

# BiggerPockets. Wealth

Live Life on Your Terms

BIGGERPOCKETS.COM \ VOL 1, NO 1 \ APRIL/MAY 2020

10

Real Estate  
Investors  
**YOU  
NEED**  
to Know

**MAKE MORE  
MONEY**  
*in Your*  
**MARKET**

# Meet a Smart Investor WHO'S GIVING BACK



SPECIAL FEATURE

**AGENT DEEP DIVE**

MAKE NEW CONNECTIONS p49



# hello.

---



The first time I ever tried to stand-up paddleboard, I found myself shakily heading toward a sandbar a quarter-mile away from the shores of Oahu. I spent 90 minutes paddling with all my strength to reach my destination, falling into the water dozens of times. Finally, I reached the sandbar and then quickly began to mentally prepare myself for the long trip back.

But this time, I arrived at my starting point on the beach in just 9 minutes. Why did it take me ten times longer to reach the sandbar than it did for me to return?

On the journey out to the sandbar, I fought against the current. On my journey home, I rode with it.

Our identities matter. The person we truly believe we are, our identity, is a *current*. Working *against* the current is tough. We rarely act outside of our identity, and it's exhausting when we do. For example, you might have set a goal back in January to eat fewer sweets, which may have worked for a while. But unless your identity



---

changes to *become someone who doesn't eat sweets*, you'll always be in a battle with your identity and chances are high that you'll fail.

*So, who are you?* What I want to know is, who are you to *you*? When you think about yourself, who do you see?

**First, our identity is forged by the way we talk about ourselves.** Do your words affirm to your subconscious that you are a smart investor? The most powerful words you can utter follow the two words "I am..."

**Second, our identity is built by the people we associate with.** As pack animals, we tend to become like those we associate with without trying. Want to become a successful real estate investor? Spend time with other investors. Your identity will eventually change to the identity of the group. (PS: Check [BiggerPockets.com/Events](http://BiggerPockets.com/Events) to find meetups in your area!)

**Third, our identity is created by the media we consume.** In the same way that our friends influence our behavior, so do books, movies, podcasts, news, and magazines we consume. Media reinforces beliefs as well as creates new ones.

And that, my friends, is exactly why we created *BiggerPockets Wealth*. We want you to stop swimming against the current and instead change your identity by changing what you consume.

Inside these pages, you'll find stories, lessons, conversations, warnings, and inspiration, but the most important thing you'll find is your identity. No longer will you be someone "trying to invest in real estate" or "trying to be successful." Instead, you'll be someone who just *is*.

To your success,

Brandon Turner  
Bestselling Author & Host of *The BiggerPockets Podcast*

*P.S. After you finish reading this magazine, don't let it collect dust. Give it to a friend and maybe it will help them forge a new identity as well!*

# Are You a Real Estate Rookie?

## MEET THE HOSTS BEHIND REAL ESTATE ROOKIE, BIGGERPOCKETS' NEWEST PODCAST.

**FELIPE MEJIA** and **ASHLEY KEHR** shared their stories with Brandon and David on *The BiggerPockets Podcast*... And now they're on the other side of the mic ready to help brand-new investors map out a plan to get their first (or next) deal done!



### Meet Felipe Mejia!

**AGE:** 29 **HOMETOWN:** Nashville, TN

**FAMILY:** I have a beautiful wife and an energetic and smart two-year-old son.

**PORTFOLIO:** I have 7 single-family homes, which are rented by-the-room.

**INVESTING SUPERPOWER:** Dealing with contractors! I used to work in construction and I speak Spanish, so I can relate to a lot of the workers in these trades.

**WORST REAL ESTATE MISTAKE?** Buying just for the goal of money. It is better to buy for wealth and time; and, eventually, the money will start chasing you.

**BEST DAY IN YOUR REAL ESTATE INVESTING CAREER?** When I sold a property that cash-flowed \$1,500 a month and purchased a house that cash-flowed less, but gave me back more time and happiness.

**UNEXPECTED BENEFIT OF BEING A REAL ESTATE INVESTOR?** No one cares about my grades or degree.

**HIDDEN TALENT:** I'm a chess master!

**BEST ADVICE FOR ROOKIE INVESTORS?** Make sure you are earning while you are learning. Don't sit on the sideline until you're "ready" to jump in. Just jump in; the water isn't deep!

CONNECT WITH FELIPE ON  
INSTAGRAM @FELIPEMEJIAREI

### Meet Ashley Kehr!

**AGE:** 31 **HOMETOWN:** Buffalo, NY

**FAMILY:** My husband and I live on a dairy farm with our 3 boys, ages 6, 4, and 2.

**PORTFOLIO:** 30 residential units (19 are owned with partners) and 2 commercial units

**INVESTING SUPERPOWER:** Finding money, partners, and unsecured bank loans. I've gotten creative and financed a lot of deals with none of my own money.

**WORST REAL ESTATE MISTAKE?** Letting our own housing costs creep up! If we had stayed in our paid-off home or found another house hack, we'd have more capital to invest.

**BEST DAY IN YOUR REAL ESTATE INVESTING CAREER?** Paying off my husband's truck with our rental income! He has always supported me financially and it was nice to do something for him.

**UNEXPECTED BENEFIT OF BEING A REAL ESTATE INVESTOR?** People don't have to know you own property! With real estate, you can be the secret millionaire next door.

**HIDDEN TALENT:** When I was younger, I did competitive archery with my dad and brother. Now I'm doing it with my 3 sons!

**BEST ADVICE FOR ROOKIE INVESTORS?** Find a job where you are paid to learn about real estate investing. I didn't know I wanted to invest when I started my property management job... and look at what happened!

CONNECT WITH ASHLEY ON INSTAGRAM @  
WEALTHFROMRENTALS

# Ask the Experts

## YOU ASKED, WE ANSWERED!

J SCOTT HAS more than 10 years of experience flipping, building, buying, and selling rental properties. As an author of four books on real estate and a co-host of *The BiggerPockets Business Podcast*, J Scott's knowledge has helped millions of real estate investors. Keep reading to see answers to just some of the questions he was asked this month.

**Q** I recently put a property under contract and the inspection turned up a lot of unexpected issues. What is the best way to try to negotiate a lower price from the seller so that we can still do the deal?



**FOLLOW NAME AT:**  
TWITTER: @HANDLE NAME  
INSTAGRAM.COM/HANDLE NAME  
WWW.WEBSITE.COM  
EMAIL@EMAIL.COM

RENEGOTIATION after your due diligence process (sometime called “re-trading” in the real estate world) is common. Sometimes the seller doesn't disclose an adverse condition of the property, and the buyer finds out about it during inspection. Other times, the buyer simply didn't do enough investigation before making the offer. And, of course, there's just surprises that nobody could have foreseen.

Regardless of the reason, a deal often ends up in a renegotiation process after a contract is signed, but before the deal

is closed. If you're the buyer in this situation, here are some suggestions on how to best approach the situation in order to renegotiate the deal:

- First, ensure that your contract gives you the right to renegotiate. We often use “contingencies” in contracts—these are contract terms that give us the right to back out or renegotiate should something unexpected comes up. You must ensure that your contracts have the appropriate contingencies to protect you should a surprise come up. Find a great buyer's agent if you have any questions about how to do this.

- The goal of renegotiation should be to provide a fair resolution to both sides. If you find a surprise issue that is going to cost you an extra \$2,000 to resolve, don't try to renegotiate a \$5,000 discount in the contract. This will lead the seller to believe—appropriately so—that you are trying to take advantage of him or her.

- Ask for a reduction in price,

not repairs. If you find a foundation issue during inspection, what should you do? While many investors would ask the seller to repair the foundation as part of the renegotiation, I prefer to ask for a reduction in purchase price instead. This serves a couple purposes: I don't risk the seller cutting corners on the repair or going with the lowest bid, I don't have to delay closing waiting for the repair to complete, and, if I can find a less expensive solution to the problem, I may be able to put some money back in my pocket.

► Sometimes the best solution is to walk away. While we always want to try to make a deal work, don't be afraid to walk away during a renegotiation if the seller isn't willing to be reasonable or if you find a surprise issue that introduces a lot of risk to the project. Remember, it's better to regret walking away from a good deal than it is to regret going through with a bad deal.

**Q** I want to start wholesaling, but it seems that a lot of investors hate wholesalers! What should I do to ensure that investors want to work with me as a wholesaler?

I ABSOLUTELY love this question! Wholesalers play an integral part in the real estate ecosystem, but most of them are more focused on how they can help themselves than how they can help their *customers* (the flippers and landlords they are selling to).

If you want to be a better wholesaler, here are seven tips to find success:

1. Don't market a deal unless you know it's a good deal. If you are going to rely on your investors to do your analysis for you, they likely won't look at your deals in the future.
2. If you can bring an investor even one good deal, you'll get that investor's attention and support forever. Make that first deal a *great* one!
3. Don't advertise a property that you don't have under contract, and don't waste your investors' time by talking about deals that are "coming up."
4. Don't advertise a property unless/until you are actually able to arrange a showing for your investor. Investors don't want to hear about your deal if they can't see it and put it under contract.
5. You *don't* need a million pictures. Take one or two great pictures that indicate truthfully what the exterior looks like (style, condition, and curb appeal) and then one or two photos to indicate the condition of the interior.
6. More information is good, but make sure you provide the basics: Year built, number of beds/baths, and square footage. That basic info plus the couple great pictures is all your investor needs to determine a true ARV.
7. Don't ask an investor his criteria for deals and then send him deals that don't meet his criteria.

## HAVE A BUSINESS OR REAL ESTATE QUESTION?

Email us at [publishing@biggerpockets.com](mailto:publishing@biggerpockets.com) and see if we feature your question in our next issue!