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

Dan Breslin: Dad, welcome to the REI Diamond Show. How you doing?

Dad: I'm awesome. How are you today, Danny?

Dan: Doing well. I think for a lot of our friends, our family, the people who know us personally, they'll probably think this is a really interesting story. To the listeners who catch us occasionally, I hope they find it interesting and intriguing, but I wanted to have you on the show here today to talk about your experience as a private lender from the private lender's perspective. I think for the listeners who maybe don't have as much affinity to hear our second topic of the founding story of Diamond Equity Investments and like my career as a real estate investor, I think hanging out and listening in to the perspective of somebody who is doing private money loans on fix and flip investors houses, is worth the time to do the research so that you listening can have that conversation with people who will potentially be a private lender for you and fund your deals.

While the main topic will be private lending, we are going to start off with the founding story of Diamond Equity Investments and to give some people contacts, our company in 2023 closed $57 million in real estate, meaning after the renovation was done, we sold it, we add up all those sale prices, that was $57 million. That was not our profit, that number will be not disclosed in public and that was 330 transactions. We've done that with a large team. We have the virtual offer app, we're closing deals, we're rehabbing deals in states, I think 19 states in 2023.

We didn't step foot in the state at all to buy it, fund it, close it, do the work, and then resell it and get a retail buyer to go to the settlement table. We've been blessed to attract a team of high caliber talented individuals here to come together and put together the the volume of deal flow that we've done. That's Diamond Equity, we did 54 million in 22 and 54 million in 21, so we're no strangers to doing volume of deals throughout the United States, but I started from humble beginnings, which I'm sure [inaudible] in a few minutes. Dad, you got your Oliver shirt on there, and my dad's name is Dan as well, but through this episode, I'm probably going to call you dad or Pop. That was[?] listening Pop. You got your Oliver shirt on, so maybe you could talk about your setup right now, brief summary of your career, where you live, and maybe how you fit into being a private lender.

Dad: I've been with the Oliver Company like 20 years scratched two years in there, 07, 08 or whatever, selling heating and air conditioning. I remember when you told me, "Dad, I'm not selling heating and air conditioning." It went this real estate route full-time or whatever. I'm not sure if I should segue right into the...

Dan: No, I just want to give an introduction right now of you're the HVAC sales guy, and you're doing some private lending on the side, right?

Dad: That is correct. I've been blessed to have made some decent investments, actually investments in you at one point that have come back to me nicely and then enabled me to do the private lending for you guys. It started with going along to some of the seminars with you, learning about the self-directed IRAs 5-star equity trust, couple different ones and then you can actually set it up. It's an article in the IRS code, you can set it up yourself. I'm not sure the exact numbers, but it's not real complicated to run your own IRA and be able to wire the money out to your team. I have another gentleman I work with locally here too and I've been blessed to be able to do that and it's it's pretty solid, it's investing.

I did some speculating and did okay, and that gave me some money to do some investing and then I'm of an age now where I probably should stick with investing. No more speculating, just good solid investments. It's tied to a specific property so that it's not unencumbered. You're the first position on that loan and you got to be ready to act when the call comes from the Chicago team and get down to the bank, get your paperwork in order, which they will help you with. Your guys have helped me with that nicely. I think I covered it.

Dan: Let's go back to 2006, we're going to pull on all the threads of private lending and talk about that a little later in the episode. But 2006, I have no license, I had to come home from a sabbatical in jail, got myself...

Dad: DCP.

Dan: ...drugs, alcohol got clean at the time. I used to sell cars, but without a driver's license, without a car. I think that door was closed to me when I came home. I remember thinking what are we going to do? I think I was calling you collect, and I think you said, "What we're going to do. We're going to do something like we'll find something to do." I don't know if that was October, November, but I remember feeling hope while I was kind of still finishing out my sentence there. It was like, I don't know what it's going to be, but it's going to be good and had no idea eventually how good it was going to get. Maybe we start there. It was what, January? Maybe we start with Russ Whitney, do you want to kind of give us a little...?

Dad: I've been getting up going to work 6:00 AM for decades. I would never turn on the TV in the morning, just don't turn on the TV, get ready to go to work. This one day, I happened up early, I happened to have a working phone and cable, and I turned on the TV and there was this real estate guy, Russ Whitney, and he was going on about his own father-in-Law, "If only my father-in-Law had bought another house. Where would he be if he had just bought one more house?" I remember, what do we call it, picking up that 10,000 pound telephone receiver phones were connected to walls back then, believe it or not. Picking up the phone receiver and dial the 1800 number and registering for this and that was early December.

Picked you up right around Christmas from your sabbatical and then we went to that seminar on a weekend right up in King of Prussia. It's now the casino or whatever, giant hotels up there and you're weird walking in, like, "What is this all about?" But we did, and I remember plucking down, I was using a credit card for that first program to get, which entitled us to come, I guess it was just an evening and then it was a full weekend of training and then they blew our minds with the training. I remember she was using the overhead projector screen and, "I know you can do this, and if you went over here and did this, and you could get these for a lease purchase agreement for 10% in this neighborhood." Then she piled them all up on top of one another and it's like, that's your brain right now scrambled because it's, it's so deep and the directions you can go in this. That was the Russ Whitney angle of it and I remember from that weekend program, the next program was a pretty good bump. It was more than I could do on the credit card, but that's when we hooked up the gentleman...

Dan: Before we even got to that point. At that first what was it, a teaser evening seminar?

Dad: Yes.

Dan: I'm pretty sure the guy got up and he had his overhead projector. For those who don't know what they are, they had this like arm, projected this thing onto the screen. It was like a light bulb under there. It was back in 2006, but I remember he was telling us about a land deal, and he was like, "I got this piece of land for 10,000 and I turned around and sold it for 20,000 and here's my check for 10,000." He put the $10,000 check up there and I like, "I get it." So as complex as real estate actually is in the end, there's title, there's contract clauses, there's renovation, there's negotiations with the seller, negotiations with contractor negotiations with a buyer, negotiation on the inspection report. There's so much complexity, but it all boils down to buy it for one number and make sure to sell it for more. I remember thinking like it makes sense. I want to do what what he did. That was my moment of excitement and then my moment of my excitement and my hopes being dashed was when he got around to telling us how much it costs to come to the weekend seminar. I think that was $995 and that was beyond in the realm of possibility for me at the time.

Dad: That was a lot of years ago and I remember I sat right in front of you and I wrote down the 995, and then I circled to the left two decimal points. I said, "I'm going to be spending $10. We'll do that," and we did. The goal was for you to move that decimal point the other way the rest of your life. And you've been actually doing that pretty nicely too.

Dan: Thank God.

Dad: If I do say so myself

Dan: I almost fell off the chair when you said you were doing it. To look back and think, this all started with a delusion where we turned 995 into $9.95.

Dad: It was about not looking at the number, it's doing the work. What you've done thousands of hours a year. I know I tried to join you at one point. It's hard work, but then I remember trying to get the office set up over in Drexel Hill there, Garrett Road around the corner is like a business center around the corner from where the house is. You were set up in the third bedroom at the house there and that wasn't going to work out. It was about knocking down these obstacles. I remember that gentleman, I think it was through a phone call, he wanted $600 a month, and we're talking about numbers from 15, 18 years ago. All these numbers would be doubled today, but I remember walking in like, "Maybe he needs a boiler." He said it before I said it. Scott, he walked on the steps, said, "I need a boiler" What? It was surreal and it's been spent a year now, and I had this luxury of trash picking commercial buildings.

Remember I got the door for the building. I put that pencil door because stuff lays around in the corners of these mechanical rooms that they don't seem to throw away, but one man's trash was another man's treasure, and w made a real good use of that space, that covered rent for a year. It was about knocking down barrier and I'm sure you're doing that with people every day of the week with your team. You know what I mean? Take away those objections and keep it going, but it was a really surreal, and then from that second seminar meeting up with the fellow from up in Bangor, PA there and then sharing it with him. They don't tell you you can share the seminar, but we had a conversation outside during the break and you guys were able to share it, which I could manage. That was awesome, so that was like a next step. Interestingly enough, now it's what CRM and Podio and all this complicated online stuff. It was like index cards with two bedrooms, three baths, like it was crazy how far this has come and how far it could possibly go. Mind boggling, I must say.

Dan: One thing about the office so I was this 25, 26-year-old kid at the time, but having an office in urban, they didn't tell us to do that in the seminar. That wasn't like a thing. Certainly living in my mom's bedroom there wasn't going to cut it to conduct business, but you pushed us to take that leap of faith and put the boiler in. We got the year worth of free rent out of the boiler installation that you found in the trash, basically.

Dad: That was a lovely donated by my company.

Dan: For context, that boiler and why that was important to the guy they were oil heat and that's not actually like around the country, a lot of places don't really have the oil heat, but outside of Philadelphia, where we grew up, a lot of these houses had the oil truck, come deliver the oil, and that was how you had to heat your house. The price of that oil would fluctuate, dirty, it could spill in the basement, it smells down there, it runs out on your 10 degree day and it's hard to get more and they have to reprime the system, so it's like not desirable to have oil heat. Scott, the landlord, he knew that and he wanted it converted to gas. It wasn't even a swap out of a boiler. I can't remember if we actually ended up removing that oil tank for him or not, the oil tank's probably still down there, but you had to convert...

Dad: I'm betting that oil tank is still, still down there.

Dan: A funny part, we were pennies, nickels, dimes, all that kind of stuff mattered then. I remember we bought some houses later that had oil heat and it was cold and while we were doing renovation, I remember you like bringing buckets of oil over from the office tank so that we could stay warm where we had and get the paint to dry.

Dad: I had forgotten about that. We were quite joined at the hip earlier there, but you've definitely taken it off.

Dan: Having the office created a new image in my own mind, I was able to look at myself in the mirror. It's like a self-image is important when you're building a business, you're building a successful career, you're becoming a successful parent. It's like, what do you tell yourself in the mirror about how you're going to do things and how you're doing things? I was able to look at myself a little more as a business person. I'd had this little leather briefcase thing I'd walk around the corner with and throw some...

Dad: Buddy that's what business people did with your lunch in it.

Dan: It allowed me to show up a little more professionally. I could sit at that desk in the office and make the phone calls and that was literally the desk I made the phone call from the newspaper AD for rent sign to Craig, whose name pops up periodically in our newsletter. He's running the Philadelphia market for us here and I'm like, "Hey, I'm going to buy your house." He said, "No, but come meet me at this network and event and we'll show you around." That was a door opener. I don't know if I ever would've made the call if I wasn't sitting [inaudible], but having that place to go to certainly was a big step. Let's shift gears. Let's touch on the first deal that I ever did from your perspective.

Dad: From my perspective, so flash forward to July of 2006 and I pushed and you've pushed me a lot also, which is awesome. We do that, we get to do that with each other, but I remember like, "Come on, are we doing this. You got this appointment." I was in the city of Chester and I remember you had Keely[?] with you, and I'm taking Keely to a little playground down the end of the street there as you worked your magic with this deal. What I remember about that deal, you literally doubled your money, probably a little better, but the family, the woman, her children, her son, son-in-law, whatever it was, the couple, they had no idea how bad a shape that house was in. They had no idea if I'm correct, the condition their mother was living in.

It's really about helping people, you know what I mean? No joke, no cliche and I've watched you do that with probably thousands of people by this point. It's providing a service and then it is remunerated. That's kind of comes from Joe Oliver, you serve, the rewards come from elsewhere, serve and I feel I've taught that and been taught that myself, and I remember that. That was probably a real blessing for them folks to be able to do that and then you were able to flip that property [crosstalk] with clue you could do that.

Dan: For context in Chester, the funny thing, I was running around telling people I was going to make $6,000. "How can make 6,000 doing a deal this way?" Turned out that eventually the deal I was talking about, I did end up making the $6,000 like I talked about. That was my profit on the deal, but Chester and this particular section in Chester at the time, it's the place where that seller, that owner was, would be likely to call other people who are in the real estate business and they're like, "Hey, I got this house." "What's the address?" "It's Terrell Street." They're like, "Hey, sorry, we don't buy there", and they don't go to the [inaudible] because there certainly was in 2006 and for the following 10 years, a little bit of an open air drug market in and around that section of the city there. It wasn't safe. There was bullet casings on the ground on some of the streets.

That specific neighborhood was highly challenged by that kind of situation and my contract price was $5,500. I mean, $2,006 or today's dollars, a $5,000 house that you're selling for 11 is probably located in a lower dollar, higher crime, higher risk area that quite frankly, people were likely hanging up on this seller when they called them. Even the willingness to go out and do the deal, I think that's one of the things we at Diamond Equity strive for. There's a lot of neighborhoods where we do business still around the country where no one else is taking the call, no one else is willing to even work on the deal. Real estate agent doesn't want to go, what are they going to list a $5,000 house and charge a $1,000 commission? It is too small, it doesn't make any sense for them, so it leaves this vacuum in the market where we're a market maker, Diamond Equity is obligated in a sense to make a market and give a price quotation on whatever the piece of real estate is and 98% of the pieces of real estate across our desk, we can put an offer on.

There are 1 or 2% that are flood zones, we can't even do anything with them, but it's very rare if that's the case. I remember being pushed too because it was in this time, it's like when you're starting in a real estate business, I mean, I was probably a hundred deals in before I became confident enough to put the price quotation on a piece of real estate and say we're ready to move forward at this price and before my hundredth deal, it's hesitation. I've got the notepad out, I'm trying to put the renovation budgets together. I'm trying to come up with an offer that's high enough to be accepted by the seller, but low enough that I can still make a profit and there would be this agony of procrastination that would occur in trying to determine what the offer price is going to be and then make the offer. I remember during those days, I think we had discovered Starbucks, they put one in on Baltimore Pike. So we took a lot of rides to Starbucks, you and I.

Dad: I think I remember that more. I was, "Let's just go to Starbucks." Forse[?] said, "We have to go sign the contract." I'm like, "We don't have a contract."

Dan: Do you remember where we got the contract?

Dad: It was Office Max or the Staples[?] or one of them.

Dan: Yes, we go in, buy a contract and then I get to the house and I didn't realize, I've never done this before. I'm like carefully looking for each fill in the blank there for the first time with the watching like I've done this before,

Dad: Meanwhile, I've got Keely at the drug infested playground down the street. We had a play.

Dan: That's right.

Dad: Three or four years old.

Dan: Luckily it was like 9, 10 AM in the morning.

Dad: You're going to do that on a Saturday morning, not a Friday evening.

Dan: No, we're not going to go there.

Dad: That was good. That was fun, man. It's fun reliving it.

Dan: That's right. I think we did I think we did two flips, I think that year in 2006, if I'm not mistaken, going into the winter, I'm pretty sure we had the other house in Chester and we had a two bedroom house in Darby.

Dad: I forgot about Darby.

Dan: Stitched them together, got out of them in 2007 probably sometime in the spring and was sold off to the races there. In 2007, and this would be a good spot I guess, I have two notable events that happened in 2007. One was we met Dave Van Horn down at the self-directed IRA conference.

Dad: That was in Baltimore, I believe.

Dan: Number two is you quitting your job on your 50th, where do you want to start Dad?

Dad: It was a cold snowy morning in February when we were renovating the house on Chester right on the corner of 22nd Street there and they had put GPSs in the van so they could see where we were or not on our jobs or whatever and boss had night before he's like," I want you in here at 6:00 AM." I wake up at 4:00 AM, it's my birthday. I'm like, "I can get one more load of trash out of the house before I go into the office at six." It's not fair to my employer, but I've more than made it up. I'm back there now killing it for them and vice versa, but the truck wouldn't start, it's like 5:30 in the morning. I'm in the middle of Chester called a tow truck company, and much like the real estate people, they're not coming to Chester at 5:30 in the morning.

I left the phone in the truck and just started walking down MacDade Boulevard and then I gave you a call, and you rescued me that morning. Meet me at the Dunking Donut, the train's not coming soon enough to run me over, so I cut off the train tracks and met you at the Dunking Donuts. Then I think my employer got your phone. Someone had called you by about 11:00 AM or so, and you shoved the phone in my ear. By that point, they had brought the van back to the shot. They were actually very concerned for my safety. They didn't know if I was in that house and what had gone wrong or whatever and I remember getting into the boss's office, turning it into like an exit interview.

If I'd waited another week or two, I could've caught two weeks of vacation, but I wasn't thinking well at that point. Ironically, that was my 50th birthday, walked out of there February 7th on my 50th birthday, went back about two years later, did well, left in 23. I was joining you full-time in 23. It proved to be a little bit too arduous for me. I literally got hired back full-time on my 65th birthday to the sales team, which I'm just about three years in and it's actually going fabulous. I've never worked so hard and had so much fun at the same time and the compensation's there too. I'm now I'm becoming quite the traveler. That's been it's been an interesting couple of years to say the least.

Dan: We had a little, couple rough edges, I guess, right?

Dad: We try to plan things now instead of voting with our feet every day.

Dan: That's right. With Dave, we went down, so the self-directed IRA, when I learned about that, I first learned about it from the Russ Whitney Advanced Education that you invested in, that we...

Dad: The Florida thing.

Dan: So we went to Millionaire University, that was probably March or April, 2006. This is a big problem for people. There's three components to any real estate deal, you have to have the deal, and then you have to have the capital, and then you have to have the operations of the deal so if it's a fix and flip, the operations is finishing a rehab completely and getting it staged and getting it sold, and getting through the inspection, that's operations. If you're going to buy a shopping center in Las Vegas, someone's got to manage the construction of the parking lot and the facade and do the lease up and manage it and build out all the tenant improvements. That's operations, managing that shopping center correctly. Most people don't really put a lot of emphasis on operations and maybe it is some of the lower hanging fruit.

You can figure out how to get the contractors, you can go in there like I did on my first flip and paint and do the electric work and fix the door handles and do a lot of the operations yourself in a fix and flip deal. So a lot of us are like, that's not the barrier to entry, that one's the low barrier to entry. Most people have the capital is the highest barrier to entry, and they don't realize that the deal is as high, if not higher, of a barrier to entry as the capital. Most people are like, "I am going to start flipping houses, but I need the money first. I would love to flip houses, but I need to find the investor first." I figured out that my career is built on finding the deals first and the people at Millionaire University told me, "Hey, if you have a deal and it's a real deal, good enough deal, you'll find the capital," and they're right. Some one will JV they'll partner, they'll do a 50 50 split, you run the renovation, like there's people out there all day.

I would do a 50 50 split with someone and put the cash up on the right deal in a heartbeat, no problem. They would have to be good at the operations. I'm not talking about a brand new investor necessarily, maybe I'd do some other kind of joint venture and give them a smaller than 50 50 percentage. We'll run the operations I'll bring the capital, they bring the deal, but none of it started without the deal. So the deal's the most important. When we went to Millionaire University, the capital stack, my eyes were opened, I can't remember her name. She said, "here's where you're going to get the money. You're going to create a private bank." I said, "That sounds like fun, a private bank."

She drew little houses and all this stuff and she's like, "Here's where the money is located. You probably know people who have money or they don't have money necessarily sitting in their bank account, a half a million dollars, $300,000, but they probably have it in an IRA account from some job they left five years ago and things sitting there, there's 250, 300 grand in the IRA and they can self-direct that IRA." You touched on that earlier in the episode here where the IRA is lending money to the investor, not necessarily a person directly and then the interest in the money goes back to the IRA and that was huge light bulb. To me, I grew up around a lot of people that we had enough...

Dad: We didn't go to bed hungry.

Dan: Correct, but I didn't know there weren't people driving Bentleys and Rolls Royces who were like, stroking $400,000 check. That wasn't the neighborhood that you grew up in. So it seemed more plausible to me that people would have money in the IRA account and that might be a big source of the capital and in fact, it is a big source of the capital for investors out there. Dave Van Horn was a mentor of mine back in that era and I remember we ran into him and the Equity Trust Company, I think was the name of that.

Dad: There's 5-star one that Craig uses and then Equity Trust was the one I was in, I believe.

Dan: That turned out to be a master's class in how the IRAs work and how creative you could be with the self-directed IRA and I think that gave you and I, the knowledge to understand how it was done way back in 2007, even if that wasn't the capital that you were allocating at the time and it now is. Did you remember anything else noteworthy there when we were at that that event?

Dad: Dave made a good point, I don't know if it's strictly for duck or everywhere the four to five unit apartment buildings, you wanted to stay at four units. I do remember him describing that because you think, I had that fifth unit, but then that just throws you up to this another tier with they want sprinklers and they want this, they want that. So that was the other nugget I remember, but ironically, having left the Oliver job in 2007, I went with another firm for like two years. About a year's marched by back to Oliver by 2009 or so. Now I had that IRA that sat with the other firm and it was like about 30 grand or whatever.

That was big money for me to then put it into Equity Trust. That's how I got started with it because you can't do it with the firm you're with, it has to be a dormant thing, your current employer's not going to let you pull money out of the IRA and self direct. It has to be a former job. I'll have more for you, Danny, when I retire. I can assure you and that's coming up quick. I got a nice chunk sitting with the Oliver folks right now. That let me set the money with Equity Trust. I literally lent it to Craig. I lent Craig that 30 grand for whatever length of time came back as 33,000 and then I lent it to a gentleman, John, you had working for you for quite a few years there.

Investors, you need to relax about it, the money goes out there, trusts that they're working on it. A year will turn into a year and a half, but it's 10%. I mean, it's outrun inflation, so it's a good solid investment. I remember when John had called me that day, "Hey, what's the payoff amount?" I'm like, "No, you're looking for my son. You're not looking for me." I've forgotten all about it. Hate the payoff guy, I don't have no money, but sure enough. That 30,000 turned into about 38,000 and then I'll flip up to where you were able to pay me back, Dan, I was out to visit you in Chicago and you're like, "Hey, how much do I owe you?" and we came up with a number.

I think it was because I had led you the money from my IRA when I left in 2007, I thought I was giving it away, but it came back and then I got lucky with some cryptocurrency and I was able to take that 38,000 and put it in like the first Bitcoin IRA that opened up. Ironically, that's a little bit of a story because I remember the equity trust folks, they use snail mail and things like that and the goals are wonderful, but they don't get the overnight transactions and the way things work these days and I remember I had gotten an envelope, FedEx from the people in California, and then eight, nine days is going by. I'm like, "Where the hell is my 38 grand or whatever?" She's like, "We mailed it." Bitcoin's flying at that point, I'm like, "What do you mean you mailed it?"

It cost me an entire coin before it got there, but I got lucky. I was in there early. I was able to pull that out before it really tanked and that first crash and that's when I became a serious investor for you. I had some decent money in my own. I think it's IRS code 1075. It's not real complicated. You can figure this out yourself maybe if you're using your own accountant. The self-directed folks try to make it complicated and it's just big four, it's not, it's you can have your own IRA and, and it's a checkbook. IRA, I could write Dan a check tomorrow for that amount if I hadn't already lent it to the guy on this end of town, and I worked with Aaron and your team in Chicago several times, money in and out 3, 4, 5 times. It's been a decent investment.

The cryptocurrency was speculating, you could win, you could lose. This is more of an investment, there's still risk with investing and like I say, if you do invest it, you got to relax, know that Aaron's taking good care of you in Chicago, Craig's taking good care of you in Philly. It's earmarked to one specific property, so you're well protected with this loan. You are the bank at that point and it's a good solid 10% return. That's where it's at. It's definitely, somebody who's semi-retired and you got some cash and you can walk down to the bank and you're going to wire some money out and there's people around a table waiting for you. It's a nice feeling. It really is to be part of this. Takes a lot of pressure, but it happens.

Dan: I don't even know if you even remember it back then, pick any one of them, what's the feeling when you're sending off the wire for the first time? Is there ever like any anxiety,? Like when you're about to send the money off to your buddy Steve, for the first time it was your first loan? What was going through your mind at that time?

Dad: I did that first one with him. We had closed our wedding deal, you, myself, and Craig put that away and that's where I met Steve because he bought that deal. That first loan I did to him, it was like $9 and change per day that was in my head every day, like I had to count, I knew exactly what it was every day, what's it going to go? All that's the furthest thing from it's neither here today. Currently got 165 sitting there with him. It'll come back as like 180 here. I think I texted him a year into it. Now there was anxiety there because the wiring is taking time again, it was weird. I sent that out and they were literally sitting around the table waiting for that to happen.

That would be kind of a challenge for you guys, Danny, to try to get that money ahead. Let me get it to your escrow account a day or two ahead of time. Folks, you can't worry about that day's interest or two days' interest. You ain't making nothing with it now sitting in your account, so that clock will start running after everybody signs off and leaves the room and the new homeowner's walking in and the team's getting paid and they're divvying up their commission and stuff, but you might lose an overnight or two of interest. The banks are playing games now trying to drag that out and they can make a fair amount of change on a couple hundred grand sitting in their account overnight. That was like a non-issue for quite a few years at the low rates, but now it's come a little bit of a trick again. So you got to be patient around it, you got to trust it. It's make sure all the numbers are in the right block, a, b, a and whatnot. It's definitely high pressure, but I dig it. It's not like going to a casino and hoping black comes up.

Dan: But there is risk along the way and I'm going to be doing a private lending webinar actually for quite a few people who probably by the time they're listening to this, they will have already attended that. We're doing that Friday and we're recording this on a Wednesday, but I think that there are risks involved. So when someone is sending a wire to my team, we're a known entity, we did $57 million in transactions. We have a brand, people see our TV commercials, so there's a level of trust that we're going to be there the following day. You want to have a good feeling about the person that you're lending the money to, so I would just caution anyone listening who's like, "I'd love to make 10, 12%, two points on the loan. Let me just find any rehabber and then lend them the money and it's going to be great."

You have to do your underwriting on that rehabber that you're lending the money to. If you could do a background check, great. If this person can provide you a a credit report showing that they make all their credit card payments on time and their balances aren't up at the limit, all their car payments have been made on time, you're going to feel a little better about lending to that person. You may even ask to see their tax returns, "Hey, could you show me the tax returns?" Do I want to lend to the guy who made $18,000 to $25,000 in the last one in two years? I don't know. I'd feel a lot better for lending to the a professional whose tax return said 140,100 and 35,000 for the last two years, so I can feel a little more comfortable.

The other place of risk that could also occur is the actual funding day and the paperwork. You want the mortgage a note signed and if it's your first loan, you'd want the title company to have instructions not to release and disperse your wire. You would write up instructions to that title company. If you send your wire ahead of time before you see those documents signed, the title company is a bit of your last safeguard or check on the investment. You wouldn't want to wire that money directly to the rehabber. You'd want it to the title company with instructions they can't release to the note the deed are signed and that they're going to be recorded. So now the title company has the instructions to record the mortgage record, the note that gives you the security, everything, all the i's and t's are dotted and crossed there before they send the money out.

That's probably not as big of a risk for someone lending to Diamond Equity because we're doing five or 10 of them a month and there's plenty of money to backstop anything. If at any given time a lender came back and said, "I need my money." I'm going to come and check and buy the amount of the deal. Not every investor's going to have that luxury that we offer at Diamond Equity. The final piece is wire fraud, you have to be careful that your wiring instructions are correct and that you call the person.

Typically, if I'm going to call a title company, it's a new title company I've never wired money to. They're going to send you your wiring instructions and you'll see their account number and your email address or address, et cetera and that's usually where the wire fraud would occur is you're getting those wire instructions from an email that's very similar to the one you've been dealing with, some agent, some investor, one letter is misspelled. Michael is spelled M-I-C-E-A-L instead of M-I-C-H-E-A-L in the Gmail account. It's Mike, it's the investor. Here we go and you wire off the money to the wrong.

Double checking that the wire instructions are correct as potentially a call to the title company, but if I'm ever calling the number on the sheet, I'm going to google that phone number and make sure that shows up for Old Republic Title. I'm not going to take the wire instructions phone number, it could be the scam artist's phone number on there. I want to google that number, do a skip trace on that number, make sure that number actually matches who they said is sending me the wire instructions before I fire that off.

Dad: I've noticed too, the banks are sending it through a secure email that only you can open up. It proved complicated for me, someone younger might be able to figure that out pretty quickly. I'm now calling the girl up, like "What is this?" I've done seven or eight of them, it's a blast to be honest, and I remember the one I did Danny for that gentleman Matt it was like a thing in Tennessee, wasn't sure, I had a lawyer do that one for me, prepare docs just to be sure, that lawyer happens to be your cousin, Eddie Kelly, but I had him prepare the docs for me and he called right out to make sure my LLC was still good. That was interesting because they don't have a real robust system in Colorado where the LLC is located, you have to have the space all proper and everything and we called the account manager right up and he did get right on the phone with straight up, no, it's LLCEV-D Breslin, or whatever the heck it was.

That was nice of Eddie to prove the legitimacy of the LLC, which would then give me the ability to sue if in fact something did go wrong, you couldn't do that from a ghost account or a dormant account or whatever. So that gave me a level of comfort there, though it costs you money to ask questions and stuff. I like what you were saying about the wire transfer of the process, making sure that the fraud's not involved and it is always that tension you are, that money does leave your account by all means, and you can see that pretty quickly these days, right on your phone, that a hundred plus thousand dollars is now it's like 14,000, wait a minute, I've got a charge out of it myself, but it's...

Dan: I have a trick for that. So if you're doing private lending and you're the private lender and you're working your retirement account 300, 400, $500,000 quota, 500,000 retirement account, couple of things. Number one, if you do move the money to a self-directed IRA, you now have to make sure the money stays working, otherwise it's not making any a return. Keep that in mind if you're going to do that and then number two is 500,000, a lot of the loans aren't necessarily 500. The guy's got to house he could buy and fix up, he needs 200. Now you can allocate 200, now you only got 300 and the next guy needs 350. You don't have enough to do that loan maybe the rehabber can fund the other 50 out of pocket so that you can put the 300 on or maybe he needs 275 and you're like, Hey, is there any chance you could do this for three so I could put all my money to work? Maybe he does let you over overfund it and you have a good relationship with him or her, and you don't mind putting the under 25,000 on the table to keep all of your money working.

The trick to helping with the account going down to a really small number, is to get a Google spreadsheet or an Excel spreadsheet and then track the loans and make an interest column that has a formula in it that's calculating the interest that you're expected to pay off. Anytime you need to check your balances, you just go check your portfolio spreadsheet that you made and it's like here's where I'm holding this wealth as I'm holding it in these private loans and these are assets the same way Bitcoin might be an asset or the same way shares in the S&P 500 might be an asset. What is the difference between your PNC bank account number and your TD Ameritrade, trading account number? What's the difference between that number and your Bitcoin number and your number that has to do with the private loans" Just because you put them in the spreadsheet, you can trick your mind into being a little more confident by tracking that in one place, like a portfolio like you would do with the shares of stock.

It's no different than getting your brokerage account statement from the IRA company before you move it over to the self directive. I found that to be a good little hack to track the progress of the loans by keeping them all in one place. Then I'm paying attention to them, do I have to check in with the rehab or what's going on with the rehab on this one? This one's been out since such a date, let me fire off a text and get the update because you don't want to find yourself in a position you've not had to take any properties back, but if you get to that point, it will be a lot easier to have some conversation with a failed investor later to the effect of, "Hey the loan's due, are you guys looking like you're going to be done in two, three months? Should we be having a conversation about you deeding the property over to me and I got to just basically deal with this? Where are we at?" If you're going to have that difficult conversation, you're better having some periodic touch points.

It doesn't have to be every month. It certainly isn't every week that the rehabber has your loan, that guy will never want to borrow money from you again, if you're pinging once a week. If it's a local person, maybe you're actually walking out there and inspecting the project to feel good about it, especially if you don't have a long-term relationship with that lender, but you want to be in some cadence of communication where the person's answering the phone so that trouble is hitting the fan and you do have to step into a worst case scenario. At least the conversations already have been going in that way, so the person's not just like out of the blue, the first time you're calling the guy since the loan was made is a year after it's due. If it's going to be bad news and they had a squatter move into the property and they're ready to throw their hands up, you don't want to wait 2, 3, 4, 5 years before you do that, you might lose the property to tax sale if they're in that much trouble.

You'd rather nip that in the bud and have that hard conversation earlier in the process. That's not going to be the case with me, we've had deals go bad that we've lost $150,000 on, and probably 95,000 of the loss was interest payments that we made to our lenders. The nice thing about being a lender is it's two points in 10% and that's fixed, that rehabber makes 100 grand. You're getting your 10% interest and you feel maybe you got the short end of the stick. You didn't, because they took the risk, they found the deal and if the two points and 10% interest goes for two years and they had to rehab the property twice, because the squadron then you ain't make any money, but you're getting made whole with all your interest and you should feel no qualms, no guilt whatsoever. That's the benefit of being a debt partner in a deal versus a joint venture or partner partner who's going to share any upside or share in the loss accordingly.

Dad: That makes sense. Other than line in, the Diamond Equity I've lent to the gentleman up above you there in Chicago and then Steve over here. Part of the beauty with Steve how can I describe that? He's not trying to suck his living out of the rehab, does that make sense? Like it's not his full-time job and I think that's where your rehabbers get in trouble, they're trying to take 1500 a week out of this deal and they're using the borrowed money to do that whereas you don't want to be their first guy. You want somebody who's done some things and like Danny said earlier, I could show you the track record of a portfolio of what they've sold and stuff. The market's certainly been going up, but it'll be flat at times. It may even lose a point or two at times. I know the renovation costs are going up from everything, from pizza to HVAC everything's doubled. That was not the issue for so many years, but it is currently by all means.

Dan: The perfect borrowers in a perfect world, I have a friend with 49, maybe 59 single family houses all over Philadelphia. He rehabbed every one of them. He did the buy, rehab, refinance, rent strategy to pull most of his cash out. He still has some cash in those deals and he's flipping houses in Philly. I don't know what he does, 15, 20, 25 a year. He's probably making 5, 6, $700,000 a year from like house flipping him and then his partners making the same amount. That's a great borrower. If you can align yourself with someone who has that kind of team in place, that kind of momentum in place, that kind of a backstop, a net worth, they've got huge track record that's your perfect unicorn borrower because they're going to keep coming back since they have the volume going. I think certainly for me it was like, "That guy's got it all figured out. He's got tons of rentals. He doesn't need my money." Maybe I never have that conversation with that guy that I would be willing to put my money in because I think he's got it all figured out. But that's the ideal scenario.

I think on the other end of that spectrum is there's the new rehabber who's got the dream and is going to be a very high risk because you don't know if they can actually execute on the project and if the project doesn't go as they expected, they may not have the power to weather the storm as it were, or the desire to be able to make you whole the way that someone who's doing a few hundred houses a year is going to be able to do and that person's going to be the one you would meet at the networking group who's willing to have the conversation or asking for private lenders and they're like, "Can we meet and have coffee?"

They could look like the low hanging fruit, the one with lower experience compared to the guy who's got the 50, 60 rentals and he is got some money partners. That guy doesn't need to even go to the networking events necessarily and he's certainly not going trying to have coffee with the new private lender guy who came to the meeting. There's probably a sweet spot in there from zero deals to hundreds of deals where if you can align yourself with someone and you want your rehabber thinking of you like this, they've done deals and you want them thinking, "How can I keep so-and-so's IRA money working and I'm looking for the next deal. I know he's told me he's got 275 left, let me try to find the deal that needs 275. I could find one I can sell for 400, buy it for like 225, borrow 275 from him, put 25 in my own cash to finish to rehab. I'm in there for 300, I sell it for 375 on a bad day, 425 on a good day." That's great.

The perfect rehabber and lender relationship is the rehabber is literally thinking of you in a sense, like a partner, even though you're ja lender and a debt partner, they're like, "How can I keep their money working and find the right deal to match up with that person?" That way you have it's not just you trying to find the next loan, but your volume house flippers out there trying to find you the next loan too. That's an ideal relationship for a private lender. How does it feel when the money comes back to the account?

Dad: That's awesome, that next day when they told you it all settled and then again, you're looking at the apps on the phone, which I wasn't doing that all the time either. Now it's the apps on the phone and that's a nice feeling.

Dan: The windfall.

Dad: I want to talk about it. It is. Steve again, he is like, "You're going to get like 18,000 more so I can borrow." Like he's counting my money, he is what you described, that relationship back and forth and for people who are in the game, there's, so there's guys out there that have a team of workers and they're just going to do what they had to do to keep those eight or 10 guys running and they'll be flipping and buying them houses. I think, how did it originally get painted to a standard? There's always more money than deals.

Dan: 100%

Dad: So the money's there, you'll find these people, you'll find the guys doing the deals. I had one go bad, I wasn't the first position. You want to be first position, you want it tied to one piece of property, so you have their attention. The other fellow Steve was borrowing from, they would get monthly checks back and I think that was a way to keep in touch. So I want my interest payment back monthly, I want to see $994 back in my account monthly and that was a way to keep the guy's attention to me. That doesn't really help the guy if he's got to give me the two points right away and then the loan right away.

There's good or bad depends on how much management you want to do with it as the bank, so that's another way to go to have a little more accountability. That guy's got to sit down and create an eCheck once a month for you and then you'll know the minute it's not showing up that he might be in trouble and get your antenna up and get after it or whatever, and realize that your final recourse may be to pick up that piece of property yourself and then now you're looking for someone to finish it up and they do get renovated twice. Sometimes that had happened to Steve over there, I forget what it was kind of on a crawlspace and the inspector come in and his buddy was the GC that didn't quite go well, but the moisture reader picked up stuff or whatever and they literally had to redo the floors again a second time, but that didn't impact my income, which was fine. He was good to me.

Dan: I think for the person that's going to lend the money, like I'm not necessarily the best borrower anymore because we have more capital even still now than we would have deals and we're doing hundreds of deals but we're at a point where the team wants to participate in the funding to part, so we want include them. We do our best to put some out to the lender network and I have a handful of lenders who will text me, "Hey, I got such amount and I'm doing my best to try to keep them working." But we've got in a sense too many people raising their hand, so that's part of why I'm doing the lending webinar. That's part of why I wanted to have you on the show is there are lenders who are going to listen to this, who have lent me money and I want to expand the Verizon maybe, so that if they do find another person, I don't want them feeling obligated to me, like, "We can only do it with Dan Breslin." but I also don't want them doing it with the wrong person where they get themselves in a jam either. So I'm trying to give some context, you're my dad and you're lending him to Steve.

Dad: Yes, I'm am.

Dan: Don't worry guys. If you're lending me money and you find another person, that's my goal. I want everyone fair enough to two points, 10%, you get 12, that's great. We're going to be fine.

We'll find lenders. We're going to keep your money working as good as we can, but I also want to make the pie bigger for everyone even the rehabbers who are listening to the episode, maybe you're running into the lender that funded on our deals and you guys are doing a deal together. I'll probably say the last point here and then we'll shift gears and do a little wrap up would be the the monthly checks and the down payment and I think if you're on your first loan to, like, it's hard to say if I know my buddy with the 60 properties and I know he is doing dozens of deals every year, I'm probably okay giving him 100% of the purchase and the construction and even giving him all that money up front.

I know that's how you're doing that for Steve and that's how the lenders do that for me, but there is a place for mitigating the risk, especially if there's not a big relationship there where maybe you want them to have the skin in the game and so the guy's got 40, 50 grand in the bank and you're telling him you need to see 25 that go into the deal, so he is paying attention and you want him to put some down payment in. As the lender, you have the option to set those terms and set up, whether it's monthly payments or not monthly payments, that's an option that you have. I've never made monthly payments, I have a pretty big line of credit to a hard money lender and we will make payments to them if we ever use them for a loan, but I don't use them for a loan because my lenders will allow me to not have to set up the accounting headache of the monthly checks.

If we have 32 properties under construction, that means I got someone with almost a full-time job cutting the 32 checks, doing the accounting for that. It's just more of a hassle than we're going to deal with and my money's safe, my borrowers are safe. So it is what it is. The terms are more set by me, the rehabber because I have the momentum, but that may not be the case for the newer rehabber who's done two, three properties and the lender who's doing a loan for them for the first time don't feel like, because you heard Dan talking about, it's a balloon payment and it's no monthly payments and there's no down payment.

Don't think as a lender that's the standard course of business. You could have someone put 10%, 20% down, 30% down, you could give them 100% of the purchase. They could pay for the construction themselves. In fact, I do a lot of deals where that's the case, we borrow the money, we decide to rehab, we pay for the rehab out of pocket, we don't go back to the lender. If we change course on the deal, it's on us and we have the cash to cover it, so we just do that. We have that option, but I just wanted to kind of make that clear that as the lender, you have the option to set the terms that you're comfortable with in the loan. There's not a standard expected interest rate or points. I've paid five points in 15% at the beginning of my career balloon,100% of the construction, I pay two points and 10%.

To my private lenders, I pay one point and 9% to my hard money lender. I actually pay more to my private lenders than if I were to use my line of credit, but I don't have to do the monthly payments and it's a text message and an email. It's a really streamlined, simple process when I do it to my private lenders and I like the feeling of putting 10% interest in people who I can call on the phone and talk to them. I know that they got 10% interest on their money, that feels good. Even if I lost 150 grand on the property. I can sleep at night knowing that 90 of that went to John and he made his money on the deal, at least one of us. One of us partners made out on that deal, even if it wasn't us. I feel good about that.

Dad: I think rule of thumb was 75% of the after repair value. Does that make sense?

Dan: One of the rules of thumb for me is, if you are not making 25% profit as a rehabber on the way in, you probably need to take a second look at the deal and maybe you're bending the rules. So it's like if you're selling a property for 400 grand, you should probably think that if everything goes well, you're going to make 100 and that's the right number. Now that's probably 70% of the ARV for the lender because they're going to have to pay you the interest and now you're at 75%.

Dad: Okay.

Dan: 70% ARV minus repairs is the offer price, but for a lender, you should probably be at 70. Now, would you bend the rules on a quick paint and carpet and it was a $400,000 house and they're going to make 15, 18% profit, but all they have to do is paint, carpet, sell it, and there's no inventory in the market. There's probably a place for bending the rule a little bit, but as a lender, 75% loan to value would be probably the absolute maximum that I would consider regardless of the price. When you get in the lower price houses, the profit margin amount could be a lot less, so you might want to see a little more. You might only want to be 60 cents on the dollar if it's $150,000 house, maybe that's 70% by the time you move forward with the deal, you don't want to put a rehabber in a position where they're not going to make money right from the beginning. You need to make sure that like the incentives...

Dad: By borrowing too much or whatever.

Dan: Yes.

Dad: That makes sense.

Dan: If you had to take it back, you certainly want to own it for the right price too. So 25% profit on the purchase price because 25% on 500,000 house is 125 grand, that should be the target profit. If you're going to do this flip and all that work and risk for that price point. If we're 25% of a million dollars, you better make a quarter million dollars on this high-end million-dollar home fix and flip, you should be able to see on the way in 250. It sounds like that's huge profit. The reason it's not is, you find mold, the water damage under the floor, the roof's bad, we didn't realize we were going to have to redo new joists on the roof and so a quarter million on a million dollar property turns into 1500 real fast and 125 on a 500K turns into 85 grand real fast, still a great deal, but that's why you don't want to like pencil it thinking you're going to make the 85 on the front end and sort of being too thin when you do the deal that way. You got to give yourself to answer[?] question.

Dad: At first blush, it sounds greedy, but with the risk that built in, that's certainly reasonable.

Dan: With the reality, it's never what you thought it was going to be.

Dad: Fair enough. I do the same thing with the HVAC job. You had a one day job, third day on the one day job, not good.

Dan: That's right.

Dad: Danny, off topic a little bit, where is inventory currently? Is it still so tight or?

Dan: Inventory is up 12% across the country right now, so I think we're at the end of the seller's market. I think we're going to have a stabilization of the inventory coming into the market. I think Philadelphia region, Tri-State, and I think Chicago Midwest region. I think the inventory is tight and it's probably going to remain very tight there. A little less tight in the Atlanta market now, and I think Atlanta's going to have a little more normalized inventory, but I think the influx of inventory is coming from like shadow vacancy property what I say that I mean is Airbnbs that everyone bought from 2021 to 20[inaudible], they didn't set up Airbnbs all over Pennsylvania and Chicago. There's a few, but it wasn't like what happened in Florida where whole neighborhoods were going on the short term rental market, Arizona, California, so where those Airbnbs were the most vibrant and new. I think that's where you're going to see a lot of the imagery, Cape Coral, Florida's like the inventory is insane in Cape Coral Florida right now. I think we're relatively stable and we're all going to think, it's so much inventory, but we've just been through the most historic low inventory market that ever existed.

We need a little normalization. That said, be careful where you're at, look for the number of active properties that are for sale. If you're going to flip a house, you want lower actives, the right number for that, there's no black and white right number. South Side Chicago, there's areas where in your radius you're going to find 15, 20 actives for sale. It doesn't matter. You put a nice product out, you're going to sell towards the top of the range because that's what people want to buy there. It's a great neighborhood, South Side Chicago for house flippers, their profit margins and the amount of inventory that's there to be renovated is unmatched by any market that I know of in the country. You can buy a house, you got to do 100, $150,000 renovation, ton of two flats, three flats.

People will buy them. Those prices keep going up because you got two units that are going to offset that mortgage payment and people are like setting themselves up for the long term. They got to buy it and live in it. It's like Russ Whitney said, "What if your father-in-law had bought a three flat in Chicago and paid it off and it was in marginally the right area where progress over 30 years catches up." I mean, he can retire off that. He's got two units, paying him rent on his paid off building in Chicago, and then he is got his social security, like even if he had no other pension and nothing else, and he probably gets in there in the Chicago market they're getting in with 5, 10% down, really low down payments. A lot of the people, there's programs for single family houses where they can get in for a thousand dollars down. So it's like, do I want to be selling product into a market where people can buy for 1,000 bucks down my $325,000 renovated brick home, nicely appointed.

I think it's just a great market if you have the contractor resources and the risk mitigation set up, you know, property alarm systems, maybe the board up and you got to know who the contractors are who would be willing to go there and are not going to rip you off and like take your deposit,. You got to cross that bridge to survive in the South Side Chicago. That said there's fix and flips that pop up sporadically all over the country and we do those and we love those, but it's been really a good thing, the slow inventory market, what it's done for economically challenged areas like some of the south side, south suburb, Chicago's area, west Philadelphia, Riverdale, Georgia. There's been a large increase in the quality of construction for the fix and flip rehabs that happened in those neighborhoods, so buyers can now buy in.

Those neighborhoods are paying higher price now, and those higher prices allowed for more investment to go in there. It's been this helpful self-fulfilling cycle nice of progress to turn these neighborhoods over, get a lot of that vacant distressed inventory back on the tax roll with people in there celebrating holidays and living their best lives. We're happy with it. A couple wrap up questions here at the end, Pop two book recommendations that jump to mind.

Dad: I'll go with this weird one, "On Death and Dying" by Elisabeth Kubler-Ross. Actually took it as a high school course in 1975. It became the hospice industry evolved from this book. It was her explaining and divulging the grief curve, which occurs in death, injury, illness, divorce, the bad flip. There's definitely that grief curve, so it would help to study that. That's one recommendation. My second one, somebody needs to rewrite it actually. You've reread it occasionally, "How to Win Friends & Influence People" by Dale Carnegie.

That needs to be rewritten to like a more current time, like I can relate to it a little bit, but we're finding out now, clearly, if I said to you the big bands, that means nothing to you. It hardly meant anything to me and then the music from the seventies, and then you guys kept me young with the rap and stuff, thank you. Someone could rewrite the Dale Carnegie book, but it's something to read. You don't want to read that every other year just to try to put yourself in other people's shoes and that's sales. I mean, anything you're going to get, you're going to get through people.

I'll go back to my other guy. For me, it all started with the tapes way back when in the eighties. My guy, you were just a baby and then I love the way this gets introduced here is Daniel Breslin, like you're now that guy making the tapes, it's awesome. If anybody doesn't know what tapes are, they were like these little things, you'd put them in a little cassette player and you'd have to listen, it wasn't this instant fire hose of information that we have these days. You had to literally search it out, wait for it to come in the mail, give it a good listen and that changed me. The Earl Nightingale Secret, fabulous can't remember the name of it now, but I wore that thing out.

Dan: Lead to Field[?] and I think we broke the tapes in 2006 and 2007. There were a couple of them that broke in the truck as we were listening to them they literally popped and it's interesting you touched on briefly the speed of the information, and I think that as humanity we see the middle class is being squeezed and there's a larger upper class that's growing. Luxury hotels are one of the hottest segments of real estate as we speak right now, July, 2024. Luxury rentals, Avalon Stone Harbor, those rentals all along the Atlantic Coast are up 8% over year. I think what we see is, I think this will go down as the era of upper class wealth and I think we're on this wealth creation opportunity moment in the last 20 years. Probably mid nineties is when the middle class started to kind of go away.

The event of the middle class started after World War II when the industrial machine that won World War II suddenly was put into like making toasters and TVs throughout the country and we see that whole cycle happen there. Now we're at the other end where the availability of information, the things we've seen happen in Bitcoin alone, the fortunes people made, I'm sure some lost in Bitcoin is like one small example, but we would never at Diamond Equity been able to buy and renovate and sell houses around the country without this instant access to information. We have the availability of opportunity here in 2024 is unlike anything that's ever been available in history, and it's only getting better. The only challenge to your point is it's a fire hose and being able to filter off the right pieces and not be distracted or drown, if you will, in the sea of information might be the key, but the opportunity has never been greater in the world for people to move up their lifestyle and graduate into a higher level of income if they so desire.

Dad, what would be the crown jewel of wisdom if you were to go back? We didn't touch on this at all. We don't have to get into the story, but you worked at the Navy Yard and the day before you left the Navy Yard back in 89 or 90, whenever it was. If you knew everything you know now, what would you go back and share with yourself that day as you were walking out of the Navy Yard for the last time?

Dad: I left to go full-time in the electrical contracting business probably could have gone more in the communication side and didn't realize what the internet was to become, you could make a real good rack in that world at that point in time. I'm not sure what I would've done. I went out there and it didn't quite go as well as I planned. I'm probably off topic a little bit, but it was a gentleman around the corner on Drexel Hill, down the road from the office there. I think I was getting the one truck, I had to get it towed away. I couldn't afford to keep it in the locker anymore. The trunk flow was winding down and he says, "You need luck." I'm like, "No one ever told me that part of being in business."

Because it was two years, three years, seven years, like when was this ever going to turn positive? But it has and no regrets. That would be my story, no regrets having stepped away from there in 1989, the security of the government job, I'd be retired for 10 years already or whatever, but no regrets. I got out to a wonderful large world and reached for the brass ring kind of fell on my face and, and got up and the enthusiasm and trying to spread that to you kids and stuff my kids and for quite successful children and what more could you want out of life.

Dan: If it wasn't for Tram Flow and a couple of rental houses like when I was what, 7, 8, 9, 10?

Dad: For sure.

Dan: I don't know if I'd have quite the entrepreneurial drive and bug that I have. I remember one one evening you mom probably Kristin, I didn't even know if you were with us there, but we were stuffing envelopes and doing a mail campaign to try to get some electrical work in the basement. I still do quite a few mail campaigns. I know a lot of people.

Dad: You do

Dan: I have gotten my mail campaigns to this day. It's like I started way back then.

Dad: [crosstalk] Had big box truck pulling out of Florida about three, four times a year long way from Lincoln Envelopes to be quite honest.

Dan: I did it that way, we're out a couple printers that obviously not sustainable, but...

Dad: So ironically, at that last year at the Navy Yard, I was wearing out some copiers, printing up my flyers and stuff. Thank you Uncle Sam for that help.

Dan: There you go. Any contact information or anything you'd like to share with the audience?

Dad: It's my phone number please, (610) 400-7127. Text please. I'll send you a contact that I'll have my email put you at ease about any of this investing stuff and I might actually be a borrower and do some flipping here when I get some more time on my hands too. That's about my next goal.

Dan: I'm with it. I got access to a couple deals maybe we'll send your way. My final question, dad, what is the kindest thing anyone has ever done for you?

Dad: I think your mom and I split 98. I'm trying to think and then she had left the house we called, that's known as the rotating nest in the industry. Kids stay, put and go to school. There's had terms for everything. I wound up down at my mom's house in southwest Philly. She sold that. I was in, I shared an apartment with a young fellow for like a year or so. I was eight months in my brother's basement over there in Morton, then I rented the room down in South Philly. She was a renovator, she did pretty well. That was like the hottest zip code in town at the time. My mom helped me get the house in Glenolden where she's at. We originally put the bid in for $31,000 and that wasn't enough, so I made the 107 put it in for 37,000, not too much attention to detail.

When I got the place, I mean, I was about on my knees, like how could God fill dreams I don't even know I have? My mom said, "Maybe I had a dream for you." That was clearly the kindest thing that ever happened to me and then I was able to pay her back completely the way you pay me back completely when Maureen was able to get in that place and stuff. My sister who had to get out of a house with many steps and get in that little place there while she last couple years of her life and stuff, but it's just family, man, what a treat. I was actually able to stop back over by that house in Glenolden. We're watching mom now. We're down there a lot and I happened up the steps the woman who bought it, very successful gal, they had lived in Alaska but what a treat to, I was able to give her the backstory of that house and how nice that place was for me and everything, and then Maureen and whatnot.

That was back to the Russ Whitney thing, the real estate's always there, like, if you have that candy store where you were a kid it's still there. It's now four apartments, but it's still there at Tiffany's store, Drexel Hill still there. The same bricks is still there, so that's the beauty of investing in real estate. It's still there, so thank you. This has been wonderful to be able to share a little bit...

Dan: My kindest thing that anyone has ever done for me, I can't say it's more of like an event, but you and my mom raising us and giving us the opportunities, even some of them that we maybe didn't capitalize all the way on, in my case, Villanova for two years, growing up in a house full of love. We had to split up in 98, but before and after that to have two parents is like, been such a blessing, I really appreciate you and appreciate mom for bringing us up this way.

Dad: She and I get along terrifically. She was down there with this us having [inaudible] with grandmommy. Your mom will coordinate that with me, she literally had her all decorated for the 94, a little celebration there recently. She still all that and her father was the real estate guy. Your grandfather, Ed Kelly[?].

Dan: That's right.

Dad: Here's where that real estate blood comes from. I was doing well, Mike Reynolds[?] were doing great while he was still alive. He passed away pretty suddenly and then the Reynolds Tank[?], it is a whole different world of knowledge. The Randalls collecting the rent, making them pay the water rents. There's definitely, there's so many little nuances that he had definitely. I missed that fellow, he was a nice guy.

Dan: If anyone has watched our episodes on YouTube, going back a while before I had the backdrop with the Diamond, I had ED Kelly, so Pop's real estate sign was hanging about right here behind me. If you guys want to go back in the archive there and check that out there's a piece of history and you'll realize why that name was on my wall.

Dad: Yes it was.

Dan: I love you, Pop. I appreciate you coming on the show. I had a blast and really glad you did it. Thank you.

Dad: This was good fun. I was on pins and needles. Thank you, Danny. Thanks for this opportunity. I love you boy, keep moving that decimal point.

Dan: We'll take that as our crown jewel. Everyone listening to the show, we keep moving that decimal point, make those numbers look smaller.

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AVR: 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 @www.rrediamonds.com.

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