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1124 – The Seller Financing Legend - Mitch Stephen

Hosted by: *Joe McCall*

Guest: *Mitch Stephen*

Joe: Welcome. This is the Real Estate Investing Mastery Podcast. Hey, what's going on, guys, Joe McCall here at the Real Estate Investing Mastery podcast, I have a special guest. His name is Mitch Stephen, and he is here in the house. He is the legend for seller financing, raising private money, doing a lot of deals. I mean, a lot of deals. There's very few people in our industry that have done more deals and Mitch Stephen. And so he is here on the podcast, and I'm going to be asking him a lot of questions about, you know, if he had to start all over again, what would he do if he were to give advice to somebody who is just getting started in the real estate investing game? What advice would you give them if he had to make \$5000 in like two weeks? What would he do? And I think it's going to be a great podcast because this is a gentleman who has had tons and tons of experience in the business. Does has been around for a long time, and it's just a great all around guy. Listen, this is the truth. I know a lot of friends that know Mitch Stephen, and they have all said only nice things about him. He's got a great reputation in the industry and he's our guest today. So I'm so excited to have him here. But first couple of things. If you're watching this right now on YouTube and Facebook, say, hi, say something in the comments and say hello. Down below, I'd really, really appreciate it. And also, if you're listening to this and the audio version of the podcast, welcome, I sure appreciate you guys listening to the audio podcast. I've been doing this podcast through the audio side of things for over 11 years now. Over 1100 episodes, over 10 million downloads, maybe over 11 million downloads. Wouldn't that be sound nice right now with all the 11s? But I couldn't have done it without you guys, and I really, really appreciate you sticking around and listening to this jingling for as long as you have. I appreciate you guys.

Joe: All right. So one more thing I wanted to tell you this podcast is brought to you by the Joe McCall signature edition of Freedom Soft. What you've not heard of that? What are you crazy? Listen, do you hate money? No Freedom Soft is a CRM that I've been using for years and years and years. And before, when when Preston started it way back, I think it was twenty nine or something. Now Rob Swanson owns it. He's a friend of mine, and he has done some amazing things to freedom soft to make it better, faster. Just, it's amazing. And there's some of the things that are coming out in the next few weeks. It's going to blow you away is, in my opinion, in my humble, correct opinion, the best CRM for real estate investors, especially wholesalers. I use it for lease options for wholesaling houses and land. I really highly recommend you check out the Joe McCall signature edition of Freedom Soft



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at hundreds of leads dot com, hundreds of leads dot com that is a place where you can watch a little webinar that I did with Rob Swanson about a year ago, and there's been a lot of updates since I need to update that webinar, but in this video, we're going to show you how we literally can get hundreds of leads in minutes using freedom software. So go check it out hundreds of leads dot com and you want to make sure you have the Joe McCall signature edition of it. Because there's a lot of customizations that I've added into it. My contracts, my workflow, automations, my marketing pieces, my templates, websites and things like that. So you want to go check it out. Hundreds of leads dot com. All right, before I bring Mitch, I just want to make sure you guys are good. We got some quick comments here from Caroline. Hi, Caroline. Salvador, what's going on? How are you doing? And one more comment here from Aaron. Good morning, man. Glad you guys are here. All right. Let's bring Mitch on, Mitch.

Mitch: That was a heck of an introduction. I need it. I need my game to match what everything you said good about me.

Joe: Well, thank you for being here, and it's an honor to have you here, Mitch. You're in Texas, 1000 houses dot com. I need to get a thousand thousands of leads dot com because that's what I need to get.

Mitch: There you go. 1000 leads dot com.

Joe: I'm just doing minor minor leagues. You're in the major leagues. Thousand houses dot com. You've written some great books. Oh, I should have brought it with me. I have your private money book.

Mitch: I just happened to have it.

Joe: I just I was just looking at it. Where was it? Do you have it with you?

Mitch: I do. Here you go. I'll save you the trouble.

Joe: You know what? It's all. I have a stack of mail right on my stairs. Right there. Yeah. Great book. I just picked it up. Got it in the mail the other day. You've written a lot of really good books. Talk about some of your books that you've written, Mitch.

Mitch: Well, the first one I wrote, I never intended to write, I had a tragedy happen. I was journaling. Somebody got their hands on my twelve hundred pages of grief therapy and turned it into a book My Life in a Thousand Houses, failing forward to Financial Freedom,



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which is really the story about how a dumb ass learned to buy 100 houses a year for twenty five years in a row and counting. So I did that. That changed my life because I had no idea what being the author even meant. It would never crossed my radar to be an author. Just when I happened to become one by accident. If that sounds kind of crazy, I realize the power of it. And everyone was asking like, How in the hell do you find so many houses? My thought, I don't know. Let me just list the 20 or 30 ways that I do it. Well, I started digging into how I found all these houses ends up. There's like over 200 ways, so I wrote my life in a thousand houses, two hundred plus ways to find bargain properties. Just to answer to everyone who was asking. They were just pounding me with How in the hell are you buying? Is going to like, I don't know. But let me go, find out, you know? And then I wrote the book I really wanted to write, which became my the strategy. I love the strategy because it was so niche and it was so not being done by anybody and everybody out there needed a seller find it at home because there was millions of people that didn't have enough credit or didn't have couldn't check the boxes to get a traditional loan. And I wrote my life in a thousand houses the art of owner financing.

Joe: That's my favorite book right there.

Mitch: You buying houses with OPM, not having a penny in them and then a seller financing it for double picking up a down payment of 10 percent or more is what I choose. I'm averaging almost 15 percent now and then creating a cash flow where you're not, you're not a landlord, you're the mortgage company, you're the bank. So when the air conditioner breaks, it's still your money. It doesn't have to transfer over to the air conditioner man in the hot water heater breaks. Don't call me because I'm you're just making your payment to me. I sell all my houses on 10 percent 30 year fixed mortgages. If you have a down payment that I agree with, and if I like you and I'm an underwriter of the whole deal and I can sell broken houses, I can sell a house with a hole the size of a dining room table in the roof, and I can finance the house and the hole to the man who says, I'll take that house. We agree on a price. We agree on a down payment. And he goes to work to fix his own house that he's making payments on. Perhaps one of the most stunning strategy I ever stumbled in on because I didn't invent anything. I just stumbled into all this stuff. And then my eyes kind of open up said, Holy shit, that's that's cool. Was buy it, don't fix it. Owner financing for double and watch the guy make a new payments. Just increase the living tar out of your collateral. With every nail he puts in, every, every nail he drives, every board he installs everything. He does watch that happen. And then if they walk away or if you want to sell your note, it's almost like a snap of a finger to solve the problem because they took this house from broken so habitable, if not beautiful. And it's just an amazing strategy. Buy it, don't fix it, owner finance it and watch the person making payments go over. Budget fixing up your collateral? Yeah. Yeah, it goes overbudget, right?



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Joe: Well yeah, make other people do it. You're using OPM's money, OPM, other people's money. But also you can use OPW, other people's work to fix.

Mitch: I've heard that before. That's beautiful. OPW, you know, then I wrote a couple of other books that are kind of niche, but you know there was a how to stop Texas property foreclosure tax in less than an hour. But that was really a book that I wrote to give to people that were behind in their property taxes. And so we're trying to help them accomplish their goals. And then when obviously nine out of 10 of them can't solve the problem because the problem requires ten or fifteen thousand dollars they don't have, then maybe they'll sell me the house.

Joe: Yeah. Let's talk about OPM a little bit more, you. What are some of your favorite ways to buy houses? I understand you can sell them on owner financing. How are you buying them?

Mitch: I always buy with private money. Almost 100 percent, except for times when I have to buy with my own money because there's so much pressure on it that I got a close tomorrow, like tomorrow, tomorrow, I'll go grab my money, but then immediately we're going out replacing my money with private money in the private moneys like 15 years fully amortized eight percent collateral, only non-recourse and remarkable. Now, anyway. I have \$26 million of that that I make payments to on the first and how I can sleep is it's non-recourse. Collateral only money. I mean, the worst thing that can happen to me. Every deal stands on its own and I have 20 houses with one private lender. If one of them went sideways, I could choose to just hand him the deed that one house of the 20. But I've never handed a house that to anyone in my career ever, because the day that I started handing houses back to doctors, even though the house is worth a hundred thousand more than he has loaned me, he's not a freak. To him, this is a problem. You know, he can do brain surgery, but he can't figure out how to list the house with a realtor and make one hundred grand extra.

Joe: Yeah, talk about some of your buying criteria. Then what is a typical deal that you get to a private lender?

Mitch: Let me finish, though. The reason why. The only reason I do collateral only non-recourse is not that I don't believe in the system or that I'm worried. I'm just in it for catastrophic, for catastrophic something that you're not going to stop and I'm not going to stop and no one's going to stop. You know, Kim Jong dumb ass drops a nuclear bomb in downtown San Antonio, where he activates a 20 year, 20 mile radius. That's not my downfall. So don't be taking my storage is that I spent 30 years trying to build, you know that I can live off for the



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rest of my life. I'm not putting that up for risk for something that's not my fault. And when you sign that guarantee with the banks, you're signing for things that you've got no business signing for. You're talking about the axis of the rotation of the Earth is off just a little bit and one day we're going to burn up. It's not my problem. I didn't cause that meteor hits us. I don't know. Terrorism acts of war, you know, I don't want to lose my shit that I took decades to build over something I have no control over. And that's my sense. And that's why I pay eight percent. You want to share in the catastrophic downside risk with me. I'll pay you a premium. I can go. The banks are begging me right now to change that. Twenty six million over two to four percent from eight percent to four percent on twenty six million. Just do the math on a on a 15 year am. What does four percent save you? It is a crap load of money. Yeah, but you know, I'm to the point where if you can't live off one hundred or a hundred and fifty or two hundred thousand dollars a month, just call it a day, just go shoot yourself. You know what I mean? Because I so I don't need to risk to make more.

Joe: That's very fascinating. I've not heard anybody put it that way before you know it because you could go get bank money, but they're going to require your soul. They're going to force you to sign your whole life away and take on all of this risk. You would rather pay an in private investor double the interest rate when you can protect yourself.

Mitch: Catastrophic risk to non-recourse collateral only loan I have, and I tell my private lenders every single day the new ones, when they're coming on board. Right before we're doing the first deal, we got the papers on the table and they're getting ready to sign. I said, OK, put that pen back down for a second. I need you to hear me look at me in that I need you to understand this. I have to write every day of my life. If you give me this loan every day, this loan exists. I have two rights and if I exercise either one of them, I am a man of my word and a man of integrity. One is I can pay is agreed to. I can walk you the deed to this house and it's within the rules. Any day I want. So if you don't like that collateral, don't make this loan. And so that's the rule I have. But you know, my my promise to my private lenders is if I ever don't want to or can't make the payment, you'll never have to sue me or foreclose on me. I will walk the deed to your house. Signed, sealed, delivered so I can be a man of my word.

Joe: Yeah. Well, you're also only giving them good deals to lend on, right?

Mitch: Well, I never let them in over sixty five percent. I average in the three hundred mortgages I'm collecting right now. I average fifty 58 percent LTV, so my private lender is in at fifty eight percent on the average. And if I want to buy a house for 70 cents on the dollar, then I



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got to bring five percent myself because I need to leave enough margin for my private lenders. If something goes awry, I need them to be able to sleep at night too.

Joe: So let me ask you a technical question. Then let's say just round numbers. A house is worth 100 grand fixed up, but it needs 20 grand and work, so it's worth 80 grand, as is, I guess.

Mitch: Sixty five percent of that.

Joe: So you only borrow 65 percent of the 80 grand or sixty five percent of the hundred grand.

Mitch: OK, so another way to look at it, it's worth one hundred grand. If it's ready to go, then I'll pay sixty five thousand sixty five percent. If it needs work, I got to subtract the rehab money off the sixty five thousand, OK, these 20 grand, I'm only going to pay forty five, right?

Joe: And you're not doing any of the work yourself either, are you?

Mitch: Absolutely not. Yeah, I learned that lesson a long time ago.

Joe: You're putting a retail buyer over an owner occupant in the house with owner financing, and they're going to do the rehab, right?

Mitch: Not always. Well, that's another misconception people have. They think that I never fixed the house because of that buy. Buy don't fix it owner finance strategy. But what happens is, say I have 15 houses for sale. My crew can only work on, you know, got it up. Finally, so he can be working on about three or four houses at a time if they're not all monstrous rehabs. You know what I mean? That means there's another 11 houses that are just sitting in line waiting for rehab. So I put them up with the buy don't fix method at a different price. I'm not going to fix this house right now because I can't get to it. So it's up for sale, as is for a reduced price. And then half of those houses, half of those 11 will be gone before they finish those four and move to the next four. So it's about 50 percent, just the way it works out. You have to keep a crew busy. So I will never not do a rehab because when you need a rehab crew, you need one and it's no time to go out and try to find one. I have my rehab crew with me for 12 years. We have retirement plans together. I make sure they get one or two houses that I really don't want, but they know how to fix. Every year. I make sure they get it because we said we're going to retire in another 10 years. We need you need to be able to retire with us.



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- Joe:** Yeah, alright good. Let's talk about I want to ask about two or three main questions I want to ask you. If you were to talk to yourself back when you got started 30 years ago or whatever it is now, right? What would you tell yourself back then when you were just getting started?
- Mitch:** I would slap myself so hard, I would grab myself by the collar. I would pull myself in and put my nose to my nose, and I would say, Listen, you idiot, you can show up inside your head. Shut the hell up. Get with people that are doing it, hate real people that are doing it, and you'll figure out how it's done and you can. I was so frickin blocked up with my limited beliefs. It took me years to break through some of the simpler stuff. And when it would happen, it would be completely on accident. And I finally go, Well, look, I just bought a house with no money. Holy shit, you can do that. Holy cow. And then the floodgates would open. You know, I could buy the whole town now. But I was so dumb, and education doesn't end at high school or college. Whatever the case may be, if you had to go to college, education does not end this matter of fact. The way that they're teaching us right now, your education begins the day that you get out. You know, you had this little bullshit class for like four years in high school, and now you get on the real world. This is where everything you learn counts. Everything, everything counts. Now, you know, you don't pay a traffic ticket. You learn what what the consequences are. You don't, you know, you go out, you paint out, color the outside the line. You you learn what that cost and how bad it hurts. You know, you stay in the lines. You know, you, you, you make promises you can't keep. You figure out how painful that is. And if you have any dignity, you go out and cry because your name has been smudged and you never want to do that again. In fact, one of the reasons it took me so long to make it was I would fail at a business and I would owe people money. And I wouldn't start the next business until I went and did my bartending job until I paid them all back. And even trying to pay back just a measly ten thousand dollars working at a bartending job takes a long time.
- Joe:** Sure. Sure. So you would you would shake yourself and said, and you would say
- Mitch:** You can. You absolutely can.
- Joe:** All right. So you would get you would get your younger self to believe that you could do it, then what would you tell him?
- Mitch:** It's like psycho cybernetics or figure out how this brain works because you actually you actually brainwash yourself into whatever it is you want to do? You trick your brain into believing that it can actually work, and there's ways to do it. You just mind, you know, a good con man will mind screw you to get you thinking how he wants. You got a mind.



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Screw yourself to get yourself in a position to get where you want to go. I mean, literally mind, screw yourself. I a man once told me that he was a prisoner of war. I asked him how he survived, that they were beating him every morning. They were starving him just enough, you know, just enough to keep him alive for years. I said, How did you survive that? He said the human body is the most adaptable thing in the world, and if you give it just enough water and just enough protein, this if you can keep this, if you can keep control of this right here, it will figure every frickin thing out and your body will figure it out. You will do it. And the only thing I was really good at early on or that God, maybe I was blessed with this talent I learned to recognize when the revelations were true to me, I would grab a hold of them and I would not let them go. The revelation that my body could fix everything, that it would figure everything out as long as the line didn't go, so that if you got just enough water and just enough protein, and if your mind didn't go, I at the time was employed. I had been employed for a long time. I was. I was a worker and people were not paying me when I was worth. I was about 28 years old. I could not make over \$14 an hour in the 70s or 80s. Then I got fed up with it. And when that man said that to me, I said, You know what? I think he's right. I think that my mind will figure anything out. I just got it back my ass up in a corner. So far that it has to figure it out. So I one day within about an hour of contemplating I took having a job off the table because I figured, what is the chances? I'm not going to get enough clean water in San Antonio, Texas? Zero. What are the chances? I'm not going to get enough protein? Zero. So I got to back my ass up into a corner, not to take a job and I got sick. He was having to keep control of this fight to keep from going insane. I just had to keep control of it. To keep from saying yes to a job. I'm hungry. I need a job. I needed to turn, make sure that I had enough control of my mind that it would not take a job. And guess what happened? This body figured it all out, and I learned to make \$15 an hour, \$25 an hour, fifty eight hundred dollars an hour on some years, you know? But because I had a revelation that the man was right, and then I latched on to it and then I implemented the best. I knew how and what I was afraid of was what was I going to do if I didn't have a job? Well, I thought, Well, I'm not going to starve and I'm not going to die, and no one's beating me every morning. Certainly, I'll figure it out. I can. I can. I will. How? I don't know. It scares the shit out of me. I don't know, but I can and I will, and I've been in the corner and I did.

Joe: It's so important to get the right mindset. Geez, I mean, I wish it was. I wish it wasn't that way. I wish it was just a technique that you can use or a little marketing trick that you could switch on and off. But it's it is in your head and that's fascinating.

Mitch: Well, let's start, there is techniques you can watch yourself talk. I mean, listen to how you talk to yourself, the person you listen to a thousand times more than you listen to anybody else a million times more. The conversation you have with the person the most is you. It's



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you inside your head. You got to watch what you say. You don't say it. You're a dumb ass. You never say that to yourself. You say, All right, Mitch, you didn't make the best decision on that one. You do much better next time. We know better now we're going to go for it. We're going to be much better now. Going to hit you, degrade yourself. Never. Yeah, OK, good. Let's talk about the celebrity cycle cybernetics talks about. That sounds like a big, complicated name. It's not. It's just how the mind works. There's a there's a reason why propaganda works. You know, they pound you with misinformation. They change your reality of what you think you live in. It's not true, but they can change it because the message is hitting you so many times. There's a reason why Hanoi Jane was on the speaker twenty four hours a day at the prison P.O.W. camps, telling you that you're a piece of shit because if you listen to your a piece of shit long enough, you'll feel like a piece of shit. No. So flip it, flip the tables. If that works in a negative way, turn it around and get not only accept positive feed. Watch how that works. Nice.

Joe: Yeah. So how old were you when you started doing deals? Started getting into real estate?

Mitch: I was old man. I was thirty four years old before I found my butt with both hands. I had tried everything. People said, How did you get into real estate? I said it was the last thing. If it didn't work, I was going to go shoot myself. There was nothing else left. I tried everything. Selling cars, selling copy someone. Life insurance, you name it. I had mine. I had a lot of business. I worked hard. I worked very hard. I just couldn't find myself.

Joe: And what year is that when you got started?

Mitch: The other thing was, at twenty two, I look like I was 15. Really? Which was very difficult. I had my real estate license at 18, who wanted to buy a house from a guy that looked like he was 12.

Joe: I get it. I get it. All right. So what year was that when you got started?

Mitch: Nineteen ninety six is when I went full time that year I did. It was March of nineteen ninety six. When I quit my job, I had thirty five thousand dollars in the bank from a condo that I bought, that I moved into the living two that I bought from a seller who financed it. To me, it was a one bedroom efficiency. I bought another condo down the way because it seemed like a good deal and it was a two bedroom. And if I rented it out, I could actually get paid fifty bucks to own these two places. And then I learned about people that didn't pay their rent and tore my houses up. OK, so then I sold them, I got them cleaned up and then I sold them because I was. I don't want her landlord and I put thirty five, forty thousand dollars in the bank. It was more than I've ever seen. I recognize that that's how much I made in a



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year. And I wonder, how did how do I do this again? And then I met that guy who had that revelation. Don't take a job. I knew I had at least one year of income coming in if I just delivered it out the way that I normally spend my money. When I had a job and I did forty five houses the first year I bought it. Seller financed it and sold the note back in the day. You could buy the house at the closing. Sell it five minutes later on a seller finance note at the same table and then sell the note in the next five minutes. So the note buyer before. For the first payment was even made. And you could make fifteen twenty twenty five thousand dollars a house. Wow. And I did it hundreds of times in a row. Nice. I bought my first house on credit cards because in this town of San Antonio, behind me in nineteen ninety six houses were in the lesser parts of town eight thousand ten thousand twelve thousand fifteen thousand sixteen thousand. Give me time this card and turn on this card. I'm on a house with the rehab. I went out and applied for seventy five credit cards because I read a book called I was continuing my education with things that interested me. I read a book called Nothing Down by Robert Allen. He never said, Buy houses with your credit cards. But I got from him that kind of thinking, and I recognize that if you had a good credit score and you applied for a card, they would just give it to you. Back in the day, they didn't try to figure out how many cards you had or how much unsecured credit you money you could get your hands on. They just you had a good credit, they gave you the card. So I applied for 75 cards in two weeks and got fifty five of them. Five cards. Yeah, I could. I could get like four hundred and fifty thousand dollars on my kitchen table cash if I wanted to take me about three weeks because, you know you got to, well, I could do it and then I could. I went to Mexico and lived a great life, but I don't. I don't want to live like that. I don't want to win the game like that. I want to win the game fair and square. Yeah, yeah. I started on almost cost me the horse to make a long story short, but my wife caught me. I was going out to get the mail every morning and I owe to two hundred and fifty to three hundred and fifty thousand dollars in credit cards, but I had eight hundred thousand dollars worth of free and clear houses and I didn't have time to explain that to her because it had taken me five years to get the balls and the confidence and the knowledge to go put three hundred and fifty thousand dollars on a credit card. I was. She wasn't going to learn it in a week and I needed to do it now. The collapse was now it was all happening now, and I just knew that conversation would not go over well. So I just did not ask permission and I went and did it. I almost got divorced over it.

Joe: But but you didn't. I didn't. You're still married to her. Thirty one years for you.

Mitch: You know, she she required that we had a funny little side. She required. We go to court for counseling, marriage counseling. The guy's name was. I don't know if I should say he's probably dead by now. Dr. Love. No shit. His name was Dr. Love. He was a marriage counselor. He'd been divorced three times. So we went there and halfway through the



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conversation when she told her side of the story how I was gambling with credit cards, and I told him my side of the story that it was zero percent credit cards. I was buying houses of 50 cents on the dollar, and it was not a guess I had cops unless something changed in the next 60 days drastically. These houses were worth double what I had in them and I knew how to sell them anyways. I switched to him and he wanted to loan me private money at some point. He stopped counseling me and I started counseling him on his crappy finances, and we shifted roles quietly in front of my wife. And when my wife caught on, I was telling him about finances that he was about to loan me a hundred grand. She walked out of the session. So this is bullshit because the guy was saying, I want to invest with you.

Joe: God bless your wife for putting up with you.

Mitch: Well, she said, I said, Look, let me make this simple. You're accusing me of gambling with your money in your life, your livelihood. And I'm not. I know exactly what those houses are worth, and I'm going to put it. But since you think it's gambling, I'll put it in terms that your terms. We're at a poker table. We're playing five card draw. I got I need two cards from the dealer and I got two hundred and fifty thousand on the table and you're walking away before I get my two cards. It makes no sense. Walk away from me when I lose the game. I have not lost yet and I won the game's big time. I won big, big, big, big.

Joe: It would be funny someday to hear her side of this story.

Mitch: Well, I wrote it and I wrote it in this book, and we had a lot of problems because, you know, she was um, and women typically. And I'm not generalizing across the board, but typically are nest builders, you know, they want security, they want a nest. Her father died when she was eight. Her mother died when she was twenty one. Two men had defected from her and left her with two children that she took care of by herself. I mean, she spent her whole life just trying to hold it together, and here I was out here doing these foolish things. Then a lot of people had comments like, you sure you want to publish this book? Is your wife OK with this? I take it to the book says, Hey, they want to know if you're all right with these chapters where we talk about these disagreements we've had and how it was, she goes, I don't like it, but it's the truth. So let it stand. Wow.

Joe: OK, good. Good. Let me ask you some questions because you get started in 1996. You've seen at least two different major up and down market cycles. What do you talk about them? A little bit. The first one.

Mitch: Well, there's three. The first two a recession and probably the most durable in the period. The most durable businesses I know are the rent, the rental business, the rent houses.



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People got to have a place to live no matter what, where we are in the role of the economy and seller financing because people will always want. To own their own home, no matter where they are, I mean, there's renting home and then better than renting a home as owning a home. Yeah. The most durable, independent those are those. Both of those are durable during the bad time. The most dependable is the seller financing, because when the money comes in, I'm the bank and I don't have to ever give it back to that. So the for the maintenance. So, for example, you might as a landlord, you could click the domain on one month and say you got a five hundred dollar positive, so you got five hundred dollars in your bank account. Well, then next month you do it again. So now you've got a thousand dollars in your bank account, but you still don't know if you can spend it really, because the next month you do it again and now you've got \$500 in your bank account. But the air conditioner breaks and you had to give all that money to the air conditioner. That's what I don't like about the rentals is you can't count on the money. You don't know whom you can count on. The money isn't going to come in at the end of the month because they really don't have any stake in the game. When you're a seller finance strategy, I pick up 10, 15, 20, 30000 down here during the during COVID was a whole different thing and no one knew. I know I could survive the recessions because I have survived two and actually a boom in the recession because the banks close. I'm using private money to buy these houses at half price during the recession. The key is I don't need a bank because banks closed in the recession, so I'm buying a house a day in the two thousand. Around 2010 2011, I'm buying a house a day. And the coolest thing is my buyer doesn't need a bank to buy my house because I'm financing him. No banks in this thing. So I'm in a recession, a boom. Now, COVID, we didn't know. But guess what? We had less than one percent foreclosure rate before COVID, and we had a less than one percent foreclosure rate during COVID. And guess what? We did 10 or 15 percent down, and they were the owner. Then what are owners? Do research chair houses down and move out? Owners fix houses up and stay. They had put in fences, gates, garage doors, garage door openers, landscaping pools, porches, sidewalks. You know, they've done all these improvements, even added a room put on a new roof so they weren't just invested the down payment of, say, just pick a low down payment. Tim Grant, they had another 10 grand and improvements, and then the house. They'd had the house for two years before COVID hit. And now the house was worth another 20 grand more than that. So now they got 40 grand that they would have to walk away from if they walked away. And they know this stuff. Yeah, yeah. Not 80 grand. I would have been happy to take anybody's house back because I would have made a lot more money. I don't want to take people's houses. Get me straight. I'm not going to take houses away from people business, sure. But I had to have taken all those houses. I would have been happy because I would have made \$2 million extra.



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Joe: Yeah, perfect makes sense. All right. We only got about 10 minutes. Mitch, I want to ask you some questions about what you see coming ahead in this current market that we're in your season, investor. You've been there, done that. I know you're not worried about it, but what are you looking ahead in the next year?

Mitch: I do worry about it. I do worry about it in certain aspects. One is there's some bigger, you know, as you get bigger into the business, you can take on different, bigger projects and you can borrow more money. I mean, people will only \$3 million now like that if I want to build a commercial building or a storage or whatever. But like I'm saying, this isn't the time to borrow money. You're putting much debt free right now. If anything, keep paying off your debt, especially any note you think that could hurt you like too big or that what's backing it up is not recession proof because something's coming. It's always been that way, Joe, but it just feels so ominous right now. Like, I didn't know the other recessions were coming, but but there's always a recession coming, you know what I mean? Because that's the nature of the business. It goes like this. You know, you got 10 years good and then you got five years bad, then you got 10 years good and then you got five years bad. Well, now what's coming? You can actually smell it. I mean, I can. So shit, this shit can't go on the way. It is forever. I mean, they're just propping everything up with strings and duct tape. So I'm reducing debt. I'm making sure that I have that, that what I'm invested in, I feel like is recession-proof, which means affordable housing. The day that a mobile home and land, or a little one hundred square foot house to build a three bedroom, two bath house is worth nothing. Then we'll be picking up guns and going somewhere in your money was worth nothing a long time ago.

Joe: Yeah, we'll be in much deeper trouble.

Mitch: Yes, much deeper trouble. I'm in semi truck parking. No. Why is that recession-proof? Well, these trucks, if they're rolling, that's good. They have money. They got a park overnight. They've got to go, have take a shower, eat and talk to their wife, and then they get back in their truck. The morning they make that run to Laredo and back, and they do it every day. But if truck stop rolling because of a crunch or something bad happens, they still they're not going to throw those trucks away. They're going to park them in a park and pay me rent 100 bucks a month for a spot. So I thought, that's good. You know, I'm looking at this thing. What happens when the shit hits the fan? What kind of business is I am? Am I in luxury businesses? Man caves. Am I financing man caves to people aren't so sure about that. I think that might be the first thing to go. Am I financing luxury apartments or condos or luxury houses? If I am, I want to pay those off right away.



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Joe: Yeah, that's really good advice. You would tell an investor, Hey, listen, maybe now's not the right time to buy and fix and flip this luxury rehab.

Mitch: That's what I would say. I would. I mean, unless you got a buyer before you buy it that you're sure of and projects you know you want to build a mini storage or something right now, you better have your products delivered on the ground in a warehouse. Every single nut bolt, everything before you start, because the last thing you want to do is get halfway through a million dollar project and have a supply chain problem. There's people like builders or even starting the job, so they have all the windows, all the, you know, there's certain things they've got to have in the warehouse for their house, so they're not going to start. Yeah, my personal thing is I started a commercial building that I'm building for myself. It was old building that we gutted and we're going to redo was finally just said we're not even going to. We try, we're trying to do the job, but every time we turned around, we're getting stopped. And this was during COVID. About a year ago. We just finally said, we're in a warehouse. We're not doing. We're not hiring one more contractor till everything needed to complete. This job is in the warehouse, every single piece that we could think of. We put it in a warehouse and we started seven things up and started rolling.

Joe: All right. A couple more minutes, Mitch. I want to ask you something here. If you were to take a rookie off the street on the jobless unemployment line and he had to make or she had to make \$5000 in a couple of weeks. What would you tell him or her to do?

Mitch: I would have to brainwash them to the fact that it does not take money to make money. Complete bullshit. If you if it took money to make money, then neither you nor I would probably be here. And everyone I know in this business, none of with rare exceptions and the people I have known that that had money that went out to go make money. They lost it all and then they had to start all over from zero. So what I what I would tell you is your professional deal finder contract writer upor that doesn't take any money might take some expertize. One is you got to know the product that you're trying to find a deal on. If you're trying to find deals on Corvettes, then you better know back Corvettes backwards and forwards. Just get a contract to buy once that you got five days to buy it for half price and then go to someone who was looking for that kind of Corvette and sell it to him for a little bit of a markup. Give him a great deal and you make your \$5000, you know, and it has to be a high enough ticket product that you can make some decent strikes. In the beginning, a decent strike is three or \$5000 to us as you get more seasoned, a decent strike as 10 or 15 as you become a pro. A decent strike is 40 or 50 or 100 or a million when you become Donald Trump. A strike is 10 million.

Joe: Yeah, OK, so you would tell somebody to go find find a buyer who's looking for a house



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- Mitch:** I'd deal on something for half price that's worth, you know, when you get a high ticket item, houses, land, mobile homes, mobile homes and land expensive cars, what are you can think of? Get a contract to buy one for half price?
- Joe:** All right. So then what would you tell them to do and how would you tell them to find that deal?
- Mitch:** You got to get. Well, I mean, if you're telling me they only have two weeks, I mean, you really need the education you, so you need to get a little runway time to get enough wind under your wings so you even know what you're talking about. So you would study how to buy houses at bargain prices. Everything you can study free on the internet, every blog you could get, every podcast you can find on how to buy houses at a discount and then go accidentally find one and liquidate it and then go hire a coach with some of that money.
- Joe:** Yeah, good I would. I would do something similar. I think I would. The first thing I would do is have them find somebody else that already has a bunch of old dead leads, and I'd probably get them on, have them get on the phone and call every one of their old dead leads.
- Mitch:** That's a great idea. We should take our dead leads like that right now and give them to somebody because there's there's there's there's a deal to be made in those dead leads. Yeah. You know, the other thing is, you just have to understand you're either going to pay the street or you're going to pay it coach. It's much less anxiety and stress to pay a coach to tell you in the morning what to do today so that you've got a plan.
- Joe:** That's such a great point.
- Mitch:** You don't it one way or the other. The street will take everything you have and it'll try to run you out of business. It won't. It won't give you any pep talk. It won't pat you on the back and say, All right, you missed that one, but too bad now it just spits on you and says, Hey, I'm going to try to get all your money. You keep screwing up like this.
- Joe:** It's really good. All right, Mitch Stephen one thousand houses dot com one zero zero zero houses, dot com goodbyes, books by all. Don't look right there on the shelf. I see two or three of Mitch's books right there. They're great books. They're going to inspire you. They're going to get you pumped up and excited. Mitch is just full of energy. I love talking to you, Mitch, and hearing your stories. God say hi to your wife for us, would you?



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- Mitch:** We will. We will. She's doing she's doing fine and she still keeps track of every penny that goes in and out. She can smell two scents missing from five miles, I swear. Sometimes I have to tell her, Hey, give the poor contractor that Snickers bar on the deal or you're going to be painting a house this week?
- Joe:** That's awesome. All right. Thank you again, Mitch. Any final parting words you want to say?
- Mitch:** You really can, please erase that thought that it so negative thought it takes money to make money. If you don't have money, that's a negative thought. Get that out of your head. Figure out what you can do from your position in life. There's something you know, if they put us in jail right now and all we had was a computer, I would find out how to make a million dollars with my computer in a 10 by 10, so I would figure it out if that's if that's what that's what the battle bill look like for me. For the next 10 years, I will be making a million dollars for my jail cell. I'm going to figure it out.
- Joe:** Nice. Thank you guys for the kind words. Aaron Salvador Joseph, Who else we got here? Lot of really good comments. Aaron's and the man. Aaron is lighting it up. Come on, Aaron. Love it.
- Mitch:** Aaron Aaron hit the door.
- Joe:** All right. Hey, thank you again, Mitch. Got to go. I wish we could talk more.
- Mitch:** Take care. You and I could probably talk for about two years and never stop.
- Joe:** I know, I know, I know. But I have a call I got to go to. We'll see you guys later. Thanks again. Mitch Thousand Houses dot com.