

Announcer: Welcome to The R.E.I. Diamonds Show with Dan Breslin, your source for real estate investment jewels of wisdom.

Dan Breslin: Welcome to The R.E.I. Diamond show. I am your host, Dan Breslin, and this is episode 185 on reverse wholesaling with Kent Clothier of REWW. If you are into building wealth through real estate investing, congratulations you are in the right place. My goal is to identify high caliber real estate investors and other industry service providers, invite them on the show, 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.

Today's guest is Kent Clothier, the founder and CEO of Real Estate Worldwide. Real estate worldwide, also known as REWW, operates three core units. First is the Academy, the online education platform. Second is S.M.A.R.T., an online real estate investor data source, and the third is the Boardroom Mastermind, and Kent is a real estate investor first and foremost, and having purchased and sold more than 5,000 properties since 2005.

So, today's episode is one that I have personally been looking forward to for years, almost since I started the podcast. Kent is one of the early single-family real estate investor thought leaders who I personally paid attention to. We are talking 12 years now. And during the episode, you are going to hear my personal experience with Kent, including some watershed moments of my career, some like real big turning points that led me to where I am today, and those moments were spurred by ideas that Kent shared way way back in my career. And he also shares them again in a few moments. Ready to roll?

Dan: All right, cool. Welcome to the The R.E.I. Diamonds Show. Kent, how are you doing today?

Kent Clothier: I am doing good, brother. Thanks for having me.

Dan: Yeah, for sure. Appreciate you blocking out the time to be with us. Just so the listeners who might not know who you already are, can you give us the background how you got started in real estate and what your primary business model looks like today?

Kent: Yes. So, I have been doing it now for 18 years. Got started in the industry back in December of 2002, started wholesaling a few houses, got really good at it over the years. Started flipping, started wholesaling hundreds of houses a year down in South Florida. Before I knew it, we turned it into a turnkey operation back before that phrase even existed, and that company still operates today. My two brothers and my father run it based out of Memphis, Tennessee, it is called REI Nation. We basically turnkey about 800 properties a year in nine different cities, managed about 7,500 properties for our investors. So, it is our kind of primary real estate core business there. And on the flip side of that, I have been in the training education software space showing other investors how to do it for the last 15 years. And so back in 2006, I started a company called Real Estate Worldwide. Started showing people kind of what I had figured out, which was a process called reverse whole selling, and put together a lot of tools to show people how to be really successful at it, and happy to say that we have had about 60,000 people go through our education over the years now, a little over 60,000. And the latest and greatest thing

that I am personally working on as I am out here really kind of evangelizing that now is the time to really start getting into the seller financing space just because of all the things that are happening in the current real estate market. So, a little 2 minutes there.

Dan: Nice, a lot of good stuff going on. So, I have been looking forward to this episode particularly for a long time, Kent. I remember I got into business in 2006, and I kind of had these ups and downs personally, and a lot of that for me had to do with bad habits. I was alcoholic, I was partying, not living the right way. I got clean in 2005. I got in real estate in 2006, and then the money came, and the money went to my head, and then I got unclean again in like 2008, and that lasted until 2012. Right. So, January 21st, 2012, thank God I was able to kind of put that stuff behind me for good. Right around that time, so I was like trying to get the real estate thing going, I had it then went broke again, and then sort of had to build it back up again. But right around the 2012 time, I would think maybe 2010, 2011, 2012, I am pretty sure that is when you came on my radar that time, and it was the S.M.A.R.T. system, it was vacant houses, and it was find motivated sellers now. And there were like these little things that you just kind of drop in passing, and I always encourage people listening to the podcast, to anybody's podcast, always look for the stuff that is not always the main topic, but like small jewels of wisdom dropped kind of on the side. That was one of the things in several things that kind of you accidentally did, or intentionally just from sharing your experience.

I wanted to talk about some of those things here today. But for me, back then, it was like the tweak was direct mail, and I remember you were telling me like, "Okay, yes, direct mail." and it was like you were able to scale it up, you were able to start with like a small amount of money, but then you could go like 5,000 letters, 10,000 letters, and even more. You could do 100,000 letters. I am thinking, "Okay, well that makes sense." You know, I was the Google pay-per-click guy early on when it was like a dollar a click, you know what I mean, I am figuring it out. It is not that anymore, we all know that.

Humor me a minute though, Kent, and let us go back to your first wholesale deal. Do you remember that? Do you remember any of the emotions? Or the things that you kind of

Kent: Hell, yes! I remember it very very well. Yes. Absolutely. I have done thousands of them since then, and do not hardly remember any of those, but I can remember that one like it was yesterday. Yes, I had just come off a very tumultuous kind of my own ups and downs if you will, right? So, I had been in a previous life, basically, from the time I was 17 till the time I was 30, I built a very very wildly successful company doing billions of dollars a year in an arbitrage business. I built the seventh largest privately held company in the state of Florida with the help of hundreds and hundreds of other people. And so, I [inaudible] play where success was just kind of in my DNA at that particular time. And then, I got into a run-in with my partner's, ended up walking out of that business, and over a 22-month period, proceeded to lose every single thing I built in 13 years. And so, it was a pretty devastating blow at every level, emotionally, financially, friends, family, everything. It was really low low for me. And so, I stumbled into real estate investing by I am a product of one of those late-night infomercials that we all used to seeing back in the days.

Dan: [inaudible] [laughter]

Kent: And so, I went down, I was just broke enough and desperate enough, and in a place where I did not have anyplace else to turn, that I went down and checked it out, and they were talking about wholesale, and I had no idea that that industry even existed. No idea I could go in and effectively control the property, flip a property, never really buy it, never really close on it, make \$10,000, \$20,000, \$30,000, but that really resonated with me and I made the investment, and got the course, and went to work quickly, and back then that was just pure grit, right? There was nothing strategic going on. It was just I got to make this work, and so about 25 days later, something along those lines, I did my first deal, and turned around, and never forget going to a title company in Coral Springs, Florida and picking up my check for \$8,200. And it meant everything to me because this was very very emotional for me. This was a completely new industry that I knew nothing about 30, 60 days earlier. I had no relationships, I had no name, I had no list, I had no public persona whatsoever. This was just me gutting it out and proving to myself that I could do something, and here was proof that I was capable, and I am holding a certified check for \$8,200 and basically broke down in tears in my Ford Explorer truck because [laughter] it was everything to me. And so yes, I remembered very very well. It is really hard to appreciate the light if you do not have the contrast of the dark, right? And so, coming out of a really dark place, and all of a sudden having something that was going right in my life at that moment meant everything. So, it was not just the money. It was what the money represented.

Dan: Yes, you and me both. My check was \$6,000. I remember my daughter was like five or six years old. She was with me for the summer. So, I live in Chicago now. She was in Chicago living, but she would come back to Philly for the summertime because her mom moved out here when I kind of went off the rails, right?

Kent: Right.

Dan: That was one of the price I had to pay. But I remember I am like Overjoyed. She cannot understand that I had to bring it to the settlement company, nobody to watch or anything like that. So, was there any moment during the deal, was it like When you made the offer, Kent, was it like the night before settlement? Was at the settlement table, but like what moment were you the most nervous throughout that entire process? To maybe like people who are sort of that at the beginning, or the people who have done deals, remember that nervous moment.

Kent: Well, look, I do not know if it actually happened in that particular transaction, but I can tell you that certainly in many many transactions since then are just in business in general. Just that what you learn to appreciate, especially a new entrepreneur or new investors do that. People believe that that moment of doubt or fear, whatever, that somehow that that goes away, and the reality of it is is that that is the good stuff. Whenever you are not feeling that, then that is a clear indication you are not pushing hard enough.

And so, I long for that, like I have tried to put myself in situations where I am pushing the envelope, where I am pushing myself further than what I know to be true so that I can kind of feel that energy all over. I look for that. The irony is that the newer investors or new entrepreneurs, they are doing everything they can to try to avoid it, to calm it, and they will quickly if they are good, they will quickly figure out that all of that struggle, what I call

embracing the struggle, that struggle is all of the good stuff. That is where you learn the most, that is where you hone your craft, that is where you figure out what you are really made of, those sleepless nights, those moments where you are like, "Oh my God, is this going to happen? Is it not going to happen? Am I going to be able to do this, cannot tell me to go and mail 10,000 letters, I am laying out 5 grand here, is this really going to work?" All that stuff where that entrepreneurs work really hard to avoid because they are trying to get everything perfect before they do anything is actually kind of working against you. That faith, that understanding, that resilience, all that, the power it takes, the character it takes to push through when quite frankly, it is not certain. Nothing is certain. That is where amazing amazing things happen at least in my own experience. That when you figure out that that is actually where the all of your best stuff comes from, and you embrace it, and you go for it, and you long for it, you will be shocked at what you can really accomplish.

It is no different than somebody who takes on physical challenges, right? I want to figure out I am friends with Jesse Itzler, and so I have done this 29029 event where you effectively climbed the equivalent of Mount Everest, 29,029 feet in 36 hours, and he rents an entire mountain in Utah, Vermont, or Idaho, and you just do not stop, right? And you do not know what you have got until you push yourself to a place that you are that you just have never been. And so, I think yes, have I had those experiences? Do I still have those experiences? Yes. I try to seek them out, and my advice to new entrepreneurs, embrace it. Understand, it is the good stuff. It is all the energy. You are proving to Even when you are It feels like you are falling down, it feels like you are getting beat up, you are learning what it takes to actually be wildly successful.

Dan: Nice. Yes, run toward the pain. I think one of my mentors early on told me like if you have a difficult phone call to make, some people are going to be inclined to write down let us say a to-do list for the next day. They put 10 things there, phone call is like number 11, and then the day goes by and you run out of time, and he said your most difficult phone call the one that is going to make you nervous, the one you are scared the person is going to yell and scream like let us say when you are making the offer on that first property, you are the thousandth property, whatever comes, make that phone call first thing in the day, you are going to set the momentum, and not only that, you are going to check off something that is probably really important as far as [inaudible] for you to get that done and then kind of move through the day.

The time is now, right? I see it on the wall there behind you. For the listeners who are in the audio only, we have the video posted on the website, reidiamonds.com. Behind Kent, the time is now. This has been Kent's phrase for I do not know how long, and I have been looking forward to asking, what is the genesis? Where did it come from? And what does it mean?

Kent: So, I have had you know, as you mentioned, it is kind of our Mantra. I mean, heck, it is even tattooed on my arm here. [laughter] I do not wear a watch. I wear a bracelet that says the time is now, and ironically, every time I look down at my wrist, that thing is right. [laughter] It is what where that comes from. So, I am 50 years old now, I have been in business for a long time. I have been in business like I said, since I was 17 years old, and I have had three really eye-opening things that have happened in my life that really helped Galvanize that message. One was losing a multi-billion dollar business and realizing that I built a multi-billion dollar business kind of at the expense of my family, right? We got conned into thinking the big myths, "I am doing

this for my family, and I am doing well". Look, I had a wife at home and a baby boy at home, and I was the guy that was getting to the office of 5 o'clock in the morning, not leaving till 8 o'clock at night, doing anything and everything that I could to build an empire, and the reality of it was it was gone like this, and suddenly, my kids and my Suddenly, I am divorced, my son hardly knows me and all the things that really matter in life just I had never taken the time to really understand them.

Now, I was a child when I was building a business. So, some of it you can write-off to youth and inexperience, but that really resonated with me. And then, I had a mentor, my uncle John a few years later that passed away when he was 61 years old, and he had spent his entire life building a 100 million dollar company, and I admired him very very much. He was extremely wealthy, but he did the same thing, all at the expense is of his family, running up and down the streets doing whatever, traveling all over the world doing whatever he could to bring home the bacon and make things happen, and got diagnosed, basically retired at the age of 60, got diagnosed with a form of cancer that he should have been able to recover from, he had a 96% survival rate. But unfortunately, he did not.

He went into the hospital with pneumonia and never came out, and he has he was calling for me. I drove to see him as fast as I could from home in South Florida up to Daytona Beach, Florida, and as I got there, running down the hallway the hospital just trying to make it there for his last breaths. I held his hand, and then he held up a little white board, like a mini white [inaudible]. He was all who hooked up to a respirator, he could not talk to any of us, but he could write out messages. And he basically The two messages that really kind of resonated hard with me was one, celebrate my life, and number two, he said, "I just wish I had more time."

And so, that really hit me hard. I am sitting here in every regard, this guy was a success to me, and understanding that in his dying breath, all the money that he had in the bank could not buy him the only thing that he wanted, which was one more moment. Just another breath, another minute, another hour on the planet, and 10, 20, \$30 million in the bank could not even buy that for him, and that really really shook me. And then fast forward a few months later, I happened to be on an airplane with my wife and daughter, and the plane had to make an emergency landing. The entire plane filled with smoke, panic was going through the plane, they diverted our plane coming down, captain is telling us to brace for impact, and unfortunately, my wife and daughter have booked their flights on a separate itinerary for me. And so, she is sitting in 26E and F, I am sitting in 19A, and in those final moments, when I am having to look across an aisle or across strangers heads, people screaming, alarms going off, a cabin filled with smoke, and having to say goodbye to my wife and listening to my little five-year-old girl screaming, "Daddy! Daddy!" and I cannot get to her, and pulling out my phone and recording a goodbye message to my son, that was as about as gut-wrenching as you could get.

And in between those three moments And obviously, we got on the ground everything was safe, we ended up getting off the plane, but it really hit me in a very profound way. I mean, it gave me the ultimate clarity that I need. That I am really good at building businesses, I am really good at making money, I am really good at making things happen, but I am also really good at making things happen on my terms now where I do not build businesses that take me away from my family, I do not miss out on the opportunity to collect moments, I am not in the business of

collecting crap anymore, cars and watches. I am in the business of collecting moments with my family, with my friends, I am in the business of ringing out everything I can out of every single day. I believe in scaling businesses and creating impact in the world, and I scale businesses because they give me freedom. They give me the ability to do what I want to do, when I want to do it because that is what life is about. I have no interest in sitting down at a desk or anywhere quite frankly that I have to do it. My my entire focus here is I am in the business of creating options. I want to have the option to do whatever I want to do, whenever I want to do it, and I want to show as many people how to do the same thing, and all of that kind of gets galvanized into this very simple saying, "The time is now." If you think tomorrow, or next week, or next month as promised, I got news for you. You are sadly sadly mistaken, and to not be in a hurry to create the ultimate version of you and the ultimate life is a serious serious miscalculation because you do not want to be on a plane figuring that out, saying goodbye to somebody that you love and knowing you are about to crash, you do not want to be sitting there with \$30 million in the bank and and not have any valuable relationships, and friends or family, or moments, or anything that you can look back on and somebody can say, "Man, this was amazing what he did." Now, the best thing they could say was, "He was an amazing business guy." and I am not going to be that guy. And so, that is what it is about.

Dan: Inspirational. Sorry to hear about your uncle John.

Kent: Yes. No, I appreciate that, brother.

Dan: I guess it is interesting because I am pretty sure you are probably saying something along the lines or some of what you just shared, and this is 10 years, 8 years ago. The 2012 cannot quote you your Dan Breslin's watching videos moments, and I cannot put my finger on, so I cannot said this at this time and I cannot quote you. But I remember it being about purpose, and at the time, I was in Philadelphia, and I was doing a couple wholesale deals, barely paying the bills, keeping child support paid, and it was just this invigorating time, and for me it was like I had this realization. It took place over a year, 2 years, 3 years, but I needed to move to Chicago.

I need to pick up and move to Chicago, and that was my purpose. I had to do anything. Would have run through a brick wall, whatever it was, and I tried in 2011 to do that, and I failed. I was renting a room in Chicago, and I moved back to Philly with my mom, and it was like right back down smack to the bottom again. And by end of 2014, Philadelphia is the business was kind of getting up and going again, and I had to step out on faith to move to Chicago where I did not have the business going, and I did that, right? And it has been fantastic. A blessing ever since all the way up to this day, and it taught me how to go into Chicago, and then I went into Florida, was doing business in Florida, was doing business in Atlanta. So, we were in Atlanta, Chicago, Philadelphia. I never would have went to another market if I was not acting on a real sense of purpose, right? It was not just about making money, making money, making money, but it was to get to Chicago. And I found myself My daughter now moved back to Philadelphia, going to school at Temple, and like, Oh! Now what?" Right? She was off at school, and I have this different purpose. But my purpose, just like yours, it kind of got to this point where like for me, it is to wake up and create a huge opportunity for people that are involved with my organization, and I do not do mentoring with the exception of people who are like in my team. So there is maybe 25 people, and I have put my effort, my energy, my growth development. I do it for them,

and I do it for the transformation in the neighborhoods where all of our flips take place, and that is kind of the purpose as we see it now.

You talked about the time is now, you talked about the doing cool stuff. So, the pandemic starts unfolding in March, and I came to the virtual wholesale Mastermind. I think it was a virtual deal Mastermind. I cannot remember the name of it. You organized it, you brought a bunch of great people together, 6-week program, something like that. And I remember one of the videos, you came on and you were like seated in the front seat driver seat of the RV. I guess you were on vacation driving around the world. So, you are like living exactly the stuff that you were talking while the pandemic was going on, there you are enjoying life. I mean, honestly, I was nervous. I was a little worried. We were like, we put our foot to the floor and luckily the real estate market kind of backed us up on that bet at the time, and I am sure a lot of other people are nervous, but it seems like you kind of leaned into it and that did not stop you, right?

Kent: Right. No, I mean look, I have been as safe as everybody else. I am not one of these guys that denies COVID by any stretch. I am certainly not somebody who is an anti-masker, none of that. Right? I mean, I live in California. We are in Southern California for God's sakes. We are in the shutdown capital, but all that being said, with every obstacle, there is an opportunity. And it is just that simple, and that is the end.

You will find whatever you are looking for, period. If you want to find opportunity, if you want to find the outcome, then you will use that lens, those optics, and you will find it. If you think the world is coming to its knees, and you think that the real estate market is going to crash, then you will make that true because you will stop marketing, you will stop being aggressive, you will stop doing things, and in all of our messaging was, "No, you got to push in harder, go right now. Count on your competition's mediocrity. They are going to run out of it, they are going to run out, you need to be running in."

And the same is true with life. I mean, I have never driven an RV in my life, but travel is a huge part of what I do with my children, it is what I do with my life, and luckily, I have set up a business where I can do that. I can run my business just about from anywhere in the world. So, yes. We went and spent several weeks out on the road doing that, and I know we inspired a lot of other people to go do the same thing, and we made the most of what is in front of us. I just refuse to look at the world through a lens that there is not opportunity out there. I mean again, think about it. Yes, a lot of people have gotten hurt, but there is a lot of businesses that have done amazing. Right? If you are not necessarily in the restaurant business, or if you are not still in the bar business or those kinds of things airlines, etc., I mean if you look at Zoom, or Netflix, or any kind of online trainings, or any that, those businesses all just took off, right? Just skyrocketed right out of the gate. There is a lot of places where there was opportunity.

So that is why I mean like, yes, if you want to find doom and gloom, it is there. You can certainly find it, or you can find where there are opportunities, and I I have always been a guy that subscribes to the other.

Dan: Nice. Yes, and you have always had this perspective. I mean, it has probably has to do with the arbitrage, the original business that you were in, it probably has to do with the level of

success that you were able to build in the first business that led to the second when you kind of apply these things to wholesaling, it probably had to do with Uncle John's mentorship, and spotting these different trends, and you are kind of spot-on with us having to put in this virtual, and we did that. We were making deals virtually and it is not necessarily our favorite because we were flipping them, so, we want to make sure we get eyes on it and actually see what kind of work we have, but we were able to do deals that we might not otherwise have been able to do as a result of that. So, thank you for spotting the trend and kind of encouraging, and I know a lot of people are doing virtual only and have been, and that is kind of the model and that is cool. But you have also had other Trends along the way. It was the cash buyers back in 2014, 13, it was finding the funds and doing the reverse wholesaling to find them, it was that kind of seeing where the market was and then making an intentional effort to do business in the market where the business was happening in the form of number of cash buyers.

So, what is the latest trend, right? We are recording this early February 20 21. What is the big trend now coming down the pike, Kent? And how can people get ready for it?

Kent: Well, I mean, to your point, I love it when I will go back to the comment I made earlier. I can count on my competition's mediocrity, right? And I think everybody should really think about that, and what that means is you are either part of it, or you are not. And if you are getting caught up in what everybody else is saying, then you are probably part of it. And so, everybody else is kind of has these, "The real estate market is quite hot. We have inventory, supply problems, we are not going to crash, we are going to keep going, etc., etc." Fine! You play that game. I got it. What I can tell you is that you can do about 2 minutes worth of research and go see that Fannie Mae announced in December that in the year of 2020 that they had originated \$4.1 trillion in loans on single family homes. That is what they did. And in 2021, they expect to originate \$2.7 trillion. So, that is \$1.4 trillion that the single biggest controlling organization in the industry is effectively telling you they are going to yank this money out of the market. Now, while that is happening, they also expect that the housing market will stay stable, and it will basically grow at .8%. And so, does not take a rocket scientist to figure out that if the market is going to stay stable, number of units are still going to sell, but they are going to yank \$1.5 trillion dollars out of the market. How are people going to possibly buy these houses, and it can only come from two places. It has to either come from cash, or it has to come from people like us that are willing to step in and be the bank.

And so, what is the latest and greatest, I do not know what I will call it, trend, but the thing that I think is the single biggest opportunity in the market today is for people to educate themselves very very well on how to become multi-dimensional, how to come in and buy properties on terms, and sell properties on terms. And it is a scary thing to talk about because people just do not have the education, but when you get the education, it is a very simple process, easily done, especially for people that come with any kind of real estate acumen that you can absolutely go and buy houses on terms, sell houses on terms, fill that void. And here is the best part, that if you buy a house and you put a renter in place, you have all the risk. Let us just be candid, right? The person or the organization that is getting the richest on that transaction is the bank. They have borrowed money at half a percent from people like us, or .01%. Whatever rate of return they are giving you when you put it in the bank, and they are loaning it out at 3,4,5,6%, right? Infinite returns right there. Effectively [inaudible] And then, you own a rental property that you are

putting a renter in there. You might be getting six to ten, maybe 12% on your money if you are doing great. But you also have all the risk of taxes, insurance, upkeep, maintenance, property management, all that, right? And I have been in that business for a very long time.

A very eye-opening understanding for me has taken place over the last year, and as it relates, these types of deals that I can effectively go out, buy a house, put a buyer in there instead of a renter. I can be the bank. Also, I will provide the terms, I will get a large down payment from them, and I am shifting all of the risk to them because they are the borrower. They are now responsible for taxes, insurance, upkeep, maintenance. And my return on investment is for 30 years. It is a 30-year note, right? So, if I am making 10,12,14% on my money because I am arbitraging the money.

I have bought a house for 50, and I have sold it for 100, right? So, I am not only getting my this is called 8%, I am getting 8% on my 40 \$50,000 here, but I am also getting 8% on the arbitrage of buying and selling at a discount. So, I mean, he is easily getting the 15 to 16% return on my money. And by the way, it is a 30-year note. So, I do not have to deal with the renter's, I don't have to release it every year, every 2 years, every 4 years, I am just sitting there infinitely building wealth. One, the opportunity is right, number two, the mechanism is right, number three, do you want to build wealth? This is how it is done. Uninterrupted compounding interest. And when you can create a note like that, that uninterrupted compounds or 30 years, you will just get ridiculously wealthy.

Dan: Yes. I did one, and I probably should have looked into I hired an attorney, so I thought I was going to be okay with a note and a couple of the pitfalls that happen. I bought six rentals. One of these six was a \$20,000-house in North Philly, right? So, it is I tried to sell it for 20, I would have taken a small loss to get rid of it just because I did not want it. I wanted the other five in the package. So, I ended up put it for sale, 2, 3 months did not sell, and then I did exactly what you said. I put a spread on there, I put a \$45,000 asking price, double what I was trying to get. One, the risk in the aggravation of whether or not I am going to collect the payments, and two, the patience I am going to have to have in order to collect the payments. And I did sell it to somebody I think at 8% interest in 400 something dollars a month, 10-year note. She put \$8,000 down. I transferred the deed to her and I did a mortgage in a note because I wanted the deed out of my name. I did not want to have kind of a liability risk by keeping the property but the point is I tacked on 25,000 with no real estate commission's, there was no closing call, she had to pay all of the closing costs, and she was thrilled to get in there. Now, to be completely candid, I am in the middle of trying to foreclose, and we have COVID restrictions, so I cannot do that right now, but a couple of the things that I wish I did different on that deal is number one, the note that I used was a note that the attorney kind of filled in the blank, and he didn't realize it was going to be an owner occupied note. So, really was not structured right for me to turn that note over to servicing, so I had to like sit down and I am like debt collecting and calling her. I had no way to turn this over to a servicing company. So, it is like I probably could get my payments but I am kind of busy doing the 283 houses that we did last year, we are making bigger money there than me chasing her for the 400. And I am fine. I am foreclosing on a note, and I have to wait a year or two, but the interest is still running. I will get the house back. I still am paying the taxes, covering it and it will be a win, and the markets gone up too in the 3 or 4 years. So, it is kind of continued to help lower my risk and increase my profit for that extra aggravation I am going to

have to go through to take it back. So, there is the harder side of the note and and time [inaudible]

Kent: So, the lessons are, and this by the way, I am glad you said that [inaudible] right? Everything you do has got to be Dodd-Frank compliant, everything you do, you use an [inaudible] to do all the servicing, paperwork has got to be super tight for everybody, quite frankly from a compliance standpoint because the better the paper, to your point, the easier it is to service, but it is also the easier it is to sell if you ever want to sell the note. You are creating a real asset there, and if it is done right, it can be about as pain free as you want it to, but if it is done wrong, it can be about as painful [laughter] as you wanted to be, right?

Which is why I am glad you brought it up. But it does not negate the fact that it is the opportunity right now. Taking properties down, selling them with seller financing in place. The way this is really playing out, because I want to give everybody a really good complete picture here, we are not talking about the Fannie and Freddie, the way they have taken this money out of the system is by making it harder for self-employed entrepreneurs to get loans. So, that is the restriction they put in place, right? So, 42% of the people that can get a loan in February could not get a loan right now, period. And by the way, all these statistics are openly available online. What they are doing is if you are self-employed or you own your own business, you have to provide 2 years of audited financials for every LLC you own. Now, that is a massive deterrent from guys like you and me, right? There is not a chance with somebody like me who owns a hundred LLCs and organizations that I am going to go and have all 100 audited by a third party 2 years, right? Hundreds of thousands of dollars so that I can get a loan. And so, they have effectively taken me out of the market, right? So, guys like me and millions of others are the kinds of people we are talking about. Really good people got great credit guy, got lots of cash, want to do deals, want to buy houses, etc., cannot. They are not bankable at this point in time. So, it is not just the low end of the totem pole. It is all the way up that seller financing is going to play a huge huge role in what is going on.

Dan: Yes, you are right about that, Kent. So, you know, shift gears a bit. We said the words reverse wholesaling. I want to fill in the blank and say could you quickly talk about what that is or was, and does it still work, and is it effective in certain markets around the country still, even though the market is as hot as it is, right?

Kent: It is the most effective way to wholesale properties, period. And I would argue always has been, at least since I rolled it out and will continue to be, especially for a brand new investor. And the reason is is that the data elements are even more apparent now than they have ever been. Like when I started doing this, getting data around a market was very very challenged. Nowadays, you know through our own systems or through others', it is very simple to understand. Hey who are all the cash buyers in a very specific zip code? So, if I were to I do not know one thing about the Philly Market, but I can certainly tell you that in the next 3 minutes I could know as much as probably most of your competitors. [laughter] Maybe not as much as you, but I can definitely know about as much as your competitors.

Meaning, I can go into a piece of software and it will tell me, here are all the hottest zip codes, here is where all the cash transactions are taking place, here is the areas they are buying, here is

the prices they are paying, here is their contact information. All of this is public record, right? So, that is what people need to understand. It is public record, guys like me just clean it up and make it where it is digestible. If you get information from the county clerk's office, it is like reading gibberish. So, guys like me, we clean it all up where you can clearly see what is going on and peer right into a market. And so, reverse wholesale And it kind of starts there. You have to understand that there is a massive appetite in the market right now. Cash transactions make up about 35% of the market. These are investors. They are buying up lots and lots of deals every single day. And if you know exactly who is buying exactly what price they are paying, and you market to them and start building a relationship where you have effectively taken 50% of the work out of the transaction, because it will always be easier to find a buyer for a house I am sorry, it always be easy to find a house for a buyer than it will be to find a buyer for a house. So, what most people are taught to do in wholesaling is go get something under contract, and then basically call It whatever it really is. It is a variation of hope. That is what it is. And hope can manifest itself in, "Will I fill it up on the MLS?" or "I put it on my website." or "I emailed it out." or I did whatever I did, I am doing these things.

But the end of the day, you know what you are doing? You are hoping. I am hoping that I bought the deal at the right price and that somebody is going to want to buy it from me. And I can tell you, hope is not a strategy. What we do and what we teach people to do is go get the buyers lined up. They want to buy. They are all there right now. You know exactly who they are. Engage. Send out marketing. Get them to call you back. Get on the phone and say, "Hey, if I could sell you anything at any price in any neighborhood, how many you want to buy? What price do you want to pay? You know, and how many can you buy in the next 30 days all cash?"

Now, I know when I have that, I am lethal. Like I am an assassin now. I can go into that exact zip code and say my only function as a wholesaler is I need to go create that opportunity. If somebody tells me that they want to pay they want to buy five houses in zip code 92037 for \$200,000, the only thing I need to know without ever doing a real estate deal, the only thing I need to know is I need to go market in that zip code, go market for vacants, go market for expired listings, go market for tax defaults, go market to probates, whatever. I need to find a deal for something less than 200 grand, because I am able to buy it for less than 200 grand, and the difference between those two price points is my spread. That is what I get to keep.

So, I am out there trying to buy for 150, 175, 180, whatever it takes, but every one of those deals I can get, I know I got somebody already lined up, where everybody else that I am competing with is running up and down the streets hoping. That is what they are doing.

Dan: Yes. I mean, a lot of money on hoping the early days. I wish I would have heard that in the beginning. It is like you go with reverse wholesaling, you are finding the market first, you are figuring out who the players are, So I kind of had to go to these networking events in 2006, and I am talking to this guy and that guy, and he might want this one, he might want this other one, and it was not necessarily like finding out what type of fish, what type of food in this specific neighborhood, and then the other part is like when you do the research and you find the cash buyers, it took out the underwriting piece.

So, in the beginning for me, I would deliberate for a day, 2 days. Maybe I would forget to make

the offer because it was just too complex for me to figure out how much to offer I had. No MLS access, these software programs were not available back then. And even if you have the MLS, it is like, how much do you offer? Sometimes, that can be a little bit of an enigma trying to figure out exactly what the right offer is compared to Bill Smith bought this one for 200,000, anything I get it for under that, this is simple clean math. It is 150, 160, 170, 180, whatever it is. And then, I make a call and he takes it, or I call the second or third person on the list I have already called and talked to, and they take it.

So, direct mail marketing. You were a fan of this before, are you still a fan of this? Is there a trend? Relevant good idea, bad idea? What is the deal?

Kent: Right now, it is still, if not the most effective. It is certainly one of the most effective mechanisms out there. And again, a lot of it has to do with counting on your competition's mediocrity. What people do with direct mail is they dabble. And again, they have seen some seminar, they have read some book, they watched some YouTube video, whatever, and so they will grab a list, and they will go mail a thousand pieces to all the vacants in a certain area, right? And they will do it once, [laughter] and they will just go away. And I do not know when the last time was that everybody here has checked their mail, but as sure as I am sitting here, I can pretty much guarantee that anybody that is listening or watching this, sometime in the last 30, 60, 90 days, you got a 20% Bed Bath & Beyond coupon, [laughter] I did not get one, and it is the same coupon you have gotten for the last 15 years, right? Like every month or every 2 months.

Now, the reason why they are doing that is because it works, but it only works because they keep doing it, and they do not stop. What happens? People collect them, and then they bring them in and here we go, and they bought. The reason why you continue to get all of that junk mail every week, right? The Pennysaver, the coupon with all that, you may not be the ideal customer, but understand that in the game of direct mail, a 1/2% or 1% response rate, and it is for every thousand they mail, if 10 people respond, it is wildly successful for them. When you are playing with that kind of math, and you just know the number so well, direct mail is hard to beat. I know that if I go mail a thousand vacant properties, and I mailed them six times over a 12-week period, simple math. I know we will pull out of there three to four deals. I have mailed 6,000 pieces, I am going to make \$23,000 in every one of those deals. It does not take a lot to figure out that this really works. What I do know is that most people stop if they do not get the one hit real quick, right? If they do not get that quick pop, they immediately throw their hands up, and I am counting on it, because all I have to do is stay in the game. That is it. It is not that hard. That is why I keep saying that counting on your competition's mediocrity. This is a game of resilience, this is a game of repetition, this is a game of processes. If you stay in the lane and just do not stop, it is not a matter of if you will be successful, it is just a matter of when. It will hit. The math always plays out.

Dan: Nice. And it is a little bit of a loaded question, right? So it is the same stuff I probably heard in 2012 when I was doing the letters by hand, and then I started ramping it up from there, and actually scaling up and having the data to do so. I would start with research into probates on my own.

I love direct mail too personally, because it is kind of got staying power, right? The newspaper,

you advertise there, they throw it away, it is gone. And the television, they watch the ad, it is over, it is gone, it played the radio ad, same kind of a deal, digital ads, same kind of deal, whereas a letter has the ability to potentially be saved by a seller and called a year later, 2 years, 3 years later. Now, when I get a call from a letter that I sent 3 years ago, the timing is right, right? The time is now for that seller

Kent: Now, I [inaudible]

Dan: to do business, you know?

Kent: [inaudible] something changed.

Dan: Yes. Yes. Exactly. Yes, speaking of mail, for those who are watching, [laughter]

Kent: [inaudible] Nothing wrong with that, brother.

Dan: We got the Kent Clothier custom video mailer for the Boardroom Mastermind, and before we get to our wrap-up question is do you want to talk about Boardroom for a moment, and then we will do our usual wrap-up here, Kent?

Kent: Yes. So, the Boardroom I have formed the Boardroom We will back up. So, that was probably 2009. I was kind of in my career and got going was doing very very well, and I thought I was a lot better than I actually was, which is I think is a really healthy thing for somebody to experience to get humbled a little bit, and I got invited to a Mastermind. It was a marketing Mastermind called The War Room, and I was the only real estate guy in there. Everybody else was internet marketing or physical products, that kind of stuff, and I quickly realized that I was not in One, I was not anywhere near as good as I thought I was, but two, even more importantly, I formed some real powerful relationships, partnerships, picked up a lot of insight, a lot of things that I brought back over into my business, not only the education side but in the real estate side.

That kind of just put everything we were doing on another level. And the reason why we have had to stay in power, the reason why we are continuing to always be a market leader, and then innovating and all these things is because I continually put myself in rooms where I am just not the smartest guy in the room. I have a peer network now that is as good as anybody's out there, right? I mean, whether it is Ed Mylett, or Jesse Itzlers, or you name them, right? Roland Frasier, Perry Belcher, Ryan Deiss, guys and girls that are just crushing the game.

I think it is really really important that you kind of get out of your own way, and you have to You got to check your ego and get into a room where you are being held accountable to what you can really accomplish in your life. And if you stay inside of your own four walls, and you stay in a place where you are kind of the "big fish" for lack of better ways of saying it, you are never going to really understand what your real potential is. And so, when I was in The War Room, I got pushed. And so, a couple years later, 3 years later, I started the Boardroom in real estate, and it has been a wildly successful Mastermind. We have recently voted one of the top ten masterminds in the world for growth by Entrepreneur magazine.

It is a collection. It is a collection of a 100, 150 people. We get together four times a year, and if you have never been to a Mastermind, it is a really simple process. There are two big benefits. One, you get to come in and network with a bunch of like-minded people which that connection really helps to kind of push you. Whether that is the partnerships, or whether that is their mindset, whatever it is. But equally, you are going to get your opportunity to sit in a room for 30 minutes, and you are going to share, "Hey man, this is the biggest challenge I am faced with." and imagine if you are sitting in a room with 20 people, 20 just killers, and they are all focused on your one big challenge, you are going to get 20 ideas. "Hey, by the way, I know a guy, here is how you do this." So, somebody just going to tell you, "This is exactly how you fix that problem." That in and of itself, that one opportunity right there compresses time as we talk about the time is now. You can go bang around for 3 to 5 years if you want, or you can just get the answer in 2 days and implement immediately.

Equally, if you are sitting in that room, and that same process happens 19 more times, you are going to hear 19 other things that you may not even realize they are on the horizon. You may not realize that, "Oh man, we are working around that corner or this corner. Oh, I was thinking about going into that market. I was thinking about doing that kind of deal." and somebody somewhere is going to share some insight that is going to save you an enormous amount of time and money.

It is such a really really powerful process to get in the room of a bunch of people that played at a much higher level than you are, and helping you to achieve amazing results. If you want to get big results faster, you want to see what it looks like to become the ultimate version of what you what you can be, then a Mastermind is a great place to start and if you go read the book Think and Grow Rich by Napoleon Hill, one of the core principles they talk about is Mastermind, that whether you like it or not, whether you believe it or not, does not make it any less true. The reality of it is is successful people get in rooms, and they share their ideas, they share their wisdom, they share their experiences, and that collective Insight is how they get to get to achieve amazing results.

So, Yes. The Boardroom has been around for a long time. I am very proud of it. Once a year, we kind of open it up and allow a handful of new members to come in, and then they do not ever leave, man. It is a little fraternity. They were people want to They want to stay and they want to continue to grow. It matters.

Dan: Nice. So, Kent, other than Think and Grow Rich, is there a book recommendation or two that you would make to the audience? We have a lot of people who are doing a lot of deals in the audience, not just beginners here, so maybe even one for the beginner or newer person, and maybe one who has kind of got some scale and volume going for them already.

Kent: I only ever recommend one book ever. It is a book that meant to bury [inaudible] that everybody at every level. Just go read The Alchemist by Paulo Coelho. It will take you about one day, but I do not care where you are in life or in business, when you read that book, it will matter.

Dan: It is pretty cool. I will second that recommendation. That is a first that anyone has ever mentioned that book. So that is a That is cool. I will make a note also in the in-show notes for

anyone to take a look. So, R.E.I. Diamonds Show, we have the crown jewel of wisdom as our last question.

Kent, if you could go back to when you were first starting, I guess it was 2002 or 2003, right? And you had no deals on the board, no contacts. You were just getting started again. What would you do I mean year be 2021 in market conditions like we have now, but what would you do to get started again?

Kent: What would I do? You know, I think I did what I had to do back then. Here is what I can tell you. The wisdom I would share with myself back there is when your back is against the wall and you have know what we say like burn the boats, when you have no other option but to move forward, you would be shocked at how powerful you really become. You may feel like you are at your weakest, but you are really at one of your most powerful moments right there, and I know you have experienced the same thing. Mainly that desperate moment that you have to make something work for your children, for your livelihood, for whatever, right? For your self-worth. That is a really powerful emotion, that is a powerful moment to try to embrace and to try to revisit as often as you can. Do not forget. Do not forget what it feels like to have to do something. And in fact, I do it all the time to myself. I will tell myself probably at least once or twice a year, if I didn't have everything I have right now, and I had to do I had to go \$100,000 this month, what would I do? Whatever the answer to that question is inevitably right behind it is, "Well, why are you not doing that?" [laughter] And I better have a really good reason, because if it's in you and you are capable of it, then why are you not doing it?

And I would tell you that is probably the same advice that I would give myself going back is do not ever lose sight of that, that you had that, and you are capable of so much more than you really think you are. You just have to go. stop getting distracted with, "Oh, what about this tool or this LLC?" or, "What training [laughter] [inaudible] end of the day, you have 30 days today to go make \$20,000, and if you did not do it, something horrific was going to happen. What would you do? You would be shocked at how powerful that answer is.

Dan: I remember hearing that, so that is definitely some of the Kent Clothier wisdom that I heard years and years ago, and I did not have the \$20,000, and I somehow figured out how to go out and make the 20,000. Like man, what a good spark those couple of words are. There is a rewind the tape and repeated again kind of deal.

Kent, so how can listeners get more Kent Clothier? Some information. Do you want to direct them to a website?

Kent: Yes, man. I mean, the easiest way to go to find me is just go to kentclothier.com, or just hit me up on Instagram @kentclothier, or on Facebook, Kent Clothier. Make sure you look for the blue checkmark every once in a while, you know. [laughter] Somebody tried to impersonate it, but yes, just go to the verified accounts. I happily engage right there. So, I love to help and connect any way I can.

Dan: All right, cool. Hey, I appreciate you getting us on the counter here. I got a couple pages of notes I snuck in during the video. A lot of great wisdom, and it has been a real pleasure. Thank

you for coming on the show, Kent.

Kent: Yes, man. I appreciate you.

Dan: Off-market real estate deals. All of us real estate Investors covet that rare profitable off-market real estate deal often bought with very little competition. The problem is many investors futilely try to develop their source of off-market deals through real estate agents or wholesalers only to become frustrated when they discover that they are not the only buyer in that real estate agent or a wholesalers network.

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So, in 2020, my house-flipping business, Diamond Equity Investments, bought and sold 283 houses. And We have done 49 so far this year. Well, mostly houses, a few of those were apartment buildings, and we currently have 112 more in our inventory.

And here are three ways that you and I could do business. Number one, if you are interested in having access to the best real estate deals in your market. In other words, if you are interested in having access to deals that you can buy at low enough prices has to actually make a profit after renovating and reselling, go now to accessrealestatedeals.com.

And number two, accredited investors seeking double-digit returns can sign up for private mortgage investment opportunity emails at fundrehabdeals.com, and those are my deals exclusively. I do not do third-party hard money loans. So, you will be passively investing in those Diamond Equity Investments deal as I had just mentioned.

Number three, finally, I am always buying houses that I can flip, and occupied apartment buildings with below-market rents. So, if you have a deal that fits that description in either Atlanta, Chicago, or the Philadelphia region, please send me an email with the details.

We are at the conclusion, my friend. Next up. We have Reed Goossens joining us once again to discuss land development for multifamily development specifically, and also discussing operating multifamily syndication deals at scale. So, I will catch you on that one.

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

[END]