Structuring Creative Real Estate Deals to Boost Your Profits

Host: Josh Cantwell
Guest: Sean Flanagan

Welcome to Strategic Real Estate Coach Radio, hosted by Josh Cantwell and Kyle Garifo. Strategic Real Estate Coaches, where the nation's leading real estate investors, brokers and agents turn to transform the way the real estate business is being done in neighborhoods across the nation. If you desire to make more money, do more deals, grow your passive income and build the lifestyle you've always wanted, you need Strategic Real Estate Coach.

This powerhouse team is led by Josh Cantwell, a seasoned investor with nearly a decade of experience, over 700 transactions and over $5.5 million in fundraising generated for himself and his partners. Now, sit back, listen, learn and accelerate your business with Strategic Real Estate Coach Radio.

Josh: Hey everybody, what's going on? Welcome back. Welcome back. This is Josh Cantwell, CEO at Freeland Ventures, real estate, private equity and strategicrealestatecoach.com. Thanks so much for joining me again on the Strategic Real Estate Coach interview in podcast series and I'm excited to be with you today. You know, sometimes we do these events, these podcasts, and these interviews, some of my own sort of a solo cast. Sometimes I have a guest and today I'm really excited to be with Sean Flanagan. Sean has been a real estate investor for over 20 years, uh, in some of the most competitive markets across the country, uh, is really an expert marketer and does a number of things with the different brands that he's built, to license those brands to other real estate investors to build up their list of motivated sellers and their inbound leads as Sean and I were talking about getting ready for this.

You know Sean's passionate for staying persistent in this business. Uh, and also for finding ways to monetize all of the different leads, all the different ways that deals come in and making sure that you're not throwing away, you know, 70, 80, 90 percent of your deal flow because, you know, maybe you're only a wholesaler and maybe you're only a subject to guy, maybe you're only a rehabber and deals don't fit inside your box. And so, we'll talk to Sean a little bit more about how he monetizes every lead that comes into his business. Uh, Sean is a creative, unique real estate investor trying to find ways to monetize each and every deal and he's shared these systems with thousands of investors across the country. He's worked with some of my good friends, Patrick Riddle and JP Moses to get some of the word out about some of his different training programs. And so, we're looking forward to talking to Sean today. Sean, how you doing?

Sean: Doing good, Josh, how you doing?

Josh: I'm doing fantastic. Doing fantastic. Um, so help me understand a little bit more, Sean, help our audience understand, tell us a little bit more about your business in today's market right now. Uh, what are you focused on? What are you most excited about in your real estate investing business?

Sean: Man, my business has evolved a lot over the past couple of years. We went, I've gone from being a fulltime wholesaler and really owning one of the biggest wholesaling businesses in central Florida to, uh, to kind of steering it over to a fix and flips and rehabs and stuff, as the market kind of shifted. And now we're, now we're, we're kind of moving towards a different strategy, which I'll get into, um, you know, in just a minute. But man, right now, I tell you we're crushing most with creative real estate deals, right, because the market's gotten so, so competitive. Um, so that where we're at right now and we've got... I'm still wholesaling and basically the way things work on, on our end is, uh, is um, I'm typically focused on buying fix and flips. We've got to rehab crews that work for us full time. So, I'll always try and keep a couple of deals going with them and then a few in the pipeline and then we kind of cherry picking those and wholesale everything else. Um, and we've gotten really good at it, especially recently at turning leads that other people aren't wanting and leads that used to be kind of dead leads into profitable deals for us now. So that's, that's where we're at. That's where my focus is, and things are rocking and rolling.

Josh: So, Sean, tell me a little bit more about that. I know the world talks a lot about creative real estate investing on this particular interview and podcasts, but the market has gotten really competitive and the market has in some areas softened a little bit with interest rates going up and we've been on this tenure boom, but things were really competitive in most markets still. And so, a lot of investors, like I can't find any deal flow or there's nothing on the MLS and there's an answer to that. The answer is to find ways to attack every lead differently and make money from every lead. So just talk a little bit about what you've seen in the marketplace and how things have gotten more competitive and, uh, and why you thought in your own mind and in your own business, uh, why you've got to get more creative and find more ways to make money from each deal. Because if you're just a fix and flip guy, a lot of the deal flow is not going to fit that box. Or if you're just a, you know, a, a wholesaler, just the subject to guy, maybe things aren't going to fit in that box. So, tell us about your passion for being creative.

Sean: Yeah, absolutely. What we do, you know, my, my passion is for being creative and also for marketing lead generations. So, we've got, we've got all these leads coming in all the time and it just got to the point to where I'm seeing lots of leads come in that were just thrown to the wayside and wasting a lot of money. Um, and, and as you said, Josh, you hit the nail on the head. I mean, the market's so competitive, um, you know, it's tough. I mean we're going out and looking at leads, looking at houses and stuff and we've got 10 other investors putting in offers on these houses and thinking to myself, man what about the ones where there was a decent amount of equity but maybe not enough for me to actually close on the deal. Um, you know, with my cash or with private hard money or whatever, and then rehab it and take it through the whole process and then retail it.

Sean: Um, and there's also not enough spread for, you know, for a wholesaler or another fix fixing flip buyer. You know, how can we make money in between there? So that's what I'm, I've really had to start focusing on again over the past couple of years or so. Um, and it's just, you know, it's, it's really helped, uh, because it's just so hard to generate good leads. So we're focusing on, and I actually call it, you know, I kind of coined it and call it pre wholesaling because you know, if you back up a minute and there's one of the challenges that we're facing right now is not just that the market's been so hot, but also that people have realized, I mean, it's no secret that you can, you can play the middle man come in with no cash or credit or whatever and very limited amount of understanding and know-how and go in and put a house under contract and then turn around and flip that contract to a, to another end buyer. Right?

So that's become really, really popular, um, is as the years have gone on and you know, I've just, I've lately been focusing on how can, how can I get out of that rat race, how can I get our company out of that rat race? And so, what we've, what we've done is we've gone back to a, to a technique that I used years and years ago when I started two plus decades ago now, um, but taking over, taking over payments, uh, and then getting the deed on a property. Which is probably the easiest way to say it, subject two type stuff. And it's the reason why I kind of joke around and call it pre-wholesaling now is just because, you know, as I was explaining a minute ago, wholesaling has gotten so competitive in every...

Now you've got wholesalers who are crushing it and then you've got beginners who are trying to learn how to do it. And then you've got everything in between. But it's weird. Beginners tend to, to migrate to for whatever reason right now, and it's made the market really crowded. So, I kind of joke around and call pre-wholesaling what I'm doing because I think it's just a better place to start. Right? I think in real estate these are, this is the low hanging fruit that I'm focused on right now. So, while everybody else is looking for the wholesale deals and then the deals with significant equity that they can come in and buy, close on and then flip for a big profit, you know, after the Rehab is done, which is a great way to do business. I do it too, but we've been focusing more lately on kind of the low hanging fruit that people aren't paying attention to.

So, we're, we're doing these deals where we come in and take over the mortgage payments, um, you know, catch them up, resell the house on terms, that sort of thing. And, and I mean, man, we're crushing it, you know, we're making profits on the front end, in the middle as we hold the properties and on the back end when people refinance. So yeah, so in a nutshell, that's where we're are at focus wise right now and we're killing it with very little competition.

Josh: Nice. So, Sean, for those people that have experience, they probably understand everything that you just talked about for the most part, for a new person, maybe that might've just gone right over their head. So maybe to kind of bring it all together, give us an example with maybe some real numbers of a recent deal. Somebody that was behind on payments or you know, x amount of payments behind and kind of caught up. Give us just an example of a deal that you're working on or just closed on. Give us some numbers so people can sort of wrap their head around it.

Sean: Ok. Our most recent deal, um, we took over payments on a house that was, um, and they owed like around $176,000 to $177,000 on that particular property. Now that property was in, it just came in from some friend of ours (inaudible). But anyways, so the seller was behind on the monthly (inaudible). PITI which is the principal interest taxes and insurance if you, if you're not familiar with that. So, we negotiated a deal with the seller to where we came in, took over the mortgage payments and actually caught up his back payment. It was a, a month or two. I can't, off the top my head, I don't remember exactly how many months behind it was.

Josh: 1,000, $2,000 to 2,500 bucks?

Sean: Yeah, yeah because it hadn't hit the attorney's office yet hadn't hit his desk yet, so it was, it was minimal. Um, so we caught that back up. The guy had actually already moved out of the property anyways, so we caught up the back payments and the market value on that house was about 210 to 215. There were a few houses in the neighborhood that were listed a little bit higher than that, but true market value was about 215. So, what we did is we transferred the property immediately into a land trust. Now I almost hate to go too much into detail on how a land trust works because it does get a little bit complicated and probably talk about it for, you know, to get people to understand.

Josh: I'm very familiar with land trusts, but essentially guys, you have to understand in a trust and just make this real simple. There's a trustee that manages the trust, the houses in trusts, so the trustee manages that, but there's a separate beneficiary and the beneficiary of the trust is the person that really gets the benefit of any assets that are in the trust. Right? So, the trustee manages it, maybe sells it and there's $5,000 profit or $40,000 of profit, but that profit doesn't go to the trustee, it goes to the beneficiary. So that's the long and short of it. We'll keep it high level. Yeah. But it's a fantastic tool. We've used it hundreds and hundreds of times in the past and it's a great way to take over payments, work with a borrower who can't afford the payments anymore. Uh, and still keep it in a way that it can be corrected through, you know, bringing the back payments current and then selling it on terms. So fantastic strategy. I love it.

Sean: Yep. Absolutely. So, so that particular deal, what we did is we ended up offering for sale as an owner finance type deal. Um, we got $15,000 down on that particular property. Uh, we held a note for, I think it's a four year, basically a wraparound mortgage and uh, we've got some positive cash flow on it coming in. It looks like the borrower will be able to refinance within a year and a half to years. Um, they had just a couple little credit blemishes, but they were cash rich and kind of credit challenged. So, on these deals, that's kind of the type of person that we are, we're looking for is, you know, they could have several different issues that prevent them from buying a house right now. Um, but minor issues and then have a lot of cash to put down. Right? So, we got a good, good down payment on that one. Probably could have gotten more, but um, you know, so that's what we ended up with 15 down some, uh, some cash flow each month for the next two to four years and then we'll refinance. On the back end, we sold it for actually a little more than I said it was worth around 210 and I think we got 218 or 220 on that one. Alright.

Josh: The market's going to go up in value. You know I've done those kind of those lease option deals in the past, which was similar to this rap you're talking about, like I'll build in a premium kicker every year, assuming the market's going to go up. Of course, the house has to appraise four years from now or two years from now, but it's reasonable to add some sort of a, you know, appreciation kicker because somebody is gonna say, well you have the house listed for sale for 215, I want to buy it for 215. Like, well, yeah, but you can't buy it for 215 today and every year it's going to go up three to seven percent in value or whatever that number is and four years from now the house will be worth a lot more. So, we just build that into the number. The attorney puts it right in the contract, so it's pretty agreed upon price, just building equity as you go and paying down the mortgage as you go, which is, which is fantastic.

Sean: Yep. Yep. Absolutely. So, money on the front end, middle end, the back end. And then if anything were to happen in the buyer were to, you know, some something happened down the road or whatever, we can end up getting the, getting the house back and repeating the process. That's not the game plan, but you know, when it happens, it's not a bad thing. So yeah.

Josh: Yeah for sure and another thing I love about too is, you know, uh, it's still, according to a lot of different mortgage companies, mortgage banks, the Federal Reserve, about 40 percent of all the people who apply for a mortgage still get declined, right? 30 or 40 percent get declined. So those people are obviously candidates for things like wraps, things like owner financing, things like lease options. They want to live in a house, and they have that ownership mentality. Right. So, Sean just talk for a second about that kind of ownership mentality, a buyer versus a renter and the fact... Because people are going to think, well if I did that, what if the owner has a midnight move out or what if the guy who's going to buy it trashes the house and maybe just talk about the mentality of that buyer, those people don't trash the house, they don't move out because they put big money down because they want to live there forever.

Sean: Yeah, exactly. And you hit the nail on the head. That's exactly what I was about to say is that these are, these are buyers, they're not renters. They have a totally different mindset as you said. They want to live in that house, and they want to live in it forever, at least for a long time. They have the pride of ownership now. So, they're the ones that are stepping up and dealing with the maintenance on the property and they're the ones that are fixing it up. I mean, could, could, you know, in a worst-case scenario, could somebody move out in the middle of the night? Yeah, absolutely. But guess what, you just got a house back. You still got that borrowers down payment. You still got the cash flow, you've got the house back, now you get to repeat the process or sell it or do whatever you want. So, it's, the risk is very minimal. Um, these, these buyers are people that we've found over the years that are grateful for the opportunity to be able to buy.

Again, some of them are people that may have lost everything during the recession, you know, seven years ago and just can't, you know, some of it as a matter of fact that a lot of the people that were working with selling these houses to were people that lost their house years ago and ended up staying in the property for long periods of time. Now we're in Florida.

So, you know, here when the market crash, you could stay in a property for a long period of time and the bank just wouldn't foreclose. So, the way that things work now is if, if you don't have two years outside of that foreclosure, like even if somebody had filed bankruptcy and the deed hasn't gone back to the bank, all right, people need at least two years from that point in time to be able to qualify for a mortgage again. Now these are people that have already built their credit back up, saved money for down payment and everything else, perfectly qualified borrowers, except for the fact that, you know, years ago they went into foreclosure and maybe the debt was taken care of in a bankruptcy or something seven or eight years ago. But the deed didn't actually transfer back to the bank, you know, until like a year or so ago. So, they just need a little more time.

And, and, uh, you know, these are people that are again, grateful for an opportunity to own a house, right? Because they, they know what it's like before they want and they can't, you know, the institutional lenders aren't going to lend to them right now. Um, so it's, you know, it's a good, good niche and that's not, that's not the situation for all of our bars, but a lot of what we're seeing right now, it is a totally different animal when it comes to these people and renters.

Josh: Yeah. I've got it. So, Sean, you've been investing for 20 years. Uh, you have a team, you have these crews, you've done tons of fix and flips, wholesale deals, subject to's, curing properties. You've probably seen it all and done it all in 20 years and obviously invested through multiple different market cycles up, down, good, bad. Central Florida seen it all, right? Massive depreciation, massive appreciation.

I want to ask you about success. I want to ask you about running not just a real estate business, but being an entrepreneur, being, you know, a guy that just is willing to kind of eat what he kills, runs his own business, take care of your family based off of you betting on yourself. So, if you were to look back over the last 20 years when things were really good and when things were really bad, there's probably a couple of things that stick out, things that you did well or things that you would have changed. So, what are those one or two things that you think have been the most important things to your success and maybe when things didn't go well, what are some lessons that you learned? Things you would've done different.

Sean: Oh Man. I'll tell you one of the most important things, and you mentioned being entrepreneurs, it is persistence, right? In this business, real estate investing in general, it can be a game of ups and downs. You mentioned that you know the markets. I mean my Lord, we've seen the fluctuations here more than a lot of places in the country when it comes to the real estate market and learning to roll with the punches and persevere is one of the key aspects when it comes to success of a, of an entrepreneur. And that's probably whether its real estate investing or anything else for that matter. But, you know, persistence is definitely a key. Um, and then the other thing that I've really learned it, I mean, keep marketing, keep these leads coming in, whatever business you're in, whether its real estate investing or anything else, and everything else kind of falls into place, right?

Because I've, I've found real estate investing over and man, it's, you know, I think we're on 20-year number 23 right now between my wife and I and this real estate investing game. As long as we've got enough leads coming in, you know, we found that we can screw a few things up. A lot of people, yeah, a lot of people focus, especially newer investors focused on, oh man, I don't want to screw this deal up or whatever. So, you know, the cure to that for me has always been, you know, have a lot of leads coming in and then figure out how to make money on all of them. Whether the market is hot, cold or somewhere in between. Um, and, and you can afford to screw up a few of them, especially if you're doing the business the right way. Um, you know, and you're not, you're not, you don't have a ton of your own money maybe in these deals, you don't have a ton of liability. Um, so, you know, I think that's probably the first thing that comes to mind at least.

Josh: Nice. Fantastic. So, when you were to look back, you know, 20 plus years ago when you got into real estate, I always like to hear from my friends and guests, like what was going on in their mind when they jumped in, were they just pursuing the lifestyle, more income or assets? Were they running away from a job that they hated were they broke, busted and disgusted and just wanting to do something different? So, Sean, for you, where were you at when you caught the bug? What was motivating you to jump into this? Um, and tell me about your first, you know, really 30 days to six months. So, were you scared as hell? Like a lot of us freaking out like, oh my God, what did I just do? Um, so tell us what your motivation was and what your first couple months were like.

Sean: Yeah, I'm in my first couple of months actually it was a lot longer than that before I did my first deal. I kind of fell ass backwards into this whole real estate investing game. I was in direct sales. My wife and I got married 24 years or so ago and we had our first child on the way, and I knew that we needed to buy a house instead of renting. Um, and as I mentioned, I was in direct sales and sales and sales management. Um, I was not a W-2 employee, so everything was commissioned based and I had some bad credit from a brief stint in college. I never, I didn't graduate from college. I attended for a little while, took partying a lot more seriously than I took college. And along the way ended up with bad credit. Right. So, I started to have a somewhat decent income, at least what I figured out or what I thought at the time was a decent income. Looking back on, it wasn't much but just direct sales. So, I couldn't prove income, I had sketchy credit at a time. My wife was pregnant with our first child, Logan. And uh, I realized I need to buy us a house, right? Because we're starting a family. I don't want to continue renting. So, I went to a mortgage broker. Um, pulled my credit and pretty much just told me that I can't finance a stick of gum, go pound sand, right? So, I'm like, man. So, I walked out of there...

Josh: Can't finance a stick of gum. I like it. I'm going to steal that if it's alright with you.

Sean: Yeah, absolutely. So, I figured I'm going to, I'm going to prove this guy wrong and I know there's going to be a way to do it I just don't know how. So, I had seen all these late-night infomercials, you know lying in bed after a night of partying or whatever. They said you can buy houses with no money down and no credit, blah, blah blah. So, what I did, and at the time I really hardly had a pot to piss in to be honest with you, but. But what I did not having a bunch of extra money is I would go after, after work, I would go up to Barnes and Noble and they closed at 11:00 every night. So, from, you know, eight, 9:00 until 11:00 for a month or two. I just sat in Barnes and Noble and I would read books about creative real estate that I really, at that point couldn't even afford to buy. Right.

So, so, you know, so I was determined to figure it out. But, um, so I studied, studied, studied, and then I got to where my wife was kind of the point to where, you know, you're, look, you're working all day, you're out selling, you're training these other reps that you got working for you and you in your sales business and then from, you know, until 11 to 12 o'clock almost at night by the time you walked through the door, um, you know, I'm not seeing you at all. So, we gotta figure something out. So, I'm like, alright, I gotta figure out how to buy these books and we're on limited budget. So, what we did is on Saturday and Sundays I would start, I would go to garage sales, and this is kind of...

I don't know how I came up with this, um, but I would go to garage sales and uh, I would buy books, you know, for ten cents or fifteen, twenty-five cents or whatever that had never been read, right? Brand new books, people just want to get them off the shelf and out of there, out of their house, right? So, I buy a few of them and I'd taken back to Barnes and Nobles and a couple of the other bookstores and I would exchange them for real estate investing books. Right. Just be like, you know it was a gift. I don't have the receipt. So, you know, whatever. I mean, maybe it wasn't the most honest thing in the world, but it's what I, what I did to make the marriage work and to learn how to do this business. Right?

So, that's what I, that's what I did. And my wife finally told me after, I don't know, four or five months of studying, crap or get off the pot type thing, we got to figure this out. So, I'm like, all right, let's find a house. So, I went out and I had heard about bandit signs and I took a, I took $200, which was probably about what we had to our name at that point. And I went and got some 18 by 24 plastic bandit signs that just basically said we buy houses and a phone number on it. Right? So, I put those out. I remember it like it was yesterday. I put them out on the New Year's Eve, right? So, a couple of days go by and I get a call and it's from a motivated seller. So, I'm like, man, this is awesome. We got here. We go. Well, it turns out that property ended up being in an area is part of town called Pine Hills and it's not a very, it's not, let's put it to you this way. It's not where we wanted to live, it's not a war zone, but it's just not where we're I wanted to raise a family. So anyways, I talked to the seller.

And long story short, I ended up putting, structuring a deal creatively with her because I knew I could probably sell this house to somebody else. Um, I put that house under contract, did a lease option, um, and then ended up reselling it to an end buyer. That's a funny story in and of itself. And I don't want to, I don't want to go too far off topic here. Um, but remind me to get back to that later if we have an extra minute or two about crazy deals that I've done. But long story short, we put six grand in our pocket up front on that, caught up the back payment on that one because that seller was actually falling behind. And again, I think that payment was less than a thousand dollars. So, say we ended up putting about five net into our pocket. Um, I structured that deal to where we had I think $200 a month positive cash flow with the end buyer on...

Josh: Now you can buy lots of books, $200 bucks a month of cash flow.

Sean: Yeah. Yeah. So, you know, I realized at that point I'm like, look, I mean I may not be the sharpest tool in the shed and it may have taken me six months to get this first deal under my belt and I may have done it without even actually trying to get a deal under my belt because I was looking for a primary residence, but we're onto something here and I think I continue to make money with it. So, from there I just, I reinvest those profits, part of them back into marketing and lead generation and then I just continued spinning off deals from there. And it's, it's been, it's been an interesting roller coaster ride with more ups than downs since luckily.

Josh: Yeah, absolutely. Every entrepreneur has ups and downs. Yeah. It's about the end game, right? It's about... Friend of mine, I was just with, um, was talking about what it takes to be an entrepreneur and scale a company. And I thought it was really cool. He just mentioned three things. He said, first of all, you gotta know what you want. Second of all, you got to know how to get there. The how is the strategy, the business, but the scale of real business, It's all about the WHO. It's all about who you bring on your team because even if you're a really smart entrepreneur. You don't want to be the smartest person in the room, especially if you're building a big company. And a lot of times you can flatten out the ups and downs with the WHO because if you're in, if you're in an up, you can continue the up with the right people, the right team, and if you're in a down if the markets going bad, but you've got good people around you.

It's kind of easier to make it through when the market throws you for a curve ball. So, um, interesting take on that. I thought it was real simple but powerful message, know what you want, know how to get there or the strategy. And then it's all about the WHO. Um, so I wanted to ask you about that Sean, you know, and your team building your business, you've got these rehab crews, you're doing this licensing of your marketing. Maybe talk for a second about your team, maybe talk a little bit about some of the people that you've come across over the last 20 years. People that had a big impact in your life and what it's meant to your business when you've been around the right people and then if there's been any kind of negative or thing that went bad and that was related to having the wrong person on your team. Maybe talk to that for a sec.

Sean: Alright. Well, I guess I could go on for a long time about, about this topic and more so with the wrong probably than the right. It's difficult to, uh, it's, it can be difficult to find the right people, um, you know, to put on your team. And I mean we've, we've gone through unfortunately probably more, I don't say bad for lack of better words than good. Um, we've got, uh, we've got a great team in place now and we have for quite a while, but, uh, you know, it's taken us awhile and I'll tell you on one hand, I might not be the best person to give advice on this because I tend to stay kind of to myself with my wife and I and my family as opposed to getting out and networking. But the more I've made myself get out and network, the more my team has grown. I mean, we've got a great realtor that we do business now. We got a great attorney that we do business with now. Um, I mean we've got key players. We've got two crews for our rehabs and after going through, I mean, I can tell you every, well, I'm sure you could to. And we can probably both go home with stories about dealing with bad contractors and, and similar issues for, you know, for the whole day and night. Um, you know, we got a good mortgage brokers on our team and everything now, but you got to kiss a lot of frogs sometimes before you find the right ones. Um, but finding the right ones is definitely key. Getting out and networking and stepping out of your comfort zone to build your team is very, very, very important. I've learned it the hard way in this business.

Josh: So have I, and with one guy or one gal can make things so much easier when they own it, they're responsible for it, they're accountable to it and they do it and they do it well versus somebody who's not, who's the exact opposite of all of the things I just said, uh, can cause so much trouble, so much pain and so much delay. Um, and loss of income, loss of opportunity. Um, it's a really, really, really big deal. I would rather... In the beginning of my real estate business, you know, I've hired all the family and friends, anybody that can come work for me and I was all about keeping the expenses down. So, we hired a lot of people that were just cheap, inexpensive. And over the last 14 years as a real estate entrepreneur, I've realized I'd rather have less people who are probably cost me three times as much money, but who are just absolute A players and that really own their role, own their niche and they, they, they do it whether I'm there or not. Right. Big Difference.

Sean: Yeah. And that's a trap that a lot of entrepreneurs fall into. I mean, and not even just new ones. And again, entrepreneurs, whether its real estate investing or, or whatever else it is, that you're in. Cheap typically actually equals expensive. And you mentioned that, that, you know, you just made a good point. You know, I'd rather have somebody that's expensive that's costing me three times more than the cheap person. The reality is actually the reverse. The cheap person is costing you three times more than the expensive person is. You just don't. You just don't realize it. You know. And it shouldn't be an easy lesson to learn, right? Because I've learned it, you know, a thousand times over. But I mean, at the end of the day, life's going to teach you those same lessons over and over and over until you, until you finally learn them.

Josh: Yeah. So, Sean, um, because as we kind of round third base here and head for home. Uh, I'm just curious, you know, after being in the business 20 years, I've been in business a long time. I bought my first investment property in 2001, so I'm going on 17 years, you know, I felt like the first five or 10 years of investing was all the learning lessons and then just this last couple of years that we really, really made hay, like all the mistakes I made in the past I learned from and finally did it right. Um, so help me understand for you, after 20 years in this business and seeing the ups and downs and doing really well and having some challenging times, what does the future look like for you? What are you focused on? I'm curious on what you're trying to build. Is it cashflow, is it assets, you know, where are you going in the next, you know, three to five to 10 years? What do you see happening for yourself and for your company?

Sean: You know, my, my, for myself and my company and my business has, has changed a lot over the years. We're to the point now to where I'm starting to look towards wanting to taper down. My wife and I have raised three kids, one's out of the house and is in the Air Force living in South Korea now. Our middle son is going to be going into his junior year in high school pretty soon here. And then we have a daughter that's a couple years behind him. So, I'm starting to really think about, uh, about retirement. I'm looking at, I'm looking at building cashflow several different ways. We buy multifamily properties. I've got a lot of, a lot of cash flow coming in on these pre-wholesale type deals that I got into a little bit earlier. Um, I mean we're, we're structuring creative deals where we have a lot of cash flow for a long period of time on those deals.

And then the other thing that we're focusing on and have been focusing on for, for quite a while now is, we found a pretty cool little niche here. And you can, and you can do this anywhere, you know, probably just about any market across the country. I assume there's probably some and uh, you know, in, in Denver, Colorado area and in certain parts of California where the prices are just so high that doesn't work. But what my wife and I have been doing here is, is buying these little two-bedroom, one bath block homes, uh, that actually don't even have central heat and air in them. And um, and you know, we pick them up for 25, 30 grand, just dirt cheap and we turn around and we rent them out and we'll fix them up just a little bit. Um, anything that could go wrong on those little two ones with no central heat and air and an 800 square foot houses is relatively cheap to fix and they spin off $800, $900 a month in income, positive cash here.

So even if you have debt on that property, you've paid it off in a year and a half, couple of. Um, so we've been focusing on that. Uh, and, and I almost wish I would wish I wouldn't have shared that. I almost like to keep it to myself because for whatever reason, it's a niche that people haven't figured out. And Man, we're, I mean we're, we're killing it with that. So that's where we are really focused on right now is continuing to do those things and veering over towards retirement. Hopefully be able to hang out with the grandkids and sail off into the sunset some point in the not too distant future.

Josh: Nice. Very good. That's awesome. Um, so you mentioned this crazy deal earlier, crazy deal that you worked on some crazy buyers that you worked with on one of your pre-wholesale deals. Tell us about that, what's maybe the craziest, craziest experience, a deal you've worked on or closed or maybe a deal that you didn't do and you're like, thank God I didn't do that.

Sean: Oh Man, I can. Again, this is one of those that I could throw out all kinds of stories and we'd be here for a long time. I'll stick with... To build on what I was sharing earlier though about that, uh, you know, about our, our first deal actually and how we came about that. So, I mentioned that, uh, you know, we've got $5,000 on that deal. Like I, I signed it up basically as a lease option and then what I did is that... Now keep in mind at this point in time, and this was 21, 22, 23 years ago, I was brand new. I probably knew just enough about this business to be dangerous, right? To really screw things up.

Josh: Someone other than yourself.

Sean: Right. Exactly. So, uh, so I got that property, did a lease option on it, turned around, offered it is um, like a for sale by owner thing with no credit, no qualified by the house. And uh, I, I turned around and I sold it like I was owner financing even though even though I didn't actually have the deed to that property right now, at that point I didn't realize that you could just get the deed and take the payments subject to, I would have no problems with that point, but I didn't do that on this particular deal because I just didn't know better at the time. So got the lease option. Turnaround arranged to hold some financing for an end buyer for a couple of years. Um, they gave me the $6,000 down structure to cut a couple of hundred dollars positive cash flow. This buyer moves into the property, right?

I take that, I take about a thousand dollars out of their down payment, catch up the one month that was behind on that particular property. So this new buyer moves into the property. Everything's going good for, for like a month, right? She makes her first payment on time. Everything's good, she's happy. She loves us. Everybody loves us. Caught up the original seller's back payments again, mentioned that before, but just want to reiterate it that I fixed up the house a little bit, painted on the outside. The new buyer had totally fixed it up. The new buyer is now having a house warming party with all of her friends and family. All right, so here we are on a Saturday afternoon or whatever for the house warming party. Everybody's over there. She's showing her new house off. Knock. Knock. Knock. It's the owner of the house that actually owned the house still. The owners knocking on the door. What... You don't own this house. What are you doing in our house? Right? You don't own this house. Oh man.

Josh: It's like a Super Bowl Party where an owner shows up. What are you doing here?

Sean: Exactly. Exactly. You know, so that was a minefield that just blew up on me and it was from not knowing how to structure deals properly at the beginning of my business and not communicating properly with everybody in the party. I mean, now, you know, fast forward so many years later, everything is about making sure that everybody knows exactly what's going on in the deal. I don't ever want to leave anything, you know, unknown. Um, but back then that's just how I structured my first deal and it blew up in my face. Um, ended up being, you know, ended up working out. But man, that my stomach was in knots for a few days over that one.

Josh: Yeah. Show up at the party and give everybody a beer or two and then let's talk it.

Sean: Or three or four. Right?

Josh: So, Sean you have a ton of experience, you've done boatloads of deals. Is there any kind of advice that you would go back and give your younger self or some of our audience that might be in then kind of new to intermediate category, what would you go back and do differently? Or what advice would you give yourself?

Sean: Well, you know, I'll tell you the first thing that pops into my head with that question. It is continue to educate yourself and have persistence in your business and understand that there's going to be, no matter how good you are, how great you think there's going to be ups and downs, especially early on. Um, education is, is, is the key though, right? At the end of the day, persistence and education, both, uh, you know, I shared, I shared my story with you about how I, how I educated myself to learn how to begin to buy and sell houses without using any of my own cash, credit, money and just having crap credit. Right? So, I... Education and courses, real estate investing courses, you know, people think sometimes they're expensive, but man, I'll tell you that there's probably not a course out there that I haven't studied and I still to this day continue to buy people's courses, trainers and residential real estate stuff.

I mean, it might cost $500,000 to get a course. Let me tell you the piece if you. Here's the way I see it. If you pick up one piece of good information that you can apply to your business from that course, it's worth it weight in gold because it's going to continue to pay you back for the rest of your life. Right? In this business and possibly any others, um, that you move into later on down the road. So, education's key. It was a driving factor for me still to this day. Um, you know, I don't think I know that I've educated myself far more than I ever could have, uh, or more so than most people ever go and get a four year college degree will because I continue to educate myself on the topics that I'm passionate about in life and business day in and day out. I have no problem staying up until 3:00 in the morning every night reading and I read a book a week. Um, education is key.

I mean, with, with real estate and real estate investing, especially continue to study what other people are putting out there that have been there and done it before you and learn from them. Consider yourself to be a sponge and just soak in all the information and then go apply it to your business. It's probably the best piece of advice that I can give you when it comes to especially real estate investing.

Josh: Awesome. Awesome. Sean. It's been great. It's been great fun sharing stories with you. I appreciate it. If our audience wanted to reach out to you, uh, touch base with you, whether it was for coaching and mentoring or some of your courses or know licensing your marketing programs, what's a good way for people to reach out and touch base with you?

Sean: Well, and I've got my website is reitrainers.com as reitrainers.com. You can find information on, on any of our training and also in the licensing product for marketing lead generation on that website. And Josh, I'll probably shoot you over a link and maybe you can maybe put it on your site to go to Josh instead of... I mean if you don't want to write it down or whatever, go to Josh's site, click there and it'll, it'll lead you to it.

Josh: Well put, we'll put that in the show notes, your, your contact information and your site and all that stuff so I'll could reach out to and, uh, and, and connect with you that way. So, listen to my audience. That's here again. Welcome back. I appreciate you being back with us again. If you enjoyed this, leave us a rating and a review. Tell us how we're doing. If it was great, let us know, if it sucked and you thought it was waste of time, let us know either way, leave us a five-star review. Sean, it has been fantastic getting to know you a little bit more, spending time with you and, uh, look forward to, you know, just building on our relationship and for our audience. Thanks so much for being here. We value all of you. Thanks so much for spending time with us today listening to this and look forward to connecting with you again in the future. So, Sean, thanks a lot. Take care my friend.

Sean: Appreciate it.

Josh: All right, we'll talk to you soon.

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