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**Narrator:**You're listening to the Millionaires Unveiled Podcast, where you'll hear the stories and interviews of everyday millionaires. We'll unveil their decisions, their strategies, and their current portfolio allocation. Now to your hosts, Clark Sheffield and Jace Mattinson.

**Jace:**Hello, and welcome back to another episode of the Millionaires Unveiled podcast where we tell the stories and strategies of everyday millionaires and unveil their current portfolio allocations. This is Episode 108. Clark, how are you doing today?

**Clark:**Good. How are you? Actually, I'm doing good but you're doing better because you're expecting number two here.

**Jace:**That's right, I'm going to have a baby here any minute, hopefully. You know, I screen this article this week, actually it's pretty interesting. So, back in the day, Michael Jordan earned roughly $90 million in his playing career, that's not from endorsements that's just from NBA salary. Zion Williamson, who's the next big star right now has already earned $95 million and he didn't even play the game yet. That's between his endorsements and playing salary, but just goes to show, you know, you start thinking about inflation, you start thinking, you know, obviously, the NBA has salary cap and everything else. But you know, as we discussed with these millionaires, about how they think about money and how they invest and stuff, it just goes to show like, man, you really got to stay ahead of the game and inflation, really got to, kind of put inflation into your calculations, you know.

**Clark:**Yeah, I mean, that's just interesting. I think of my comment right here, the 01:56 [inaudible] making what 32 or 33. So, if Jordan made 90, them Colin wasn't going to make as much money, I guess probably more right with endorsements in probably two years, 60 million of that comes from salary. But yeah, those are pretty crazy numbers, right?

**Jace:**It's pretty crazy. You know, you think about those salaries and, you know, back in the day, Jordan, it was crazy when he went and the Clips got $30 million mark and we've just had, I don't know, half a handful players or so. Steph Curry, being the most recently, James Harden, you know, they've signed contracts, they're going to be 40 million plus. You know, in the last year, their contract is going to be almost 50 million, you know, and in salaries and whatnot. Anyway, so let's get into today's show. We've got David his net worth $350,000, got a military background, and he has a lot of great insight on investing in real estate and building a mindset for success. You know, last week's show, we had Rob and he's the author of the new book of Retire Before Mom and Dad. We talked to him about his journey and his financial success, including starting and selling a financial blog. He had a really successful career in law and eventually quit his job early as a partner at the law firm and then essentially retired a second time from his blog. And now he's got a podcast and a bunch of other ventures that he's into. And obviously this book, it's a real good, interesting interview with him, where we discuss all sorts of new ideas and financial concepts. Once again, that's Episode 107.

Before we get into the interview with David, I want to thank our sponsor Obsidian Capital for supporting the show. Creating passive income is one of the quickest ways to create and establish wealth. At obsidian capital, their core philosophy is to enable qualified investors to create long term wealth, passively through strategic real estate investments. Their team of experienced real estate professionals identify, stabilize and value add multifamily real estate assets that will provide strong financial returns, a healthy risk profile, tax incentives and additional benefits of investing with real estate. They pride themselves on a high level of integrity and have experience in acquiring and managing over $300 million in multifamily assets. Furthermore, their leadership has over 45 years of combined industry experience. View their website today to learn more about their streamline investment process at www.obsidiancapitalco.com. Also, we've got several multifamily opportunities if you're interested, feel free to reach out, millionairesunveiled@gmail.com. And once again, we're always looking for new interviewees, that several of you reach out that are listening to the show and really appreciate you and you know, kind of building this community and unveiling your portfolios to kind of help us all learn. You know Clark and I were on a call this last week with a listener and he kind of got into all the different things he's learned from the podcast when he's on his walks and stuff. And we really appreciate, love hearing that feedback. So, once again, if you're interested in being on our show, send us an email millionairesunveiled@gmail.com. And we also have a sponsorship spot opening up at the beginning of the year and if you're interested, send us a quick email. So, without further ado, let's get right into the interview with David.

**David:** Yeah, absolutely. Thanks for having me on your show, guys. I have been in the Marine Corps for 11 years, I'm still active duty for about another two before I will be transitioning to the reserves. And I am, I've built a community of military real estate investors so I'm building a community to help service members and veterans understand how to build wealth through real estate investing, entrepreneurship and personal finance.

**Jace:** That's awesome. And what's your network today?

**David:**About 350,000.

**Jace:**And how is that broken out?

**David:** So, that is, let's see. I've got 50,000 in 401k and 250,000 in real estate, and then another 50,000 in reserve funds and index funds.

**Jace:**Awesome. And when did you decide to go into the military, was that something you kind of decided in high school or was a little bit after, kind of what's been the journey through the military to now?

**David:**Yeah, so I had wanted to join when I was 17. I didn't know what I wanted to study at school, I didn't have money to pay for school and I was not smart enough or athletic enough to get a scholarship for school. And I wanted to see the world and what better way to see the world than drive trucks for the Marine Corps. And my mom refused, she'll argue this until the day she dies, she refused to sign the papers for me to join when I was 17. So, if you look at my enlistment stuff, I literally, like sign papers on my 18th birthday and swore in the next week. And then I shipped off to boot camp, and I have spent, I'm in the logistics world so the motor transportation community I spent, I've been stationed in Japan, San Diego, Missouri, Hawaii, and now San Diego again. And that time, I've seen several other countries as well as a combat deployment to Afghanistan. And now I am, yeah, living it up in San Diego. I'm at one of the highest-level commands out here so I'm really getting to see big picture stuff and it's been fun.

**Clark:**That's awesome. Thank you for your service, by the way. Which of those places has been your favorite along the way?

**David:**Well, that's tough, but I would, I love Japanese culture, right? And Japanese culture was phenomenal. Afghanistan, honestly, the place was not my favorite but the camaraderie and the mission and the purpose was very, very much a big impact in my life. But I would have to say Hawaii, the culture is solid and as expensive as it is to live there, the military kind of compensates you with a housing allowance and cost of living allowance. The base I was on was beautiful. The weather was great 24/7, there's triathlons to run, people would actually come visit you. No one comes to visit you in Japan, they have excuses but everybody's like, oh, you live in Hawaii, we can make an exception to come visit you in Hawaii, can we stay in your living room for free, you know? So, it was great.

**Clark:**Yeah, that's how it is in New York. All of a sudden you have a bunch of friends, right?

**David:**Absolutely.

**Jace:** And Austin, kind of, but not like Hawaii.

**David:**Austin's nice, though, I agree to make it to New York, so now I know someone in Austin.

**Clark:**Yeah, there you go.

**Jace:**So, David, when you're going on this journey, at some point, you know, you decided that hey, I want to take control of my financial life to some degree, I want to start invest and I've got an interest in real estate, when did all that kind of take place and how did you get that interest in real estate?

**David:**Through Amway, which is the worst answer ever. So, in 2015, mid 2015, I met a guy who I'm not going to name, I've actually tried to find him again to thank him for this because he doesn't know that he helped me out. And I got, I don't want to get suckered into it but I got talked into doing network marketing with Amway, and I tried it out for like a month, right and it didn't work. The coaching wasn't there, and it was just not enough time for, you know, whatever. It just wasn't my thing at the time. But the one thing that Amway did for me was he handed me the book, Rich Dad, Poor Dad and said read this. And I said, I'm a marine, I don't read, I don't have time, I'm a recruiter. And he was like, okay, great, here's the CD, you're a recruiter, you drive around in your car all day, listen to this, and I was like, okay, fine, right. And I listened to it and Holy smokes that just changed the entire trajectory of my life. Like I tried to hunt him down last time I was in town so I could buy him dinner and say thank you.

Within, I read that book then I turned around, I was researching real estate because it talks a little bit about that and I was looking into passive income, I stumbled across this website BiggerPockets and I read the book on rental property investing by the BiggerPockets guy,  Brandon Turner, three months later, I owned a house hack where I live in one half and rent the other half out to a tenant to cover my expenses. And so, in that, like four months period I went from, these are Missouri numbers so they are miniscule, but paying like 550 a month for rent to owning a duplex that was costing me $500 a month or $600 a month in mortgage, but I was being paid 525 by a tenant. So, I went from paying $550 a month to living in an apartment to like 75 bucks a month plus maintenance budgeting to own a duplex and it was just kind of eye opening. So, since then I've bought that, I bought a single family, I bought some farmland and some cattle which is just kind of an interesting way to pay off the farmland. I bought a 10-unit apartment, I bought a 40-unit mixed use building and then I'm actually negotiating a 12-unit right now. So, just trying to push forward and I'm flipping a house, flipping some other houses. So, yes, it's been a kind of a crazy journey, it was not planned very well, I've gotten a lot better at vision planning over the last year, but that first couple years was less vision and more read a book, that sounds cool, let's try it. But the power of taking action has just compounded and I've had some success doing it.

**Clark:**Yeah, good for you, obviously. So, that first duplex, did you just save up money on the side when you were in the military and that's how you were able to buy it?

**David:**No, well, I should have used the VA loan, if I had been smart. But I allowed a lender who didn't really, either didn't know what he was telling me or didn't have my best interest in heart to talk me to the FHA loan, which still wasn't bad. It was only about 4000 down because it was an affordable duplex. So, I had, I mean, I think I had the money sitting around for the most part. I would like to say it was-- Oh no, it wasn't for any good decision. I totaled my Harley, I wasn't riding it, but I had my Harley parked in a parking lot, someone decided to be drunk and park on top of it with their truck. And so, my Harley, Harley got totaled and I wasn't riding it much on recruiting duty. So, I just kept the money and said I'd buy a bike when I ended up in California. And so, it just so happened that this transpired around the time that I had that cash, otherwise, I probably would have loaned it on some dumb stuff, which is what I had been doing previously. So, it was definitely not that I was planning ahead, I did all of the typical get out of deployment, buy some tattoos, a gun, a rifle, a truck, a Harley, and probably a bunch of booze and protein powder. And it was not good decisions, right but I was lucky enough to be able to stop all that as soon as I've made these realizations, and I was able to really turn around and be able to start saving 40, 50, 60 that first year of realizing what I've been doing wrong, and it just skyrocketed from that. So, it's about 4000 down for the duplex.

**Clark:**Awesome, good for you and I want to talk about how you found in, initially because I think that's a big piece of what real estate is, right, is finding that first deal and oftentimes if you listen to BiggerPockets, or other real estate investing podcasts, a lot of the information is on that first deal, right? Because oftentimes people say hey, that's the hardest and once you get the first time under your belt, it all kind of snowballs from there, so how'd you find it?

**David:**Honestly, I found it on the MLS. Now, I had probably looked at about 15 places before I found this one and I negotiated it down about 10,000 to make the numbers work. Definitely not my best deal so far, it's still cash flows about 300 bucks a month. But it was not my best deal. But talking to or listening to those podcasts, one of the things that I took away was exactly that, that your first deal doesn't need to be your best, it just needs to be your first. And essentially, saying, as long as you don't make a deal so bad that it bankrupts you and you can never start over which basically no deal is ever that bad. The worst-case scenario with a house that is really not that bad. I mean, I went from paying 550 a month to rent a place to, you know, if I hadn't had a tenant, it would have been 600 bucks a month to own the place. So, my risk was very, very minimal, but the upside was huge. And so, it's easy to justify taking action. So, although it wasn't my best deal, I always tell people, it doesn't have to be your best deal, don't look for the best deal, just look for something that you are okay pulling the trigger on, and then pull the trigger because you will learn more doing it than you'll ever learn by listening to podcasts or reading books, because the taking action piece is the most crucial part. And once you do that, A, you'll learn how to be more efficient, more effective on the next one but, B, you'll have a little confidence and most importantly, you will have done it and you'll feel accomplished and you'll be okay doing it a second time.

**Clark:** Yeah, I agree. And remember if you already said this, but what did you say cash flowed a month, if it was 5, is it 550 both sides?

**David:**Yes. So, it's about 550 both sides now and once I factor in some capital expenditures and maintenance and some of that budgeting, I get about, it depends on the month but 250 to 300 a month, cash in pocket now that both sides are rented out, which is not amazing. But again, I paid 4000 down and I've had it for three years. So, it's more than paid for itself, two or three times over now.

**Clark:** And you have a 15 year or 30. year on it?

**David:**That one is a 30 year, my 10 unit is a 15. I really like the 15 year, if you're able to cover it with cash flow.

**Clark:** Right, so were you nervous at all buying real estate when you were living there that you might get re-stationed or move somewhere else in the military, was that a concern or thought?

**David:**At the time? No, I guess I was just young enough that I thought, ah, what's the worst that can happen, right? For me, it was an $81,000 duplex, so it was fairly easy to say, you know, at the end of the day, I'll be able to cover this mortgage if the world falls apart. But I also had some luck finding a property manager that gave me a real warm and fuzzy and that was the big ticket. I found when I live next to these people that even though they were doing nothing wrong, I would find things that, you know, it's my house, so you like nitpick things. So, for example, they had a blue tarp that they would put up around the porch, out front of the house, and that bugged me, it drove me nuts and there was nothing wrong with it. It just didn't look perfect, and it drove me nuts. And I realized that like that doesn't matters. So, once I hired a property manager I moved out, I realized, like, I don't even know if they have that up anymore, it wasn't worth worrying about. And so, I just kind of, I just kind of vowed that, you know, I'm never going to waste my time managing properties myself, again, not to say that there's not some benefit to saving a little bit of money. But when you manage yourself, you want to drive by the property and you want to tell them to, you know, close their blinds or take their laundry off the clothes wire, whatever, like, there's a subconscious piece of you that's like, oh, I can't believe they're doing that to my property. Even if they're not doing anything, they're just not as nice and neat as you are. And so, I have learned that property management is probably the best thing, assuming it's a good property manager that you can ever do for your real estate business. I spend, so right now I have 13 rental units and a flip, and I spend less than one hour every month managing those.

**Clark:** Wow, well, it's pretty amazing. So, any issues on any of them, especially being across the country and away from them, or when's the last time you saw this duplex in Missouri?

**David:** I drove by it last time I was in town. So, that was in June, but prior to that I hadn't seen in two years and with that one with my 10-unit, I've had two or three evictions. But my property manager is so awesome. So, there are two evictions when we moved in, I knew they were getting evicted, they were people I would have never rented to, they were both registered sex offenders, I didn't want them in the building. One of them was paying rent anyway, so I like the moment we closed, it was, like, hey, goodbye. But there was a third one about six months later, and my property manager so awesome that I didn't even know I had an eviction until the end of the month when I got the income statement and it was a little lower. And I looked through the expenses and it was like, eviction costs, unit turnover, you know, and then on the income was like, new tenant down, but like she had evicted someone, turn the unit over and had a new tenant in place all within the one pay period and I didn't even know it happened. So, she's amazing, but I've had some interesting, I had someone take out the roof of my 10-unit with a U-Haul and had like a six-month insurance claim trying to get all that money back. I don't know the guy found out he was dying and decided that he didn't know how to drive either on his way out of the property so he like left the unit very hurriedly. Which, you know, bad news like I mean, I'm, not to make light of that, he was in a rough situation, but I think he was already taking some pretty interesting meds and so yeah, somehow he managed to like back through. So, he hit the awning of the roof, while backing up and continued to backup for like 15 feet while destroying like 2x4s and the whole roof and I'm like, how did you not notice that? Like the whole top of the U-Haul is bent so that was probably one of my more interesting expenditures, but it all worked out.

**Clark:**So, just out of curiosity, how much does the property management company charge for the eviction and re-renting the unit or the turnover?

**David:**So, well, they charge 7% of gross monthly but the turnover is, really, it's just cost of whatever the damages are for the tenant. I don't play them really a flat fee. I think it's like 100 bucks, as far as like material and mainly or labor and that is whatever you know, paying costs are, which are budgeted for it and most of that will end up coming out of the tenants deposit depending on what damages they did or did not do. As far as the eviction costs in Missouri, it's like 3 or 400 bucks, it's super cheap, super easy. It is nothing compared to the nightmare that be a California eviction where it's thousands of dollars and months and months of legal battle. So, I'm very fortunate that Missouri's very pro landlord.

**Clark:**Awesome, so David, I think, you know of the real estate, big real estate investors that we've interviewed. I think you are kind of in a unique situation here where you're everything from house flipping to house hacking, to duplexes to, you know, small multi to large multi. Obviously, it's intentional, rather, you wouldn't do it, but what's kind of the thought behind it? Is it just, hey, I find a deal and if it's a good enough deal, I don't care what it is, I just buy it or are you kind of trying to figure out what you like and then head into that or what's the thinking?

**David:**I think, so the thinking is, and if I was to try to justify this because you're right, I'm all over the place, is that--

**Clark:**No, I don't think it's a bad thing, right? Obviously, you've done well, I just normally when we see people investing in real estate, it's like, okay, you're either single family or multifamily, right. But you're all across and I think that could be great, too.

**David:**So, if you look at it, timeline wise, I started off as the house hack, single family and then I progressed, and I was trying to progress more into the multifamily because it's more scalable. It's less competition than trying to buy single families in the area and like the smaller guys, like 6 to or 5 to 25 units where you're not trying to fight off, you know, big syndications.

**Clark:** The big boys.

**David:** Yeah, exactly. So, I really liked that niche, but I was on that path and then I had a big deal that didn't quite work out as planned. So, I'm still figuring all that out, and it, kind of cut into my capital. So, the house flip that I'm in right now is more or less just a way to build some capital. I had partnered on some flips in Hawaii, so I understand the concept and I understand how to do it. I figured what's, you know, what's a cheap house in Missouri, I might as well do it and build a little bit of capital so I can continue investing, but the other piece for that, because haven't even mentioned that I am, the house I'm renting in California right now, I have a unit for a bedroom and bathroom downstairs that I'm Airbnbing and I'm operating that myself. And a large part of why I did that I could have easily gotten a smaller apartment and saved just as much money as I'm saving after living in the bigger house with Airbnb cost cutting into the expenses. But a large motivator behind that was if I'm building a community for military real estate investors, and I'm providing content on YouTube and content on podcasts and content, you know, blog articles. Then for me, in my opinion, I have no right to talk about Airbnb if I have not done it. And so, for me, it was like, hey, I'm going to find a way that I can Airbnb a house for a bedroom for a year or two. So, that, A, I offset my living costs a little bit and B, I now have a very thorough understanding of how to do that so that if I produce content on it, I'm not only knowledgeable but I, you know, at least in my head, I'm not an imposter, right?

**Clark:**Yeah and I totally agree. And what about the farmland? I think that's interesting and we've had a couple people that own land, but not too many so maybe I'm just curious, how much did you buy, how big is the land?

**David:**So, that is an example of me taking what was not an investment and trying to justify it as an investment. So, it's a total of 10 acres, but it's, so we owned a house on five and when we moved out, we rented it, the house behind it, they owned 10 acres, and I told the guy for years, hey, if you ever sell, I want the five acres between us. He's like, hey, I'm never going to sell. And he finally, he got relocating with work and so he called me like, hey, I just want to let you know, I'm selling it, this guy wants to buy all 10 acres and I was like, great, what's he paying you an acre? He's like, 5000, I was like, awesome, I'll give you 8000 an acre, give me the five in the middle. And we had a decent enough relationship that he, you know, he agreed. And so, I think, you know, it was only five acres, it was 40,000. It wasn't super unaffordable, but it was an not an investment, it was just a, I'm going to live there and I don't want some other person to have the land right behind my house, I want to be able to control that area and I want to have a 10 acre plot. So, we had, my father in law does cattle farming, and we had three or four cows and so what we did was we bought a bull to breed from my father in law's cattle and said, hey, you know, just let us use them whatever. We worked out a deal where essentially, we, what we do is we've been growing the herd so now we're at like, 10, or 12, head of cattle. And every year when we sell the cattle, we give him one of the cows. So, that's, you know, anywhere from 800 to $1500, depending on prices that year.

And then so he keeps that as a thank you for him helping us out and running the show. We get the remainder, so it works out. It's growing as the herd grows, but it's coming out to 5 or $6,000 a year. My mortgage payments 350 so it comes up to, you know, $4,000 or $4200 a year in mortgage, now I'm covering that with the cattle and that was really just a justification for making the purchase. But the nice thing is the land is about to be paid off and I've been paying more than I was supposed to. So, I'll have the land paid off in like two years and then we'll have all the income from the cattle as just an additional thing. And there's all kinds of agriculture, like tax write off benefits for that and for the rental, and then it's just a nice addition. So, it was just an example of what's the Robert Kiyosaki phrase instead of saying, I can't afford that. You say, how can I afford that and you find a way, and I didn't want to make it an expense so I found a way to turn purchasing land that I wanted for a personal reason into an income stream.

**Clark:**I think it is awesome, man and you can just kind of figure out a way right and no matter what you want to do, you just figure out a way.

**David:**That's it.

**Clark:** So, David, you've built up a great net worth, you've got all these real estate deals, you got all these things going on, where do you kind of go from here? What's your net worth goal, your passive income goal, where are you trying to go?

**David:**Oh, man, I feel like I should grab my vision board and read this out loud to myself.

**Clark:**Oh, yeah, totally. Let's hear it.

**David:** So, my five-year goal, the statements for just, we're just talking for my real estate empire here is I have a net worth of over $2 million. I generate $5,000 a month from real estate investments. I own and operate 50 units and I'm a limited partner in another hundred and syndications. I operate this entire business in less than 5 hours a month. So, that's my bullet points for the actual vision statement that I'm working out. But my goal long term is I'm getting out of the military in two years to go in the reserves and my hope is that by that time, I'll have replaced at least 75% of my income through real estate investments and through educational products and, you know, podcasts, sponsors and stuff through building this community to help veterans and then that will allow me to focus full time on building both the community and potentially launching a--. Long term goal is to launch an event like a military investor conference, and to really, fundamentally build on that community because it's just such a great niche that a lot of people, so many service members that do this and don't talk about it, there's so many service members that don't know it's an option. So, I really want to help get that out there. So, I just want to be able to in the next five years, cover enough of my income that I can afford to go off and do speaking gigs and host a conference and whatever to help reach more veterans without having to worry about not getting paid through my W2.

**Clark:** Oh, I think that's great. Maybe let's discuss that a little bit. What are some of the unique opportunities that the veterans or military personnel might have and investing in real estate?

**David:** Well, the first is the VA loan, which for one thing, the limit, which was one of the downsides for years, the VA loan limit, which caps out depending on your market, anywhere from 450 to 725, is going away on January 1st, which is just huge. We have yet to see how banks are going to play with the debt to income ratio for qualifications, but it's in the bank's best interest to let you buy a large, property if you qualify for it. So, that's going to be very interesting because that means that come January, a service member who might have been capped at 685,000, or whatever San Diego County is, could potentially go and buy a $1.3 million triplex now with zero out of pocket, which is just huge, assuming the numbers work.

So, one advantage, obviously the VA loans, zero down and great rates and no PMI and just great terms. Another one that people don't realize is the VA loan has a renovation model, much like the 203k so you can buy a property that needs to be fixed up and turn around and completely renovate it before you move in and build that equity and by forcing the appreciation and still be completely zero out of pocket. And then there's some other, there's a streamline VA loan, which allows you to essentially refinance up to 100% of the value of your property while you live in it, very, very quickly. So, all those lending opportunities are great. And then some of the other benefits, for one, you get a housing allowance so if you're wrestling with the idea of buying an investment property and you look into the house hack idea and when you look at how much you're paying for rent, so for example, I'm paying $3,000 a month right now to rent this house, but if I had bought a house in the neighborhood, I'd be paying right about the same amount with a large chunk going to principal and I could still be Airbnbing the downstairs, but I would have a $3100 housing allowance. So, essentially, I'm paying for this property out of the military as money but if I buy, if Ii had bought a cheaper house with a smaller mortgage, I'm still getting $3100 in housing allowance. So, you could buy a smaller place, build equity, rent out, whatever when you leave, and you still get to keep the difference between your housing allowance and your mortgage payment which is a huge benefit. So, for when I lived in Missouri, my housing allowance is $850 a month. I was paying 650 or 625 for a mortgage and having a tenant pay almost all of that. Where's my downside? I'm pocketing, of the 850 that I was getting for housing allowance, I’m pocketing like 700, whatever the difference is to live in this place, and that's a bonus. Yeah, yeah, I'm excited. The living expenses are great there.

**Clark:**Yeah and I think it is great advice and reminds me of--. We interviewed another military guy who was stationed in Japan, I think, right, Jace? And he talked about kind of some of the other living stipends and stuff that he got. And I think he learned a language or something, so they gave him a little bit more And anyway, he was able to bank a lot and invested and saved. So, same type of strategy. David, how levered are your properties?

**David:**They're fairly leveraged. So, my see my duplex was the FHA, so it's three and a half percent, but I've got about 20,000 equity in it now. My single family, we owe 90 on it and it's worth about 180, 200. But it's, I have a HELOC out on it. It's not really utilized right now, but it's there. So, you know, depending on how much I spend on my HELOC in any given time, it could be a little bit more leveraged or less leverage. And then my 10-unit, I got into my 10-unit for 5% down through 85% bank finance, 10% seller finance, but I'm refinancing right now and when I'm done with the refinance, I'll pay off all the seller financing and I will be at about 75% loan to value. So, normal 25% down so I will have put in 10,000 and refinance out 15,000, lowered my payment $200 a month and I'll have $62,000 of equity in that. So, I think, I'm anywhere from 75 to 50% loan to value right now, but they were definitely purchased much higher leveraged. I've got about 100% leveraged on my flip, that's all cash so zero leverage.

**Clark:**How many total flips have you done?

**David:**This is my first solo one.

**Clark:**Okay but you did a couple in Hawaii with a partner?

**David:**Yeah, I was kind of, I was not, I guess, I say partner. I was more or less the guy who found the property, brought it to someone who was a big player and said, hey, here will you flip this and let me help with the process so I can learn? So, I didn't really make anything out of it. I got a flat 2000 for bringing the deal and he probably made six figures, but it was totally worth it.

**Clark:**Wow, so when you're looking at these real estate deals, whether it be a smaller duplex or a bigger multifamily, what are kind of your deal requirements, is there a cash on cash, is there an IRR, like what are you looking for, when you kind of analyze and underwrite a deal?

**David:**Yeah, the requirement, I guess they kind of differ based on the strategy. So, for the flip, I just wanted to make $10,000 in, you know, two or three months and really to gain a little bit more experience doing it. So, I'm probably going to make about 25 when all said and done, but my minimum was, hey, I'm going to make 10-grand so that I have a little bit extra capital. So, I'll probably make 25 which is not huge. When I look at multifamily, I'm generally looking to be able to get 50% cash on cash. So, which is, I've done much better than that, I have yet to buy a property where I did not pay off my entire down payment in cash flow within the first year and a half. So, I'm looking to get at least 50% cash on cash because I'm buying like C class properties in an area that's getting built up. So, for my 10-unit, I bought it for like $212,000, which is super cheap for a 10 unit, it was maybe a D class property. But now it's in a C class area and it's getting nicer and the appraisals are going up quite fast and I'm able to raise rents and so I was able to pay off, I mean, I'm making back my entire down payment and cash flow every year, not including debt pay down and everything else that's obviously adding to that. So, I look for at least 50% cash on cash. I tell everyone $100 a door, at minimum but that's like worst case scenario. I make much more than that. And then I'm looking for, you know, I really don't dabble with the IRR generally because they're not big enough properties where I'm trying to pull in syndicators and that's just overly complicating something that I don't necessarily care that much about it.

**Clark:** And are you still finding them on the MLS or are you finding them different ways now?

**David:** Let's see the 10-unit was a letter for a duplex, I sent out a bunch of direct mail marketing and someone called me and said, I have a 10-unit or a duplex, but I'm not selling it to you. So, I have a 10-unit, if you're interested in that and it's kind of went from there. The 12-unit, I'm negotiating right now, actually, my contractor, or one of my contractors called me and said, hey, I was doing a job and this guy was talking about selling his property and I wanted to know if you wanted to partner on it, I don't know anything about it, but it sounds like a cool deal. Okay, and so we got on a phone last week, and it could be a phenomenal view. I'm waiting on the income expense reports but the gentleman is, he's 76 and he just wants to retire. He only owes $20,000 on this property, it's 12 units, and he was asking to 220 which is 30,000 less than my 10-unit's worth and only about 20 minutes away, similar class but it's three, four flexes and it's three separate buildings on two acres with a community building. I mean, you can't lose with numbers at a 220-purchase price if the rooms rent for 250 few bucks a month, I'm winning. And they're going to rent for a lot more and I think he's reading for 400 right now. And that's at least 200 under market rent and he just hasn't done anything to add value to it. So, I think there's a big value add to that but more importantly, he's interested in talking seller financing. So, we might be able to pull off giving him 20,000 and then paying $1,000 a month flat for 16 years and saying, you know, we got in for no interest, but we paid him 10 more than he wanted.

**Clark:** This is in Missouri?

**David:** It is. Yeah. So, I'm hoping to work that out. He's opens to the conversation. Hopefully, we can find seller financing terms he's interested in where I don't have to mess with banks.

**Clark:**Gotcha. So, a couple questions here before we end with any mistakes and advice as much as you're comfortable sharing here, what's your household spending annually?

**David:**Oh, that's a good one. Let me think on that for a second, annually. Are we including real estate and business costs?

**Clark:**No, just living expenses?

**David:**Oh, okay. Well, my mortgage right now here, my rent is about $3,000 a month. So, you factor that in, that's 36,000 which comes out of my housing allowance. But aside from that, probably about 1000 a month, and we pay 400 on cars, and then we spend less than 400 on food and let's see, that's all my housing expenses, trying to do the math in my head, but I'd say probably about 1000 or 1500 a month. We're fairly frugal, my wife's way more frugal than I am. But I find a way to justify all my crazy spending habits through business expenses so it, kind of works out for me.

**Clark:** Yeah. And does she work as well?

**David:**She is a high school counselor.

**Clark:**Oh, nice. And any books or tools or anything that's been beneficial to you, anything that you'd recommend?

**David:**Oh, where do I begin on that? On the real estate world, I would just say pretty much anything, BiggerPockets related for books, their stuff's awesome. But I am a huge fan of, there's so many books, but I'll say the 4-Hour Workweek and The Four Disciplines of Execution are probably two of the bigger impact ones. The 4-Hour Workweek because the Military is phenomenal at a lot of things, but they don't teach you the entrepreneur mindset of trading money for time. They trade time for money, the exact opposite. They are willing to work you longer to save them money. And so, that does not work in the building a business or scaling anything realm and so 4-Hour Workweek has just absolutely helped me change my mindset on that to where I'm willing to pay somebody if it saves me hours of my time. And then The Four Disciplines of Execution, mainly because it's a book that I don't know why I didn't read sooner. It's a somewhat recent read for me, but just how to focus on a goal and actually track whether you're making it to that goal and executing it is just stuff that I was not good at. So, between those two, and I mean, there's so many books, but those are probably the two that I would say right now.

**Jace:**Awesome, David, appreciate that. Just to kind of wrap up, what advice would you give to a 25 or 30-year-old just starting, either in real estate or trying to build wealth, what would you tell them?

**David:** So, the first thing I would say is you need to learn network and take action. Those are my three, so you need to spend as much time as possible learning everything and anything that you can, whether it's podcasts, books, audio books, or just getting around people who've done it before. You need to network, network, network. So, go to local meetups and events for subjects that you want. Find a real estate investor meetup, find an event on, you can go to meetup.com, BiggerPockets has an event page, local Facebook groups have events, and just get around people. It doesn't matter if you're the, if you only learned what real estate investing is yesterday, and you show up and you're just nice to people, you'll gain a lot of information. But eventually those contacts and that network will really, really, really help you out and then ultimately take action. So, I kind of joke with people that, you know, there's no amazing formula to take action. I don't know, maybe I was just like this lucky guy who happened to be a marine and was like, screw it, let's do it. But what I did when I was making that decision was, I had started going to meetups and I don't believe in going to networking events, like I think I'd gone to when I bought my first property. But at the second one, I found two or three guys that I'd met the first time and I said, hey, I'm looking at a couple properties, here's the numbers I came up with, I don't want you to take your time analyzing it, but could you take 10 seconds, look at it and just tell me if there's any screaming red flags? They looked at it, and none of them had any screaming red flags and I said, great, if these three guys who have been doing this a lot longer than me, didn't see any major, major red flags then it's not too far off the mark, I need to pull the trigger and start learning. And I just went with it. And that has proved to be so valuable. So, I just say learn, network and just take action.

**Jace:**That's awesome. David, appreciate it. Where can people find you or get a hold of you?

**David:**Yeah, I am at frommilitarytomillionaire.com or The Military to Millionaire Podcast.

**Jace:**Awesome. Once again, David with a net worth over $300,000. Thanks for my show today.

**David:**Thank you very much for having me, guys.

**Clark:** Thanks, David.

**Narrator:**Thanks for listening to the Millionaires Unveiled Podcast with Clark Sheffield and Jace Mattinson. For more stories, investment opportunities and in information check out our website at millionairesunveiled.com. See you next time when you'll hear from another everyday millionaire.