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1070 – Don't Let Your Failures Define You – Lessons Learned From One Of My Worst Deals

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What's up, what's up? Hey, Joe, here, REI In Your Car real estate investing mastery podcast. Glad you're here! I'm actually in my car right now driving back home from a couple of video shoots.

Now I'm not one of those guys that you know, has people follow him around with a camera like some social media influencer or something like that. But I hired a friend of mine and we just did some videos and I'm doing some videos for content for my YouTube channel and also for some ads to create ads to invite people to watch a webinar, attend a class or get a book or something like that. And the first video I did, I think I did a podcast recently. After me, after I did it talking about it, it was I went to a property.

My first wholesale deal made about 13 14 grand on it. The small little town, about an hour outside of St. Louis and went to go see the house for the first time is crazy. Thirteen years ago, I did my first wholesale deal, never saw the house. We sold it within a day. I bought it for sixty three, sold it for 79. Made all kinds of mistakes on the deal, but still made money on it. It's fun story. I went to go see the house and videoed me at the house, so you might see it on my YouTube channel soon or maybe in one of my ads. But today I went and did some videos on the first house that I ever did a lease option on, which is pretty cool. There's actually a house that I lived in. We moved and we did a lease option on it. And this is one of the reasons why I love lease options so much on this lease option house.

We had a tenant buyer in there. He had a young family, husband and wife, couple of kids, and unfortunately they were there for a couple of years and then they got divorced. So the wife left, but the husband stayed there for another five years. So for seven years, they never bought the house. But for seven years, guys, as a lease option, I never got one phone call to fix anything. The tenant just fixed it all himself, in fact, when I got the House back, it was in better condition after he left and then it was when I, when we moved away from it, was in better condition. And also he never missed a mortgage payment or rent rent payment. He never missed one. Over seven years. He was late a couple of times and it was usually just because he forgot. But yeah, man, so cool.

After having this horrible experience of being a landlord by accident on a property that we lived in, my wife and I bought a house. We lived in it for about 10 months, and then the company I was working for said,



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Hey, we want you to go to California for two years. So we just rented our house out with a property management company. It was a nightmare. The tenants, called every week, practically felt like with something that was broken that we needed to fix. I got tired of paying a plumber \$50 an hour to replace something that I could do in like 10 minutes. And then the property management company, which is a hassle to deal with, and the tenants were late every single month. So it was a hassle. And I remember leaving that experience. This was two thousand and one thinking, I'm never going to own rental property. Landlords is for the birds. Never, never, never. Never want to do that again.

Fast forward a few years I read a book. I heard somebody recommend a book to me called The Secrets of a Millionaire Landlord. I think it's I'm sure it's out of print, but he had a chapter in there talking about lease options. And so a few years later, we bought another house and we rapidly outgrew it. As we started getting more and more kids, we thought, Well, we don't want to sell it, we don't want to rent it out and be a landlord. What if we did a lease option on it? And so we did. And yeah, that tenant buyer lived there for seven years. Never called us once to fix anything. He just fixed it himself and was never, never missed a mortgage payment or a rent payment. Cool. Well, he moved out and we got another tenant buyer in there and they were a little more difficult. But they actually did a bunch of work to fix the house up and make it even nicer. They were late a lot and we did have to finally evict them, and that's when we decided it had been about, what, 12, 13 years and we decided, No, let's just sell it. So we did, and we made about one hundred and seventy thousand dollars profit on this house. Amazing, huh? One hundred and seventy thousand dollars profit. Well, awesome.

So I did another video here's what I wanted to talk about. I did another video after that one about my first big failure in business, in life, maybe in business. I may have had a lot of failures, but this is one of the biggest, most humiliating ones because after he moved out of that house, he moved into another home, a much bigger house, much bigger than we could probably afford at the time. But you know, this is when it was easy to get mortgages if you could fog a mirror. We knew it was going to be a stretch, but yeah, you know what? We've got this. We can handle it. Not a big deal. And it wasn't actually we it was me. It was saying that my wife was just along for the ride. So in some ways, but trusted me to take care of it and trusted me that I knew what I was doing with this house. And I remember her questioning me thinking, Can we really afford this house? And so anyway, it was it was a house that was out of our league. We should never have moved into it. And we eventually later on a couple of after a couple of years of being in there lost it to foreclosure. We actually had to did a short sale on it, but it's just as bad. I mean, it was on our credit for seven years. I had to wait seven years before it was removed from our credit, but that was started the process probably 2009, 10, 11 or so, where it was kind of the dark, low point of my life, of my



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business because I had a bunch of properties and I lost them all except for two of them to foreclosures or short sales.

We did add them back to the owners. I had done a lot of subject 2s. I had a lot of private money. I'll tell you this, though. I've paid back all of my private lenders. I never walked away from a single private lender. I paid all of my private lenders back with interest, made them whole and all of the properties that I bought subject to. I never missed a seller's mortgage payment, but consequently, because of that, I got behind on our own mortgage payments and this house, this beautiful house that we were going to live in forever. That was the house that I lost to foreclosure. Sad story. I got a lot of really awesome memories there, but some bad ones too, like coming home from something late at night on a Friday night and the all the electricity was turned off. We couldn't get in the house because we couldn't open the garage door opener and then we had to break in the window and use candles for lights. And I'm telling the kids, you know, Hey, we're going to go camping inside the house tonight, and we made it fun. But man, I couldn't pay the electric bill, the stinking electric bill, and then we had to wait until Monday. To turn it back on because they were closed and they couldn't send somebody there to the meter and oh my gosh.

I remember one time my wife was was pregnant. I don't know why I'm telling you all this, but it's embarrassing. But this is the way it is, and I have a point in telling you all of this as well, OK? My point is God can turn your mess into a message. Who do you like that? Got that from church? God can turn your mess into a message. Well, you know, my wife was pregnant. She got a knock on the door from the sheriff, and the sheriff was delivering a foreclosure notice from the bank. And my wife had only known about the problems that I was in because I had all these rental properties and I was trying to keep them from foreclosure and trying to pay off my private lenders and refinance. And, you know, it was just a disaster. But she didn't know we were behind on our mortgage payment until we had missed two months. And then I had to tell her, Yeah, we were two or two months behind, and if we don't make the next payment, then we're going to be three months behind, which initiates the short sale, foreclosure proceedings or whatever.

So, yeah, man, I was a mess. I was a disaster. I was an idiot. And just trying to fix these problems, digging myself in a debate, deeper and deeper hole. I was hiding, burying my head in the sand or at the same time, trying to fix it without letting anybody know, and none of our neighbors knew. So it was somebody you can relate to. I'm just wondering here, if you're listening to this, can any of you relate? And I think you can. Some of you at least one of you maybe can relate. But here's the thing is because of all of that, that my back was fighting against the wall and I said, doggone it, that's enough. That's enough, right? And I was at this point to where I bought a lot of houses, but I bought them all wrong and I wanted to learn wholesaling.



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And I was trying to because I needed to make an easier way to make quick cash, fast cash, right? And I wanted to do wholesaling, but I was stuck in analysis paralysis. I was buying course after course after course and thinking that somebody had some secret magic pill that, you know, if I just bought one more course, if I just I'll take what this guy does and this guy does and this lady teaches and all kind of combine it and and then I'll learn how to do that. I'll do it or whatever.

Well, big mistake, because I was as a professional student for two or three years, a lot of you have heard me tell the story. So I finally got to a point where I said, All right, that's enough. I'm going to actually just do what I'm learning here. I'm going to stop learning and start doing. They're frustrated with spending more money on education than I was making. So it was at this point where my back really was against the wall, and that was what pushed it for me. You know, it was embarrassing, was humiliating. I felt like I was living, bleeding, letting my family down, our friends, our neighbors, everybody who knew us. And it was devastating to me. And so I said, All right, I'm going to do it.

And then it was shortly after that that I really turned it around with God's help, and my wife's help started really actually doing deals, wholesaling, making cash that we could actually pay the bills with. You know what I mean? So anyway, one more thing I want to tell you, then I'm done here. Don't let your failures define you. Why did you guys we all have failures in places that we've things that we've done to messed up screwed up. And if you don't have any failures yet, just wait, just wait because they're coming. We all have failures. We all have make big mistakes, big, ugly, messy mistakes. And it's sad. You know, it's been embarrassing to talk about. I don't like talking about it. You know, I've I've done other episodes talking about the the taxes, the tax problems that I have. And this was one of the things that precipitated the huge IRS tax debts that I had that I paid off. But here's the thing I look back at that and and. It's many times it's not the successes that defines a man, it's the rebounds that define a man or a woman. It's the failures, but the getting back up and rebounding the boomerang right where you fall, you hit the ground, but you bounce back up.

You never quit. Give up. You try again. And failure is not an option for me. That's what happened. I hit rock bottom and I didn't quit. I didn't give up. I refused to give up. And I said, let's make lemonade out of these lemons or whatever. But I learned some valid important principles of business and I learned how to stay out of bad deals. I learned how that the profit is made when you buy a deal, not when you sell it. And I did not buy this property right. I was way overleveraged. I learned the importance of staying out of debt and having multiple exit strategies and always looking at the worst case scenario and having a contingencies for worst case scenarios that make sense. So, yeah, if you have failures in your past or maybe you're in the middle of a failure right now, OK, don't give up. Don't get too discouraged. It's hard. It's not easy. You



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know, I look back at my faith in God helped me in tremendously my my awesome, amazing loving wife stuck through with me and didn't quit and give up on me. Yeah. So I'm super blessed, super grateful looking back at these disasters of mistakes and failures that I had. I thank God you still had mercy on me. You know, you still helped me through looking back at this and thinking, man, that mess turned into a message.

Now I can help other people avoid the same mistakes I've made. I can help other people who maybe have been through these things and let them know that there is still hope you can get out of that. You can look back and not be, yeah, just don't beat yourself up. Don't look back and be so discouraged. You know what I'm saying? Don't let other people to find you by your past failures. Don't define yourself by your past failures. Things are going to get better. Take from what you did in the past. Learn from it. Build on it. Become a stronger, better.

I hope that makes sense. Doesn't sound too cliché. Yeah, I think it's important that you look back. Remember kind of where you came from, where you are now, and if you're in the valley, just what's that song? If you're going through hell, keep on going. Don't stop. Oh man, that's the one of the the the models of my life, right? If you're going through hell, don't stop. All right.

That's all I wanted to say. OK. Don't let your failures define you. All right, guys, I'll see you later. God bless. Take care, everybody, bye.