



THE LANDGEEK

The Art of Passive Income Podcast With Mark Podolsky, AKA The Land Geek

Mark and Scott Todd talk with: Erik Peterson - LandOpia.com,
Tate Litchfield - FrontierPropertiesUSA.com, and Mimi
Schmidt - PartNParcelProperties.com on The Land Geek Round
Table

Transcript

Mark: Hey it's Mark Podolsky - the Land Geek with your favorite nichey real estate website TheLandGeek.com and on this week's Round Table we have a nice, small, intimate group. We've got the most feared woman in the country the 'Terrorist Hunter' Mimi Schmidt. Mimi, how are you?

Mimi: I'm great. How are you, Mark?

Mark: I'm a little insecure about my mic at this point in time but other than that I'm great. We've got the 'Technician' Erik Peterson. Erik, how are you?

Erik: I'm good.

Mark: Really good, really good. Good to see you and of course we've got the 'big Poppa' Tate Litchfield. I love it when you call me big poppa. Tate, how are you?

Tate: I'm good. Yeah, really good. Happy to be on the call today.

Mark: Awesome, awesome but let's just get into it. Let's just skip the pleasantries and Erik Peterson, walk us through it.

Erik: All right. So our topic for this week is going to revolve around the idea of negotiating prices with your buyers. So you know a lot of times we talk about our terms pricing and our cash pricing. You know we might discount a cash price, etc. but we don't really talk a whole bunch about just the idea of a potential customer calling you and saying, hey you know I know you're asking for \$99 a month on that property but I want to do it for \$90 a month or whatever the case might be and so we thought we have a discussion around that and just whether or not we do that in any way.

I guess I can start off with a recent situation I ran into. I had an investor reach out to me who owns lots of different parcels of land, has worked with other land investors and basically said, you know, "I like this property you have however when I worked with John Doe land investor he sells to me for the same as cash but I pay it off over two or three years or maybe four years as opposed to your eight-year term or whatever it might have been." So essentially he's asking for a terms price that is the equivalent to the cash price which I would collect now and you know sometimes that's it's a little hard to swallow. It's not the same terms that we're used to, it is not the same return but it's a sale potentially. So is it a good choice to go ahead and accommodate that investor? Especially in a case where this person might buy a lot of land in the future. I think so but I thought we could talk about that.

Mark: I think it's a really good topic and let's just go to somebody who won't negotiate with terrorists Mimi Schmidt. Mimi?

Mimi: I'm always willing to negotiate and make the terms more palatable for the buyer as long as my yield, you know as long as it is still profitable for me right. If I met someone today, particularly if they wanted to pay a little more cash up front, right. If they make sure they give me 20% cash upfront instead of 10% I'm all for that. But definitely if they want to pay 199 versus 99 that's fine with me. I just have to run it through the yield calculator and make sure it's not below about 80.

Erik: What if they want to pay 85 rather than 99?

Mimi: Oh definitely I will go for that and make it a longer-term on this year and it depends on how much down they are going to put down. So if they want to put a couple of hundred dollars down and then go to \$85 a month I'm all for it; nothing wrong with that.

Mark: 'Big Poppa' you've got a skeptical look on your face. You're really noodling on this hard.

Tate: I am because I'm kind of viewing this as two different questions and the first question is my monthly payments negotiable? Let's say I'm looking for 100 and he comes back and says hey I want to do 85. As long as the numbers make sense I can accommodate that, but I don't think I'd ever take say my cash price and discount it or owner finance the cash price over a shorter period of time. That's where I'm struggling with it because...

Mimi: Ditto.

Tate: I'm willing to work with people because I see the value in keeping a customer happy and building that relationship but when I buy a piece of property I'm taking in a lot of different variables into consideration. You know time value of money - just being straight out of the top of my head - that's something that if I invested a thousand dollars I know that on every other property that thousand should yield you know \$3000 to \$4000 in profit. So if I'm cutting that down and saying my \$1000 is now only going to produce maybe \$1500 profit am I doing my shareholders you know harm essentially? So I don't know.

I think it would depend on how serious the guy is but cash price is discounted and terms price is higher. So I know if Scott was here he would be saying like, "Listen all of my properties are sold at the exact same price. The cash price is the terms price. So you already are getting a discount because I'm even considering working with you without a credit check or owner financing." So really I don't see Scott like bending over backwards and slashing the overall value of the property by 20-30% just to keep somebody happy. I don't know.

Mimi: I do have some in particular locations also where I don't care who you are I can't budge on the price. They sell quickly and there's a demand for them and it would hurt my business. There are too many other buyers that would pay the full price.

Mark: Yeah, I think that's a really good point Mimi because I don't think when we negotiate with buyers we can sort of have this rigid set of rules. Every property is unique and every county is unique, supply and demand can be unique, your pricing model could be unique and so you almost have to think about it in terms of not only just yield, time value of money but also just you know what's going on with you at that moment in time financially. Would the cash flow at that point in time benefit you where you could put

that money right away into another deal or do you know like Mimi knows that hey the juice isn't worth the squeeze on that deal because I know that if I wait three more days I'm going to get my retail buyer.

And also I think Erik brought up a good point was that there's this thing, "Hey look if you do this for me I'm going to be a really good buyer in the future." So I'm not just buying this one I'm going to be buying lots and lots from you in the future that also has value. But I think what Tate said in the philosophical you know idea of terms is terms, cash is cash and that's it we're not going to give you a cash price and finance it; we're just not. I won't be able to go to bed and with any self-respect if I was doing that. So a lot of times you... Go ahead Tate.

Tate: I was going to say but then I'm thinking about what I just said and now I'm even questioning what I just said because you know it's not about what I want it's about what the market wants, it's about what my buyer tells me he's willing to pay. If I come out here and I'm saying this property should sell for 10,000 and somebody comes and says here 7500 am I really going to let that deal go? I mean if the numbers work and I'm still making money I guess I don't know Mark I'm beginning to second doubt or second-guess even my own opinion here.

Mark: Well, I don't think you're second-guessing it. I think what you're saying is that you would discount the price if they offered 7500 and you had it at 10,000 and you had no other market comps to go on. You might at that point in time do it but if you've been selling that same property for 10,000, 10,000, 10,000 I come to you and say okay Tate here you go 7500 you might tell me to go pound sand because you know Mimi is going to be picking up the phone in a day or two doing it for 10,000. So Erik, given all these different responses what your big take away?

Erik: Well, I think ultimately it comes down to a property by property basis. I mean, kind of like Mimi said, you know if you're in an area where you're turning those properties really quickly and your margins are maybe tight there might not be room for negotiation there. However, if you're in a different area where maybe the property takes a little longer to sell or maybe you have higher returns than normal maybe you have that room to go ahead and discount and essentially take a cash price for a terms deal. In this particular case I think I'm going to do it because the bottom line is my cash price was higher than 300% return on this property and by this potential customer financing the property his payments are going to be more than double what I was asking for.

So I'm probably going to do it but I did struggle with it for a long time yesterday going back and forth because I'm like no I don't do this. I don't sell a property at a cash price on terms. I'm just not doing it but then the more I thought about it I'm like it's a win. Like I'm making money, why would I not sell this property? So this morning I sent the guy an email and I said you know do you want to do the deal at this at this price.

Tate: Erik ultimately we're in the business of selling property. So I think it's a you know it's easy for me to say I would never negotiate but if I had somebody who is serious making those kind of offers I would accommodate him. I'm almost certain I would because it's all about building that passive and yeah it's going to be shorter time but we're in the business of selling land and if you're selling land you're making money.

Mimi: And if he's buying more properties, okay so your margins might be thin on this one but that doesn't mean it won't be in on the next one or the next one.

Erik: Right.

Mark: I'd actually want him to prove it upfront and say look, I'm willing to work with you but you've got to buy to more properties from me within the next month, you know 30 days and just you know give me a good faith \$500 deposit right now so I know you're serious. Because I've got lots of people always talking to me about how they're going to be this great long term buyer, they're going to buy from me over and over again but there's this guy Mark at Frontier Properties that as soon as he calls you I never hear from you again. So I really want you to lock down your loyalty to Land Opia right now and then I'll be flexible like a Yogi and I'll work with you. I'd want more than the one deal personally if I was going to do that kind of discount. So in anything I'm going to give I'm going to ask for something else in return. Tate what do you think?

Tate: I think that's smart. I really like that. I mean if the guy is going to be kind of one of your VIPs have him prove it, you know with loyalty comes added bonuses and perks. So I agree a hundred percent give it a shot. I mean the worst case is he says no and you say okay fine, let's just go with what we were really talking about.

Mark: Or you'll say well look in that case let's just meet in the middle between cash and terms that's fine and then we can then go from there because you're saying one thing but you're doing another and I'm going to negotiate too. I'm not just going to give you what you want it's a negotiation. Mimi, what do you think?

Mimi: Great yeah. I'm all on board.

Mark: Yeah, absolutely. I mean you can even Erik say as a bonus if you have a pesky neighbor I have the terrorist hunter she'll get a drone and take care of it no worries right. So I'll really have your back.

Mimi: So you did it? So you did the deal?

Erik: It's not done yet but I did make the offer.

Mimi: All right.

Mark: All right great and you're making the offer with your self-respect intact.

Tate: All right.

Mark: Right?

Erik: I think so.

Mark: Well, I mean the numbers are right.

Erik: Yeah.

Mark: You're not going to go on the mastermind call and be like oh I only made 350% on this deal. I feel horrible about it. I mean the numbers are the numbers and you know it's still an amazing return.

Tate: A deal is a deal. A deal is a deal at the end of the day I mean I'm not going to get upset at anybody for selling property and making a profit. I mean if you're doing that you're doing okay by me. So I would do it Erik. I'm glad you did.

Erik: You know I think ultimately you know in the community we all talk about our deals and we don't ever really talk about you know do we negotiate those at all and I think it's important that the community does know that there is a time where it does make sense to negotiate. You don't always have to stick to those numbers. Don't walk away from a good sale just because you're not going to make that desired percentage. As long as you're going to make a decent profit it's worth accepting and moving forward.

Mark: Yeah. I'll never forget one of the earlier mastermind calls with Bob Derek and he sheepishly had to announce in the group that he only made 250% on his deal and he was really just embarrassed about it and we were like no it's amazing it's 250%. Like where else would you be getting that kind return on your money? He's like well yeah but you guys are always making you know 300 -1000%. I'm like no it's not always that way. So I think the moral of the story is you have to be flexible in business, yeah?

Tate: Yeah.

Mark: All right. Well I just want to remind listeners that today's podcast is sponsored by Flight School. To learn more go to TheLandGeek.com/Training. Wouldn't it be great if you could start working this business in 14 weeks with your Sherpa - Scott Todd taking you up the mountain of land investing step-by-step, making sure that you get up there quickly, efficiently, safely that's what flight school is all about. Again learn more at TheLandGeek.com/Training. Schedule a call with the 'Zen master' Mike Zaino or the 'Nightcap Meister', the 'dude buddy' Scott Bossman.

All right so Tate had an interesting Mastermind Call last week that he's going to extend to everyone. Tate, what's going on?

Tate: Yeah. So last week on the Mastermind Call I challenged all of our attendees to tell me how many properties they were going to sell between that Wednesday and October 11 and you know just as an example we had people saying as many as two or as many as seven. So like John Burnett he came out and said, "I'm going to sell seven properties in the next basically 30 days."

And the reason we're doing this is we want people to really put the pressure on themselves and on their marketing and get these sales that really move the needle and there is a catch. Everybody that committed to participate in this told me how many deals they were going to do and if they don't achieve or hit that number of deals they have to make a \$25 donation for every property that they don't sell to the charity of their choice and they will need to submit a receipt so I know that they lived up to their end of the bargain. So we're doing this because the market is hot, there are tons of buyers out there and you guys if you're marketing every single day, if you're posting new ads on Facebook and tons of ads on Craigslist and hitting the Land Modo buyers' list, you should be getting leads. There's no reason for you not to.

So we wanted to extend this challenge to all of our Round Table listeners. If you'd like to participate in it please feel free to shoot us an email. Let us

know how many properties you're going to sell and commit to it. Do whatever it takes to move the needle. You know this is a good opportunity and what we found in The Land Geek coaching community is when we set these hard deadlines with kind of a challenge I guess people tend to step up and they tend to achieve these. So we're extending it to everybody, join in with us, and sell some properties. Erik's about to get his first of the last couple days so that's good let it be an example. Do whatever it takes to get these deals closed and join us, you know, build that passive.

Mark: I love it. I think it would be great if everybody could celebrate together at the Phoenix Boot Camp which is coming up in five short weeks, five short weeks. So just go to TheLandGeek.com/Bootcamp we do have a few spots left and then you can go up to Tate and just drop the mic and be like yeah I took the challenge sold my three properties, boom. Just not one [00:19:17] [indiscernible] like a fake mic like those things are expensive.

Tate: Yeah.

Mark: All right. We're at that point now of the podcast where we get to pick on Mimi and ask her for her tip of the week: a website, a resource, a book something actionable where the Art of Passive Income listeners can go improve their businesses, improve their lives. Mimi Schmidt, what have you got?

Mimi: Well, it's a tip that isn't mine I'm going to share it though. We were talking about it before we started the podcast it is called LandGrid.com and it is similar to [First Am](https://FirstAm.com) or [DataTree](https://DataTree.com) or [AcreValue](https://AcreValue.com). First Am is hard to get access to. AcreValue is expensive then you have to sign up for each State one by one it's more money with each State. So, this is very interesting this LandGrid.com because it's 10 bucks a month or \$100 a year for the Pro version. So you can click on the County find out some interesting information about the County itself but then you can actually make lists: import and export data from it. So it might be worth really tinkering with. I might make a switch.

Mark: Yeah, I'm signing up for it right now. This is really cool and it's really cheap actually.

Mimi: Yeah.

Mark: Amazing and there's a free account too. You just start playing with it for free. Wow this is a great tip.

Erik: Very cool, I'm interested.

Mimi: Yeah.

Mark: Great, great tip Mimi Schmidt. Look at all this stuff.

Mimi: It might save me a couple of hundred dollars next year.

Mark: Wow. If anybody wants to know how big the market; is 145 million parcels online.

Mimi: Wow.

Mark: 30.8 million square miles. Actually I think it's bigger than that I just think that's what they have on their software.

Tate: Oh I think it's way bigger. It's kind of interesting because we went Scott and I attended a conference recently and the market for that one was just over 40,000 and as soon as that number got thrown around the scarcity mentality really started setting in. Scott and I were laughing because we thought 40,000 I mean we know people who own almost that many parcels. So it just goes to show you how this market is just it are beyond the control of any five or 10 or 20 people or organizations there will always be room for the little guy. So if you're hesitating there's no reason.

Mark: Yeah. I mean the great thing about this market is let's say that you've been negotiating with a bulk seller I don't know let's say Colorado and all over sudden it got like Erik Peterson starts negotiating for it as well and actually takes the deal from you. You can always go to Erik and like you know at some point he's going to run out of money maybe he'll wholesale a couple of those deals for you. Erik, what do you think buddy?

Erik: It's possible.

Mark: Running low on some of those fives in Colorado. What do you think pal on the podcast right now will you commit?

Tate: See how quiet he is Mark.

Mark: I know he's see slippery that one.

Tate: He's like biting his time. He's like oh maybe if I don't say anything they'll just move on to the next topic or Mark will get hungry or tell us about intermittent fasting or something else. Like he'll just lose his focus and then boom he's onto the next topic - Pelotons.

Mimi: Erik...

Erik: Isn't it time for freedom ring?

Mark: It is time. It is time.

Erik: All right.

Mark: All right. Are you guys ready? One, two, three.

All: Let freedom ring.

Mark: Oh my gosh.

Tate: I don't think it was that bad.

Mark: It wasn't that bad but it wasn't that great. You'd think it would be easier with a smaller group but not necessarily.

Erik: I mean I can't just... I feel like I should just close my eyes and just kind of feel it but I don't know if that's the right way to do it either.

Mark: Yeah. Oh by the way Tate I was watching *Top Chef* last night. I love that show. Have you guys watched *Top Chef* on Netflix?

Tate: I told you it's the most amazing program ever.

Mark: The stories of these chefs and how they come to be is absolutely incredible and inspiring and really it's not even so much about the food and creativity of it it's more about their origin story and how they came to be. It's really just an incredible show in the end...

Tate: But you've got to be careful.

Mark: In what way.

Tate: If you watch it too late at night next thing you know you're raiding the pantry and just like stuffing your face because they're making something fantastic or in my case I find myself I'm like Uber eats and delivering food to the house at like 9:30 at night then the guy is ringing the doorbell, waking up the kid. You know Alison was not happy about that. So just be careful that's kind of like a word of caution to everyone.

Mark: You know what's so funny is I was actually watching yesterday about Jeong Kwan the Korean monk and she was talking about soy sauce and all off a sudden I'm like you know what I'm going to get Kung Pao shrimp for lunch and I'm going to do the soy sauce thing and I'm going to eat with the chopsticks because the whole time they're eating with chopsticks. Get on, you know a little Jeong Kwan in me. Even though she's Korean [00:25:06] [indiscernible] for Korean food.

Tate: You need to get that Mark.

Mark: But she's monk and she makes monastery food. It's a very simple vegetarian food so it's I'm not ready to take that vegetarian leap quite yet.

Tate: It's a cool program, really cool program.

Mark: It's really cool. So go ahead Erik.

Erik: I was just going to say these days that I enjoy that show as well.

Mark: Yeah. Mimi, what are you watching these days?

Mimi: Well, I'm hoping to go to the Downtown Abbey movie this weekend and we'll see. It's coming out and I'm excited. We had a top chef come to Japan when we lived there and cook for us. It was like a presentation, there were, you know, like 50 people it was the best food I have ever eaten. It was absolutely amazing.

Mark: Really, to this day?

Mimi: Yeah, it was so good. I mean literally he like made this a basket out of woven cucumbers and he had salt cured a salmon it was super interesting. It was just yeah they do interesting stuff.

Mark: Yeah it's amazing.

Mimi: Yeah.

Mark: Incredible stuff.

Mimi: Yeah, I'm hoping to see Downton Abbey we'll see.

Mark: Did you watch entire season, like all the seasons?

Mimi: I did, yes I did.

Mark: See, once it started getting real dark and I couldn't watch it anymore. I think at season Three I stopped, but I'd love to watch the movie.

Mimi: It's good. The two grannies are funny the way they take jabs at one another it's hilarious.

Mark: I quoted Downton Abbey the other day on Facebook for Labor Day because there's like that scene where you know one of the laborers says to the royalty one of grandmothers, hey have a great weekend and she says what's a weekend?

Mimi: Yeah.

Mark: Yeah. That's like all of us - what's a weekend? Our Saturdays and Mondays are the same.

Mimi: Yep.

Mark: Yeah, all right. Well thanks everybody. Dear listeners thank you so much. If you're enjoying and getting value from the podcast please share it on the inner webs and hopefully you will be doing three little favors you've got to subscribe, rate and review the podcast. Send us a screenshot of that review to Support@TheLandGeek.com. We are going to send you for free the \$97 *Passive Income Launch Kit* and if you just put in the subject line you know listen to the bonus material because this is actually the bonus material after the official podcast we're going to send you our Wholetaling Course how to flip land in 30 days or less and double your money 30 days or less for free as well. All right, thanks everybody.

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