of it, when you can fix things like that, foundations, termites or mold, because those things are easy to fix. But you weren't expecting it, David. And that first guy who told you it was going to be outrageous? Yeah, it's always. Yeah. I'm glad you got some other bids on that. All right.

David: Yeah. So more problems that came up. The whole sewer lateral was shot. So I had forgone a sewer camera inspection, which I will never do again after that. So that's when they take. A camera and they run it through the sewer pipe that goes underneath the foundation of the house all the way out under the yard into the street where it ties into the sewer main. They take that camera to make sure that pipe is intact and your plumbing is good exiting the house. So on this particular property, all of it was clay pipe, all of it was collapsed. There was going to be no flowing of sewage through the sewer lateral. And to replace this thing, you've got to jack up the entire basement floor. And it's literally the pipe is three to four feet under your basement floor. They dig it up, lay new pipe, get rid of all the debris, pour new concrete back down there. And that was another major surprise.

Joe: Which is another common problem with houses that old in this part of St. Louis. Right. But how much did it cost to fix that?

David: That was like eight or nine thousand. And that was after getting a couple of bids as well. So that was a big, big surprise.

Joe: Eight or nine thousand. How much would the inspection, a sewer lateral inspection have cost?

David: One hundred and fifty dollars that I thought I was saving. One hundred fifty dollars. Again, I get it. All right. So never do that again. Of course, my inspector knew that we needed to raise the service wire for the electric. But then when we turned the power on, we also needed a new panel and we needed a lot of work done with the outlets. A lot of them weren't grounded. A lot of them weren't connected properly. So I had a lot of electric work basically on the electric work going into this property, too, which was another surprise when we sold the property. The buyer had their inspector call out some problems with the roof. So we had to do some patching, some repairing on the roof and then tuck pointing on the chimney, which I didn't realize was going to be a very expensive repair. Tuck pointing seems to be more expensive than you would think. It could cost a couple of thousand dollars to fix a chimney and point it the inspector mess that as well.

David: Or did he just say it wasn't as big of a deal as, you know, he kind of called it out and I didn't really think it was going to be a big deal. I didn't even think I didn't even fix it. So I obviously thought it was going to pass the buyer's sniff test as well. But I was wrong on that. And then one of the other big surprises was on the occupancy inspection. So when you're selling a property or when you're renting it out, you have to get here in St. Louis. You have to get the local municipality to inspect it to provide clear occupancy. And they can usually call out some smaller things like, hey, what's this handrail to the stairwell this way? Or put some smoke detectors and carbon monoxide detectors in the property? Well, little did I know that they had just passed a new code there that said any house that is sold has to have a paved driveway. And so this one had a gravel driveway.

David: And so there's every other house on the street, had a gravel driveway, mind you. So this was not going through my mind at all that we're going to have to pour a bunch of concrete here. And so, you know, it's a this is a big driveway, too, like this is two cars with. And so I decide that we're going to try to get away with this little driveway pouring as possible. So we went to the city with our plans for the driveway, and it was like a single car just going to basically the front of the house. And it was like the week after Christmas when we were doing this. So like the regular building permit approval or inspector wasn't in the office, was like somebody else was signing off for him and he just stamped his approval on this driveway. So we ended up getting out of it with like a five thousand dollar driveway when in reality it probably could have cost like 12 or 15. So then by the time we had this driveway poured, basically made the other half of the gravel driveway, we turn that we put landscaping rock on it and planted bushes in there to make it look like it was I was just landscaping over here. It's not a parking area.

David: And so by the time we had all this done, the regular building inspector was back in the office, back from vacation. And so he comes out and he says, oh, no, this is not this is not passing at all. But he goes, this is a driveway over here. This needs concrete. And he goes, you only pulled the driveway to the front of the building line. Our code requires you to pour the driveway to the back of the building line. And I was like, you've got to be kidding me. And so luckily, I just fought this tooth and nail and I was like, here's the document that you guys approved and stamped these plans. And finally, after a lot of back and forth, I ended up getting, you know, awarded a past occupancy inspector without having to do that. But that was another part that was like extremely stressful going back and forth with them on.

Joe: So where were you getting the money to do the rehab from? Did you? Was it your own savings?

David: Yeah, it's my own my own personal savings. Like, literally every dollar went into this house.

Joe: So anything else?

David: No, no. Luckily, we got to the end with like a couple grand to spare. And it was like, please, you know, fingers crossed, please. No more. Please. I don't know how we would have done it, we would have had to start racking up credit card bills and it would have got real, real ugly.

Joe: All right. So at the end of the day, how much are you in on it? You bought it for forty-five.

David: Yeah. So forty five. Fifty K rehab. And then we've got holding costs. You've got realtor commissions. I was well over. I want to say one hundred one hundred thousand into this property, maybe around one or four, one, two five. And then it sat on the market for about two months. I had to offer a buyer's agent bonus to be able to get this thing sold in the U.S. in January. Sounds like, right. Yeah, I got listed in January and then it went under contract and sold in March, April timeframe.

Joe: What did you sell it for?

David: The sale price was ninety-six five. But I had to give them, I had to do a lot of repairs that included in that fifty and then I had to give them some credits as well. So a few thousand in credits. So all in all it was like a loss of five to ten thousand dollars.

Joe: Which I mean if you were all in it for one hundred and five and you sold it for ninety-six and you still had commissions and all of that, you lost fifteen thousand.

David: Well the one of six is with the commissions. The one of five is with the commissions. Yeah. And that's with like an agent bonus too. I think I had to throw in like a fifteen-hundred-dollar bonus commission for that buying agent to get somebody to write on this thing.

Joe: So your first deal, did you stay married through it?

David: Still married. Yes. Yeah. You survived it, which was a big test.

Joe: Good for you. All right. Let's talk about some lessons learned. What would you have done differently if you had to do this all over again?

David: Yeah, so I would have got some help from somebody that knew how to do to invest in real estate. You know, I was an agent myself, but I had no investment experience. So an investor friendly agent would have been so helpful to be like point out all of these things that I just didn't see at the time or have like a mentor or a coach or somebody just come with me to the property to look at it before I wrote a contract or look at it during the due diligence period. That would have saved me a ton of heartache and stress during this whole thing.

Joe: Had an investor friendly agent and mentor or coach. Good. What else would you have done different?

David: I wouldn't have used my all of my own money, so I would have got a loan and I would have had my own money there in case of an emergency. So if I got the loan for the twenty five K rehab, then when that rehab goes double and gets up to fifty can I can tap into my emergency funds.

Joe: Do you think if you would have gotten a hard money loan they would have lent the money on the deal?

David: I think they would have, a lot of them will just drive by the property. A lot of them don't even go in the property. They're just kind of look at some pictures and they probably would have bought the twenty K rehab, the number that the wholesaler was throwing out there. So on paper and looking at the pictures, I mean, this thing made sense to most people, I think.

Joe: OK, all right. So you wouldn't have used your own money. What else? What else would you have done different?

David: Yeah. So I wouldn't have used my own money. So now every property that I buy, I have a rehab calculator rehab estimated that I use. And so this has made my life so much easier because it's got literally every line item of a possible repair that could come up in the house. And so now for every property that I buy, I'm going line by line. Doesn't need this. Does it need this? Does it need this? And so rarely do I have these huge surprises that I had on this house. When you're walking around in a house and you're just jotting down a couple of things that you think need to be done, you miss things all the time, especially if you're there with the seller or somebody else is with you. You get distracted, you don't see everything. So I take pictures and now I'm going through my checklist, making sure I make sure every single line item could be covered with my repair estimate.

Joe: Where did you get that repair estimate?

David: I built it in Excel. And I'd be willing to give it to your listeners, Joe.

Joe: You would? Do you have a website for people can get it or can I can I include it in my notes?

David: Yeah, I'll drop the link to you. It's MyAgentInvestor.com/cashflow.

Joe: MyAgentInvestor.com/cashflow. Nice. And that's where people can get the rehab. I'm writing this down. The rehab estimator.

David: The coolest thing in there is the rehab estimate or database. You'll get an Excel file. It's got all of my calculators in there actually. So from fixing flips by and holds the BRRRR method, the repair estimate or so everything's in one spreadsheet, you can use it on your phone, do it on your laptop. It's really easy to use and helps me evaluate and analyze every deal that I buy.

Joe: Nice. And this is a calculator you built yourself. Yep. Cool. All right. What other lessons learned? What do you would you have done different then?

David: So a couple of them we've already talked about get multiple bids, multiple bids. I learn that lesson and get a sewer lateral inspection. Yep. Get your sewer lateral inspected with a camera. Oh. Another learned how to work with contractors on this so. One thing that you will find out is it's hard to find a good contractor, everybody's looking for these cheap contractors that do high quality work. It's almost like they don't even exist. To give you an idea of the process I had to go through to find somebody to rehab. This property is I probably called like 15 to 20 different contractors, like call them, said, told them about the house, try to set up appointment to meet me there. And I think I set 10 appointments to meet contractors at this property. And I think, like, only seven of them or so showed up to meet me at the property when they said they were going to show up and meet me at the property. And then out of that seven, I only got bids from three of them. But two of those two of those bids that came back, one was really high. The two were decent bid. So I was able to find two good contractors out of this deal. So I use one of them on that house and then I use the next one on the next property end up purchasing.

Joe: Well, so you did purchase another property after this? You didn't quit and give up.

David: Yeah, that's actually probably the biggest lesson out of this. Glad you mentioned that. So listening to podcasts like yours and so many others, you hear these stories of people failing and then getting themselves back up. And it's really inspiring. And so one of the things is like everybody's afraid that they're going to lose when they when they do a real estate investment deal. Right. You're afraid. You're fearful. I tended to leverage that fear. So I was actually more afraid of not succeeding in real estate than I was afraid of failing in that one particular deal. Because if I didn't succeed in real estate, I was going to have to go back to the cubicle for the next 30 years of my life, which seemed like a life sentence to me. And so I was more scared of having to go back to that than it was like failing in this deal or failing in the next deal. So I just made a commitment that I was going to figure it out. And I even told my wife at one point during this process, sounds like if we let go homeless and I'm like on the side of the highway with a cardboard sign, my sign still going to say we buy houses like I am committed to buying houses and getting out of this mess. I know real estate is the vehicle. I just got to get better at it.

Joe: I found the quote, it's not the critic who counts, not the man who points out how the strong man stumbles or where the doer of deeds could have done them better. The credit belongs to the man who was actually in the arena, whose face is marred by dust and sweat and blood, who strives valiantly, who airs, who comes short again and again because there is no effort without error and shortcoming.

Joe: But who does actually strive to do the deeds? Who knows great enthusiasms, the great devotions, who spends himself in a worthy cause? Who at the best knows in the end the triumph of high achievement, and who at the worst, if he fails, at least fails while daring greatly so that his place shall never be with those cold and timid souls who neither know victory nor defeat.

Joe: Bam! That's awesome, man.

David: You'll have to read that slower to get the full.

Joe: Yeah. Where'd you get that from. It's a famous quote that I've seen for a long, long time and I just Googled it. If you Google Roosevelt, the man in the arena, that's cool. The man in the arena. Cool. So then what are you doing now these days, David? You're a realtor, you're doing your own deals, but you also help people find deals, too?

David: Yeah, I'm an agent and an investor. So on the investment side, we're pretty small operation. It's just my wife and I and an assistant. So we got about 14, 15 rental properties. My assistant does all the property management. She's basically like the property runner for us and my wife designs all of the rehabs, manages the contractors, all that stuff. And then on the agent side, we have a team called My Agent Investor, and we only focus on helping investors. And so I believe the new financial advisors are actually expert real estate agents that can give you advice on purchasing investment real estate. So most realtors will sell you a liability like the house that you're living in. We're going to sell you an asset that puts money in your bank account every single month. And so that's how we look at it. We have all the tools at our disposal that an investor does. So we really know how to speak and get our clients the investment properties that they're looking for.

Joe: And your website is MyAgentInvestor.com, is that right?

David: That's our website. You can follow me on social media.

David: Agent David O. On Instagram. We're on Facebook, Instagram, Facebook.

Joe: So again, on Facebook or Instagram.

David: Agent Davido.

Joe: Oh, I'm going to write this down on the banner here, Agent David O. and look at that. Is that it? OK, nice Agent Davido and your website is MyAgentInvestor.com.

David: And if you want the calculator is MyAgentInvestor.com/cashflow.

Joe: All right. How does that look right there. My agent investor dot com slash cash flow. Perfect. That's it, David. Really good man. So you've picked yourself back up. Your wife is a trooper. Give her a nice big hug for us. Pat her on the back tell her she's a trooper, but you stuck with it, you didn't quit, you went back at it, and now you have for, on your own 14 properties that you've done the strategy on, is that right? You've bought it, rented it rehab. Yeah.

David: Yeah. Actually, we're getting we're starting to we're kind of maxed out where we're at on the BRRRR strategy now. We're going back and paying off properties, which is really cool to be able to own something free and clear and just get all the more cash flow from it.

Joe: Yeah. So your properties are cash flowing, is that right? Your properties are cash flowing and you're paying them off.

David: Oh yeah. Yeah, yeah. So when I got to ten units, each unit was cash only about three hundred dollars a month after all of your expenses and with seventy five percent leverage on it financing. So that enabled me and my corporate job just having that income coming in. Now most people think three thousand dollars a month isn't that much, but a lot of that is tax free because we're depreciating properties. And so that three thousand, which might be what is in math, thirty-six thousand a year, really feels like sixty or seventy thousand dollars at the end of the day.

Joe: Well, that's true. And then you manage your own properties as well. So you save some money there. Nice. Good for you man. And you're paying them off. And so pretty soon you'll have them free and clear.

David: Yeah. Yeah. That's the goal is to pay them off and continue to do a few BRRRRs but have a majority of the portfolio paid off.

Joe: Good for you David. That's awesome. And I'm looking at your spreadsheets here. That looks really cool. Your website, MyAgentInvestor.com. We help busy professionals invest in real estate. I love that. And your calculators here, you have the rental cash flow calculator, the br cash flow calculator, rehab estimated in the fix and flip calculator. And they can get that for free at MyAgentInvestor.com/cashflow Cool. Thanks, man. I appreciate anything else you want to say. Let me just ask you this. What was your biggest lesson learned that you want to share with people listening to this? Maybe somebody is new, maybe somebody in the middle of a bad deal right now. Like what would you say to people?

David: Just don't give up, just commit and you got to commit. You got to go all out and you got to say, this is what I'm going to do and I've got to figure out how to do it. And it's through the perseverance and the persistence that will get to that end goal. So just don't give up.

Joe: Good man. Well said. David, thank you so much. I appreciate you being on the show.

David: Yeah, it's been awesome. Thanks for having me. I appreciate it.

Joe: Hey, guys, don't forget we gave you a lot of notes and links and things like that. If you want to get the notes and everything, go to JoeMcCall.com/bad or text the word bad to thirty-one thirty-one thirty-one. You can get all of David's spreadsheets and stuff like that. Calculators at MyAgentInvestor.com/cashflow. Thanks for being on the show, David. We'll see you later, man. Thanks. Bye bye, everybody.