The Art of Passive Income Podcast

With Mark Podolsky and Scott Todd

Today's Guest: Mitch Stephen

Transcript

Scott: Hey everyone. It's Scott and welcome to the Best Passive Income Model Podcast. My co-host—you know him, you love him—Mark Podolsky aka The Land Geek, he's not able to be with us today but the show must go on with or without him and I am honored to be able to talk to our guest today.

Because look, I have followed him for some time like whenever I really, really, really, really want to get some shiny object syndrome. And when I really think like, "Okay, it's time for a little bit of a change. This is the guy I go to and I start trying to learn more about what he's doing because it's very, very similar to the income model that I understand except with a little bit different twist." So, I'd like to welcome to the podcast and he's been here before. He's been on a couple times but I've never really talked to him. His name is Mitch Stephen. You know him—Mitch is the author of three books, a popular podcast.

Mitch: Wait a second. Wait a second. We got to let the crowd roar there for a second [00:01:20] [Indiscernible] and the crowd roared [00:01:23] [Indiscernible] okay.

Scott: They are going crazy right now. Mitch is not only the author of three books which I'm going to give you a link to them a little bit later, but he also has a very popular podcast with like 25000 downloads a month and you got to check that out and I'll give you the link as well later on. But please help me welcome to the podcast. Mitch, how's it going?

Mitch: Pretty good. Pretty good. Scott, how are you doing?

Scott: I'm good. I want to know more because like let's tell the audience like what is it because I teased them with your model is very similar to our model. What is your real estate model?

Mitch: Well, your model is go find land and buy it and owner finance it to people or take payments or you know… Mine is a little bit different, just has a house on top of it which causes a considerable different amount of stress. But maybe it also can sell for a different price and different spreads. So, there's pluses and minuses to every strategy in the book; no matter what strategy we do, there's always pluses and minuses.

I buy houses with other people's money then I sell them with owner financing. So, in a really quick case scenario, let's do a case study hypothetical pretend. I buy a house for $50,000. I can buy it for $50,000, I borrow 52000 from my private lender and I pay that private lender 8% interest only. It's a nonrecourse loan, collateral only loan and I give them a first lien on the property. So I owe them, let's just do round numbers, it's like 342 and some change. Let's say I owe him 350 a month.

So, I buy the house with their money and I've got to start making payments of 350 a month and then I don't do anything to the house. I leave the dog poop right where it is. I leave the cat poop right where it is. I don't wash the windows and maybe I mow the lawn, maybe I don't. Oh, I like it a dog. See I said dog poop and he's right on cue.

Scott: Look, see, how I timed that? It's awesome, isn't it?

Mitch: I didn't know you had sound effects.

Scott: Oh yeah, that's the way we roll around here.

Mitch: Hey, wait. You know what? The show will go on.

Scott: Yeah, it will.

Mitch: So, I'm owing 350 a month and then I put it up for sale.

Scott: I’m sorry. You know what? This is the absolute worst time. You know why it’s the worst time?

Mitch: Why?

Scott: It’s because the kids have just got home from school and they've got to like turn over everything.

Mitch: It doesn't matter. It's okay. Everything is cool. This is about real life. This is how you get through. You think these land deals and these house deals go through without dogs barking in the background? You're crazy.

Scott: Sorry, I interrupted you.

Mitch: No worry. So, I got this house, I bought it for 52000 and I'm going to sell it for 100,000. I already knew I could sell it for 100,000 because I base my sales price on the rents. I back into the rent to find an owner finance sales price. Because the basic core belief of the owner finance system in my strategy is that a person paying a $1000 for rent would rather pay a $1000 to own.

So, I took that rent and I back into the formula to figure out how I could make that happen. How can I make this house equal to what he's paying for rent and payments? If and this is a separator, if they can just give me a decent down payment that I'm going to hold up as their credit. Because most of the people don't have great credit that I'm selling to. So, the more down payment they give me, the less I care about their credit. They're showing a commitment and you know putting some skin in the game. So, I'm going to sell this house for 100,000 with 10,000 down and I'm going to collect payments of roughly 850 principal interest.

So, I've got $10,000 in my pocket. I've got $2,000 hours of my advertising money back when I borrowed the money. So, there's 12,000 in my pocket and then I got that the guy sending me 850 a month to live in the house plus his taxes and his insurance and I'm sending out 350 to the guy who loaned me the money so I'm in clearing $500 positive cash flow. So, I paid myself really $10,000 and reimbursed myself for the $2000 worth of advertising money it took to find this house to create a $500 a month positive cash flow of which I am not a landlord.

If that air conditioner breaks, hot water heater breaks, the sprinkler system doesn't work, or there's a leak in the faucet or the showerhead quits working or it catches on fire and burns down, it’s not my house. I sold it. So when the 850 comes into my account and I write out the 350 for my payment to my lender, I get to keep that 500 and there's not really anything can take it away from me which is very different than being a landlord. I know you understand this, Scott, because you're in the business that you're in because you don't want to be a landlord. Being a landlord in my opinion...

Scott: Yeah, it’s not fun.

Mitch: It sucks in my opinion, but now that being said, there's a lot of people making a billion dollars being landlords you know I get it. It's just there's another side of that coin and I like the other side and if I just take all the time that most people spend being a landlord in managing that property and taking the phone calls and doing the maintenance and keeping up, I just take all that time and go buy another house. So, I don't get the appreciation and I don't get the depreciation of the house because I sell it but I just spend all that time and energy going buying more houses.

By the way, on the subject of appreciation, what did I say about the house for? 50 around 52 and then I sold it like in 30, 40 days for a hundred. I don't know how much appreciation landlords want but that's pretty good appreciation. I just get mine in the first 30 days then I move on.

Scott: Yeah. I mean that is one of the cool things that kind of interests me not only about land but also about like your model and you know if you go back in time, like one of the first models that like… Because I did mess around with like mobile home not park investing but mobile home investing following the Lonnie Scruggs method, right?

Mitch: Yeah, Deals on Wheels.

Scott: Deals on Wheels, that’s it. So, you know one of the things that you're doing is you're forcing that appreciation on the front end as like you said as opposed to waiting for the appreciation.

Mitch: Yeah. Well, I'm fortunate. Usually, when you force appreciation, you do an add-on or addition or you clean it up where you spruce it up. I force the appreciation by providing affordable financing to people who can't get it. I mean just the other day, someone sent me an email. “How in the world can you buy something and not do anything to it and sell it for double in a little bit of no time like immediately?” I said, “Well, it's easy. I make the down payment—the payment where almost anybody in the world can afford it and then I make it match what they're paying for rent, so why wouldn't they and all of a sudden I'm selling my house.”

Now here's the greatest plan in the world as far as little old Mitch Stephen is concerned, Scott. Buy it, don't fix it. You know I can buy a house with a hole in the roof the size of a dining table and I can sell it tomorrow and owner finance it and I don't have to fix that hole in the roof. I can sell the hole right with a house. I can sell the whole thing altogether, the house and the hole in the roof. So, you buy it, don't fix it and then you owner finance it for double and then you watch the person making payments to you go over budget remodeling your collateral. That's the greatest plan in the planet.

There's an art to it because you know you've got to find that right guy. You've got to find that guy that can A, give you a little bit down. You know the house needs a lot of work. I don't ask for a lot down. I've got to leave them some of their money to fix up the house right. So, I ask for two or three thousand down but then I watch them go to do that 10000 remodel which turns out to be 17000 or 18000 or 20000 and all of a sudden, that house I bought for 30 that I owner financed for 60 that he put 20 in is now worth 110. So, he can pay me or he cannot pay me. I don't really care which way it goes.

I mean I pray that the guy is successful. I hope he makes his payments and he lives happily ever after in that house because I never have a goal to take someone's house from him that would be a bad business plan and my God wouldn't think very much of me for making that kind of plan. But in the event that I have to take that house back, I'm going to be fine, right? Because I bought it for 30', I owner financed it to this guy for 60,000 and then he put 10', 15', 20,000 in it and made it worth 100 plus. I still only have 30,000 in it so I'm in pretty protected position and my lender, by the way, my private lender who loaned me the money, he's in a fantastic position and he's making 8% to boot, 8%. Do you think 8% is a pretty good interest rate for people to make when they are being passive?

Scott: Yeah, yeah, yeah. Like for me I don't want 8%, but for my investors, 8% is a good rate. Yeah, that's a great rate.

Mitch: Yeah, I mean for being passive. You're not passive, you're working. I'm not passive. I mean I make a lot more than 8% rate of return but I'm not passive. I'm not passive by a long shot. Mark tells us he's passive look he's over there working right now.

Scott: So, I have I have a couple questions. First, like you say like $50,000, right? Like and I know that there's parts of my community that you can get a house for $50,000 but it might be a war zone. Is that 50,000 for some hypothetical? Is it something that I could take over to another area like any market?

Mitch: Well, no, it doesn’t work in any market. I mean you have to search out your Zillow or your Trulia and find out where there's pockets of affordable houses which I say affordable houses are houses that traditionally sell for 150,000 or less traditionally sell and then we're going to offer half and then or less than the ones in disrepair you get it even less and they're not in war zones. I buy houses in war zones but I don't choose the owner finance in there. So, I'm in my strategy of trying to find houses that I can owner finance.

Along the way, I find a lot of different kinds of houses. It doesn't work in expensive neighborhoods. Like you can't go do this in downtown Los Angeles where a two-bedroom house is $800,000. You can't buy a house for four hundred and owner financer for eight hundred. It doesn't work because the interest rates that we have to charge are higher like 8%, 9%, 10%. Well, 8% or 9% on $50000 that you borrow or $100,000 that you finance to your buyer is one number you know 100,000 can take 8% or 9% or 10%. But 800,000 cannot take 8% or 9% or 10%. It’s too many dollars racking up a high-interest rate it crushes the buyer.

Som you know let's scratch off, for the most part, Las Vegas, for the most part, all of California, most of Florida, New York, and then there's other places that doesn't work for other reasons like the laws like trying to get someone out of a home whether it's their homestead can be very difficult in some states. You know from time to time we have to repossess houses or foreclose on houses and I don't want to do that in some states or you wouldn't want to do that in some states that are really, really, really hard to get people out of a house. They are too liberal too consumer oriented.

So, if you pick states like around the Midwest, you know I mean I'm sorry in the center of the country the flyover states—that's where it usually works. Don't go too far north but in the flyover states, you can get it done, Missouri, Alabama, Arkansas, Texas, Colorado. You know it gets tough in Florida just because Florida is a judicial foreclosure state where you've got to go in front of a judge and then the judge doesn't go by the law; they just go by whatever their little feet touchy feely heart feels like and the lady is pregnant, it's around Christmas so they're just going to give them another six months in your house. Well, that's not what the law says, you know? But they just write it they just write the law from the bit. So, I prefer non-judicial states or non-judicial foreclosure states.

Scott: So, are you working with like with lock land contracts or deeds of trust? Is that how you are typically doing this?

Mitch: Well, in Texas I use a mortgage and the deed of trust because we got very favorable laws in Texas and a matter of fact, Georgia said just why should we create all this stuff; we'll just do what Texas does so. Georgia's law and Texas' law are the same. Georgia copied Texas. I mean in Georgia they say that we copied them but who cares.

We do it the same and we have like a 45-day foreclosure process if everything goes perfect, it's usually between 60 and 75 days you know. But then there's always the case in every state no matter how good your foreclosure system is. You know they can get a lawyer and file TRO or a temporary restraining order and want to have a hearing or whatever and it they could file bankruptcy and they could cost you a year to 12 months to 18 months depending but that's the risk you take. That's one of the reasons why you have to have the kind of margins that we have because things can happen in the other direction you know? So people, "Wow, you're making huge margins." Well, yeah, I got huge margins but I don't get to make all that on every deal because you know stuff happens.

Scott: Right. So, Mitch, where are you finding these deals? Are they coming from realtors, are they off the market like how are you sourcing them?

Mitch: Well, that was the biggest question of the day after my first book *My Life & 1000 Houses: Failing Forward to Financial Freedom* where I kind of established a routine of buying about 100 houses a year up from 60 and down from 150. I found where I was comfortable. After that book, the biggest question of the day was how in the heck do you find so many deals especially in a hot market? You know in 2015 I bought about 100 houses a year give or take a couple, 2016 I bought right at 100 houses a year. This year it might be in the 70s because there's a lot of competition. There's a frigging guru on every corner, there's a seminar every week, everyone who watches A&E flip whatever thinks they're a house flipper for the next you know eight months at least to go out there and get in your way.

I'm not complaining but there's just a lot. Plus, the prices are moving up right now in the cycle and where I think we're at the top of the cycle so I'm not you know this is my… I've been through two recessions. I'm not following this one up so I'm buying less houses. I'm staying with my same margins. Everything is the same and I just buy less houses until the market cools down. So instead of buying 100 this year maybe I will buy 70 which is still a great living. Believe me and it's a huge living. So, I wrote my second book *My Life& 1000 Houses: 200 + Ways to Find Bargain Properties* because everything starts with buying a house if you don't buy a house this whole conversation's nothing. So, 200 plus ways there's actually 250 ways in the book because, Scott, I always over deliver; I always over deliver.

Scott: I wouldn't expect anything less.

Mitch: I know that someone's going to go in and count you know there's always that guy, "Yeah, I counted; there's only like 199." So, I made sure there's no you know. Man, I just wrote an article for Think Realty magazine this morning talking about finding bargain properties; it's not your daddy's world. It's not what it used to be. The rules have changed. You know we used to just go to classifieds grab them. We could put a bandit sign to get them. All that stuffs gone by the wayside at least in my neighborhood and I'm hearing across the country that it's the same. Today is pretty sophisticated. We got our graphs and our charts and we know who's a likely motivated seller. You know they're behind on taxes or is that property owner occupied or is it absentee owner, is that owner out of county out of state. You know the same things that you do. You know how to find it's a science, right?

Scott: Right.

Mitch: What's the best use of my time in my 50 cent postcard or whatever how much it cost? We start targeting really heavy because advertising is not fun when you waste it and so you start targeting who's had liens filed on their properties for the grass being too high or being in disrepair? Who's filed for divorce? What documents in the county courthouse records have the words estate of in them? You know there's an estate that needs to be settled. It gets pretty scientific these days.

Then there's the skip tracing software that we use to find everybody because the best deals in the world are found after you do the mailing and the return postcards come back. If your postcard didn't get there, no one else's postcard got there. So now the question is, where's that guy that was supposed to get this postcard? Where is he? Because he still owns the house, you know? I mailed to where he's supposed to be and he's not there anymore. Now you're separating the amateurs from the professionals because the professional house hunter—he just getting started now. He's just getting started. He got a stack of 25 return postcards. He's gone. This is where he goes. This is where everyone else quits. This is where this guy starts going to work. Do you agree with me?

Scott: I agree. It's funny because I remember I had a piece of property that I mailed to and it came back return to sender. I looked at the return to sender name and it was a dentist, right? It had his name DDS. So I'm like, "Man, how hard can it be to find a dentist?" So, I Google his name and of course you know his listing comes up but you know it came up in a newspaper article about how he was an orthodontist, this one guy, not a dentist, an orthodontist. What happened was unbeknownst to any of his patients he just closed his practice closed the doors and everybody that had paid for orthodontics for their kids was out and the news reports were actually gave a mailing address a P.O. Box where you could send your claim for reimbursement. So, off my letter went and guess what? I still bought a piece of property off the guy because he needed money.

Mitch: Wow. See?

Scott: That's a steal isn't?

Mitch: Yeah, that's a steal. So, I like that too because I bet there wasn't a whole lot of people in the room competing for that property, right?

Scott: Not at all, not at all.

Mitch: Because you took a little work and ingenuity to get there. So, you know the find in the houses it does help. I mean the first two years when you start this business your first year your second year is the hardest two years ever because you have no connection, no one knows who you are, no realtors know you. After 22 years in the same town, I'm relatively famous in my little bitty tiny pond. You know what I mean? I have my celebrity and this little tiny puddle called San Antonio Texas amongst the realtors.

Now there's 10743 realtors. So think about… Remember that big box house buying company with the orange and green and yellow billboards all over the world. I'm afraid to even say their name because like they sue everybody who's like mentions anything that resembles their name. So, I'm not going to say their name but you know who they are. So, they're competing for a whole city to brand themselves a whole city to the potential seller right there. They're trying to brand themselves. So, what I thought was, "Well, I'm not as big as those guys; I can't afford that so this is what I'm going to do. I'm going to brand myself heavily among 10,744 realtors in my town." 10,744 realtors now that's a whole lot easier than trying to brand yourself into the minds and hearts of 1.7 million people.

So, that's what I did was I just ratchet it down, figured out where my where it was most likely I could find a house and then I figured out where where's there a group that I can actually pinpoint you know what I mean? It pointed me over to the realtors and the brokers and I said, "You know what? I'm just going to brand the crap out of myself to these guys." If out of 10744 realtors if only 100 of them know my first name and last name and know what I do, then that's 100 houses a year. Because every realtor on the planet who's doing anything at all runs across at least one deal that they should buy themselves and of course, they never do and so I just asked them to contemplate themselves first and then throw that idea away which they do automatically and then they call me instead. Because they just think of me second. So, if 100 realtors think of me second, then I buy about 100 houses a year just from realtors if that's how it works. That doesn't seem so hard in a pool of only 10744 people. You see how I think? I think simple. Let’s keep it simple and let's keep it down to some manageable kind of number where I don't need tens of thousands of dollars to do this.

Scott: I'm sorry, go ahead. I didn’t mean to cut you off, go ahead.

Mitch: Well, I mean I can reach 10744 realtors through email through a lot of different ways that don't cost that much money and I can begin to brand my Cash4Houses.net, Cash, the number four houses.net which by the way is the worst name in the world but I was too far down the road by the time I figured out I had picked out the sucky URL. But anyways, despite the fact that I have the crappiest URL in the planet, I don't know who has Cash4Houses.com. Thank God he's not in my city because I sent him a thousand people every year because everyone puts dotcom. But despite that crappy URL, I still buy 1500 houses this town in the last 22 years. It's been a great living. God only knows what I could have done with a good URL.

Scott: Yeah, there you go. Something like a dotcom. Come on.

Mitch: Yes. Yeah, dot com right off the bat.

Scott: They cost the same.

Mitch: Yeah, I know but I didn't know. I had bought like 400 houses by the time I figured out, “Well, this name is not any good.” But I had already branded it all over the place, you know?

Scott: Mitch, okay I mean sure I’m going to go do this but then you know like you said that you don't use any of your own money, right? That's going to be something that's interesting to people. How do they find the money? You have an investor base today. Like if I'm just starting out, like what do I do?

Mitch: Well, see what the next book needs to be because everyone, everyone is afraid they can't find the money. The problem is it's mostly a mindset and one of the reasons you hire a coach like me and Mark we've got to change your mind. Because if you start off the race believing that you can't find private money, then you’re sunk before you start because private money is the key between making a good living and being a multi, multi, multi, multi, multi-millionaire.

Imagine if you could just every deal you found you say, “Okay, I'll have that one and I'll take those two duplexes over there and I'll go over here and I don't really want to an apartment complex but I'm going to go ahead and buy it anyways and flip it so I'll take the money for that too. Then I’ll go and buy this house and that house and then I got three more to close next week because they're going to come around.” What if you could just buy everything that was a good deal? You can understand why private money would just separate you. I have 12 million dollars’ worth of private money right now. It didn't happen overnight. It happened over a long period of time. But it's amazing what happens Scott when you borrow money from people paying back as agreed. Guess what happens? Just take a wild guess what happens when you borrow money and pay it back.

Scott: They share your information.

Mitch: Yeah and they give you more. What can you do with a little more? What can you do with a little more? Then you finally say, “Hey, you want to do another one? They say, “No, I'm out.” “So, who do you know that need some help? Who do you know that needs to make 8%?” “Oh well, my grandmother, my uncle, everybody.” As a matter of fact, I got so good at raising private money that I had to start a hard money loan business to keep the money out because I couldn't buy enough houses. One of the things I learned was if I didn't get these people's money out, they would lose it. I don't mean invest it someplace else. I mean they would go out and they would lose it. They would give it to Uncle Harry for a snow cone factory in Alaska and wonder why it didn't work out and they'd lose the money.

So, let's do a little scenario here. Anybody in the world should be able to get private money but it's all about the deal. It's not about you. Everyone is, “I’m too fat. I'm too skinny. I don't speak English that good. I'm not a good salesman. I don't know people with money. I have a bankruptcy. I don't have good credit. Who's going to give me money if I have bad credit? I don't have a long history in this business or I'm just trying to get money for my first house. I don't have a track record.” I mean I hear all this stuff all the time and it's like stop, stop, stop.

Let's pretend for a second that you're Charles Manson and you're in prison for multiple murders. You should be able to get a loan like today. So, Charles Manson is in his cell and the warden's walking down he can hear his footsteps, and Mr. Manson yells out, “Warden, come over here. I need to borrow some money,” and the warden starts laughing. What do you think?

Charles, what makes you think that I would loan you money?" He says, "Well, I have a $100,000 house and I only want $40,000. I'm going to give you first lien and if I don't pay you back, you can take my $100,000 house. Then the warden yells to the guards, "Guards, release Manson out his cell number. I need you to take him down to my office and don't give him anything sharp until I get there. He's got some papers to sign." I mean Charles Manson should be able to get his loan.

Scott: I agree with you. I think that on a couple of points, one, I think that it's really just about telling a story and it's not about you or anything that you have it's really about the deal. And so what? Someone says no big deal there's other people who are looking for that.

Mitch: Well, first of all, stop asking people for money.

Scott: Just tell them the deal.

Mitch: Just say, "Hey, I've I got a house worth 100,000 and I'm looking to borrow 50,000 and on it do you know anybody out there that wants to make a loan like that? I'm going to get my first lien on a $100,000 house. It's pretty safe. You know anybody. Don't ask them for the money, they'll plug themselves in. Don't make them put their dukes up and get in the defensive position just say, "You know anybody that wants to know I'm willing to pay eight or 10 percent," or whatever it is. You know when you start out, maybe offer a little bit more maybe offer 10 percent.

Here's the trick though—don't offer them too much because it will scare the hell out of people. I used to go out and say, "I'll give you 14 percent." The old-timers look at me like, "This is a scam. There is something fishy going on here, no 14%," and they run away from you. You know what I mean? So, be careful because it can work against you if you offered too much.

Scott: The other thing I thought was funny was you said that you know you had so much money to move that you needed to start a hard money lending. What's funny is like I have people that have now started investing with me and I'm able to get money and deploy it and then I get it back and they just, "No, no, I don't want to back. Just keep it going keep it rolling."

Mitch: They don't want it back.

Scott: Then you find like they'll call me up and they'll say, "Scott, I've got this amount of money. How can you do it? What can you do with it?" I may not need the money right then but I feel obligated to take it so that I can keep it moving. I'll figure out a way to keep it moving.

Mitch: Got to keep it moving.

Scott: I don't want them to go to you.

Mitch: No, that's what I'm saying. If you don't take it, someone else will take it for better or for worse. You know a lot of people are not that sophisticated and I'm not saying these people aren't sophisticated but think of how many people put money into things that lose. I mean even smart people put money in the stock market and they lose it.

You know if everyone in Bernie Madoff's pyramid scheme his scam would have had a $100,000 house pledged to them for every 50', 60', 70' thousand dollars they invested with him not one of them would be broke right now. Not one of them and most of them would be worth more than they ever dreamed because those houses over the years became worth a lot of money. They started out being $100,000 house but 10 years later when Bernie was just starting to crumble those houses were worth 200,000. You know what I mean? They would have got made whole if not made better. So, I like to use that a lot. If everyone in Bernie Madoff's scheme would have had a house a $100,000 pledged for every 50, 60, 70 thousand dollars they had with him, none of them would be broke.

Scott: Now the last question I have for you is and I know you get this all the time. You know Dodd-Frank you know like I got to deal with Dodd-Frank now and I know that you look at it and you're like, "So, what I got to deal with Dodd-Frank," and you put together a system that deals with Dodd-Frank. I mean how do you deal with that?

Mitch: Oh yeah, like I just got audited like twice but they weren't like audited by anybody official not to see the CFB or anything. But I had banks people that were looking at me and they sent their compliance people down to before they loan me money. They wanted to make sure I was compliant so I passed on that but it's really simple.

In most states, you can hire an RMLO or a Residential Mortgage Loan Originator to stand between you and your buyer and take the 103 Act and do whatever it is they've got to do to keep you compliant. As a matter of fact, there is businesses popping up all across the country helping investors like me who want to owner finance their properties to buyers that are going to live in them as their home just how to stay compliant. It costs a little bit of money but it also ran a lot of people out of my business and most people don't know it but unless the person's buying a house to live in it you don't even have to comply with Dodd-Frank. So, if you're selling a house to a person who wants to rent it out to someone to be a landlord, that's a commercial loan; that's not a consumer loan. It’s only a consumer loan or the person that you're selling it to wants to live in it and call it their homestead.

So, right off the bat, there's a way to owner finance properties to certain individuals who don't fall into the consumer loan. But the long and short of it is hire an RMLO, do what they tell you to do, agree on a price that you're going to pay them per transaction, and just do what they are going to do. The first one will be kind of sticky and you'll not like it and the second one it'll become more like a routine and by number three you've got your routine down and now that's what you did. I got this guy in place, I find my buyer I sent him over to him. He meets with the buyer he does all this stuff comes back, we decide whether he's approved or not and then we go on.

So, it's really not that big a deal. As a matter of fact, I had to pay a little extra money to have an RMLO stand between me and my buyer. But they also did a lot of work that my office staff used to have to do. So I just picked up another like a subcontractor that took some of the workload off of me. With the new and I hate to say this but with the newer stricter regulations my foreclosure rate is down. You don’t know how painful it is for me to tell you that because I don't like regulation. But they made me take a harder look at my people that I was contemplating putting in houses and so it's been good. You know I can't wait for them to dissolve it but I'm still going to keep in place some of the things that made the difference you know what I mean for myself

Scott: Right.

Mitch: I don't like being told what to do teach me what to do but don't make me. You know what I mean? I'm from Texas we just assume shoot you.

Scott: Don’t mess with Texas. Don’t mess with it. Mitch, I'm fascinated. Like I love I mean I could keep on talking to you forever. I love to hear about the story and everything. But we've reached that time of the podcast where I have to ask you like what your tip of the week? You know a resource, a book, a book something actionable that our podcast listeners can go take action on. What do you have?

Mitch: Oh, a tip of the week. Let me think because I want it to be good. I want you to make some money on this. Yeah, here's the tip of the week. No, I can't do that one. Go to my podcast and watch the third podcast on a group that will help you raise money and that will make you money. You'll understand it right off the bat. So, on ReInvestorSummit.com, go there and watch the third podcast ever, episode number three. For those who don't have money, don't know where you find the money, here's a very interesting that has to do with zero percent credit cards and being able to grab some money when you want to, how you want to without asking permission to go buy something and at least flip it and make some money real quick instead of saying, “Wow, I can't do this deal because I can't find the money like 24 hours.”

Scott: All right. I’m going there. It's episode number three.

Mitch: Yeah.

Scott: Can I go to like to ReInvestorSummit.com/podcast/three, can I do that?

Mitch: Now I don't know. I think you have to go to the archives. But maybe it's not iTunes or Real Estate Investor Summit.

Scott: I’m going to look for it. I'm going to listen to it because I mean I think that that's something that could carry over not just for what you're doing but also for you know for anything

Mitch: It can definitely work for especially the land. I mean yours is even better because the price of your product sometimes is a lot less than the price of my product and I know people using this method to buy houses and so it can definitely be used to buy land. I'm sorry. It’s our Real Estate Investor Summit and if you want to go to my website you can go to ReInvestorSummit.com and it's the third episode.

Scott: Got it.

Mitch: Wait. If you dig around in there long enough, you'll find an episode with Mark Podolsky himself, The Land Geek.

Scott: Yeah, that’s a good one. You've got some good guests in there like I was just going through some of the archives and you've got some people that I’ve listened to before and you’ve got some good people in there so I recommend that they check it out.

Mitch: You know I try to ask all different questions. This is what I appreciate like your interview like sometimes when you do interviews they ask the same set questions of everybody that comes on the show. You know what I mean?

Scott: Yeah. I find that pretty annoying. Like Entrepreneur on Fire they ask the same questions every time. It's like okay I know what he's going to ask next.

Mitch: Well, so it's cool is like you just let the conversation go and then you have the questions appear to you. The questions arise you know into the conversation. That's what I try to do with mine and that's what you have done here which I appreciate a lot. Just let the conversation go where it goes - you know what I mean?

Scott: Yeah.

Mitch: And find the interesting stories.

Scott: All right. So, my tip of the week, Mitch, is I want everybody listening to this podcast, I want you to go to 1000 the number 1000Houses.com, learn more about Mitch, learn more about what he's doing, take his tip which is the podcast and go listen to it. Figure out how you can raise money. Don't let money stand in the way of you achieving your dreams and goals. I mean for pits sake money is a tool it's not the end or be all and figure out how to leverage it. Mitch, I appreciate you sharing all of that and all of your wisdom with us today.

Mitch: Hey, well, I appreciate it and let’s do it again some time. We could talk about these subject man for hours upon hours, upon hours, upon hours, upon hours. So, find out what you're... Let's figure out what your students are needing the most of whatever and maybe I can give them one angle and then can go find other people and get other angles. It's all about getting all the different angles you can and figure out where you fit.

Scott: All right, awesome. Mitch thanks, for our audience thank you for listening. Our podcast today was sponsored by PostingDomination.com you know it. Like you hear this all the time PostingDomination.com/TheLandGeek, stop manually posting your Craigslist ads, stop getting deleted and banned. You know figure out what that Craigslist algorithm is all about and smash through it through PostingDomination.com/TheLandGeek. I appreciate you guys listening and let’s talk to you next. Let Freedom Ring. Thank you, Mitch.

Mitch: Thanks, Scott.

[End of Transcript]