

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

Dan Breslin: Welcome to the REI Diamond Show. I'm your host Dan Breslin, and this is episode 198. On flipping houses in Florida with Viktor Jiracek. If you're in the building wealth through real estate investing, 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.

So Viktor is a full-time real estate investor focused on flipping houses in Florida. He also coaches new investors on how to find off-market deals, then fun, fix, and flip those deals. So if you're just getting started in real estate investing, constructing a plan to earn \$100,000 per year flipping houses, is a pretty good place to start. That was my own plan back in 2006 when I got started and it's turned out pretty well so far. Viktor and I discussed that plan as well as how to find and fun that first flip. We also talked about finding, managing contractors, avoiding costly mistakes. Of course, everyone's favorite type of deal. Shall we begin?

All right. Welcome to the REI Diamond Show, Viktor. How are you doing today?

Viktor Jiracek: I'm good. Thanks for having me.

Dan: Cool. I think we'd start with a location drop a pin in your market and kind of talk about where you're doing business first and then, maybe as part of that, you could talk about, how you got in real estate and what your business looks like today?

Viktor: Sure. I live in Gainesville, Florida. I flipped in the surrounding area so mostly Alachua County but a little bit like if it's a good deal we'll go a little bit farther but I like to keep it private within an hour driving distance is how I typically look at it. Yeah, so I primarily do fix and flip. So by it, fix it up, sell it, is how I typically do it. I got started full-time out two and a half years ago. I was working full-time, that wasn't working out. Just wanna make a shift in real state, I'm happy, and I don't wanna look back. I'm happy about this. This is it. This is the goal.

Dan: Nice. living the dream. So tell me about the first deal. Like, what went through your mind? What were some of the fears? Did you lose some sleep as you're waiting for the settlement, or maybe the contractors just to show up? Walk me through some of the days and sleepless nights if any of that first deal that you ever, ever done.

Viktor: Yeah. So let's talk about the first fix and flip that I did. Back then I'd like a low credit score like a low five hundred, maybe a couple thousand the bank. I still found this great deal. I found this great deal. Basically, put under contract. I did. Then what I call like I found a money partner. So they put it on the money to buy it, to renovate, to sell it. I just basically found the deal, help manage it, and we split the profit. The renovation took about eight weeks, so it wasn't too bad. I was just outdated like demo, debris removal, paint flooring, new kitchen, then we call it, then we listed that.

So it's pretty straightforward. Nothing crazy like, rip out the walls or a full got, nothing like that. So we did that. I think the nervousness came around because we listed it. I think it sounds the market, maybe two weeks, which in retrospect, two weeks is nothing. Then we got an offer, and we end up taking the offer. We made like, may 28K net profit, which is great, and we split that. During those two weeks, like every day, okay, we're there any showings. What do they say? We're just like can't freaking out those first two weeks. I mean, this was 2018 to the mark was still hot. We still like going. So we're just freaking out for no reason. So I don't know sleepless nights for specifically but it was like, what are we cannot get enough for, what's going on type of thing, which is kind of silly.

Dan: Yeah, I know. Looking back, right? How many have you done since 2018, Viktor?

Viktor: So I did about 20 last year and 30 this years ago. So I've been like, 30-ish total. 100% complete I like may 13 or so going so far. Go like, right now.

Dan: Nice, 13, go now. Sweet. Yeah. I think back to when I first got in the business, 2006, the market was hot, I was 26 years old. The thoughts that went through my mind, I did something similar where we had one under contract, and I brought in a money partner who had a little more experience than I did. I'm still actually partnering with him to this day on our main business. All right, we back and forth. It wasn't like it was from there on, but I remember thinking like with every deal we ever flipped, certainly for the first 5 or 10 years, because I was renting apartments, and not owning my own home. I'm like, who is gonna pay these prices for these houses when they're all said and done. This is mind-boggling. This someone's gonna organize financing to get to the closing table for \$165,000 for this house. This is unbelievable. I didn't fully get comfortable with the volume of transactions in the market and probably didn't help that.

When I came in 2008-2009, the transaction volume shifted and the market, this feeling of disbelief I had in 2006, 2007 and 2008 as we were doing deals that this belief in that anyone would pay these prices eventually that came to fruition and was like that from 2009, 2010, 2011, 2012. In 2013 it started to feel like a stable real estate market. Then it's been growing since then and I feel like we're at a crescendo, and it does feel right now as we record here in July 2021. It does feel like 2007 in a sense we're like the frothiness, the bidding wars, the rapid escalation in prices when we're pulling our comps to evaluate our deals. It does feel a lot like that. However, I'm not losing sleep like I probably was then with the disbelief of people paying these prices.

Mostly for the reason that we have a lot of the Wall Street money that's coming in. So we have this kind of wild card of institutionalization of single-family real estate along with things like, BiggerPockets and this kind of the internet, the real estate 2.0 as a trend makes me feel a little more comfortable. Even if a ton of inventory comes on, we're not gonna see this vacuum in the marketplace. We had siloed but we didn't have iBuyers in the market. You know what I mean? It wasn't until, I think Blackstone and a couple of the other Wall Street firms enter the market, I forget 2011, 2010 somewhere in there. So we have this like, new pool of capital that enters the market that in a sense it will probably prop up prices even if the single-family homeowner is not the only game in town like they were in 2006. It's my long-winded way of saying that I'm okay with the market, and I'm not losing sleep, and I think things would probably remain stable for the next year or two. I know that was a little bit of a diversion but, I guess, my question for you is,

what are your thoughts on the market? Any observations or forecasting on where you think we're going with this thing?

Viktor: I mostly agree. Typically cycles follow like it's, like, a short-term debt cycle. I guess, things are going good, people look back. Like, oh, well, things have been nice, good for the last couple of years so let's just pile on more debt, pile on more debt until it becomes too much. If you look at the short-term debt cycle, kind of where we're at now, versus '07, '08 where we were at there, I think there's a lot worse. Mortgage restrictions, I guess, you could put it that way, like a mortgage. I can't think of the word like, the underwriting process a lot more loose. You like no doc loans. You like these subprime mortgages. You like stated income. If you write down a number that's how much you may and that's how much they might [?] you. So it was a lot looser back then. I don't see it as being as loose there. There are definitely like the short term like those people taking on while debt. They say on average like it seven times their yearly income. So if they make 50,000 a year they can buy a \$350,000,000 house, which is a lot. That's a lot of debt for someone, in that size. They thought interest rates are low, as long as that stays low, we should be fine. So we'll see about that. I think it's gonna stay low for a while.

Dan: Yeah.

Viktor: I might correct. I don't think it's going to be as big as '08, '09. It'll be a smaller correction and just to your point, I think there's gonna be enough appetite, investor appetite. We'll just like snap it up. I don't think I'd be that big of a deal. It could shift like 5, 10%. You know, that's what I'm saying.

Dan: Yeah. I mean, I'd be inclined to agree like in '07, '08, the 2001 to 2005 era came with these resetting mortgages. Meaning, teaser rates were probably really, really big time bomb that was waiting there to happen. You fast forward to now the loans that were written in the last 3 years probably '08, '09, '10 years or etcetera since the lender licensing requirements came in with, I think Dodd-Frank. These low-interest rates in these high debt amounts are not attached to adjustable-rate mortgages. So even though they owe 348,000 on a \$353,000 house that they bought or whatever the case is, it's fixed that two-point eight-five or three-point one-five. So the payment is not gonna go outrageous. Come six months, eight months. We did have happening '07, '08.

Cool. I digress. We talked about you're rehabbing business. Now, eight weeks on the first rehab, was your money partner a well-experienced and well-connected contractor-oriented person, or did you kind of step into the business and run that entire rehab from the start? Or maybe you had some rehabbing experience and contacts before you got into the business? It sounds really quick for the first fix and flip deal to do it in the '80s.

Viktor: Yes.

Dan: Okay.

Viktor: We got, hands-in, hands-on. So what happened? So the deal was, again, it wasn't that much like paint flooring, new kitchen, demo removal, a lot of little things. So not a huge

renovation. What happened? So it was hit by Hurricane Irma. It's a vacant house hit by Hurricane Irma, absentee owner. So it was an inherited property. She lived in Texas, properties in Florida obviously here in Gainesville, didn't wanna deal with it. So basically a log came in through the roof. There's a hole in the roof. There's a hole in the wall. We had to clean up all that debris. So I remember like, we clean it up through the dump trailer. We actually didn't get a dump trailer. Here's a funny thing. We didn't get a dump trailer. There's one down the street with the neighbor. So we threw it all the stuff in there. To save the money, just to save the 500 bucks or whatever. I think we filled that thing out, but I think we talked to him about it, and eventually, they were fine with that. So I don't think it was that big of a deal. To answer questions, those pretty hands-on with how we did it. Remember like, I got dirty. I got sweaty several times. Just trying to get the project done. So that's how I kind of look at it there. I was somewhat experienced like I have some background with those like, the family has done something rentals and those types of renovations. A couple like a handful not hundreds or dozens, and I think that I had a little bit of background. They were just elbow grease and made it happen.

Dan: Yeah. It's kind of how I did my first flip, the same partner, who was the money partner on the one we bought and sold together. He funded from the IRA my very first rehab project. I remember I ordered the windows ahead of the closing, put my deposit down. I like move forward with full faith, but I like you. I wasn't a full-time contractor in the business, but I grew up on the tools. I knew how to wire. I was like an electrician's helper at 12 and 13 years old. My dad was a contractor. So I had just enough experience to be comfortable with wires, pipes, and everything else to figure out how to do the rest of it when you got in there. I think back to how hands-on I was then and now there are houses we flipped I've never seen most of them actually that we've done this year maybe I don't think I've even seen one that we flipped and all of 2021. I mean, I leaned heavily on our well-developed team but, I guess, I put myself in my own shoes and your shoes, and I think while we did come in with these assets, this mindset or there's like, even if it was limited experience, it was some experience of doing the renovation.

Viktor: Yeah.

Dan: How important is that some evaluation of your skillset for a new flipper, right? Somebody's getting in the business. They want to flip houses, but perhaps they should take an inventory and say like, "Wow. I have never even cleaned out my own gutters. Should I be renovating a house?" How important is it to have some kind of hands-on rehab experience, or just an attitude of go get it if I'm setting out to go fix and flip houses?

Viktor: I wouldn't say it's that important. For me personally, I'm glad I did it just because it's harder to pass things by. We nowadays in terms of management because I've done like a debris removal done the demo. So if that takes two weeks I'm like, "Hey, wait a second. There's kind of something fishy here. Shouldn't take that long." So it's harder to. It's easier for me to manage just because I've done it. So I know how long things take. I know how much it costs, should cost. I know how much work it is. So that sort of thing. I wouldn't say it's 100% necessary to go through that. There's still lot of value. I would just take an inventory like what you want to be doing. If you're like working full-time in terms like W2 and you say like, "Hey, I don't wanna touch the project." You can hire a general contractor and general can contract with can take care of everything A to Z for you. So that's how I look at it where you can kind of play around with that.

How I see it? There are like three real models with regards to doing the renovation. So first is do it yourself. It's like, you're picking up the paintbrush, you're doing the flooring, you do it yourself. Second is done with you. So you hire a subcontractor. You hire a painter. He does the painting. Okay, you pay them. You hire a flooring guy. He does the flooring. Okay, you pay them. You're kind of like the project manager/general contractor. Third is the most hands-off. That's more like general contractor. You pay someone a check and like, "Hey, give me the keys in 30 days or give me the keys in 60 days, and it's gonna be done." I don't wanna say there's anything wrong with either model. It's just a trade-off. So if you do yourself, it's gonna cost you time. It's gonna save you money. If you do the general contractor, it's gonna cost you money, save you time. So that's how I look at it. So like where you are in your life and how you want to balance those things is how I would recommend going about and making that choice. I don't think there's a right or wrong answer. If you wanna do yourself, go to yourself. You wanna hire a general contractor, that's fine. At least you should know going into like, "Hey, these are the different ways I can think about this, to make it happen. I don't have to do it all myself. I can look at these other avenues."

Dan: Yeah. I remember that that same first, the first couple I did in 2006-2007. I started, I was like living in my mom and one of the bedrooms I grew up in as a kid. I'm 26, kind of hit the rocks and life as it were. I remember when I funded the deal, that was the most amount of money that I'd ever seen in my bank account ever in my life. I'm like, well, I just did 25 bucks an hour, I'm making more per hour than I ever made my life to go in here and pull the wire, and here go in and paint the radiators, and all that kind of stuff. It took me a little while like learn that lesson of starting to be able to delegate that stuff out, and recognize my own value at a higher and higher level, which now these days be the source of the deals. Finding the next deal, organizing things. It pays more than being a GC for me, right? Maybe if the construction 'cause you're paying GC he's gonna have to make his 10, 20%. That's 10, 20% that you're saving, keeping your pocket in the done with you method where you're running the job and hiring contractors. You're the one doing the final clean-out and your kind of visiting the property once, twice, three times a week, etcetera. Obviously, if you do all the work yourself, I've heard people say that. "I am anyone in. Did all the work themselves, cost me 10 grand material, and each of them made 20 grand." I'm saying so, "Okay. Made 40 grand but really you probably would have had to pay about 25 of that in labor. So like, if we took the labor costs that they had applied on their own project. What did they net? 15, 20 grand. A lot of people are gonna take a pass on that deal. It's a lot of risk for 15, 20 grand. I guess, my line of questioning Viktor is that, I already know that you helped new people get into the business. Do you kind of wanna set that stage here for listeners, so I kind of know what you're doing as we continue on with this line of questioning?"

Viktor: Yeah, for sure. So I fix and flip, actively that's what I do. I also teach people, mostly focus on beginners. Like, how to get your first deal and how to get six figures? So that's how I typically do. I teach everybody, everything A to Z. Like, how do you get the deal, how to get the money? How do you run contractors? How do you estimate repair? Anything you could ever think of, I just cover step by step on how to do it. So I mentor people nationwide. What's really cool about real estate? You and me, we're not competitive. We can be cooperative. You're not doing deals here. From what I know, I'm not doing deals over there. So we can just help each other out. Someone selling a house in New York, doesn't affect me here in Florida, directly. We

can just help each other out. So it's really cool to be able to give back and mentor people and see them go through the same journey that I went through and see them, get their first deal and then beyond.

Dan: So what is the biggest obstacle to flipping that first house? Not necessarily for you, but for any one of the people that you've worked with in the last 12 months let's say.

Viktor: Yeah, for sure. So people has come to me with two things. Like, okay, how do I get the money and then how do I get the deal? I try to reframe it to them where it's like, it's never really about the money. 'Cause if it's a good enough deal, people will throw money at you. Let's say, there's a house that you can sell for 100,000 for easy numbers and you have it. It's Tip-Top. Perfect shape. It's for 50,000. So you can list that property, the next thing get it sold, and make 40K net profit. People are gonna throw money at you to make that deal happen, 'cause it's a great deal. So what it really is it's not about the money. It's about the deal. So if we can get a good enough deal, that's really the focus. So if the focus is like, okay, how do we get deals? Then we talk about that. People always think like, okay. Well, what about the money? What about the money and that kind of hangs him up? So if there's just one focus the singular focus versus two, you're gonna be more successful.

Dan: Yeah, I agree. When I got in 2006 I was 26. When I first kind of had a serious thought that I wanted to flip houses I was probably 18, 19. I'm thinking, man. I remember I was 18 reading like rental books and you had to have the down payment, then you did the refill[?] for the cashout. Well, I wanna get this 40, 50 grand to kind of start with or however much, I guess, someday I'm gonna do this. Like the people you're describing, always thought the money was the barrier. Then the mentors I had in 2006 to the same thing that you said, it's all about the deals. The thing, the overarching highest value thing that I've come up with for my own career, my trajectory was like, I remember writing in journals and coming up with this revelation that I was gonna become the source of deals. I was gonna find more deals out there than I could possibly do, possibly fund, whatever the case was. A lot of that has to do with, okay, I gotta like market, I gotta generate leads. I gotta get out there and make offers. I got to be networking with people, and following up on my offers. I have to be a highly skilled underwriter of whatever location these deals are located, right?

Some people will focus on one specific neighborhood and buying in this zip code, or I'm buying 20 minutes, 30 minutes from my house, or I like this area for this reason. These guys build up a rental portfolio, 30, 40, 60 houses in a 30-minute drive, and they really underwrite that area. I have conversations with that same avatar of an investor that I'm kind of referring to. If I'm looking for him or her to pull comps and figure out values, and 30 minutes in the other direction. There fish out of water. They're not gonna spot the value there. So maybe in the dealmaker I've had to teach myself how to underwrite deals in high crime areas, south side of Chicago, North Philly, South Philly, Center City Philly, Atlanta, Georgia, Beltline deals, all over Tampa. I've got to be able to figure out what are these different dynamics and matrix they make the world tick.

For someone who's just started, like, you don't have to figure out how to go underwrite three different cities. Writing that on, I tell this to people on a team. Like, you got to be a deal maker. You got to be a source of deals. Write that on your bathroom, mirror. That's an important goal.

Right? I get it. You wanna make a hundred grand a year and write that on there but I'm telling you, if you wake up and remember that you are the source of deals and you're a dealmaker every morning, that's gonna pay as much probably more than writing the income goal down and putting that on. If you can put them both on the bathroom, mirror or something you're gonna see every day. So that like the philosophy of being the dealmaker has served me well.

So let's talk about it. I mean, how do you find the deals? What would you tell that same student who was working with you? How to go get a deal?

Viktor: Yeah. I think a lot of people get the wrong impression, like they go and they watch like HDTV or they watch those TV shows on TV, obviously. They're like, okay. Well, let me just get a real turn. Let me hop on Zillow. Let me start making offers. I don't know about you, but I saw for the 20-foot city last year, only one came from MLS. Only one was listed publicly just and there's a lot of problems with MLS, but one of it is obviously it's public. So everyone sees it. So everyone gets the same access to the data. Everyone can see and everybody can look at it super competitive. If you've ever gone to an MLS listing here for a deal recently, there's 10 investors. They're like, everyone's looking at it. It gets beat up to a point where the numbers don't even make sense. You're like, "Hey, I wanna buy for X, I'll put in Y, and sell for Z." That's zero profit. Like wait, how does this even work? So you're really competing with tough. A lot of different people who are buying cash, who are gonna be work themselves. They have different economics than you unless you have those same economics but still like it's pretty risky. Just like using your other example that to do all that work and then you make 15,000 that. For some people that's okay, but for most people that's not really scalable. That's the other thing. 'Cause you only do a couple per year. That's kind of tough.

So I always recommend like, okay, it's on market, which is public. There's off-market. You really wanna focus on off-market that's going direct to the seller. Talk to the seller directly, like no realtor, no middleman. You're talking them to kind of belly to belly, and that's where I've seen the most success. So that's the first thing. As an overarching principle, I would start with that. Then we can get the detail like, okay, how do I talk to people? Specifically, how do I talk to sellers directly?

I just wanna have that overarching principle like, "Hey, you gotta talk to people directly, you gotta do off-market and then, let's go from there."

Dan: Yeah, it makes sense. So what about the contractors? I mean, we touched on somebody with a very limited amount of experience in our conversation. How does that person? Now, let's assume they found a deal, they've lined up the money. Now, what about the contractors? I mean, labor is tough to come by these days, Viktor.

Viktor: It is. So couple things with that, again, I wanna tie back to the deal. That'll answer that question directly. If you get a great deal, let's say you're gonna buy it for 50, you have to put in 10, you're gonna sell for a 100. Even if you mess up with the contractors, and it takes longer than expected, and you go over budget. It's not 10,000 renovations, 15,000 renovation, it's still a good profitable deal. So as long as you have that good profit, but for their like it's okay to make mistakes. There's wanna set that. If you're setting out like, "Hey, I'm gonna make only 10 grand

on this deal.” Then if something goes wrong, or if you go over budget or if it takes longer like that, 10,000 can very easily become a zero or a negative number. So that's really key one to come in a contractor. So just let's start with that foundation then go from there.

I also think of contractors, like in marketing and sales, they have the funnel concept. Let's say for like getting a deal, contact 50 people, make an offer to 15 and then, I don't know, three of those become a deal, something like that. So you have like, you start out with a high number with a big number. It kind of gets smaller. It's like a funnel to kind of filter through the information. Especially now I see the same with contractors. So get a hold of 20 plumbers, only 10 will get back to you. Ten won't even bother to call you back, 10 will get back to you. Let's say three connection to give you a quote, because I actually have time. Then one will be your guy who can actually get started within a reasonable timeframe, reasonable price to make it happen. So it's that same sort of sales funnel mentality, especially nowadays, the contract. This pretty Corona wasn't that big of a deal as the least for us in this market. You can get people. I used to have a painter and he could get stuff like this stuff started for us next week because he had some work but not that much. Now, he's booked out for two, three months. It's hot tough to get the same guy. The same guy, same skill set just like a tough, hot market where everyone's so busy. So I'm happy that I will talk more about the contractors. That's how I think of it. Especially now, think of it like a funnel and really, really put the effort out there. I talked to a lot of people and they're like, well, I talked to two contractors, none of them can do it. Everyone's booked out, so I'm just gonna give out. It's like, no, you gotta make it happen, dude. We gotta make this happen.

Dan: You can give up, after you own the house.

Viktor: Exactly. It's like, oh, I'll just get started three months ago. That's a lot of money. That's not of holding.

Dan: So what are your favorite sources of going to find these 20 plumbers, right? How you find them in the location? The zip code, I mean, we're going online, we've got Angie's List. What's the secret source of contract or phone numbers?

Viktor: That's the thing. There isn't a secret source. That's what I've seen. There's no magical place where all the awesome contractors hang out. It's kind of a mix. I've had success online, just like a Google search finding someone that way. I've had success like a local real meetings, meetups.

Dan: Yeah.

Viktor: I've had success like referrals, someone's go, oh, yeah. Realtors are like, oh yeah, use this guy. He's good. Okay, that's worked. I've had like, Craigslist has been successful. Just referrals as well have been successful. Like, hey, I have a good plumber. I asked the public. Who else do you know who can help me with electrical stuff? Here for send you couple of electricians and that works out. I don't think there's a magical place. I think you just gotta put in the effort to find that person and there's a little bit of trial and error. So I've never been a thousand with contractors. That's the other thing. So just realize I you have to, maybe on a project on a flip. You'll try out five contractors, three are awesome. So keep those and I got two spots for your

next flip and then you find that next guy. So now you got like one spot open. Then it's like, okay, for a next flip, you find that guy. So there's is a little trial and error. Unfortunately, I wish there wasn't.

Dan: Yeah. A thing too is contractors like tenants. They're good until they're not. Right? It's like one of my partner's like, who have a tenant for eight years. They never miss a payment and then they're just like, they don't answer the phone. The payments aren't common, and it turns into an eviction.

We've been blessed to have a handful of contractors who have been with us a while, but they're kind of doing the interest rate that market cycle thing to. It's like, when they've got all this owner-occupied high retail work, they're hard to get ahold of and then all the sudden that tapers off and they haven't been in plugged in with the investors and so you kind of got the supply and demand thing always happening with the contractors. On top of some contractors fly off the handle, have a gambling addiction, go into the bottle. Just simply disappear, stop answering calls. So you kind of have this constant thing in flux. So I just because the contractors good in the last one. Doesn't necessarily mean you're gonna get that same level of contracting on the next one.

What's the most expensive mistake that you've made personally on a rehab today?

Viktor: Hmm.

Dan: Maybe it wasn't a renovation mistake. Anything, you missed the ARB. You bought it too high. What would be the thing that if you could take that mistake back, you'd be real happy looking at the results?

Viktor: One comes to mind, I think there's a lot of value, like growing slowly. 'Cause how I grew I was like two flips, the next year is 8, then 20 to 30. That was a good learning experience. It's been cool to grow and scale that quickly. It's possible to make the same mistake. This is what happened on one of them, on three of them actually, so I bought three subsequently. It's gonna be like, normal renovation that sort of thing. I made a repair estimate mistake on all three of them. There's like, 5K's, 5K, 5K, 5K. So the 15K mistake. There's a lot of value and slow and steady. There's a lot of value in that, but there's also value in scaling. How I look at it? I'd rather grow no talk about compound growth over the long term. I'd rather grow 20% a year for 50 years than 90% of your for 10 years. So if you actually do the math, you actually your miles and multiples ahead if you'd grow slower, but you grow more consistently over a longer-term. That's how I've been thinking about it recently. So I like slow and steady and make sure that even if there is a downturn or something happens, or if its deal doesn't sell, you're not knocked out of the game 'cause it is easy when you're trying to grow so fast to be that tight. So that's how I've been thinking about it recently. So just as the slowing estate mindset. They say like, Warren Buffett has made 99% of his wealth after the age 55. So you wanna be thinking about this kind of long-term and compounding. Has stayed in the game as long as possible.

Dan: Yeah, I think a big part of that, too. I mean, to your point the growth of 20% per year over 90% for year in this like, hockey stick exponential thing. I mean, a lot of that's gonna be the skill

set. Like, how much better is Warren Buffett? Yeah, the capital pile grew. So the contact screw but also knowing certain industries or companies to avoid. Like, he got out. I think he owned Salomon brothers and he did not own Solomon I think when they finally went bankrupt. A few years later, he got out of that business and did not re-enter. So this, the experience compounding and background is also a big part of what happens over time. We have done, I don't know. I mean, 283 deals last year, a 180 something this year. I forget if we did 225 the year before that, and we've been doing a whole bunch all the way through. So out of that large number of deals, we had our worst deal ever. I think we closed out of it this year and we owned it for two or three years. We had a couple. We owned for two or three years.

One of these was we got a little bit too creative on our rehab. Oh, we're gonna dig the basement. We're gonna finish it. Suddenly we got caught by the city. We had to go back at the permits. Now it's the architect. So it was a construction delays after delay, after delay. Luckily, the market kind of followed us up so we kind of broke even on that deal. Give or take. It was like, two grand one direction or the other. A \$2,000 profit is about as happy as a \$2,000 loss in that instance after all that work. So it was construction. Needing permits, and doing a little more, the moving walls, the HGTV like level of renovation we attempted on. This is like, after hundreds of deals collectively with the partnership and we still made that mistake.

Another one, we paid off some back taxes as part of the deal, an off-market deal. We pay the taxes off and the way it works in Illinois, there's a tax buyer who actually pays the taxes, the tax buyer and then when you paid to the city, this other investor gets paid off with their fees. Well, he turned out to be an attorney who really knew the law. So he filed paperwork after we closed, put our money to work, and suddenly were in this 9 to 12 months, maybe even longer protracted court battle where he was filing these motions and we were stuck in court. Can't sell the house if the properties in court. So we're like, well, we'll do the renovation, we'll do a little more than we thought, because when we stuck in this thing. So by the time we end up having to settle with the taxpayer, he took his chunk of the profit, and then it's another year and a half, two years in by the time we sell it, turns out the market, completely moved away from condos where we were at in this neck of the woods, and we end up selling it. We lost, I don't know. We lost over six figures on that one deal.

Viktor: Yes.

Dan: So it was like, yeah, what are you gonna do, right? Thank God, I did a volume of deals. It's like, if you're gonna do a bad deal, having four, or five, or ten, or a hundred deals cooking at any given time, makes it a lot easier to sort of absorb that lost. That's the nature of doing a high volume of deals. There's we're going to make a mistake here and there because we have to say yes to a lot of deals. We have to commit to a lot of deals to get to the point where we have this high volume of deals over time. So my final question before we get to our wrap up here is what would be an important design consideration for you, Viktor, in the Gainesville market when you're fixing and flipping a house? Where's like the smartest place for you to put your money and describe the details?

Viktor: Yeah. I actually was looking at those recently. I actually found out. This is an interesting stat. I wonder what it is for you, and your numbers. I actually found out the more I put into a

house, the less I make. I found out for every 10,000 additional and renovation, I make 2,000 profit on average. It's not every deal, but I found that out recently. Oh, my God. What am I doing here? The more I put in through the left side, less I make. So I think a lot of the highest value things, like, clear it out. If it's full of stuff like a hoarder house, you cleared out as adds a ton of value. That's probably the first one, the most valuable. Even like light landscaping if it's overgrown, it's a jungle. Just cleaning that up is gonna add a lot of value. Paint. Paint adds a lot of value. You can look up like the ROI for each of these things. I think for debris removal is like a 150%. So if you put in a \$100, you got \$150. As an investor like, "Hey, I'll do that every day. Any day." I think for the landscaping is like 120, something like that and don't quote me on that. You put it in a hundred bucks, it's not gonna be a hundred bucks, but it's that sort of ratio. You put it in a hundred bucks, you'll get out a 120 and then for painting it's 110. So you put in a 100 bucks, you pull out a 110 bucks. So that's what I'm seeing. I just been thinking about this a lot racing like, the more I put into the less I make. So why am I putting so much into it?

There's a lot of reasons for that. I'm happy to dive into that. Just been, kind of switching up the model here. So that's the highest value stuff. Even like a kitchen, for example, interestingly enough is about 80%. So he put five grand into a kitchen, you get four grand in additional value. It's kind of interesting.

Dan: Yeah. Here I was expecting you to be like, well, everyone in Gainesville likes dislike gray granite now, so I got to make sure I do that.

Viktor: People like the modern. So we do like light gray walls, white trim, light gray, LVP. So we do that, but not just saying overall.

Dan: Yeah. No, you're right. I mean, I've rehabbed a handful especially when I hit the rocks and was broke. '08, '09, '10, '11, '12, that was not a fun time for them Breslin and I had personal challenges going through, go out of that quit drinking on in January 2012. So things got a lot better after that. Right? I was kind of like the contractor flew off the handle. Things are good and blessed, and I remember like rehabbing this house, and painting the house with the paint I found in the house. There was not rehab budget. I made money. I live there for 6, 7, 8, 9 months and made 10 grand, 12 grand, or something. We finally left. So looking back it was a good thing, but yeah. ROI on the paint for that deal was like you said out of the park. We didn't even do the kitchen.

Cool. Any other questions I forgot to ask that are pertinent that you think new or investors might have on their mind?

Viktor: I don't know. Something like, what makes it different. What makes a different like you versus another person who didn't get to your level? I guess, I would ask that question. What's the difference? Because there's a lot of people who invest in real estate now '06. '05, '06 and started similar backgrounds to you. So I just be curious like, why are you so differently? What did you do differently versus everyone else? Or for me for example, not everyone in my markets doing the volume that I'm doing. So what's the difference between me or someone else? I just be curious about that.

Dan: Yeah. I mean, I guess if I was answering the question, I was so determined and pigheaded least stubborn to like, hang on to real estate, and there were different weeks or months during that downtime where it was not working. I was not successful. I was broke. I had failed out but like to me, there really was no other option. I feel like this is what God had in store for Dan Breslin. This was the promised land for me was real estate.

Right when I quit drinking shortly before that period in time, I struggle with drinking and drug addiction and things like that. Through that time period there beforehand, I remember I pick the Bible up in 2011 while I was sitting in that semi-abandoned house, I was rehabbing with a paintbrush. I don't know, I mean, I think I turn my life over to God then, and I clean my act up, and I really started to get serious about growing as a person.

Not that other people haven't done that either. I just feel like maybe there's a certain path where you and I and certainly people who are listening to this right now. They're destined to succeed on this path, and that path may not always be real estate necessarily, but they have a choice to get off that path, right? It's like, the universe has a function for everybody that's out there. If you're resonating with this specific thing, perhaps it is flipping houses and perhaps you're supposed to grow and go up and volume.

There's other people who are gonna assemble, 100, 300, 400 unit single-family rental things and they're not gonna flip anything. There's gonna be a lot of tenants who celebrate holidays and nice quality rentals there because that person followed their purpose. Just like, Elon Musk is following a purpose that we're all aware of and watching it all. It's like, his job and role to spearhead the electric car through a decade when that was not a sexy or popular idea. Everybody kind of has a path I believe.

If you're listening and you're willing and you're doing the work, I think you could succeed there. So maybe it's real estate, maybe it's high volume flipping. Maybe you're helping a large number of people achieve their dreams of flip fixing and flipping houses, and that extra cash makes all the difference in the world for that person. Not to mention, all these extra nice houses and all these neighborhoods where the broken teeth were fixed. The neighbors are happy because their prayers were finally answered that overgrown house with the car in the driveway and tree through the roof, there's someone living there. The kids are now playing with the kids of the family who were praying for the solution there. For like, their neighborhood to improve but they didn't really have the power. Yeah, I think that's probably how to answer that question.

Viktor: I love it. That's pretty similar to how I would have answered it just like doing the work daily and it's having the faith in the end goal. Like, "Hey, I know things are bad right now." With your example, "Hey, I know things are bad right now by." I know if I keep doing what I'm doing, eventually I'm gonna be successful. 'Cause sometimes it is- is foggy. The vision isn't clear. Or it's like, hey, I think it suck right now, and might be wild so until it gets better. I've been there so I can relate to that. I think that's it. So just keep an eye out of daily and no matter what just like, keep at this until I'm successful and you make it happen.

Dan: Cool. I got two quick questions for you here. One is book recommendations Viktor. Any book recommendations for the real estate investors /agent, audience?

Viktor: Yeah. Let's just try back to what I've been saying. Let's say, I really like "Good to Great" by Jim Collins. I've read that book maybe 15 times, maybe 20 times. I have an audiobook, I listen to it over and over again. They talk about faith in the end goal, which is the Stockdale Paradox. If you're familiar with that term, I think it's a great book. It has that slow and steady mentality. A lot of people today they chase growth and they chase growth. A lot of people in those books and that book specifically they chased like hey, I want a great team, really focus on the Hedgehog concept, what they're passionate about. What could create impact a lot of different things. I think that's really cool book.

Dan: Now.

Viktor: That would be great.

Dan: The crown jewel of wisdom, if you could go back and tell yourself, I don't know 18, 19, 20 years old, if you could share the crown jewel of wisdom with yourself at that age, knowing what you know now, what would that be?

Viktor: I'm sure got to start earlier, honestly. So I had a mentor who told me 5, 6 years ago like, hey, 'cause I did my first deal like a while back. It's like, hey, this flipping thing, that's how he built his wealth and then he got to the next thing to the next thing. It's like, "Hey, you should start flipping houses." So 5, 6 years ago, I did listen. Eventually, two and a half years ago or 3 years ago, I got the jump, and went full-time. Who knows where I would have been? Me following that exponential graph, that 5, 6 years ago. So I would have told myself with that advice. I would not have listened. That's the other thing.

Dan: Yeah.

Viktor: Just too stubborn.

Dan: Yeah, true enough. I know the feeling. Where can listeners get more of you, Viktor, find out some more information contact the center?

Viktor: Yeah, for sure. So I ran a free Facebook group where folks are interested. So I'll call this Six-Figure House Flipper. If they wanna reach out there, I have a great time of, like resources, I did the deep dives into my deals, break down everything A to Z. Lot of great resources, repair estimate, guys. Everything that could ever think of, I kind of share the process a little bit more, at Six-Figure House Flipper. You're just searching on Facebook, you find it.

Dan: All right, sounds good. Hey, I got a ton of notes, had a blast. I thank you for coming on the show, Viktor.

Viktor: I appreciate. Thanks for having me. This is fun.

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 wholesalers network. The only real way to have a consistent source of off-market real estate deals is to develop a business of attracting those deals. Enter the REI DealMachine originally developed as a resource for high volume investors to build teams of drivers who are literally driving their market looking for run-down and distressed property. The REI DealMachine simplifies the process of route tracking, lead generation, and literal push-button marketing to allow you to focus on the highest value skill set a real estate investor can build, and that is negotiating profitable real estate deals.

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In 2020 my house-flipping business, Diamond Equity Investments bought and sold 283 houses, and we've done 245 so far this year. We currently have 140 more in our inventory. Here are three ways that you and I can do business. Number one, are you interested in having access to the best real estate deals in your market? In other words, access to deals, you can buy at a low enough price to actually profit after renovating, and then reselling. If so, go now to access realestatedeals.com. Number two, accredited investors, seeking double-digit returns investing in my deals personally can sign up for private mortgage investment opportunity emails at fundrehabdeals.com. Number three, I ask that you check out the careers link at dealswithROI.com. We are currently looking for a few high-quality additions to the team. Maybe that's you. So we're at the conclusion my friend. Next up we have Steve Budget joining us to discuss his Fix and Flip real estate agency model. Interesting topic. I will catch you and Steve 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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