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1200 - Real Estate Investing in Assisted Living

Hosted by: Joe McCall

Guest: Isabelle Guarino

Joe:

What's going on? Hey, this is Joe McCall. Got a great episode for you today. This is the Real Estate Investing Mastery podcast. And I got Isabelle Guarino on the show. And we're going to be talking about real estate assisted living. And this is a not a topic that intimidates a lot of people, but actually is very, very simple and easy. And it's one of the best ways to get cash flow, long term cash flow and build wealth and real estate. Diversify, not have all your eggs in one basket. And the nation's premier expertise here on this podcast, we're going to be talking with her about it. She's also a good friend. She's in some of my masterminds. She's just a great lady. You're going to like her a lot and we'll bring her on in a minute. But I want to tell you first, I appreciate you listening to the podcast. I've been doing this now for over 11, 11 years. Is that right? Over ten or 12 million downloads? I probably should keep better track of that over 1100 episodes. And you guys have still been here? Well, some of you listening to this thing, so I really do appreciate you. How do I know you're listening? Well, I have my ways. Yeah. Big tech. Pretty easy. Anyway, appreciate you guys listening to the show. And I really do want to say thank you for that. Also, if you're watching this right now on YouTube or Facebook, please say hi. Give me a thumbs up. Subscribe to my YouTube channel, comment down below this video and just say I tell us where you're from and if you have any questions, I want to invite you to ask questions as we're recording this, because Isabel here can now watch you bring up some good questions. I will bring them up to her. Anything that you want to say. I would be more than happy to put your comment up here. Tell us where you're from. Say hi and again, give me a thumbs up like this, like this video. Comment on it. I really, really would appreciate it. One more thing. Sure. I want to tell you, I've got a book finally. I should have got it already. It's called Simple Land Flips, and it's my book I wrote on how to make 10K in 10 hours. That's \$10,000 a month, working 10 hours a week, flipping vacant land. It's very easy to do. It's my favorite. Well, one of my favorite strategies, and I think it's one of the easiest ways to flip deals, wholesale deals get cash flow. So if you want this book 100% free, you can get it by going to watch my class at Simple Land Class dot com. It's a PDF and we go to this simple and class dot com. Watch this video I did on how to do these kinds of deals. When the video's done, you have the opportunity to download this book and it's completely free. It's all yours. Go to simple land class dot com. Right. All right. Do you have any comments here? Oh good. All nighter hider. No all nighter. Hider banker. What's going on? Prime Auto Hi, how are you? Natalie Hey from Arizona. Good. And we also got David here. Greetings from Orlando, Florida. I love it. I



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love it when you guys comment like that. All right. Let's bring Isabelle on. Hey, Isabelle, How are you?

Isabelle: I'm doing great. How are you?

Joe: Awesome. Thanks for being on the show. Appreciate you just saw each other of what was it, a week or two, wasn't it?

Isabelle: Yeah. Yeah.

Joe: We had a mastermind together called Leadership Boardroom, led by a good friend of ours, Shaun McCloskey. And so welcome. And we're going to talk about assisted living. Yeah, right. Talk about how you got started in this business. Talk about your dad a little bit and you've taken this business to a whole other place, which is awesome and exciting to see. And I'm glad to finally get you on the show. But talk about, okay, how did you get started in assisted living and talk about your dad a little bit.

Isabelle: Yeah. For us, it started very close to home. My grandmother fell, broke her hip and she needed 24 seven care and my dad had six other siblings. And so, you know, they all got together and said, What do we do? You know, is someone going to quit their job and take care of mom full time? Do we put her into a facility? You know, what are the options? So as he was looking for options for his own mother, he kind of stumbled into residential assisted living, which is senior housing in a residential home. And being the real estate investor, he was 40 years of a business experience doing that. He was like, Wait, I'm going to pay five grand a month for her to live in this home. Or I could own the real estate on the business. She can live for free and I could cash flow ten grand a month.

Joe: Yeah.

Isabelle: So very quickly he was like, I don't know what I'm doing, but I'm buying this business, bought the real estate, bought the business and kind of jumped in with two feet. I really was just observing him, watching him over the years and started to realize, Wait, wait, wait. You used to be dealing with lots of tenants and toilets and drama and unpaid rent and yeah, you were making good money. But it was. It was a lot. And now you're like, super chill and happy and couch blowing and hanging out with old people. I'm like, What's going on, Dad?

Joe: Your dad, by the way, was he passed unfortunately, recently? Yeah. He was one of the coolest guys I've ever met. So chill, so laid back, and I never got a chance to go play golf



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with him. But he kept on saying, Hey, come down to Phoenix. Come down to Phoenix. But I love your dad. Miss him, too.

Isabelle: Yeah, same. So I really just kind of was observing what he was doing and over the course of the next following years just said, Hey, can I help? Can I learn more? And just kind of kept sneaking into his office and became his assistant and then his CEO. And now we get. Run his eight companies, his three homes. And it's been a lot of fun along the way.

Joe: That's amazing. All right. So you're talking about residential assisted living. Yeah. So are you talking about the big complexes, you know, like big apartment buildings? Or are you talking about single family homes or bigger? What kind? Give us a little context.

Isabelle: Yeah, And usually there's between six and 16 seniors in the home, and we focus only on residential properties. So when I say single family, I don't mean a three bed, two bed. You know, an eight bedroom bible can still be a single family home for a large family with lots of kids. So we are definitely talking larger, more luxurious properties and really nice parts of town, but still residentially zoned, still in a normal neighborhood with mom, dad, kids and a dog next door. So it's definitely residential, not a facility or commercial property.

Joe: So how big is a as a good example of one of these homes you want?

Isabelle: Our rule of thumb is 300 to 500 square feet per person. So with ten residents minimum, a 3000 square foot home, it's 5000.

Joe: Yeah, that's a I don't want say normal sized home, but it's not it's not a small home. It's not. There are bigger homes out there. So. Interesting. Yeah. A 3 to 5000 square foot home. Yeah. Which is again. Which is a big home. I get it. But I was thinking it had to be like 20,000.

Isabelle: No, because you don't want it to be too big. You know, these seniors need help. Usually with 3 to 5 ADLs activities of daily living by the time they move into your home. So it hurts for them to get up out of bed and walk to the kitchen that they have to walk 200 yards like that defeats the purpose. Most of us grew up in a home and we want to, you know, age and pass in a home situation now. Big commercial feel. So definitely it feels like home because it is a home.

Joe: And do these need to be ranches like single story homes are two stories okay?



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- Isabelle:** We do usually recommend one story ranch style, but I've got lots of students who have multi-level homes. We have a guy in Jersey who's got four stories. He added an elevator where you can add in a chair lift. But some homes really do bode better to adding an elevator, especially if it opens up a whole other floor where you can have five more bedrooms, five more residents. That's a lot of cash flow you'd be giving up if you didn't put that elevator.
- Joe:** Okay. So talk about the cash flow numbers a little bit. On a typical deal, if somebody were to get started in this business and learning how to do what you do, what are the typical numbers they should be expecting to get?
- Isabelle:** Yeah. So I would say the national average to live in an assisted living home is \$4500 per month per person. Depending where you are in the country. It could be much higher or much lower. That's just the national average.
- Joe:** \$4500 per person. Yeah. Okay. And then you'll talk about like what is involved. What do you have to provide?
- Isabelle:** Yeah. So we need 24 seven care. So we've got caregivers, a licensed administrator who's really running the property in real estate terms, that's kind of the property manager. So staffing is going to be a big chunk of your expenses, food activities, and then all your normal house bills, right? Utilities, cable, electric, water maintenance, you know, everything that you need in that regard. There are some extra expenses like business license renewal and, you know, liability insurance and things of that nature really all in your expenses on an average home with ten residents. Right. Should be about 30 grand a month. Wow. Yeah. And then if your let's say your debt service is five 5000 for that home, that's between three and 5000 square feet. That's leaving you with \$10,000 of monthly net income for you as the owner of the real estate and the business not working in the home, just being that owner.
- Joe:** Okay. So if you had. Yeah, this is interesting. If you had ten residents, do each of them have their own room? Can any of them share rooms?
- Isabelle:** I prefer private bedrooms. Private bathrooms because you'll get more per resident. But it's okay to have one or two shared options as like a spend down option.
- Joe:** Can you take a, these may be dumb questions, but can you take a bigger sized room and put a partition in the middle of it?



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- Isabelle:** Yeah. And make it like a semi-private. Yeah, you can definitely do things like that. So when you get the home, you know, you're looking for square footage and more bedrooms and baths. But some properties just lend to taking that master and putting a half wall or turning that master into a suite. And now when I say the average person's paying 40 \$500, someone in that home to be paying 9007 would be paying 3000, Right. And others six and four and averages out to 4500. That master bedroom with a master bath might be paying nine or ten grand to be in that home. So it would split the room. You might have two people paying four or five, which is fine, but you're still have to pay for the same amount of care and food and everything else. So it's better to have each resident paying more.
- Joe:** Okay, So. An average, let's say, four or 5000 square foot house.
- Isabelle:** Yeah.
- Joe:** You need ten people in there. Yeah, that could be 8 to 10 bedrooms.
- Isabelle:** Yeah.
- Joe:** Okay. \$4500 a person on average. Yeah, That would be about 45 grand in gross rents. Yeah. You're going to have 30 grand a month in expenses. That includes 24 seven care staffing activity, food utility, debt service.
- Isabelle:** Yep. Note the debt service I baked in for an additional five.
- Joe:** Five grand a month would be your debt service that includes taxes and insurance property.
- Isabelle:** Taxes. I include the time in the expenses category.
- Joe:** Okay, so that leaves \$10,000 a month in net profit. Yeah. One of these deals. That's pretty good.
- Isabelle:** Yeah. That coverage which I. We don't really teach like average, we're always like, okay, let's go above average. Right? Because the people who really it's an interesting time of life when your loved one needs care. Yeah. You don't want to skip. You don't want to be like, let me find that cheapest thing that I can find you. A lot of times you want to go above and beyond in getting the best of the best. So we try to go a little bit above average, and so we'll get nicer homes, which will cost us more. But the residents are usually paying quite a bit more to be in those homes.



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- Joe:** So for the for the senior citizen, what's the correct term to call them?
- Isabelle:** Yeah, the senior.
- Joe:** Of the senior. It always changes its improving target so that that senior citizen \$4500 to me sounds like a pretty good deal. Do you live in a nice house in a suburban neighborhood that includes your food and you includes utilities? Yeah. So you have to pay taxes or insurance. 24 seven here. Yeah, that seems like a really good deal.
- Isabelle:** Oh, my gosh. When my dad first had us walk into these homes, my brother was like, it would be cheaper for me to move in here than it was for me to live in my own house.
- Joe:** Yeah, because my wife has some parents that are looking at assisted living now. They've been on their own and they're looking at, I don't know the exact number and maybe I'm trying to be sensitive, but it's, you know, it's almost double that depending on the place, the type of place you go to, Right?
- Isabelle:** Yeah.
- Joe:** Wow.
- Isabelle:** And that's national average. So it really, really is based on where you live and then what you're looking for. But it's interesting, I just posted a video on TikTok that said that, right. Like, hey, national average is \$4500. Almost every single comment, like 300 comments are my mom's paying double, my grandma's paying double. And it's like, okay, I'm just reporting the number. I didn't make that stop.
- Joe:** Right with me alone. Interesting. Okay. So I know a lot of people are I can see some questions and you're like, What? Let me zoom out a little bit so I can see them better. Here. Hold on. What? Here's from David. Besides having a residential property, what are some of the requirements to begin? And I guess that might be like, what do you what do you need to do to these properties to get them the right permits and licenses and things like that?
- Isabelle:** Yes. So the state will have really, really minimal requirements, like they'll say 80 to 100 square feet per person and they'll say you can have up to four people in one bedroom and all sorts of stuff that we at Ariel Academy, we'll be like, no, no, no, no, no. Know we're going better. We're going more above and beyond. But certain properties, you're going to have to make them as close to ADA compliant as possible. Most states, actually, I don't think any states are officially requiring ADA compliance yet, but you want it as close to it as



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possible. So ramps, guardrails wide hallways and doorways. You want the home to be senior safe. You know, having those points of egress that makes sense and just reducing any trip hazards and fall hazards and making it really comfortable for your seniors in that sense.

Joe: Are most homes I don't I don't know the average dimension of a door, but are those ADA compliant as is? Can you fit a wheelchair inside most doors?

Isabelle: In most doors? Yes. And then there's also a thing called an offset hinge that you can get at, like Lowe's or Home Depot's that basically when the door opens, it kind of goes out an extra half inch, which really helps with that. Yeah. And so there's like little tips and tricks instead of busting down every door and making them bigger. But when you do go to like the Northeast, where those homes are a lot more compact and taller and some of those hallways are not necessarily ag compliant these days, but most newer builds, I'd say anything from the fifties and later is fine.

Joe: What kind of work do you need to remodeling work, what you need to do the bathrooms to get them ready.

Isabelle: Bathrooms. I really like smooth floors and anything that levels down towards that drain. So anything we can do about the floor, like if it has that big tub there, that's that you know, two feet let I would remove that right away and have a flat floor because to jump over that is the high jump for a senior, you know, so nothing more than, you know a little to ensure or just completely flat and then you just want to add. Handrails and guardrails anywhere that makes sense for that senior that they're going to need to hold on and really be able to bear some weight on it.

Joe: Is there a maybe on a typical home like you guys work on? Is there a is there a certain type of cure that you can't provide that you would say, okay, from here, you know, this person maybe needs to go to a more assisted. Yeah.

Isabelle: So a nursing home is the only basically higher level than assisted living. So it's like assisted living and then a nursing home. Within assisted living, you could do a lot of different things, right? Pass pills. You can get licensed for memory care. And that usually charges an additional thousand to 1500 dollars more per person per month if you're a licensed memory care home. So you can really do a lot in assisted living, but you can't do anything medical. And by that I mean no doctors, gurneys, IVs, like we're not doing anything medical surgeries. They're like, it's a lot more like we're helping you are assisting you live out your life.



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- Joe:** So by that point, when you need that kind of medical care, they need to go to a what you call it, again, nursing home. Nursing home.
- Isabelle:** Yeah. So really most people, I would say about 98% of people pass within an assisted living home. The only reason they're truly leaving is for a nursing home or potentially they go to another home or whatever. But most of our residents do pass within the home.
- Joe:** Okay, good. A lot of people are asking some good questions here, and I have some as well. Is it are there you know, a lot of ways neighborhoods are clamping down and getting tight on restrictions for short term rentals. Yeah, in some ways. Rentals, period. So is it is it harder to get an agent to approve something like this in their community? What was it like when the neighbors find out that an assisted living facility is going to be in their neighborhoods?
- Isabelle:** Great question. So because of the Federal Fair Housing Act, which is a federal law, we really can win any argument against in a way, a city, a county, a state. Even because of this, we created the RAL National Association, which represents all 30,000 of these homes across the country. And we have like legal backing and power there for you. So if you do go to open one of these homes and someone's telling you, not in my backyard, right, NIMBY, you have this team who's there to help you, and they will pretty much anything because it's a federal law. It's discriminatory against disabled people to say that we can't do this here. But if you need assisted living, you're considered disabled. You need help getting up, walking, bathing, showering, eating like you can't live on your own. The doctor literally said, you can't. So that's discrimination. And it really helps because we don't really have to abide by those same rules that Airbnbs and everybody else.
- Joe:** But do they ever try to say, Hey, listen, you can't have that many people living in a house or you can't run a business out of that house or something like that.
- Isabelle:** All the time. And the most important thing to remember is that they're just fearful of the unknown, right? They think it's a facility or a hospital. They think ambulances are going to be coming every day or people are going to be escaping and running around the neighborhood. So it's about education, you know.
- Joe:** Yeah, all these people are going to come break into our house and steal it.
- Isabelle:** It's a lot of times you just have to teach them. But, you know, these days there's a lot of people who are working from home. So the you know, the argument of you can't have a



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business in the home. I work from my home. Most realtors and accountants work from their homes these days. And usually the away leader or president is like a realtor or something. And you be like, great. So that means you're shutting down your business too. You know, so there's a lot of different arguments.

Joe: So this actually does this kind of stuff actually happen?

Isabelle: Oh, yeah. Oh, yeah. Angry neighbors and always say no all the time, but then you just fight it and you'll win. And the coolest thing is for me. So we had a student, Mark and Janet, they were out in Ohio and their neighbors were angry. They were like basically picketing. Like, You can't do this. Here they went, they fought, they won. When they opened the home, they had an open house and they invited all the neighbors. So all the neighbors come and they see the home. Three neighbors moved their loved ones in.

Joe: Nice. Really? Yes. That's so cool to hear.

Isabelle: The ones who were fighting them saying, no, don't do this here. They were like, oh, so it's like a home. And they're like, Yeah. So I think it really is heavy on. We have to educate people and once they step inside, it's like that first time you took an Uber, you were like weirded out like.

Joe: Yeah, yeah.

Isabelle: Go on an app and get in a stranger's car?

Joe: I remember. I remember that I was scared. It was, well, it's fascinating because it seems like you're actually doing something really, really nice and helpful to people. So it's that you're making great money, but you're also helping. A lot of really cool people.

Isabelle: 100%. Our motto is do good and do well because it's exactly that. It's an opportunity to really give back to the community and provide a better place for seniors. And you can make a lot of money in that perfect balance.

Joe: Yeah. Is there much of a need for this? Talk about the demand is there? Because I see these seniors sitting, senior citizens, senior assisted living centers, whatever. Everywhere. It seems like they're building them everywhere. So is there much of a need for this? What is the demand like?



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- Isabelle:** Yeah. So currently, right. There's about 996,000 beds available in the US. They're projecting that they're going to be building about 50,000 beds per year, but we are currently 1.3 million beds short while they can't build beds fast enough. And right now baby boomers are not in assisted living. It's the silent generation. There's only 44 million of them. There's 76 million baby boomers. So we're about to almost double the amount of people who need this. We're 1.3 short and they're only building 50,000 a year. This is a mega crisis or the biggest opportunity of our lifetimes, you know, depending on how you choose to play.
- Joe:** Okay. So I guess some questions here from people that are typing them in the YouTube and Facebooks. Appreciate you guys. Well, this is funny. Not funny. This is real nice. All nighter. Hider says. As a kid, my family and I would give out stuffed animals at a hospital. A hospice facility? What's a hospice facility, by the way?
- Isabelle:** So hospice is like when it is like end of life and someone could come and take care of you one on one. Basically, hospice is actually great.
- Joe:** Could you do hospice at your facilities?
- Isabelle:** You can. And then you basically getting extra free caregivers who are coming to care for that person one on one. So it's very helpful.
- Joe:** These old folks would light up with joy when we showed them attention and brought them a gift. Real good memories from Want to feel like I want to cry.
- Isabelle:** Yeah. Thanks for sharing.
- Joe:** Okay. We already answered that one. Hi. From Howard from Albuquerque. What type? This is from Robin. What type of liability insurance do you carry on this property?
- Isabelle:** I don't know the exact type because there's a lot of different things that you can do. But I do know it's nothing to be fearful of. It's about a dollar or two per day per resident. So with ten, ten residents, it's a line item, 300 to 600 bucks. In our training, I do recommend specific insurance carriers that when I talk to them, they know exactly what to get you to make sure you're protected.
- Joe:** Very good question from David, what type of licensing is required by the state to begin assisted living?



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- Isabelle:** Great question. So the physical property will have a license and that's based on the egress and the safety and all of those important things. The licensed administrator will have a license. That's what I said is kind of the property manager. They're basically the one who's putting their license on the wall and they're in charge of all of the day today. And the licensed caregivers will also be licensed through the state. So you, as the owner operator, don't have a license, The home does, the administrator does, the caregivers do.
- Joe:** Hmm. Okay. So let me rewind that a little bit, because this is a related to this other person had comments here. Beware of licenses. Really consider what you're doing when applying or as you're consenting to be under the state's jurisdiction. Licenses are only required for what would otherwise be unlawful. I'm not sure where that's coming from, but talking about the licenses, you said you don't have to have a license, but the caregiver does.
- Isabelle:** The caregiver, the administrator and the home. But if you the owner don't.
- Joe:** So who's the caregiver?
- Isabelle:** And caregivers are the ones who are there 24 seven taking care of the seniors. So they're doing the bathing and sometimes the cooking and cleaning, helping with the resident hands on.
- Joe:** But they work for you.
- Isabelle:** Correct.
- Joe:** And then who is the administrator?
- Isabelle:** Administrator is like the property manager. So they're kind of running all of the day to day, the hiring and firing of the caregivers. They might be doing the marketing and the touring with the families, moving the residents and know they're managing all the activities people, the chef, the this, the that they kind of run the day to day.
- Joe:** And they work for you also? Okay. So, you know, somebody is doing this as a business. Can they have one administrator for multiple homes?
- Isabelle:** Yes. Most administrators can oversee 2 to 4 homes, and that's full time for them.
- Joe:** Okay. And each home needs to have how many caregivers?



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- Isabelle:** It depends. So the state really usually doesn't have a ratio requirement, which is terrible. And what pisses me off about big boxes, because they'll go in there and tell you, Oh, we have a 1 to 10 staff to resident ratio there, including the janitor. The shop front desk girl asked them what the caregiver to resident ratio is, and usually it's 1 to 30 1 to 50 at night in saying one person cannot take care of 30 people. So we highly recommend 1 to 4 or 1 to 5 max. So with ten residents, I want two caregivers on all day, basically.
- Joe:** At one time?
- Isabelle:** Yes.
- Joe:** Oh, wow. So like what they like. Are they living in the home or are they?
- Isabelle:** They don't live in the home. They're doing shift work. So they come and go like eight, ten, 12 hours.
- Joe:** Yeah. So you would need three or four total.
- Isabelle:** Correct.
- Joe:** For ten residences. Yeah, but you want to. They're at one time.
- Isabelle:** Correct.
- Joe:** Wow. Okay.
- Isabelle:** And if you have multiple properties, like we encourage you to have a three pack, so three homes within like 20 minutes of each other, you can share the staff because if they're working ten or 12 hour shifts. It's like a nurse, right? There'll be three on four of something like that. They can work out whole number one full time for you and home number two full time for you. You're not paying overtime. They're getting paid two full time gigs. So sharing your staff is great. The more homes you have, the easier that can be.
- Joe:** Right. So the \$30,000 per month that you mentioned before for operating expenses, that includes the salaries of these caregivers and administrators.
- Isabelle:** Correct.
- Joe:** Wow. Okay. Hard to find these guys and gals.



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- Isabelle:** Huge crisis in our country. There is not enough caregivers. About 80% of them are from over seas. Right. It could be anywhere. We've had people from Jamaica, South Africa, Romania, Philippines. We've had people from right around the corner as well. But it's a really heavily something that people from other countries love to do. They come over to America and they'll do it because it's a lot of hard work. You have to have a lot of respect and love for seniors and you're not being paid crazy. Well, it's a couple of dollars above minimum wage and it's tough labor and it's hard on your heart to, you know, to fall in love with these people and then lose them. So it's something that we need to have a lot more of. We need to always find and retain and keep the best of the best caregivers. And we need to get more people excited about this job, But also something that's a challenge in this industry for.
- Joe:** Sure is the biggest challenge that they're not being paid enough is could you just pay them, offer to pay more?
- Isabelle:** Not necessarily. I think it's that it's like it wears on you like most caregivers. I mean, after about six or seven years, they're like, my heart needs a break. You know, that many people coming and going and, you know, like I said, they're getting into it with people. They're knowing everything about them and literally waiting on them hand and foot and then to lose them and have that happen over and over. It is tough.
- Joe:** What would you say? It's probably one of the hardest parts of this business is finding good caregivers and administrators.
- Isabelle:** For me, in business, any type of business, the hardest part is people tend to be the adult children who are putting their loved ones in your home. It could be the senior, it could be the caregivers, right? It's just people. People are the hardest part of the business. But yes, definitely, staffing is a tough one. And we teach and train so many different tips and tricks to find the best people and then keep them. And, you know, one of our students, Deidre, out in Connecticut, she said her home has been open for, I think, two years. And in two years she hasn't had one caregiver leave her because she followed everything we told her to do. So it's not impossible. You can absolutely do it. It's just you really have to go above and beyond.
- Joe:** Okay. But this gentleman's comment that you don't need licenses, you can you kind of have to. Is that right?



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- Isabelle:** Okay. There are a lot of homes that are country that are unlicensed. And I would never recommend that. Make sure your home is licensed because you want to make sure you're abiding by everything that the state is saying that you need to do and make sure that those seniors and you and your staff are protected at all costs. I want to do things by the book, so I highly encourage getting licensed.
- Joe:** Okay. Because if you're not, I would imagine insurance would require that.
- Isabelle:** Yes.
- Joe:** Okay. Good Insurance would offer that. Right. That. So Sheri is asking who pays to house the people? Well, I guess the family is. Or they have retirement that pays for that, right?
- Isabelle:** Yep. So about 10% of people have long term care insurance. And if you do, that will pretty much pay for all of it, which is amazing. Some people who've served a day in active duty, them or their spouse may qualify for V.A. benefits that can help pay for some of it. Some people use Medicare, Medicaid, different government subsidies. That's not going to cover all of it, but it might cover some of it. A lot of seniors have saved up cash, IRAs savings or they have a physical property that they sell and use that money to pay for their care needs. And of course, there's a lot of people who say, I'm going to let my kids figure it out and they leave it to the adult children to have them foot the bill.
- Joe:** Something to think about. Or, you know, that brings up a good question. I mean, what advice would you give to somebody who's in their sixties? They're thinking, okay, well, maybe in the next ten, 15 years, I'm going to need to go into an assisted living facility. Do you talk about that at all in in your program? Like how do you get. Ready if this were to happen to you or you needed to go into this. You get a nice house and you've got good care for yourself. Does that make sense?
- Isabelle:** Yeah. About 80% of the people in our class are in it for that exact reason. They're saying, Wah, wah, wah. I'm dealing with this with my mom or dad right now. I see my kids and they're not ready to pay for this or do this for me and what am I going to do? And so they're there for their own, you know.
- Joe:** 80%.
- Isabelle:** Oh, yeah. Oh, yeah. It's we're heavy in the 50 to 60 age range. That's pretty much who comes to our class. Yeah. I mean, sometimes we get younger people who are just thinking ahead or really involved with their grandparents or things like that. But almost everybody is



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is thinking exactly that. They want to own and operate a home, whether it's the real estate, the business, however, they want to get involved because they want a place for their loved one to live, for them to live, and something to pass to their kids as a blessing, as a legacy.

Joe: Wow. That's fascinating. Yeah. Okay. Good questions here from Cindy. Can you lease a property to do this business or do you need to own the property?

Isabelle: Great question, Cindy. You can absolutely list a property and you can be on either side of that. So if you a real estate investor and you don't want to deal with the business, you can purchase a property, retrofit it, get it ready, maybe even get the home physically licensed and lease it to an operating company who's going to pay you twice the fair market rent, be a long term low impact tenant, Right. They're not signing a one or two year contract or signing a three, five, eight. I've even seen ten year contracts. Wow. And they'll be paying you a lot. And you might not be in charge of maintenance at all. So you could be on the owner of the real estate side or you could be the operating company leasing from someone because maybe you don't have that experience in real estate, but you want to get into this faster and easier. So definitely.

Joe: I would assume get financing for this might be easier because you're getting a small business loan. Could it be could you is it easier to get an SBA loan for this kind of a thing, or does it have to be like a residential investment loan for a property?

Isabelle: So a lot of our students use SBA loans. They're very familiar with this and they really get it. So it's a great way to go.

Joe: And there are they are SBA, which stands for Small Business Administration. Are SBA loans easier to get for investor and this kind of a thing for this?

Isabelle: Yes, I would say private lenders or SBA are the easiest. Probably syndication is the third easiest.

Joe: Syndication means you get investors to pull money together. Yeah. And you help people with that, too, if they want to raise more money. Yeah. Those kind of syndicates.

Isabelle: At our training, Russell Gray from the real estate guys radio show comes and he really does like a two hour deep dive into syndication and whatnot and he shows examples of our students who worked with them and their team and how they've raised millions for their projects, and it's really exciting to be able to see that. So yes, we've got great hook ups for that.



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- Joe:** Russell Gray is a legend, is what you would do when you see him next. Tell him I said hi and tell him to hurry up and retire from his podcast because it's the longest running real estate podcast. And I want to have eventually, someday the longest running real estate podcast. So.
- Isabelle:** Okay I'll tell him.
- Joe:** He's going to be around for a long, long time, probably still, and we'll see how it goes. Anyway, I did come in here from Robert. I invest in assisted living funds and staffing is the biggest challenging factor. I assume finding good staff is a challenge with RAL as well. We've kind of already talked about that. You know, it is a challenge, but it can be overcome it. Right down, but down. Okay. We kind of talked about this a little bit, but typically, what are the estimated labor costs associated with caregivers, administrators and managers? Maybe because that's covered in the 30,000 a month we talked about per house. But what would an annual average annual salary be maybe for a caregiver?
- Isabelle:** Great question. So caregivers are paid about a dollar to above minimum wage. So whatever minimum wage is in your area, just add a dollar or two. And then that's really mostly what they're being paid. The administrator is where it gets wild. You could pay them all sorts of different ways. They could have profit share, they could own a percentage of your business, they could get paid different rates depending on how many beds are full or empty. They could get a flat rate per home they're overseeing. You could go hourly. I wouldn't and you could go salary, which is fine. So there's so many different ways that you can be flexible with the administrators rates. But I will say in your expenses in that 30,000, about 40% of that 30,000 is going towards staffing.
- Joe:** 40% of the 30K has gone to staffing.
- Isabelle:** Yep, it is. It is your biggest chunk of expense by far.
- Joe:** Yeah. Now that makes sense. Howard is asking are you in multiple markets or do you stay in one state?
- Isabelle:** So the three properties we own and operate are all in Phoenix, Arizona. That's where well, Phoenix and Scottsdale area, that's where we're based. But we teach and train in all 50 states. We have students in all 50 states. So no issue with wherever you are, Howard, we can help you out. And I always like to note this depending on where you live, once you come in, you learn more about this. You might be like, Wait, wait, wait. I actually don't



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think that my area is the best place to do this, and that's fine. 31% of oral owners are out of state were remote owners. The further you are from the home, the less chance you're going to be like, Oh, something's wrong. Let me go run over and fix that. Right? Especially if you're coming from more of a DIY type world of being more hands on with your rental properties. It might be a great opportunity for you to be a little bit more hands off and do this in another state. So yeah, you can do it anywhere.

Joe: So you guys have three properties. Is that your family best? Yeah. How big are those three or how small?

Isabelle: The smallest one is about 3500 square feet. Middle ones, about 5000. Biggest one is about 6500. In Arizona, we're limited to ten residents in the home. All of those are ten bedroom, ten bath homes.

Joe: Oh, good for you. And I guess when you pay them off and they're free and clear, your cash flow is even better. Yes. Things. All right. So the other question is, do you put each property in a separate LLC?

Isabelle: Yes. I am not a tax or legal consultant. So take this with a grain of salt. But what we do is all of the homes are in Different LLC, all of the businesses are in different LLC. So you're renting it from yourself in the training. We do have Steve's team at Prime Corporate services come and they teach and train all about asset protection and how to make sure that you're set up properly, especially if you're coming in with outside businesses. We really want to make sure that you are super, super protected in case anything happens. So they do discuss that quite a bit in the training as well.

Joe: Yeah, All nighter Hider, I wanted to clarify, I didn't tape to not get license, just consider it heavily or carefully with contracts the contract control knowledge one does not give up so much consent and therefore retains more rights. Okay. Are there operating companies that prefer to work with real homes?

Isabelle: So there is not a lot of like professional operating companies that way? If Robin, because I know we had just answered the leasing question, so it's not like you can search for an oral operating company. It's more going to be like you're partnering with someone or you work. So, okay, back up. One of our students, Ryan, he was in Northern California. He came to our training right before COVID. He went, purchased a home, renovated, got it all ready, and then COVID hit. And he was like, I don't want to do this, but I just got this home all ready and license. So he went and called all the homes nearby him that were already existing and basically said, Hey, do you want to lease this home for me? It's ready to go. You know, it



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even has its license, you know, do you want to do this? After his I think, 13th call, he had like eight offers.

Joe: Why?

Isabelle: So he locked one in. So now he's just sitting back doing that. So it's not like an official operating company. It's might be somebody who owns other homes nearby or someone you meet at our training or our convention or something like that.

Joe: Yeah, I imagine you could meet people from all different types of businesses, your kinds of meetings and conferences, maybe even private lenders.

Isabelle: Yes, yes, yes, absolutely.

Joe: Okay. Question from Nathan. I have if I have a seller financing deals, I'm assuming he's buying it with seller financing. Can I lease option it or rent it to the senior living in a short amount of time? Or do they have to register the house? Not sure what that means, but like, yes, can you buy a house with creative financing and do this type of a thing on it?

Isabelle: I would think so. But I'm wondering when he's saying, do they have to register the house, do they have to license the home, I'm wondering if that's what he means. I would still always encourage that you get licensed. Yes.

Joe: Well, we're getting a lot of questions. And you're getting more questions, Isabel, with you than I do with any other guests that I've had in a long, long time. Is it okay to keep on asking answering these questions here?

Isabelle: Yeah.

Joe: Okay. Cindy, I'm not sure if this was mentioned earlier, but about how much do you need to have it? Probably in cash in order to get this business started. And this includes furnishing the home. Certainly maybe give some numbers on average to fix the house up, get it ADA compliant, get it, get it furnished, all that good stuff.

Isabelle: Great questions. So furnishing the home that totally ranges, are you going to be buying things for Restoration Warehouse or IKEA? Right. I don't suggest that you go IKEA. I suggest that you have heavy duty nice furniture that a senior can put all of their weight on and not wobble and fall over. And plus you want them to walk in and feel like this is home. So when you like, nowadays everyone's is like white, right? And it's very like modern. But when you



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go to an 85 year old home, it doesn't look like that, but it's a lot more beiges and those neutrals. And so a lot of our homes, we don't decorate them the way that the homes are decorated. Now we do lean kind of that like older look so that they feel at home and comfortable. But renovations totally range. If you're taking a 2000 square foot home and turning it into 6000, that's a huge addition. And that might cost you a couple hundred thousand dollars. Right? But if you taking like our homes, the 6500 square foot home we already bought, it was maybe like 850,000 and we put like another 200,000 in it. We built out the garage, so turned the garage into three bedrooms and a balance room, actually two bathrooms, three bedrooms, two bathrooms. And then we turned two bedrooms on this side into. So now there are four bedrooms. So there's different. That didn't cost too much. We didn't add anything. We just chopped it up. So it really, really ranges.

Joe: Is it harder to get permits on that kind of the renovation when you're, you know, you're turning a garage into three bedrooms and you're adding two bathrooms in it in.

Isabelle: Every city and county will vary. So sometimes people, especially with the garages, they'll say, Hey, you have to keep the outside looking the same and that's fine. You can keep the garage door on it and build out inside, right?

Joe: Sure, sure.

Isabelle: People will say, You can't even do that at all. Right? And some people will say you can totally change the outside. So it just so ranges, it's really specific to your area, but sometimes permitting can be a challenge.

Joe: Okay. Facebook users saying license share for administrators is time and experience intensive. It's a question.

Isabelle: Okay. So the administrator. Yes. Depending on the state that you were in, it could really vary. So Texas, we always joke it's fog mirror like you have to be 18 and they have a GED and you can pretty much get your administrator's license. And Arizona is one of them, way more intense ones. It's like 140 hours of on site experience and a six hour quiz that they have to take and all this intense stuff. So if you live in a state that has less stringent requirements, I always suggest that you look at a state that has higher requirements and require your home to be somewhere more in the middle. Don't just accept someone who doesn't have experience, who's never done this before to be your administrator. Make sure that they know what they're doing because they are the heart and soul of your company. They're the face of your company. Most of the seniors don't know me. They've never seen



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my face. And that's okay. They don't need to, you know, But that administrator, they know her, They love her. She's they're all they know. She owns the place. You know.

Joe: Robin says fantastic interview. Thank you so much for the great information. And Nathan had some clarifying comment. I can I take my seller financing deal and just wholesale it to a licensed operator within my due diligence period. Like a traditional wholesaling deal? It probably depends on the deal. Yeah. Cool. So what are some of the big mistakes visible that you see people make that are trying to get into this industry or thinking about it? What are some of their mistakes?

Isabelle: So location is like the number one thing. A lot of people this is not something that you can just like go to YouTube University and figure this out. Location is so, so key. And what I mean by that is really for us, it's all about demographics. Doing that demographic research. You have to be surrounded by 50 to 70 year olds who are upper middle class. We usually own their homes and who are making twice the median income. If that is not the mass amount of population around you, I don't even care if it's the perfect home. I wouldn't do it. You have to have that. So demographics is key and then finding the rules of your area. Some states, they're not like it's not really easy breezy. Here's the set of rules. Just follow this and go do it. A lot of times they'll kind of hide things and move them around because they don't necessarily want to doing this. They don't want their whole state to turn into a bunch of group homes or shared housing. And so I'm really, really finding the rules and regulations can be tricky in the beginning. And then really, I think financing can be a lot of a mental challenge for people who've never raised capital before, who've never put a business plan together, and to think that they owe someone or oh, something a million plus dollars can be a scary thing sometimes. So I think financing can be a mental block for some people, I guess.

Joe: Yeah. You brought up the business plan thing. I mean, that will probably intimidate a lot of people if you help them create business plans that look professional and make them look like they know what they're doing.

Isabelle: Absolutely. When you come to our training, we do pretty much teach you everything that you need to know A to Z to get one of these homes up and running. But if you want continued support and coaching, we do offer things just like that. Policies and procedures that can be edited and customized for your home, custom business plans, phone and email support, all sorts of fun stuff that we offer. But yes, we do make that available.

Joe: All right. So if somebody wants to get started, get more information about doing something like this, we're going to go I know you gave me this website. I'll put it here on the screen



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are a residential assisted living one on one dot com, a one on one account. What do they get when they go there?

Isabelle: So on that website, you can grab a free webinar, you can schedule a discovery call with me or one of the team members, you can download a free book. There's all sorts of resources there available at no cost to you.

Joe: Good. And somebody wants to get started. Do you have a course that they can buy, a workshop that they can go to in person? How often do you do those?

Isabelle: Yes, we have an online home study course that's go at your own pace and available to take any time and purchase and go through as much as you like, as much as you need. And then we do have our live three day in-person trainings. We actually have one starting today, but they happen about every 6 to 8 weeks. They're always in Phoenix, Arizona, because I take you by our homes, some of our students home so you can see, touch, feel, really understand the industry from the inside out. But those are really the all the intensive trainings that are giving you absolutely everything you need to know to get started.

Joe: Yeah, I think something like this, you definitely want to do an in-person workshop because it is very intensive, very profitable, very profitable. We want it. These deals can net you ten grand a month. Yeah. And you're helping people. How cool is.

Isabelle: That? I know. It's perfect.

Joe: Cool. Any final words?

Isabelle: Isabelle, you know, I really appreciate you having me on. I know that your listeners are major fans of yours, and you are a rockstar in the space, so I really appreciate that. And as always, we'll just say, do good and do well.

Joe: Appreciate the kind words. RAL 101 dot com, RAL 101 dot com. If you want to get in touch with Isabelle, that's the best way to do it. Probably you're starting a podcast soon, aren't you. You want to talk about that?

Isabelle: Sure. It's not going to be a real focus necessarily, but it's going to be all about being a young entrepreneur, a young business owner, and what that looks like and the struggles that we face and things like that. So and the exciting parts of it and the joy and, you know, sometimes people can't any entrepreneurs. Sometimes your friends in the real world can't relate to you, but especially when you're younger and, you know, so I'm really excited to be



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able to talk to other people in all sorts of different industries and hear from them. So yeah, Young Boss podcast will be coming out probably next month. Very excited for it.

Joe: Young Boss Podcast. And then what's the name of your book?

Isabelle: My book? Here, let me grab this, Living Legacy.

Joe: That's also what's it going to be about?

Isabelle: This one just came out January 10th and it's all about my story with my dad and just starting in the business. And then it's really a bunch of tips and tricks on how to get started in residential assisted living with five keys to success, three Smartest ways to get started, the four different opportunities in the business. And it's got a ton of different marketing tips, financing tips, all sorts of good stuff. So Living Legacy, you can get it on Amazon.

Joe: Nice. Very good. Get some good comments here. Thank you so much for the interview. Very informative. Hey, thank you, Isabelle. Have a good one. Get everybody on the website to get more information is real. One on one dot com. Stay tuned for the podcast. It'll be coming out soon. And the book, can they get it on Amazon or do you have a website that's going to be coming out soon?

Isabelle: Amazon Living Legacy right now that's where you'll find it.

Joe: Nice. All right. All right. Have a good one, Isabelle. Thank you, everybody. Appreciate you being on the show. We'll see you guys. Bye bye.