



THE LANDGEEK

The Art of Passive Income Podcast With Mark Podolsky and Scott Todd

Today's Guest: [Jennifer Beadles](#)

Transcript

Mark: Hey, it's Mark Podolsky, the Land Geek with your favorite nichey real estate website, www.TheLandGeek.com and I'm really excited for today's guest of multiple real estate income streams. But before we talk to our guest, I would be remiss if I didn't properly introduce my co-host—you know him, you love him—Six Sigma, Scott Todd from ScottTodd.net, LandModo.com and most importantly if you are not automating your Craigslist postings, PostingDomination.com/TheLandGeek. Scott Todd, are you ready to have another income stream after today's podcast?

Scott: I'm ready. Let's go.

Mark: All right. We are going to talk to Jennifer Beadles from REIMillionaire.com. Jennifer, how are you?

Jennifer: I'm doing well. How are you guys?

Mark: I'm great. I'm great. So, Jennifer, you created 22 income streams in seven years, you are a real estate investor. You are also a realtor, is that right?

Jennifer: Yeah, yeah.

Mark: So, can you kind of walk us back from your superhero origin story and kind of how you got started and then you woke up one day and you are like “You know what? I want another income stream. You know what? I want another income stream.”

Jennifer: Yeah. You know, I really got started in real estate when I turned 21. I was one of those I guess overachievers when I was younger. I always had two jobs. I was always the friend that had more money than everyone else. So yeah, I really kind of became obsessed with this idea that I could work two jobs and create as much income as I wanted really kind of for the freedom aspect. But then I realized that we only have 24 hours in a day and you can only ever work so much. I was working those two jobs in order to be able to buy my first house. So, I did that and the goal into buying that first house was to turn it into an investment property which was a great idea except that that was 2007.

So, that property didn't necessarily work out but I really kind of continued this journey with real estate investing and my focus after that first property was in buying cash flowing properties. So, over the years I've really just kind of built up my portfolio mostly focused on value-add properties which is basically the ugly stuff that no one else wanted to touch and along the way, I've helped other investors. I've earned an income stream by being an agent who focuses on working with investors. So, I was able to kind of earn as I learned as well on that. Most recently I've added some more passive income streams by doing some hard money lending. I also just recently, it's not an income stream it's more of an asset allocation I guess, but I have done some cryptocurrency investing as well.

Mark: Wow. Scott Todd?

Scott: I'm smiling because cryptocurrency, man. I paid a guy to go out and take pictures for me Mark last year, a year ago I paid him \$400 in bitcoin. It basically at the time equated to like one bitcoin so I'm looking back thinking I paid \$4000 for these pictures. Jennifer, when you started, you were working multiple jobs and you had to have started with connections, right? Because geez no one starts off and just achieves success like you did. I'm saying that jokingly because you probably didn't have the connections that you wanted to. So, how did you build the connections that you needed in order to be successful? Because I'm sure you weren't loaded with money at the time that you started, right?

Jennifer: Oh gosh no, no. So, I bought that first house and started to kind of learn how to remodel it. It was built in 1901 which is pretty old for our area, Washington State. So, it was actually one of the oldest houses in that

city. So, I was remodeling that house, still working the two jobs and I decided that I really wanted to go all in in real estate. So, the first thing... I was not thinking about getting into sales at all on the agent side so I actually got hired with a builder and I learned about land development. I basically kind of went in and was working as a project manager, helped do a lot of the budgeting and kind of the oversight permitting site plans, really everything to do with building houses.

One thing that I noticed that the owners were doing which was really smart is they would go and build a couple of houses, take some of the profits and then they would go and build a duplex. So, we would kind of repeat this process that we sell a couple of houses and we go ahead and build duplexes for the owners to keep. That was really something that kind of stuck with me is this idea that you can have whatever business you have, in this case, of course, it was building houses and selling them and then taking a percentage of that profit and adding these additional income streams which in their case was in the form of rentals.

So, my connections really came from the building and development side. Shortly thereafter, I decided to get my real estate license so that I could use my agent commission as a down payment to buy another property to owner occupy. So, I went ahead and did that and bought a duplex where I owner-occupied and lived on one side and then had the rent offset that mortgage. So, I learned so much by working in that development side that really catapulted me into this whole opening my eyes of how it goes into land development and rental properties and how financing works and getting an idea of the cost of everything, how to run budgets, how to rehab properties. That was really my connection I guess if you will of how all that works.

Scott: So, where did you get your original capital? Where did that come from?

Jennifer: Hustling, working. I think as a younger person sometimes the challenge is when you've earned the money, the natural idea is to then go and spend it somewhere. But if you don't have a good place to spend it, then we just find ourselves spending it on entertainment or clothes, whatever, trips. In this case, after I got into real estate I was like, "Great. I'm just going to spend all my money on real estate." So yeah, I saved my money. That was my idea was I'm going to save as much as I can and put towards building a rental portfolio that would then pay me to own it.

Mark: Jennifer, you are kind of different from most people in the sense that you really caught on very young about the compound power of money and multiple income streams and just kind of taking this sort of different view of

money as not something to provide me pleasure, momentarily pleasure but something that's going to provide me security for the long run, real wealth and then I will be able to do what I want whenever I want. What did your parents do and where did you get this sort of philosophy?

Jennifer: So, my parents were small business owners and so was my grandparents. So, I have really been kind of exposed to this idea that you can really have as much freedom as you want if you are willing to work for it. My parents worked really hard. My dad was actually a wildlife photographer and still is. As kids, we would set up these little art festivals and sell my dad's pictures. So, I had the ability to work the cash register and kind of see how that side of things went.

I think I also learned a lot about... That was my parents' sole source of income and they actually did really, really well but I also noticed that if they wanted to take time off or if they didn't want to work as hard, they were kind of stuck in that I guess self-employment if you will. If you talk about Robert Kiyosaki and the difference between investor business owner and self-employed employed, they had great job security being self-employed. Again I learned so many lessons from them early on and then I also learned that if I wanted to really kind of have a different lifestyle then it would be about yes absolutely working really hard but then building in passive income streams kind of behind me to make sure I didn't have to work 30 years hard. So, those were invaluable lessons that I learned from them growing up for sure.

Mark: Yeah, it's fantastic. I love the private money niche. My buddy who lives out here works for a billionaire, they do private money and the returns... Now, Scott and I will like laugh because we make 300- 1000% but in the real world, he's averaging like 12, 13% on the private money and able to deploy \$500 million to do that. Of all the income streams, how would you rank them? Which ones do you like the most to which ones you like the least and why? That's a tough question so answer the way you want. Scott is like, "Mark, why are you giving her this question?"

Jennifer: You know, yeah totally hard because I think the rental properties—they are probably my favorite. They are definitely the most amount... I shouldn't say the most amount of time because my agent commission income side of things that's still pretty active. But I think with the rentals having the ability to be good at acquisitions and then being a good operator in a sense that I'm able to buy properties, go in there do pretty quick, inexpensive rehab and then get new tenants in there that will pay much higher rental amount at which point I have now increased the

income and then as a by-product of increasing the income I have increased the value.

So, I think having an income tied to an actual asset is a huge value and I don't get that with the hard money. Once the loan gets paid off then that income stream is gone. I have to go find another one. Whereas with these rental properties, the income stream just goes up over time and the value of the asset also goes up over time. So, I think that's something that's really unique to rental properties that most people I think should really consider is the fact that yes there is an income stream but there is also an asset that's attached to it. It is my favorite.

Mark: Scott Todd, what are your thoughts?

Scott: I do like the fact that one of the things about rental income is the fact that you own an asset then you are just renting it off. That income stream does not go away. Mark, one of the things that in a way it's kind of funny how you play it. For us, for you and I when we sell a piece of land we still own that asset and the person is basically essentially renting it from us and there is a lot of times where they just don't pay it off they just leave and whatever. It becomes that perpetual money machine. When you get that one that pays off you are like, "Aaah, darn it."

However, I know that a lot of people are really focused on in their early days of building passive income they want those notes to get paid and for me I'm like, "It's okay," because I know where it's going to lead to and not necessarily depend on that cash flow today versus we are just going to keep it going. I do like the fact that you have an asset that you are renting out and then that asset increases in value over time plus you are getting cash flow today and some of the other aspects that go along with that like depreciation etc.

Mark: Yeah. But I would say that our advantage is that yeah we don't own the physical asset but we also don't own the headache of the physical asset. So Jennifer might be getting called at 3:00 in the morning, "The roof is leaking," where nobody calls us and says, "Hey, the dirt is turning brown."

Scott: Mark, you know what's great about it though is the fact that it's funny because I don't feel any pressure to do what Jennifer is doing which is I've got to then go rehab the place or fix it up or I've got extra cash I got to deploy. Honestly and I'm not slamming Jennifer, I'm just saying what I like about what we do here is I like the fact that I don't need a lot of money to deploy. I don't need a bank to say yay or nay. I don't have to go get hard money to go do what we are going to do. So, it's like I can turn the money

faster and I can do more deal flow than somebody who is got to now get involved with financing and building investors or building partners or going to get hard money loans and having all that tied back in. We are like Nimble. We are like Yogis, right?

Mark: Yeah. Jennifer, do you ever watch these HGTV shows and DIY Network shows and just roll your eyes?

Jennifer: Oh absolutely.

Mark: What really happens? What's going on in those reality shows?

Jennifer: I think the biggest thing is it seems like they make it sound so easy and simple. I think the biggest thing today is... Actually, my husband and I were just chatting about that last night is how much things have changed in just a few short years. I remember back in the days when we were building a lot of houses that contractors were begging me for work and they were reducing their prices. They were knocking on my door. They were bringing me cards and gift cards and things. Today it's like I was looking for an electrician the other day and I think I probably called 15, like literally, I kid you not, 15 different companies and all of them kind of laughed and they are like, "Oh, this is service work? Well, call us when you are building the other duplex we will look at that."

So, I think that's the biggest thing is that on these shows they make it sound like oh they got their crews that come in and everyone shows up and everything goes for the most part pretty well and that's just not the case at least not in the Seattle market or a lot of the other markets that friends invest in. Right now, we have a huge shortage of contractors. It's kind of like pulling teeth getting anyone to show up and help do the work. So, I think to your point that yes going in and rehabbing these properties we have to get pretty darn creative. My husband this morning is installing new Laminate floors for our rentals. Granted he was able to retire at 30 years old from our rental income but he is now our flooring install guy, he is our painter. He does a lot of the work because it's just really hard to find people that will come out, show up, and do the work.

Scott: Mark, do you feel like and Jennifer maybe you have this thought too but you are talking about the shortage of contractors and the fact that people aren't just willing to jump at the work. Is that sign that the economy is so great and the markets are near their top? Because you know what I see a lot right now? Is that I'm starting to see a lot of bandit signs that say, "We buy houses." It's like reminisce of like 2006 maybe 2005 where people were starting to get into the hunt again and it seems like they always seem

to get into the hunt too late. In terms of residential or rentals, fix and flips, do you feel like is there still opportunity? Are you seeing prices just ridiculous?

Jennifer: I think that there is opportunity in any market no matter what the market is doing. I think the difference is finding opportunities that others may have passed up for any given reason or of course off-market opportunities. I am seeing more and more investors enter the marketplace than I ever have in my entire career. I definitely I'm feeling some reminders of 2007 and honestly, I'm a little concerned. We are kind of seeing that across the board really. I had a private equity deal pitch about two weeks ago and it was entertaining. These guys have a five million dollar valuation on a company that brought in 30,000 of revenue last quarter. Granted I'm not a...

Mark: That used to be my world. I used to do investment banking with private equity groups. Those numbers don't sound right, Jennifer.

Jennifer: Yeah. Well, needless to say, I didn't do that deal. Honestly, I asked them how ... This is just an example of the marketplace that we are in across not just real estate but stock market all these different things is everyone is looking for yield right now and everyone seems to be going in directions that maybe they shouldn't be. Of course, real estate is included in that. So, it's concerning. Though at the same time investors ask me all the time, "Well, should I wait it out? Should I wait for the next recession? Should I wait to do something until everything cools off?" Honestly, my advice is, you are not going to gain anything by waiting though I would definitely be cautious and very careful in today's marketplace.

The rental properties that I have bought this year have increased my net income by, I think I brought in like an additional \$4000 a month by these rentals and these projects that I have acquired this year and we are still in a really hot market and I'm in Seattle which is really one of the hottest markets in the US. But it's only because I have the ability to find deals and only find projects that make sense. So yeah I would say deals are out there and people just really to be careful and really need to strict with their criteria.

Mark: Alright, so one more question before we get to the tip of the week. What is the best or most worthwhile investment you've ever made? That can be an investment of money, time, energy or otherwise.

Jennifer: So, I would actually say buying that very first house which was a terrible investment. I didn't actually lose any money but it was... I bought

the house for 218 and I think within 18 months it went down to maybe 140 so it was a terrible investment. But I think making that terrible investment gave me the insight gave me the lessons, really got me started in real estate. So, had I not had that experience, had the market not continued to even increase at that point I probably would have in a tough position acquiring more properties that weren't cash flowing, potentially going to go underwater. So, I think just taking that action step and just making a decision and saying, "I'm going to do this." Of course, it was a bad decision but just taking action, making that decision and making something happen was definitely the best deal, deal of a lifetime.

Mark: Yeah. I always think action trumps inaction even if it's imperfect action. Scott Todd, you are always saying, "Always be moving your feet. Scott, is that like cliché?"

Scott: Yeah. Don't stop man. I don't care what you get slammed with how fast can you get off the ropes and get back into the boxing match? Don't be like McGregor and just rest on the ropes. Keep swinging at all costs. Even if McGregor laid on the ropes and got 20 million so who I'm I to judge, right?

Mark: He got 70 million.

Jennifer: Yeah.

Mark: Yeah, Scott, the rumor is that he bought Ireland.

Scott: I didn't hear that he had 70.

Mark: Yeah, oh yeah, absolutely. So, Jennifer, we are at that point in the podcast now; we are going to put you on the spot and ask you for your tip of the week. Your mentorship has been phenomenal but we want one more tip, a website, a resource, a book, something actionable where the Art of Passive Income listeners can go right now improve their businesses, improve their lives. What have you got?

Jennifer: I want to actually since we are on the topic of hot markets and things like that; I want everyone to go back even if you've watched it before but rewatch *The Big Short*. *The Big Short* and actually *Too Big To Fail* is also a phenomenal movie and you might start seeing some things that are currently happening in the market. But I think that movie is a phenomenal reminder. So, actually my tip of the week is, go watch either for the first time or re-watch *The Big Short*.

Mark: I love *The Big Short* and I read the book too. But *The Big Short* the movie is really just as good as the book. Scott when was the last time you watched *The Big Short*? I watched it like last month.

Scott: It's being a few months. I don't know, six months or so.

Mark: Yeah. It really makes you so get sort of... What's the word? Disenchanted with like our system. Like the system is corrupt basically. Like no one out there looking after you. It's insanity. Jennifer, what did you get out of that movie?

Jennifer: You know I think the biggest thing is people don't understand how mortgages work how really I think Wall Street works. I have always tried to explain it to people and so finally I had a movie I just said, "Just go watch the movie." I make it a point to go learn about what I'm investing it even specifically on land, right? Before I buy any land I'm going to go and read the code, get an idea of what's allowed in that zone and really understand what I'm getting into.

I think there is a lot of people that they sign on the dotted line for these mortgages but they have no idea how it works, they have no idea really what they are getting into. So, I think that's probably the best. It's just the foundational piece of understanding how mortgage-backed securities works, how even the last recession was created and really how that all works. So, I think understanding the fundamentals is the most important.

Mark: I love it. I love it. Scott Todd, what's your tip of the week?

Scott: Mark, check out this website. It's DreamyPixel.com, DreamyPixel.com.

Mark: A website I have not heard of.

Scott: Basically if you enter in your email address to their lead magnet, you are going to get access to like a boatload of beautiful free landscape images that you can use. You can use in your deals of the week, your ads. Okay, they may not exactly be for the properties but maybe you need it for your website. I don't know. Maybe you just need a beautiful picture. There you go. I just brought you freedom.

Mark: Thank you.

Scott: You are welcome.

Mark: This is great, mountains, this is really good. This is perfect.

Scott: Yeah.

Mark: I just subscribed. But it's not as good as my tip of the week by the way.

Scott: I can only imagine.

Mark: Not to be competitive but my tip of the week... Actually, I have two tips of the week because I'm going to piggyback on what Jennifer said regarding the economy. One of my favorite YouTube videos, it's a billionaire hedge fund from Bridgewater, Bridgewater Associates, is the largest hedge fund in the country and billionaire Ray Dalio created this video called "How the economic machine works". So, if you go on YouTube and just search, "How the economic machine works" you can watch it or you can just Google it. It's so simple the way he describes how the economic machine works. I make my children watch it, phenomenal video.

But my final tip of the week is, learn more about Jennifer and her 1.2 million income streams at REIMillionaire.com, REIMillionaire.com, tons of information in there and experiments with passive income, resources. She's got courses. It's a plethora of knowledge and information. So, Jennifer Beadles, are we good?

Jennifer: Yeah, yap. I think we covered a lot of different topics. There is a lot to talk about within real estate and I love what you guys are doing with land. That was really kind of my point of reaching out is very few people talk about the options with land. Of course, my goal is to always build on it, and build small multifamilies and stick tenants in there and get myself income streams that way but I love what you guys are doing so keep it up.

Mark: Thank you. Scott Todd, are we good? Yeah, okay.

Scott: We are good.

Mark: We are good? All right, I want the only way we are going to get the quality of guests like a Jennifer Beadles from REIMillionaire.com, is if you do us three little tiny favors. It takes you five seconds. You've got to go to iTunes, you've got to subscribe, you've got to rate and you've got to review the podcast. Send us a screenshot of your review to Support@TheLandGeek.com. We are going to send you for free the \$97, *Passive Income Launch Kit*. So, please do that. I just want to remind everybody that today's podcast is sponsored by Geekpay.io, the only set it

and forget it financial CRM, automates everything, GeekPay.io. Alright, well, let freedom...

Scott: Ring.

Mark: Ring.

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