



# THE LANDGEEK

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

Today's Guest: [Sensei Gilliland](#)

### Transcript

**Mark:** Hey, it's Mark Podolsky, the Land Geek, with your favorite nichey real estate website [www.TheLandGeek.com](http://www.TheLandGeek.com) and today's guest is really interesting because of his martial arts background. But before we talk to our guest, I would be remiss if I didn't properly introduce my co-host-- Six Sigma, you know him, you love him. He did over... How many deals did you do last year, Scott?

**Scott:** 198, Mark.

**Mark:** I don't like to talk about it, 198 deals. I only did 192. Scott Todd from [ScottTodd.net](http://ScottTodd.net), [LandModo.com](http://LandModo.com) and most importantly, if you are not automating your Craigslist postings, [PostingDomination.com/TheLandGeek](http://PostingDomination.com/TheLandGeek). Today's podcast is sponsored by [PostingDomination.com/TheLandGeek](http://PostingDomination.com/TheLandGeek). In the second that I just talked about, I just put up 128 ads up on Craigslist. Scott, how are you?

**Scott:** I'm good, how are you?

**Mark:** I'm a little scared about our guest because if we don't do this well, he's going to kick our ass.

**Scott:** Yeah. You know, I like to think that I have a Black Belt.

**Mark:** In what?

**Scott:** Land investing, I don't know.

**Scott:** Well, let's see if you're... I think you have a Black Belt. Yeah, I think you do. But let's talk to Sensei Gilliland. If you don't know who Sensei Gilliland is, he is the Founder of Black Belt Investors. He is based in Southern California, he is the Founder and President of Black Belt Investors. He began his investing endeavors in 1995. Since that time, Sensei has created cash through wholesale real estate, obtained wealth through rental properties and continues to teach his methods through seminars, personal training and club meetings helping people to achieve their dreams.

As a young karate student, he became heavily involved in martial arts competition during his high school and college years. Before long, Sensei received the honor of being ranked one of the top three martial artists in the United States for five years straight. His first year out of high school Sensei opened the doors to his own martial arts school, and to this day owns and operates several schools from which he continues to teach actively, Sensei Gilliland.

**Sensei:** Hey guys, thanks for having me on. Mark, Scott, it's a pleasure to have you.

**Mark:** You are by far the most disciplined of our guests.

**Sensei:** Well, that is kind of our tagline, disciplined investing.

**Mark:** So, let's rewind the tape and how did you transition from martial arts into real estate investing?

**Sensei:** Yeah, great question. I always knew that I was going to be a martial arts instructor and so with that right out of high school opened up my first gym, built them about to about 11 and then with that I knew that martial arts could provide a good living but it wasn't the living that I was looking for. I wanted a little bit more. I was actually looking at coin-op car washes, cash business, don't have to do a lot of maintenance.

But I ran into one big problem, the problem was I didn't know anything about real estate. I understood the business concept of coin-op car washes but I didn't know anything about leasing, build the suite, land, renting. I didn't do anything. So, I did a lot of research and I found out one thing

when I did my research, real estate controls all business and so with that, I decided to skip right over the coin-op carwash and get right into real estate.

**Mark:** I love it. I love it. So, you get right into real estate how did you get started and what niche?

**Sensei:** Well, you know back then 1994 house washing infomercial like a lot of people do. The only thing that was being promoted was buy fix and flips because that's the sexy part of real estate investing. It's why we have all the reality shows we have today. So I figured, "You know what? I'm going to do this real estate seminar at LAX." Checked it out, spent 1500 bucks to go do a three-day training and with that then they upgraded me to \$32,000 package of training camps. They didn't call them Bootcamps then they called them seminars or workshops. I was taken to a variety of different trainings things about buy fix and flips and wholesaling and mobile home parks and just this whole buffet of different real estate niches.

I learned that I was getting pulled away from what I was actually after. I had no focus and the focus was I wanted to buy something, take a dirty dog house and turn it to a pretty dollhouse. So, I wanted to buy it, fix and flip it because I understood the concept of buying and sell. You buy low sell high. So, nine months later to my surprise I actually flipped my first property.

**Mark:** Okay. So, then what happened?

**Sensei:** Well, it's kind of cool and 1995 was a big year because '95 was when I started really all my real estate education. I was dating my wife. She became my fiancée. We moved in with each other, we got married, we had a baby. We bought my very first home of which was a pre-foreclosure. I rehabbed it, created sweat equity in it. I did a cash out re-fi and bought my very first fix and flip property in Fort Myers Florida all in the year 1995.

**Mark:** All right, fantastic. So, why Fort Myers Florida if you are from California?

**Sensei:** Oh well, price difference. Anything here in California back in that time I had a slap of one in front of the purchase price and I didn't have the cash to be able to purchase property here in Southern California because everything was running about 150,000 and above. But someone told me, "Hey, we've got some investors in Fort Myers Florida buying, fixing and flipping properties." So, I jumped on a plane, went out there, found a couple of properties, made an offer on one, did the transitional transaction where I hooked up with a real estate agent, brought on approved probate], went down to Bank Of America, acquired a loan. They only required 10%

down at that time. My purchase price was 42,000 so I had to put \$4200 down plus a little bit of padding in my bank account and then I bought myself a property.

But then I ran into one huge problem, I didn't have the money for rehab. I remember reading and listening to these old A-tracks about real estate investing where you have a good deal money will flow to it and so it sure did. I pulled it right out of my credit cards and paid the contractor and every single month I transferred balances from one card to the next card to the next card making a vicious triangle of credit card balances. But in essence, I took a look at it and said, "You know, credit card is just like a hard money lender just at better interest rate. At that time, they were allowing us to transfer credit card balances with no fees, but they caught on to people like me and now charge us all fees to transfer credit card balances.

**Mark:** I love it. I love it. Scott Todd, what are your thoughts? You lived in Fort Myers.

**Scott:** I did. I did. I don't live there anymore. It's a great story, right? But what I think that a lot of people struggle is, you really put yourself out there. Being in California ready to go across the country for a deal, that's really outside of someone's comfort zone, right? A lot of people won't do that.

**Sensei:** Absolutely. Especially back then because we are more accustomed to going out of states but back in 1995 to go out of states and take that type of risk and not having any type of support or a team and just putting your hands together hoping and praying that everything gets done properly is a huge risk and I will say a lot of luck. I tell everybody luck is for people that don't know what they are doing. That was luck on my side because I was just getting my toes wet.

You've got to think about it back then we didn't have the internet like we have today. We didn't have digital photos. So, I would get an update by telephone hoping they are telling the truth and every once in a while, I would receive in the mail a Polaroid or two of the updates of the property. So yeah, I really did put myself out there but thank God I did otherwise I wouldn't be talking to you guys today.

**Scott:** It's kind of hard to say it like before there was no internet. Some people listening to the show they have never known a world without internet. But how did you step outside of your comfort zone to really get there to do that?

**Sensei:** Well, I always put faith in front of fear and I think that was my biggest thing is putting faith in front of fear. Not only that I' m an adrenaline junkie. I kind of like the risk-taking and being in martial arts and a lot of other extreme sports that I have done in the past it was probably easier transitioning than it was for my wife. I always look at my wife as a crock-pot. When you go to cook go something it' s very slow, it turns out great but it's very slow. I' m more the microwave. I' m very fast I want to go, go, go and she' s a crock pot. So, I scared the hell out of her, to be honest with you but there is enough knowledge there to ... I always tell everybody if you are a White Belt or a Yellow belt you know enough to be dangerous to yourself. That' s what I was, I was dangerous to myself. But again, putting the faith in front of the fear allowed me to learn the process and the risk factor on the money side was a lot less to do with transactions in Fort Myers than it would have ever been over in California.

**Mark:** Yeah. I think that' s interesting the microwave and the crock pot. Scott, would you consider yourself the microwave or the crock-pot?

**Scott:** Well, the microwave man. I' m just like, "Let me just jump into it I will figure it out later."

**Sensei:** Exactly.

**Mark:** I' m definitely ready, fire, aim and sometimes it really helps and sometimes you are like, "Oh god, I wish I slowed down for that." It' s interesting. Sensei, when it comes to real estate training, what are some of the worst advice you see or hear given in your area of expertise?

**Sensei:** The worst advice that I see or hear given in my area of expertise. I have come across quite a few educational companies that have kind of made promises under the table that if you join and pay for their services that you will do a deal within a years' time. You can' t guarantee something like that. That' s probably definitely the worst because a lot of people will take their lives' savings and invest into this educational company and the next thing you know either the person that invested knows nothing about business, they probably been a W2 employee their whole year, they don' t know anything about real estate and they are banking on a salesperson to get them a deal in the first place. That salesperson is not going to get them a deal. They will get them the tools and the instructions but never get them a deal. I' ve come across that quite a bit and too many people have lost their life savings.

So, I suggest to anybody that's going to invest their hard-earned dollar to get the knowledge that they need to turn into wisdom to actually do deals then they really should research that educator to find out if they are truly the one for them. I'm not going to go to an educator to learn about apartments if I'm trying to do wholesaling for an example. I definitely would rather have someone in my own backyard if need be if I had to knock on their door. So, I always say just like shopping for your own home or shopping for a car, you don't go to the first dealership. You don't go to the first house and buy it. You need to shop around for your trainer as well.

**Mark:** I love it. I love it. So, Sensei, today as far as where your time is spent. Where is your time spent mainly as far as the investing realm and the training realm?

**Sensei:** The majority is by far the investing side. I opened up a service back in the year 2000 called Remote Rehabs and I took everything that I knew from starting my first property in Fort Myers Florida to that point and helping investors in California at that time to invest out of state. So, to my knowledge, I'm the second oldest company in California pipelining out of state properties into California. So, I spend most of my time on acquisition is where I spend most of my time. The education, that's kind of a breeze for me. I think I'm a natural born educator. I have been teaching martial arts since I was the age of 12. I love getting out in front of crowds and help people and building those success stories and so it doesn't require a lot of effort from my side. But definitely, Black Belt Investors 80-85% of my business is on the investment side of things.

**Mark:** Nice, nice. What do you think of when you hear the word successful?

**Sensei:** Success is defined by however you want to define. If someone says, "Hey success to me is quitting my full-time job to go part-time," that's success. Success to me, I will just tell Mark this past week I took my family last Friday and we went down into Mexico and we built two homes for families that have never had a house. They have been living underneath blue tarps is what they have been doing. If it wasn't for real estate I would not have had the opportunity to donate my money and my time and give my family the experience to build two homes for families in need. That's my definition of success.

**Mark:** That's amazing. That's amazing. I love that. Scott Todd is smiling. Now Scott and I are like just in a big ball of shame like "We haven't done that."

**Sensei:** Well, that was my intent anyway.

**Mark:** Yeah, exactly. Now we are going to have to be like, “Okay, we are going to build three houses in Guatemala.”

**Sensei:** Go ahead and one-up me. That’s okay.

**Scott:** Mark, I don’t think that we are handy enough to build a house. They might be better off if they don’t have our house.

**Mark:** That’s true. We could help them fix their computer. We could help them with some software maybe.

**Scott:** I could probably fill a hole with some dirt for them but if I have to build a house they don’t want that one.

**Sensei:** Scott, if you know me, you will know that I don’t have a callus on my hand. I am not out there swinging hammers. But that last week and I don’t have calluses, I have blisters because I decided to dig in a little bit and it reminded me why I’m in the business I am in and I know how to delegate properly.

**Scott:** Yeah. You know one of the things that you said that really kind of connected with me was the fact that you can work your entire life with a W2 job and you can switch over and do real estate investing and be successful, right? But I think one other thing that people under calculate if you will is really the strategy or the struggle that it takes to build your business know-how because managing an investment business even if you are just doing real estate investing it does require you to dig in like you were saying about the houses. It requires you to dig in and really pull everything you have out because you have to touch on things that you’ve never had to touch on before in your entire life like marketing or business decision making, business skill sets, finance.

It’s not necessarily that you can’t overcome these things but when you are learning how to do something new there is a lot being thrown at you and you really have to like figure out how you are going to absorb all this new material and process it and then condition yourself to make the right priorities. Because I see it all the time I’m sure you do too people want to gravitate towards the easy stuff and the fun stuff like, “Hey, let me come up with a logo for my company,” as opposed to getting out here and doing the harder parts of any business like making offers or researching the market. Do you see the same thing and what advice do you have to people?

**Sensei:** Yeah, absolutely. It's extremely overwhelming because as you just mentioned, there is a lot of aspects in creating a business. Number one, I think what's important for anybody stepping into the entrepreneur world is learning your budgeting, the budgeting of time and the budgeting of money. Those two things will dictate of how far you can go. So, then we have to prioritize on the different aspects needed to be able to progress in our new business.

So, I think a lot of people first thing they do is they come up with some bozo company name that doesn't make a whole lot of sense because there is no branding behind it then they run out and get a business card then they get a logo and that's the easy way and that's kind of the fun thing to do too. It's funny because I work with a lot of rehabbers and wholesalers and I do a lot of purchase option transactions and that's exactly what they will do. They will run out and get a business card. They don't think about their name. They will go get a website. They will go get a logo and they are not really thinking about the long haul here.

However, a year is gone by and there are saying, "There is no deals out there," or "I haven't done a deal yet," and the next thing I find out is they have never made any offers because they are not going into the field and cultivating that land. They are doing all the surface stuff and a lot of things they are doing is also behind the computer and if it's behind the computer then the masses know about it. Then you find yourself in this pot of dog eat dog and it's not allowing them to progress. So I think it's very important that anybody that is going to start a business step back, take a look, what can I afford with my time? How much can I dedicate per week? How much can I dedicate on a monthly basis dollar wise so I can stay within my budget? Then who can I get for my consulting so I know how to grow my business properly because we don't want to build the 13 story of the skyscraper without building the foundation first.

**Mark:** Yeah. I see a lot of parallels with martial arts and real estate investing.

**Sensei:** Absolutely.

**Mark:** It makes you think of the Karate Kid where the guy is starting out and he's like, "Wash the car, wax on, wax off." He doesn't see why he's doing it and it's not fun. He wants to punch. He wants to kick. He's starting with all the drudgery of training and it's the same thing in business and having to embrace sort of these sucky hard components of work.



Sensei, what are the things that you see as the biggest parallels between martial arts and real estate investing?

**Sensei:** Discipline. Discipline is going to be the biggest parallel. If you don't have discipline to dedicate time, discipline to budget yourself, discipline to do the work that other people won't do to be able to succeed, it's just not going to happen for you. I think the analogy you just gave right now in regards to the Karate Kid of he's out there doing gardening and housework and painting and waxing and all those other things, he doesn't really know why he's doing it but he's building a muscle memory is what he's doing, right? It's repetitive action. I can guarantee you from when he started painting to the end of the fence when he finished painting he had a better technique and he was able to probably streamline a little bit quicker than as he had begun. A lot of people want that easy path. They want that easy path that's because to be honest with you I think we are just getting lazy. Two, they watch reality shows where they acquire a property, they put in an offer, they buy the house, they fix it up, they close your money all within 60 minutes and then so everybody else wants to do exactly the same but [00:20:40] [Indiscernible].

**Mark:** Sensei, we are losing you here, the internet but I think we got the gist of what you are saying? Are you back?

**Sensei:** Yeah, I'm here. Can you hear me?

**Mark:** Yeah, now we can hear you. So, as far as the discipline, how can we cultivate being more disciplined in our real estate investing business and in our lives. What's your advice to do that?

**Sensei:** I think it all starts off with the morning time. I think everybody should have somewhat of a morning ritual meaning that they should have some clarity in their mind. They should do some sort of goal setting for that day. Some people write it down on paper, some people punch it into their iPhone. Personally, myself what I do every single morning and it's a ritual for me is I will wake up, I will be honest I probably lay in bed for 45 minutes to an hour before I get out of bed. When I'm in bed and I'm stretching and I'm breathing and then I read a verse of the day from the *Bible* and then I plan out my day and I focus on, "Here is what I'm going to get done."

I always put the most difficult tasks first and the easiest tasks last because I know I'm going to be sharpest in the morning and the early afternoon than I would in the late afternoon. I don't like to procrastinate even though we

all procrastinate, I don't like to do it. So, I think having the, I don't know what you call it, self-hypnosis, goal setting, time for yourself in the morning to be able to set the course of the day and always having some positive information coming into your ears to set that tone of the day.

**Mark:** Yeah and a great book to help you sort of guide you with that is *The Miracle Morning*, Hal Elrod.

**Sensei:** *Miracle Morning*.

**Mark:** Have you read that Sensei?

**Sensei:** I have not.

**Mark:** Oh, you will love it.

**Sensei:** I'm sure they have it on audio too, right?

**Mark:** Yeah, yeah, you will love it. You will love it. Scott Todd, how do you cultivate your discipline?

**Scott:** Mark, what I do is I kind of batch my activities. This day is set for this, this day is set for that and it kind of just becomes almost like muscle memory. You wake up and you are like, "Okay, today is Money Monday." You batch your days, you theme your days. You and I record podcasts on Tuesdays so anything that I really need to be at the computer for, Tuesdays is my day to do that. Money Mondays can stretch anything I'm looking over financials for my business, doing whatever and then it just continues on. I really do like to take Mondays and Fridays and really go really easy on those days like I don't want to overtax my brain.

**Mark:** Yeah, I know. I do the same thing. I do the time theming as well. What's interesting is that my wife and I have this ongoing sort of debate. Where Sensei I will say I'm disciplined and she will say I am OCD because I have to kind of do these things every morning otherwise my day kind of goes haywire. She's like, "Why can't you just not meditate right now?" I'm like, "That's my discipline." She's like, "No, that's your OCD." So, how I'm I going to win this battle, Sensei? Help me.

**Sensei:** You have disciplined OCD?

**Mark:** I do. Okay, I have disciplined OCD. You know there are few things that you said that I think are so wise. Starting early in the morning, taking care of yourself first and batching your hardest activities, your most

mentally taxing activities in the morning when you are freshest. Because there is two of us, there is present us and there is future us, future us has all this energy and all this time and all this resolve and then you get to that future you and you are like, “Oh I’ m tired.” Not having that awareness is rough.

So, Sensei, we are at that point now at the podcast where we are going to put you on the spot. I think your mentorship this podcast has been wonderful but we are going to ask you one more tip, a tip of the week. 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?

**Sensei:** Yeah. You know, I had a tip planned for today’ s podcast but I’ m going to change it up because I just went through a consultation with a student with mine that is flipping a house. He pulled up the primary data information which is from the MLS to find out what After Repair Values are on a property. So, he had some pretty good ARVs here. I’ m taking a look at them and then I turn and ask him, I said, “Where are your title comps?” He goes, “Why do I need title comps?” Because title comps will not necessarily be reflected on the MLS, the MLS comparable sales are all from sales gone through a realty agency but then you have private sales and those would not be on the MLS.

So if you take the MLS and you take the title comps which will have a mixture of the MLS sales and will have private sales then you might get a high number. You know what? We had a number, an ARV number that was \$35,000 more than what we found on the MLS and now he can target a higher number. So he could have been leaving a lot of money on the table. So, my tip is when you run comps, you run them off the MLS and you get title comps as well because you might be missing something.

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

**Scott:** Mark, I cannot stand these websites that you go to and you are sitting there and trying to read something, maybe you are trying to be quiet and all over a sudden they get the autoplay video going and you are trying to turn it down you are trying to be “Yeah, I’ m watching TV,” and you really like surfing on the internet, the website is rapping you out. I can’ t stand it. So, I went on a hunt and I found a Google Chrome plug-in called Disable HTML5 Autoplay. I can just imagine in my corporate days maybe I was in a conference or something, a meeting, and I’ m doing some web surfing and then all over a sudden this video pops up and you are like, ooh not paying attention. Do yourself a favor. Just download this little app it just

mixes up the video just don't start playing at the inappropriate time. It brings a little bit of joy to my life.

**Sensei:** I love that.

**Mark:** I love it. I'm getting that for sure.

**Scott:** And it's free.

**Mark:** And it's free.

**Sensei:** You must really hate it to do that type of research but I like it.

**Scott:** Literally these videos were just popping up at the wrong time and I'm like, "I can't stand this. There is got to be a solution." There is.

**Mark:** Scott, are you outsourcing your tips of the week? Are you having Fancy Hands do research? Like, "Find me a tip of the week."

**Scott:** No, no, I don't want to put my name unless I actually do it. So I spend time, Mark. I spend time doing them.

**Mark:** Alright awesome, awesome. Well, my tip of the week is learn more about Sensei Gilliland and the art of discipline and real estate investing at [BlackBeltInvestors.com](http://BlackBeltInvestors.com), [BlackBeltInvestors.com](http://BlackBeltInvestors.com). Sensei, are we good?

**Sensei:** We are good. I wish we had more time but I'm glad you guys had me on board.

**Mark:** Scott, are we good?

**Scott:** Mark, we are great.

**Mark:** All right. Well, I want to thank all the listeners and just want to remind them the only way, the only way, we are going to get the quality of guests like a Sensei Gilliland from [BlackBeltInvestors.com](http://BlackBeltInvestors.com) is if you do us two little favors, actually three little favors I should say. 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](mailto:Support@TheLandGeek.com). We are going to send you for free the Passive Income Launch Kit. That's a \$97 value, nothing to sneeze out right, Scott Todd?

**Scott:** Nothing to sneeze out at all.

**Mark:** Also start automating your Craigslist postings, don't waste time. You can always make more money, you can't get more time. Go to [PostingDomination.com/TheLandGeek](http://PostingDomination.com/TheLandGeek). Scott, should we ...

**Scott:** Mark, let's ...

**Mark:** I will just let you do it.

**Scott:** I will just do it. How about I do it?

**Mark:** All right.

**Scott:** Let freedom ring.

*[End of Transcript]*