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1083 – Make a Decision Today to Get Out of Debt

Hosted by: *Joe McCall*

Hey, good morning, Joe, here. REI in your car, I hope you're doing well.

It is Tuesday morning right now, as I'm recording this, I'm leaving the gym, I actually left the gym a long time ago, but then I just had breakfast with the friend that I work out with. Steve, what's up Steve if you're listening to this. He just downloaded Spotify so he could subscribe to my podcast. So maybe he'll be listening to this. I don't know. But really good breakfast with Steve. Steve's a good friend from my church, and I'd say for the last four months, maybe I've been working out with him and some friends from church every morning, six days a week at five a.m. except on Saturdays. We get to sleep in and meet at six a.m. It's been a lot of fun. It's been hard, but it's been fun. And it's it's just easier when you're hanging out with friends and laughing, you know, at five a.m., cracking stupid jokes with each other makes it easier to work out.

But Steve has given me some pretty cool advice that I want to talk to you guys about and see what you think about it. And I don't know if this is going to make sense or not, but I'm doing my best to kind of tell you just what's going on in my little head here as I'm driving home. But you know, we all are in, you know, you're listening to this podcast about real estate investing because you want to make money and you want to do deals and you want to learn how to profit from real estate. Maybe you want to learn about the latest and greatest things that are working, you know, and you listen to the interviews and case studies that we do with clients and friends that are killing it and doing a lot of deals and you want to learn what they're doing. So you can do it too. And while we're all in this too, you know, we kind of want to make money, right? We want to quit our job. We want to find financial freedom, which is awesome. But one of the things that Steve, because I have a point in bringing all this up, Steve told me the other day said, Hey, you know, you should do an ad that says, Hey, you want to get rich in real estate? That's awesome. But first, you need to get out of debt like you need to. It's something that you know we don't like to talk about, and maybe some of you right now are already turning me off, but you're like, Yeah, Joe, here we go. Dave Ramsey talk. You know this whole Dave Ramsey versus Robert Kiyosaki or Dave Ramsey versus what's his name? Grant Grant Cardone like? Yeah, but here's the thing it's important. And I started thinking about it, and I kind of take it for granted how important it is to be debt free and to get out of debt and stay out of debt. And that is one of the most important foundational fundamental keys to finding financial freedom.



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Now I understand there is a place for using leverage to buy real estate. OK, but all right, we can we can save that argument for another day. I think I would rather have 10 free and clear rental homes than a 100 leveraged rental homes because at the end of the day, when you own 10, house is free and clear. I can sleep a lot better at night and you know, yeah, a spreadsheet will always tell you what you want it to say, right? But a spreadsheet will you know you can never beat the numbers. If you look at it on a spreadsheet, you know, using leverage to buy 100 homes is always going to win. The end of the day, with owning 10 homes free and clear. But that's that's if everything goes according to plan. Everything goes according to what's in the spreadsheet and nothing goes wrong. So, you know, everybody's in a different place. I get it. But the further we get away from what happened during the Great Recession in 2007 and eight, I think a lot of people are forgetting the trauma. You know, I almost lost everything from the crash and it was because I was in a lot of debt. I was overleveraged on my homes. I was counting on appreciation. And I wasn't counting on the fundamentals of like cash flow and reserves, having money in the bank, the little debt. So I didn't know I never met anybody during the crash. And there's probably never been anybody, ever who has gone into bankruptcy or foreclosure or had a short sale or, you know, gotten arrested from the FBI for doing a Ponzi scheme. There's probably never been anybody that's done that. Who is debt free? But do you know anybody who has gone through the humiliation of bankruptcy who was debt free? I mean, obviously no, right? Well. All right. There's a place for but let's let's just keep this focused in on personal consumer debt.

All right. Let's talk about student loans. Let's talk about credit cards. Let's talk about car loans, right? I think that can kill you. That might not kill you, but like that can really kill your momentum and can kill a business. So if you want to get rich in real estate and you want to quit your job, I would say this and I submit this humbly. I would say before you quit your job, like you need to pay off your consumer debts, right? And you need to start thinking about taking the profits from your deals and using them to pay off your consumer debts and maybe even your house and your student loans and your car loans before you quit your job. I mean, you think about you do one deal a month, that's five grand a month, right? And let's say net after marketing, you're making four grand. And that's, I think, pretty conservative, right? You're making four grand on a deal. And what in the OK for your in taxes? So you net net, net net three grand on a deal? All right. What if you just put that three grand into paying off your debts to pay off? You know, and I'm thinking about the reason I'm talking about this is because I'm thinking, I need to spend more time on this podcast talking about these simple, fundamental things and how it can help people, because this does relate to real estate. This is a real estate investing mastery podcast, not the Financial Mastery podcast, but like, you've got to understand these simple, fundamental things like getting out of debt and like profit first, right? Where you every dollar that comes in, you need to make sure you're setting aside some money for Uncle Sam, so you avoid the five hundred and twenty thousand dollar federal tax lien. That's if hits your name and



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you don't know what I'm talking about. I did a podcast, I don't know six months ago about how we just paid off \$520,000 federal U.S. federal tax lien.

So anyway, I think that if all you talk about is real estate investing and like how to get rich in real estate, but you don't have the basics figured out, you're going to be in a world of hurt. And you know, when I quit my job, I was making good money, but I wasn't in a financial place where I was ready to actually support a family, and I had three or four kids at the time. And so, you know, just really I had to really buckle down and work extra hard. It was way harder than I thought it would be to quit my job and actually do real estate full time way back in 2009. But I learned from my mistakes, right? But this is the point I want to make. It's one thing to want to get rich in real estate and learned of the tactics and strategies for flipping deals and learn how to do marketing and how to make offers and how to talk to sellers and how to sell your deals. And that's all cool, right? But if you're overwhelmed with debt and you're not paying your taxes, if you're not setting aside money for things like higher health insurance costs, when you do quit your job, you're really going to struggle. But here's the cool thing too. OK? Listen to this. Let's say you didn't have any consumer debt and then all you had was a mortgage payment. Maybe you're right and you're working to pay your house off. Like, why not? Why not pay it off in 15 years? Who says you have to pay it off in 30 years? Would it be nice not to have a mortgage payment every stinking month? Oh my gosh. So here's the point. If you didn't have any debt, you could live really, really comfortably on just five or \$10000 a month. I mean, like, you can live very, very comfortably, very wealthy on five or 10 grand a month. So that's 60 to 120 grand a year. Guys, that's just like one deal a month. That's that's like nothing, maybe two deals a month if you want to live really, really nice. So you see how much it's so much easier to build a simple business where you're just doing one or two deals a month, you're meeting all of your needs, you're saving for and investing in retirement and all of that. You're building a portfolio of debt free, free and clear cash flowing real estate. OK? You just got to do it. You have to make the decision. And this is one of the things Steve was telling me this morning. You've got to just make the decision that you're going to get out of debt. You've got to make the decision that you're going to start saving for the taxman. You're going to start setting aside money, you're going to start cherry picking your best deals and taking them down. And OK, maybe you get financing, but you pay them off in five years, but you've got to make that decision today to start getting out of debt because if you think that it's OK to be in a ton of debt, you're going to have to work so much harder to find financial freedom.

I know this sounds pretty basic and obvious, but I hope I'm striking a chord with some of you all because again, just doing one or two deals a month and I don't want to be braggadocious or whatever, right? But like, I can do that in my sleep one or two deals a month, that's nothing right? We just did a vacant land deal in North Carolina. Five acres bought it for 11 grand, sold it for twenty six. All right. You want to know my involvement in that deal? Zero. The only involvement I had wasn't zero. Maybe it was point one. Zero point



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five hours half an hour, but maybe a little more. But I helped my son. My son was the one who kind of took the leads as they came in and listened to the voicemails put the lead into freedom. Soft sent the offers and followed up. So we follow up. We send three offers to every seller that responds to any of our direct mail for vacant land, right? But I had zero involvement in this deal. And we net we netted with about fourteen thousand eight hundred dollars or something like that. Not bad. OK, well, here's the thing you could do one of those a month easy one a month. And if you didn't have any debt, if you weren't spending four hundred five hundred dollars a month for that car payment, \$2000 a month for your house payment, I don't know five hundred dollars a month for student loans, but a credit card payment. If you're making minimum credit card payments, maybe you're doing one hundred and fifty two hundred dollars a month if you total all that up. Guys, you're talking about like four or five grand a month that you could be spending on stupid consumer debt that if you didn't have, you could quit your job way ahead of schedule. You could quit your job. Maybe, you know, this year instead of five years from now, if you got your spending, you're budgeting your debt under control.

All right. So I know I'm preaching to the choir. I'm not teaching you anything new or, you know, awesome and exciting. I just was kind of excited after having breakfast with Steve, a simple guy. He he we call him Captain Captain America, just because he's he's just a big guy. But he was. He tells the story to our how he's talked about this at church in front of everybody, so I can talk about it. But him and his wife got into a lot of debt and they just made the decision. They were going to get out of it and they had to sacrifice and they worked really hard. You know, he said to me, he didn't change their lifestyle that much, but they had a pretty simple lifestyle to begin with. But they got out of debt. It took them a couple of years, but they were able to do it. They made some. They admit some stupid financial decisions, but who hasn't? So guys, I don't want you to make any more stupid financial decisions you've already made them in the past. It's time to move on. Pick up the pieces and decide today that you're going to get your financial house in order. You're going to learn this real estate stuff. You're going to take the profits from your deals, you're going to use them to pay off debt and then you're going to learn and get comfortable with doing one or two deals a month. And you're going to realize, man, you know what? I don't need a huge staff of 20 virtual assistants to do this. I could do this with just me and one other person, and you can do one or two deals a month. And if you don't have any consumer debt, you can live very, very comfortably and it's super easy. Don't think it's all awesome because you hear these stories of guys doing 20 deals a month or having million dollar a year businesses. But what they don't talk about is all of the expenses and overhead that goes with that. What they don't talk about is the stress, the sleepless night. Nights, the long hours, the bigger your business, the bigger the profits, the the the bigger the problems. You're going to have to pay more in taxes, you're going to have to manage more people and you're going to have to you have more liability, more risk. But if you keep it small, you can keep it all. And you can have a real simple business, just maybe one or two virtual assistants. Maybe your spouse can help you and you can do this from then anywhere in the world. You



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know, maybe you have a really, really simple lifestyle. You could live out of an RV. You may only need to make three or four grand a month to live comfortably. You can be traveling around the country. You can be traveling around Europe, South America full time and live. Very nice do that. You can do these deals from your laptop, from anywhere in the world, I'm telling you.

Start thinking bigger, start thinking bigger. And I'm not talking about. Start thinking about making 100 grand a month. I'm thinking about making five or ten grand a month. Debt free is simple lifestyle, but living very, very comfortably. That's thinking big for me. All right, so I'm out of here. Listen, if you want, I've got a book called REI Secrets and you can get it for free. Just pay a little bit of shipping and handling. And REI Secrets is a compilation of these kinds of REI in your car podcast, where I share marketing secrets and tips and tactics, and all these cool things that you can actually start implementing in your business. So if you're interested and you want that book for free, go to REI Secrets dot com REI Secrets dot com.

Go check it out and we'll see you later. Thanks, everybody.