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Narrator: Welcome to the REI Diamonds show, with Dan Breslin, your source for real estate investment jewels of wisdom.

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Dan Breslin: Welcome to the REI Diamond show. I am your host Dan Breslin and this is episode 175 on passive real estate investing in real estate developments and how to build retirement income with Mike Brown. If you are into real estate investing and building, well, congratulations, you are in the right place. The REI Diamond show is a wide-ranging conversation of all things real estate investing. My goal here is to invite high-caliber guests who specialize in building wealth such as real estate investors and other industry service providers and then draw out the jewels of wisdom, those tactics mindsets, and methods used to create millions of dollars and more in the business of real estate. And today, I am here with Mike Brown, the founder of Red Fox Wealth and Red Fox Capital. Mike is an accomplished real estate developer with a CCIM designation who has a focus on industrial and commercial real estate, ground-up, or investments, including retail with projects at sizes anywhere from a few million dollars up to forty million dollars. We cover topics including how COVID has impacted the commercial real estate sector, wealth management for various levels of investors, and a few favorite assets and portfolios Mike is currently assembling. Please enjoy our conversation. All right, Mike Brown, Welcome to the REI Diamond show. How are you doing today?

Mike Brown: Good. Thanks, Dan. Glad to be here.

Dan: Yes, for sure. So let us begin with the Red Fox Capital creation story. What does your business look like today and how did you arrive here?

Mike: Well, we have been in the commercial real estate investing space for nearly twenty years. Started out as a commercial real estate brokerage and development company mostly building industrial and office product, and morph now into a full investment company where we established private commercial real estate funds for investors and we simply go out and build portfolios, create passive income for our clients, and create wealth.

Dan: All right, so you are not only managing money, but it sounds like your company is also actively involved in constructing even to this day, right Mike?

Mike: We do. We do ground-up construction development if we see opportunities. It does not fit all of our client's profile. Some clients like a guaranteed dividend cash flow check income-producing right out of the gate. So if any investors are looking for more of a long-- more of a value-add payout, we will put them into a development project. So we have kind of a toolkit of investments for everybody's particular taste.

Dan: Yes, that is interesting. So how did that end up morphing? I mean it kind of makes sense. We have a lot of people on the show over the years who do apartments syndications, office syndications, and they kind of fit the box more so of syndicating investments and like this is the investment that I have and it sounds like you sort of started that way, about how long ago and how did you make the transition to start adding in what we might call a more conventional Wall Street style investments to kind of serve the clientele? It sounds like you put more of a wealth management spin here for your client as opposed to just staying in the lane of the commercial real estate, right?

Mike: Well, absolutely. We actually have two divisions. We have Red Fox Wealth, which is our wealth management firm and we take an approach we call "Integrated Portfolio Management" so we are able to take an investment client who may have a traditional Wall Street profile and show them how to incorporate private real estate investing into their portfolio and reduce their risk, create more of a diversified portfolio for them, and raise their returns. So it is a holistic approach. We found in the past there are a lot of conflicts of interest among investment advisors where they felt like-- they would tell you that you were completely diversified but in reality, you were diversified only on Wall Street products. So we try to open up our client's eyes to other avenues to be truly diversified across asset classes, and we have taken that out to the market and had a great response.

Dan: So Mike, you mentioned that there are certain types of investors, kind of two types if you will. You had a type one investor, we will call them for the sake of our conversation, just kind of needing that dividend on day one and I am assuming that is probably REITs or certain Wall Street style investments versus someone who is interested in the value-add and the longer payout. In your experience, is the longer payout with the delay in the beginning of the actual distributions, is that usually going to perform at a higher return or is there really no way of knowing on that on a consistent basis?

Mike: It will typically most likely pay a higher return since there is more risk involved in new construction that the investor and everyone involved should have a higher payout. So knowing that and knowing that if we are going through a new construction project you could have two years of dead space while we are going through entitlement and construction, and leasing up, or zoning out the building. So the cash flow then accrues during the fund, and then we start to pay it out as we occupy the particular building, and then once it is sold out there is a large windfall back to the investor. Then on the income-producing more of a stabilized asset with established cash flow, our investors are usually paid 9% preferred return. So they are getting that mailbox money, and then as we sell the portfolio, they will have a windfall. Typically, on the income-producing, it gives you an idea with payout around 15% internal rate of return on average, goes up a couple of points depending on performance. And in the development new construction, we would like to see at least a 20% or higher internal rate of return.

Dan: All right, and we were talking right before we turned on the recorder here and I was surprised you said that you did not do multifamily and it feels like from my perspective here, I am hosting the show, it is probably weighted more towards the apartment investing community. I mean we are residential real estate investors mostly, Mike. So I think naturally, the person who is buying a single-family house and renting it feels like a natural progression to buy a three-flat, four-flat, ten-flat, maybe then a hundred unit building, two hundred. So it seems this natural progression from the world that I and most of the listeners probably come in. I was a little surprised that that was not, right? It is cool because we have the experience that you bring to the table right now of this other development that we do not hear a lot about. Can you maybe touch on how the focus on the specific asset classes you work on in real estate development and operating and how come you focus there? And then maybe kind of put a bow on that with the most recent deal that you had put together.

Mike: Yes. I really started in commercial real estate and heavy industrial. I started there and we never-- a boutique firm where I kind of did my apprenticeship and learn the business, we never went into the multifamily side. I think commercial real estate and real estate, in general, is a complex business and there are special skills for each asset class. And multi-family is competitive, there are a lot of players so we just never went there. We have done hotels but never an apartment or multifamily. So starting out in heavy industrial and industrial class, we would do investment deals where you would see a manufacturing plant or one of my first deals was a heavy crane construction company, and then we started moving into [inaudible] space to build and construct small industrial flex space where you would have a small contractor like a pesticide control company where they would need a drive-in bays for their trucks, and then also have a small office component. Then we moved into a lot of office space which today is where we have been bearish on office space for some time now, so staying away from general office, but we see some opportunities in retail, small regional shopping centers without anchor tenants are prime for great repositioning we think next year, and we have, already, starting to put those on the map as COVID works through the economy. There could be some great opportunities there. Currently, we are building a portfolio of Dollar General stores and acquiring the stores one-off, and combining those stores into a portfolio to create even more safety for the investor. Those are all corporate guaranteed by Dollar General and we are able to pay out a really nice return. So, we have kind of morphed into those different areas, land speculation and going through entitlements for fees, we still do that part of our business but nothing wrong with the residential side. I think a lot of people, like you said, think that is the natural progression, start with the home, and then build your way up. I think you can, if you are not an operator or decide not to be an operator but more of a passive investor, you leverage our expertise and you can just enjoy the benefits of real estate investing without the day-to-day grind.

Dan: Got you. So it feels like to me when I think of commercial from more of the residential mindset, I am, like with Dollar General as an example, the reality is my risk is probably a little more weighted on the tenant themselves. So in a sense, it is like I am, if I am building this portfolio of Dollar General, and correct me when I am done if I am wrong, but I am kind of taking a bet on the company and I am believing in the company and what they are doing versus, "Oh, it is just the cap rate and it is just certain amount of income coming in, that is great," and that is kind of how a multifamily deal is. You are not weighing the risk of each one of your tenants and the jobs they have, you may at some point depending on the price of the rent, you are dealing with people who might be working in higher-level income jobs or lower-level income jobs, and maybe there is some risk there, but it is not like this individualized thing with Dollar General. Dollar General sounds to me is following the trends in the economy over the last decade or so. We are seeing such a shrinking of Middle America and the lower end of the market, the lower-income business like Dollar General. They are kicking ass for lack of a better term out there because--

Mike: They are. They are. [laughs]

Dan: Yes.

Mike: Well said.

Dan: It is a shame because at the same time it is like the Middle America is sort of shrinking but that is going to a larger base of Dollar General customers, and hopefully we are able to see that trend reverse a little bit, but I do not think that is going to negate the growth of Dollar General, right? So that risk [crosstalk].

Mike: They are actually in an expansion mode right now. But going back to what you are saying, the tenant definitely is the most important, and what we like about the Dollar General specifically is that the publicly held company Dollar General guarantees the leases for all the buildings on ten-year lease terms, so that is pretty good.

Dan: As long as the company is good that is good, right?

Mike: Yes, and the company is solid. Absolutely.

Dan: I think I noticed that you are CCIM certified. Am I saying that right Mike?

Mike: Yes, that is correct.

Dan: Can you define that for the listeners? I think it is a valid stamp of approval on experience, If you will, of the commercial real estate business. I think anybody who is looking to get into it would like to know what that is.

Mike: Sure. CCIM stands for Certified Commercial Investment Member. You have to go through a rigorous academic curriculum, and then you have to have so many years and so much business volume that is documented, and then you prepare a portfolio, you go in front of a panel to actually get your credentials and take, I think, it is an eight-hour exam where we flew out to California, took an exam for eight hours. The last I heard, the top 5% of commercial real estate practitioners hold a designation and it really goes into some serious depth on commercial real estate investing and the analysis around investing. So it was a great, great education. Anybody out there looking to do commercial real estate investing should look for a CCIM designated professional.

Dan: And how much, over your career looking back, if you could say a certain percentage, "I learned a certain percentage from doing the CCIM and I learned a certain percentage from doing the business," and I imagine they both went hand-in-hand and the experience that came along with mentors and partners and actually doing deals is probably more value, but how much of that could you allocate to the actual educational content and investment that came through the CCIM designation.

Mike: Well, I always think experience is the best way to learn the business and in commercial real estate and even residential every deal is a little bit different, and you have to be able to adapt and understand that, the different variables, but the CCIM prepared a solid foundation for a true way to analyze an asset that you cannot get from experience. It is really a step above strictly just out trading deals and putting deals together. It rounded out our education and it is not for everybody, but if you want to get into a more sophisticated way to break apart an opportunity, that foundation was great.

Dan: Perfect. So let us talk about passive real estate investing specifically, and we kind of touched on this a little bit but how do you advise clients interested in investing in real estate without the oversight and work involved in direct ownership of properties?

Mike: Well, I think there are a couple of ways, like you mentioned earlier, if you just want to buy into a REIT stock, a Real Estate Investment Trust, that is fine. It is not my favorite because it is correlated to Wall Street. So it is truly not diversified away from the Street. So I think, as a passive investor, I think the smartest way to do is you could syndicate with a sponsor that has the experience, you could syndicate with your friends and family to take on a project, or you could look for professional investment companies like ourselves where you can look at a guy who has got experience, got a track record, and safely invest your money and have it managed for you and turns out to just be mailbox money.

Dan: Yes, and one of the things is I asked the question I am thinking to myself, we have people who raise their hand, they go to fundrehabdeals.com, that is our internal passive investor, our money list. So when we have a project we email it to that list, it is accredited investors only, but the barrier to entry for that-- my last one, Mike, it was two hundred and thousand dollars. I send it out. I got the text back. It is fun that it is fine. But a lot of people do not necessarily start with two hundred thousand, if you are starting with two thousand dollars you can actually get into maybe some of the REITs and stuff like that. So like Wall Street offers this lower barrier to entry especially with Robin Hood, and TD, and commission-free trades, and you can start playing in the investment space with much lower money, but I would think-- I am going to go out on a limb and say that is probably a higher amount to play in some of these because you have to be accredited. But how would you invest a hundred thousand dollars in real estate today, Mike?

Mike: Well, our minimums are typically a hundred thousand, but for anybody with a lower entry point could look at some crowdfunding sites like Fundrise or there are more and more popping up every day, and those allow individuals who are not accredited to invest smaller amounts into a project. So I think that is probably the easiest way to get in at a lower investment amount without-- and still staying with the guidelines of true passive investment.

Dan: I am interested in what your opinion is on these different funding things. So we have kind of the Bitcoin tokenization of assets right now and we have the crowdfunding, and on the flip side of that, does the SSC regulations about accredited investors and people being savvy enough to understand the risks that they are involved in putting their money in, what is your personal opinion on that, if any Mike? Have they kind of jeopardized people and put people at risk? Do you think this is a good thing overall, the trend of this tokenization of properties that has no regulation at all at this point?

Mike: Yes. I think Bitcoin, I see a lot of the younger investors enjoy just the thrill of trading it. I do not quite know where that is going but I think on the crowdfunding site some of the downsides that we see is deals are never funded, where they have such a high threshold to get the deal completed and they are taking smaller amounts and never gets across the finish line. The regulation fund, if you bring in, as you well know is not a credit investor, you are held at a little higher standards, so you need to audit your financials and you, as an operator, you are more at risk when you have somebody come in that is less sophisticated, maybe not understand the process, could have some snags. We have decided internally not to go into non-accredited space and simply for the reason that we like more sophisticated investors that have larger amounts to invest but there is a place for everybody at the table. I think you just need to do your due diligence with either the operator or the crowdfunding source and make sure that you are protected.

Dan: Yes, and it brings up one of my own experiences. It took place-- I started out completely flat broke, failed at life, and early on it was like anybody that was willing to invest was like this godsend and I remember I took five thousand dollars from a guy, I did not even have a deal to put it in. I did not know what to do with it. The guy wanted to invest, I said, "Okay, fine, give me the five thousand." I did find a deal, I put it in there, but then I had this experience of he is calling me and it is locked up in this deal that I am in the middle of doing, he calls me and wants his money back right now in a panic. The lesson is not everyone that is going to give you money is a good idea. It is just easy early on if that is the only person that is willing to take any kind of a bet to maybe take the money, but hey, there are sometimes going to be aggravations, and the non-accredited investors and people with less money are going to get, in some cases probably not across the board, much more emotional and have these knee-jerk reactions and panics. Especially in light of things over the course, it is December 2020 as we record, the panics that we have had this year coming and going. Speaking of which, Mike, how has this year been, commercial real estate, retail, the headlines are the headlines, everyone knows what they are, but what is your-- how did you guys sail through 2020 and we talked a bit about what you expect next year but how has this current year been for you guys, Mike?

Mike: Well, it has been a struggle, I think, in the beginning of the lockdown, earlier spring. We had some assets under contract and decided to get out of those contracts. We saw the lenders getting a bit sketchy on how to put evaluations on assets and we are starting to see things, there is some activity going on now, we have had some people retreat after the presidential election where individuals do not want to expand their businesses or investors are concerned about capital gains treatment. So the political environment has definitely gone against us, at least personally. I think there are going to be some opportunities. I think some of the things that we see will be opportunities, it just has not gotten through the cycle yet. They need to get to more pain and the lenders need to start loosening up and let these guys free. It has been quiet. There have been people kicking the can but I think it will be a good next year, I hope.

Dan: You said twenty years, so do you remember about how long, 2008 in the fall, it all hits the fan in the headlines were everywhere? How long was it until any commercial real estate deals came to cycle through after the 2008 headlines happened?

Mike: That was a historical moment. As you know, in the residential side it was great because the lenders were willing to do short sales and negotiate modifying loans so there are tons of transactions. On the commercial side, it was the opposite. The banks, the lenders were not willing to do that and the assets were larger and they prefer to kick the can and wait for it to cycle out, and we literally saw two to three years where we were in limbo and it was a very tough time, but those market shifts are good because it washes out a lot of the less capitalized inexperienced players, but it was, speaking back to guys who have been in the business even back in the '70 recession, they are like, "We have never seen something like this." It was a tough time.

Dan: Do you expect that same two to three year cycle of kicking the can right now in commercial real estate?

Mike: I do not think it will be this time around. I think there are a lot of lessons learned, and certainly, you never know but I do not project it to be as bad as we saw back in the 2007-2008 cycle.

Dan: Agreed. What is the average deal size for you guys when you are typically putting together development, repositioning, one of the kind of longer-term deals that we were mentioning earlier?

Mike: A typical small regional shopping centers that we put in portfolios ranges from five to eight million dollars per center. Some of the portfolios we like to stay between ten and twenty million, and a ground-up new construction development projects are typically capitalized around thirty to forty million dollar range.

Dan: Got you. Any projects under contract right now, Mike?

Mike: Only in the Dollar General side. We are waiting for everything else for the first and second quarter of next year.

Dan: Yes, I think a lot of us are hanging tight here right now. So I have a scenario, we will shift gears here a little bit, let us put on the wealth management hat. We will play with a little example here. So let us say we have a client, sixty years old. They want to retire at sixty-five. They have made a hundred thousand dollars per year. They paid off the primary residence and they have little debt and no other hard assets except cash. Your goal is, they show up on your door, Mike, and they say, "Okay. What is the amount of cash that I need now at sixty to be ready to retire by sixty-five?" assuming that same lifestyle as that hundred K a year that we were talking about. And then number two, how would you invest that amount of cash to meet the retirement date of sixty-five years old?

Mike: Yes. So every client is different. What we would do is sit down with them and have a, nowadays a Zoom call or a phone call, and kind of do a little discovery, find out what their goals are in retirement and we have software that we can project what that income looks like and where you need to be and then back re-engineer it to how we get to those goals. It really depends on the particular person, what the investment or assets they have, to structure. It is not really a one-size-fits-all. I hate to have to give you a short answer but it depends on the client and their risk tolerance and suitability for certain investments, but we can certainly sit down with a client and engineer that for them and share them a path to hit their retirement income goals. If real estate is a part of that then we will certainly expose them to that, but it just depends on the individual.

Dan: If we had to throw a number at that, so how much cash they need, if it was a million dollars in cash is that enough? Do they need two million, three million to throw off a hundred thousand a year in passive income? They need a hundred grand a year to live, right? We will just keep it simple. Forget about all the tax differences that actually would occur in reality, but if you had to throw a dart and hit the number would it be a million, five hundred K, ten million? What would it be, Mike?

Mike: Probably at least a million. It depends on their security. You got to put that into the puzzle. But I would say that is probably a good place to start and look at life insurance structures, you have probably heard of the private banking tools out there where you can use those to grow wealth and do estate planning and long-term care issues. So there are a lot of different multiple facets to it. But typically, people do like to lower their income in retirement, but I have others that want to increase their income in retirement. You are not going to hit that with five hundred grand probably, and assets. So we may have to put a growth component to it which would raise the risk profile. So, once again, it goes back to suitability and the risk tolerance of the individual.

Dan: Have you ever had investors call in a panic in 2008-2009, in March this year, and if so, how have you talked to them off the ledge, Mike?

Mike: Well, I have never had anyone call me in panic. We take every client and really explain to them all the different scenarios, but that being said, the illiquidity of real estate can sometimes be your best friend because you are not going to have the panic selling where an individual sees the market dip four hundred points and tries to go in and sell everything in a panic and then be tremendously harmed. So the illiquidity of real estate can sometimes be their best friend where they do not have that option and we can talk them through that, but we typically have clients that, a dip in the market or any kind of anomaly, is not going to affect them too much and they are savvy enough to know we will get through this and get back on top. Now, we could reposition the client into a defensive moment where we could put them in stop losses on the market, we could put them into annuity products, we could put them into options, any kind of sophisticated trading to take the peaks but protect their downside. So it again depends on the client.

Mike: Yes, and I imagine the more affluent the investor is and the further along in life they have probably dealt with some hiccups, I mean, I am forty years old now and I have gone through a couple of them obviously myself. I started with zero, broke like I was telling you, an embarrassingly small place that I started with. I have had real estate being my friend when I owned it and do not sell it and hang on to it and had those kinds of gains. I have had those moments where the stock market gyrated and I panicked, sell out a little bit, and other times where I kind of held fast foolishly maybe. But one of the things I know for me, a real estate investor, I flip a lot of houses, we did two hundred and forty-seven this year so far and we are probably going to close at least another maybe twenty, twenty-five before the end of the year, and we lost money on some of those deals. Luckily, the money-losing deals did not happen on the first or second deal in my career and I always kind of like, not really advise, but I share my own experience in, "Look, I am going to lose money on some deals and the best thing I can do is do a whole bunch of more deals behind that to kind of offset that." So I treat my single-family house flipping business in my own mindset as the same way that maybe stock market picking would occur where look, I got three or four winners, and this one is like a giant loser, and then this one is kind of like breaking even. That is what happens on my flips and for me to emotionally grow past that loser-- I mean, to have that moment of panic when we are losing money on a deal, a deal would not sell, and we are five or six figures upside down in said deal, it is not a great place to be but the thing that makes it palatable for me is making sure to continue forward, making the right actions day by day, and not remain paralyzed by that fear.

Mike: Right, exactly. You never want to fall in love with a deal and you just got to keep moving. It is a numbers game and that is kind of why we build a larger portfolio. So if, with sensitivity testing, to see if there is a loser, we try to run those stress tests at the absolutely worse scenario so we can mitigate those issues. Yes, but it is real estate, we are all on business cycles. So it is going to happen and timing the market is a very difficult if not impossible thing to do.

Dan: Yes, you are right about that. So we did not nail down at location which I normally do for my guests and for the listeners early. So with the location nailing down for you Mike, would you also touch on some of your favorite markets around the US?

Mike: Yes, sure. So I am based and Virginia. We are in the Washington, DC suburbs. We do business all around the country. We are doing a deal in South Dakota right now, an industrial deal. I have wealth management clients around the country, East Coast, West Coast. I think some of the best markets are where the population is going. So the southeast is a no-brainer as people are running away from high-tech States and to the South and Texas. But that brings inherent problems itself, we are seeing overvaluations and things like that. We like secondary and tertiary markets, maybe the outskirts of one of those metropolitan areas where you start seeing still some value there. We are kind of agnostic as far as anywhere we prefer to go but I would say anywhere in the Southeast is our preferable markets right now.

Dan: Yes, my last guest was Gregg Cohen and he was from Jacksonville and he does turnkey single-family rental properties and I was so excited to have them on the show for that exact reason. It is like anywhere in the Southeast, like my Atlanta Market we just see the values ratchet so much quicker and so much higher than Chicago and Philadelphia where we also are, and those markets still also have been keeping pace, but they seem like they came online later and slower, Philadelphia and Chicago versus Atlanta, and Atlanta's property tax structure is so low that it is mind-blowing compared to Chicago and Philadelphia.

Mike: Mm-hmm, yes, exactly. But we are starting to see opportunities back up. We are looking at Pennsylvania now, so it really depends on what you are looking to do. Like single-family flipping is very difficult in our market, the properties are so expensive. There is very little movement right now. If you do get a listing it is going to have multiple offers and it is tough to operate and you are in your climate around us right now.

Dan: Yes, it makes sense. So going into 2020, what are the best tax strategies for high-income earners in 2020 when they file their taxes next year?

Mike: Well, I think that is a kind of a loaded question considering the fact that we all think taxes are going to be going up. So I had a client this morning that we are converting his IRA, he has a self-directed IRA that holds some of his single-family home properties, investment properties, and he is moving that into a Roth IRA. So he has elected to let us pay the tax bill now on the gamble that taxes are going to be going up. So we are seeing a lot of Roth conversions this time of year. We are seeing people look at going into indexed universal life policies. So they are trying to create that tax-free income into the future and we are seeing a real tax-conscious climate right now, knowing that we are probably going to see a pretty difficult environment with-- we are at twenty-seven trillion-dollar debt nation right now. So trying to position yourself for tax-free income in retirement is really the number one thing on the talking block.

Mike: Bear with me I am taking some notes there. Well, that is an interesting perspective. Is there anything you have done personally, action items here to try to reposition for the coming potential tax changes?

Mike: As far as the real estate side goes, there is really not much we can do. We are concerned about the carried interest position because that is kind of how it sponsors. We kind of take our money as carried interest as ordinary tax gain treatment. So that is something that is kind of out of our hands. Moving into situations where we can personally create tax-free income using those products that I have mentioned before was what I am doing personally on the wealth management side with the client, high-net-worth client, but I think it is hang on and see what happens over the next four years.

Dan: Would you mind defining the carried interest position?

Mike: Sure. So for example, this is probably more noticeable in the hedge fund community, but we are similarly set up in private equity, it is kind of a hedge fund where typically a sponsor will manage a fund whether it be private equity stock trading or real estate, and typically there is an asset management fee that covers the day-to-day but the real money, the real compensation for the sponsor is at the end when the large profits come as the windfall. When those profits come into the sponsor, they are taxed as ordinary income-- I am sorry, as a capital gains tax not ordinary income. So you often hear that Warren Buffett's secretary pays more in taxes than he does and that is because his income is really derived from capital gains treatment. So he is at 50%, she may be at 25%, 30% percent tax treatment. So carried interest is a fancy word for describing that, if that makes sense to you?

Dan: Got you. So are they kind of talking about converting that to ordinary income and that is kind of the fear right now?

Mike: Yes, and it has always been on the chopping block and talking about it, but I think we are at an even more realistic chance of it happening now, and it would really make a huge impact in the private equity hedge fund, real estate space.

Dan: Got you. Glad I asked. So Mike, what would be the two books you would recommend most often?

Mike: Other than my book?

Dan: Well, you might as well include that one so we could go with three if you want.

Mike: Sure. Okay, great. My book came out in September. It is called "The REAL Perspective: Secret Investments Your Financial Advisor Won't Tell Yoo About". Anybody listening today, I would be happy to give you a link where you can get a free download copy for free for all your listeners, Dan, but hard copies you can get on Amazon. That talks about my experience taking an integrative portfolio management where we incorporate Wall Street investing with private real estate investing and how you build portfolios around that. I am just finished reading Charles Schwab's latest autobiography and I thought that was interesting, seeing how he was a pioneer in the discount brokerage side, and I kind of feel similar to him trying to recreate the wealth management space. So I feel a kindred spirit there and I am always looking-- I am more of a history guy so I love reading books on history and I just finished reading Rebel Yell, which is an awesome biography on Stonewall Jackson.

Dan: Nice.

Mike: You probably have heard that one yet before.

Dan: No, no, those are both two new ones. I enjoy-- I love the autobiographies. I love the biographies of business luminaries and it is something that I enjoy more and more. So it is refreshing to kind of get that. I feel like there is a way-- you talked about the kindred spirit when you are reading Charles Schwab's book, I feel like there is a method to read biographies for people who are yearning for evolution and greater success in maybe their business or in their life, and that is like we are not doing-- we are not reading this as a history class assignment where we are going to have to answer the questions at the end, we are reading this with, okay, so what are the jewels of wisdom that I can extract from what Charles Schwab is doing and then insert that into my own business and that is how I attend the podcast as the host with guests like yourself, Mike, and I learn a lot and take notes and there is kind of a method to actually engaging in the learning process and that would be like my little extra piece on the biographies, right?

Mike: Yes. I think the life lesson is that all these guys went through huge hardships. They all had massive failures in their journey to success, and I do not trust anybody who has never had a setback. It is like they have not really come to appreciate success and they are overconfident, and I think that is the thing I love to read about business biographies.

Dan: Nice. So my final question that I asked all the guests here, this is the REI Diamond show, it is all about the jewels of wisdom, that said, let us talk about the crown jewel of wisdom. Mike is there one thing you would share with your younger self or maybe one thing you wish you knew then that you know now?

Mike: Well, I tell you, I think two things, every entrepreneur I speak to says they wish they started earlier. So I encourage the younger listeners to find your passion and start now. Do not wait. The other piece of advice that I wish I would have known is always be looking and reserving capital because when you need it, there are opportunities, it is harder to find and so always be overcapitalized if it is possible and keep that mindset because when the opportunities come you need to be ready to move on it.

Dan: Nice. So how can listeners get more information about you? You did talk about the book or Red Fox Capital or Wealth for that matter.

Mike: Two things, redfoxwealth.com, go on. You can download my book for free for your listeners. And redfoxcapital.co, we have some great white papers and information on private real estate and alternative investments for all the listeners, and if they have any questions or would like to talk about their individual situation, I would be happy to offer a complimentary consultation with anybody.

Dan: All right, cool. Well, hey, we have reached the end, my friend. Mike, I appreciate it. I got a great perspective from the stuff we talked about in the show. So I really appreciate you coming on the show. Thank you.

Mike: Absolutely. It was great, Dan. You are a great interviewer, man.

Dan: Thanks, man. Doing my best

Mike: All right, buddy. Have a great weekend.

[background music]

Dan: Low-cost capital is the fuel of any volume real estate investment business. As a real estate investor, I am sure you are well aware of these two facts. First, your business is driven by access to capital or starved from a lack thereof, and two, you make more money when you reduce the cost of said capital. Whether you are looking for hard money loans to fix and flip houses, rental portfolio loans, or even a line of credit, LendingHome offers the most competitive rates in the market, currently as low as 6.49%, which is good for fix and flip single-family loans. I pay 10% myself at fundrehabdeals.com to my private investors. So at 6.49%, if you like that interest rate, go to reilineofcredit.com. Even if you are not currently in the market for a loan at this very minute I encourage you to still go through that one minute sign up process right now so you can get on the email list. In that way, once you are ready and you have a deal or a few, their name is top of mind. Plus, as a bonus for signing up through reilineofcredit.com, you will receive a free iPad when you close your first loan. That is reilineofcredit.com. And thanks again for tuning in. Remember to review and subscribe on your podcasting app, just search REI Diamonds and click subscribe. You can also access the full archive of Wealth Building Real Estate Investment Jewels of Wisdom at reidiamonds.com. It is about a hundred and seventy-five episodes there, reidiamonds.com. So my main business, Diamond Equity Investments, is that of buying, renovating, and selling houses. Two hundred and twenty-three bought and sold in 2019 and two hundred and sixty houses bought and sold so far in 2020. We currently have another one hundred and fifteen houses in our inventory either under construction, for sale, or sold and waiting closing. So here is how you and I can do business. Number one, before we begin construction we offer our houses for sale at wholesale pricing. If you would like access to those real estate deals, please go to www.accessrealestatedeals.com. Number two, if you are an accredited investor, you also enjoy double-digit returns on your capital and would consider potentially funding passively a deal of mine or many deals, go to fundrehabdeals.com and you can sign up to receive private mortgage investment opportunity emails. Number three, I buy houses that need renovation and I buy apartment buildings that are stable with below-market rents in the metropolitan Atlanta, Chicago, and Philadelphia regions. Please email me details if you have a deal for sale. And number four, currently we have a fourth option, if you are an A-player and would like to be considered as a potential member of the Diamond Equity team, please go to dealswithroi.com/careers. We are at the conclusion. Do you know why the land flipping market itself has become superheated? Next up, the land geek and high-volume land dealer Mark Podolski joins us again on the REI Diamond show to share the reasons why land in the United States is in extremely high demand. Catch you next time.

Narrator: Thank you for listening to this episode of the REI Diamonds Show with Dan Breslin. To receive email notifications of new weekly episodes, sign up at www.reidiamonds.com.

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