# Talking Getting Started in Real Estate with the Real Estate Rookie Podcast

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**Dave**

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All right, folks, welcome to Investing for Beginners Podcast. Today we have two special guests, we normally have one, but we get two for the price of one. So today we're going to talk about real estate, we have the CO hosts of the Real Estate Rookie podcast. Here we have Ashley Kehr and Tony J. Robinson. They are here to talk about real estate today. And I'm going to test them on all the dumb questions you can possibly ask about real estate because this is not something I know a lot about.

So we're gonna have a lot of fun, actually. And, Tony, we appreciate you joining us today. I guess we'll start off with an easy one. So what is real estate? And why should somebody consider investing in that versus stocks, which is what Andrew and I mostly talk about?

**Ashley**

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Well, I think the first thing that comes top of mind is that you have more control over the real estate. So if you're going out and you're purchasing the deal, you have control over analyzing the deal, you have control over doing any rehab, you have control, if you're renting it, you're flipping it, what strategy you're doing, if you're investing into the stock market, it's the board members, it's the employees, it's the CEO that have control over that company. And yes, you know, their shareholders that can come to a vote. But the day to day decisions are mostly made by people who have control of the company and not me that owns $5,000 in stock and a billion dollar company.

So I think that is really a major piece of it. But also the tax benefits that can be associated with real estate, such as being able to take depreciation where you can write, you know, off some of your income based on the depreciation from that asset. So I think there's many things to consider. But also, one thing to definitely consider is that real estate is usually not passive. There are ways to invest your money such as to into a syndication deal, where somebody else is running the deal, and you're just giving your money, you have less control of that. So it makes it more passive for you. But if you're going to be you know, property manager or landlord, and you have a tenant, it's not always going to be passive. So those are some of the major differences I see. As to deciding if you want to go to real estate, Oregon's

**Tony**

2:13

actually talks about like the lack of control that comes along with investing in real estate. And you know, I'll share a personal anecdote, my last full time job, I worked for Tesla. And I worked there during a period where the stock went on this, like amazing run, you know, for a few years there. But every morning, you know, me and all my co workers would come in, and one of the questions we would ask ourselves is, hey, what crazy thing that Elon do today? And the reason we asked that question was because anytime Elon Musk as the CEO of Tesla, did something, even if it had nothing to do with Tesla, as a company, the stock would always react.

And like I remember the morning that this podcast with Joe Rogan went live. And that was podcasts where Elon was like seeing smoking weed on camera, and the stock went like haywire that next morning, that has absolutely nothing to do with like the work that we're doing in the company. But again, because it's the stock market, we have no control over that. So I just love that because you know, I've seen firsthand how little control you really have when a lot of your net worth is tied up in this asset. Two big reason why we love real estate for sure.

**Andrew**

3:16

I guess one of the benefits of real estate is unlike the stock market, the price of a piece of real estate isn't quoted every single day, and doesn't go up or down depending on what the neighborhood kids did outside to make a ruckus or something like that. And so does that encourage like a particular type of David, I like to talk a lot about long term investing. So does the fact that real estate's not quoted on price charts every single day, does that encourage that type of principle that helps people succeed in investing,

**Ashley**

3:48

I think people do really struggle with looking at their stocks dropping, like, Oh, my God, I have to pull out now. And you know, I follow a lot of the, you know, personal finance, investing community, the fire community, and you know, they're always posting their memes about, you know, today, don't look at your account, don't look at your account, you know, just ride it out, ride it out, it always goes up, it always goes up. So I think it does take some kind of, you know, self control to, you know, invest in the stock market and to actually invest long term. And then the same with real estate too. There are people that are saying there's going to be a crash, there's going to be a crash. At every single point in time somebody is saying there's going to be a crash, at least within the last three to four years someone has been saying that. And I'm sure there have been the same people that have panicked and said, You know what, I'm going to sell everything now like and get what I can before it tanks.

But then there's also people who aren't getting started right now because they're like, Oh, should I wait till interest rates go down? All these different variables that actually come into play? And one other thing I wanted to mention as far as real estate investing versus stock investing is that with real estate, you're able to purchase real estate with less money than you would to purchase stocks. Usually you need to have cash to purchase stocks in the stock market. Or maybe you get it through the company you're working for as part of your benefits package, whatever that may be. But in real estate, there's creative ways to actually purchase real estate without having to have $100,000 in the bank to buy $100,000 house.

**Tony**

5:21

Yeah, another reason why you talked about like, it's just that what you call the price quote, and whatever it is, it's also significantly easier to sell stock than it is real estate, I could jump into my ETrade account right now. And so all my socks if I wanted to, in a single, you know, a few clicks of a button, with real estate, say I get spooked, and I want to sell my entire real estate portfolio, right, I've got 30 properties, right now, it would take a lot of time for me to coordinate the transaction of selling 30 properties all at once. So there's a lot more I think mental energy that has to go into making the decision to sell. So you probably see a little less, I think emotional selling on real estate than you do with stocks.

There are some ways where I can quickly assess the value of my real estate like if I opened up Zillow, you show the Zestimate. But assessment is not always perfect. If I really wanted to understand the value of my home, I'd have to go out and pay a few 100 bucks to get an appraisal. So even just understanding what my property is truly worth takes more time takes more effort. So there's a little bit more friction in the process of buying real estate, and selling real estate that I think makes it a little bit stickier than stocks are.

**Dave**

6:21

That's interesting. So I like those ideas. So I'm gonna watch out the next dumb question. So if you want to start investing in real estate today, what do I need to do? What do I need to have? You know, actually, you are referring to interest rates. And that would be something that might give me concern about investing today, because the rates are higher than they've been for a long time. And so maybe that would prevent me from doing it. So what kind of credit score do I need? What kind of money? Do I have to have? You know, what does my financial position need to be like to get started? You kind of have your ducks in a row before you start? Or I guess, where do I go? What do I do?

**Ashley**

6:57

I think the first thing to look at is what we call the puzzle pieces. So this is how we basically start out the book as to do you have money? Do you have the capital? Okay, yes or no? And how much do you have? And that money can also be you know, you can do have equity and your primary residence, or you can go and get a line of credit. So basically, what are the money component means? Do you have access to some kind of financing or cash, you know, whatever that may be? Then the second piece is, do you have any knowledge or experience in real estate? So, before I started investing myself, I was a property manager. I knew the market, I knew what rents went for I knew how to be a property manager and be a landlord.

Do you? Have you done tons of research on real estate? Have you read real estate books? Have you, you know, listened to podcast, you know, those things kind of bring a lot of value to understanding investing into real estate? And then another thing is, do you have time? Do you have time to analyze deals? Do you have time to make offers? Do you have time to manage a flip, manage rehab, whatever your strategy may be that you're going to choose? And then the last component is, do you have courage? Are you not afraid to jump in to this deal.

So that was actually something that held me back when I was starting was I was afraid, I thought all these worst case scenarios, the roof is gonna fly off, and I'm gonna have to pay $40,000 The next day after I close on it to buy a new roof. Okay, the likelihood of that happening, that probably wouldn't happen. If wind takes my roof off, it's most likely going to be covered by insurance in my area. So you know, all these worst case scenarios. So my, you know, solution to that was actually going out and finding a partner. So I think if you look at all these different scenarios, those puzzle pieces, and which ones do you have, what do you have?

And then which ones do you need? And that's maybe where a partnership can come in. And then the next step is kind of, you know, if you're going to learn how to do everything is okay, you need to first understand where you're going to purchase the market that you're going to buy in what your strategy is going to be are you going to be doing a short term rental, are you going to do a long term rental Are you going to do a flip, and we really like as a rookie investor to focus on one strategy and focus on one or two markets at a time because a rouse, you are just going to be overwhelmed with everything if you are not focusing and zoning in on that one market and that one strategy.

And then you need to understand how you're going to fund the deal. So if that's bringing on a partner, if that's going to the bank, whatever that may be, and that will kind of tell you what your budget is. So if you want to pick San Francisco as your market that you're going to invest in, but then you find out you're only pre approved for a $200,000 loan, you're most likely not going to be able to buy a property in the city of San Francisco. So that's where you got to tie all these pieces together.

And then understanding deal analysis, practice, practice, practice, just analyzing random deals off of Zillow, and biggerpockets.com has a really great calculator tool. It's free to use, I think you get like five uses free. And then you have to sign up for a membership on bigger pockets, but it tells you exactly what information you need to find. And you can usually find all that information online. And then it helps you understand the analysis on the deal. Tony, what would be the things that you would add that somebody needs to do right off the get go?

**Tony**

10:20

Lots of great points there. Actually, I think you touched on this a little bit earlier about like that, that self assessment of like, hey, what's the missing piece and that piece, I think the only other thing I'd add to that is What's your ultimate goal with investing in real estate, because there are different reasons that people buy real estate, there are folks who buy exclusively for tax benefit. They say, hey, I want to reduce my tax liability, I want to reduce my taxable income. And real estate is an amazing vehicle to do that. There are people who invest for appreciation, they say, Hey, I just want to dump my money into an asset that I know is going to appreciate at a rate that's faster than inflation, that has been proven to be resilient, you know, decade after decade after decade.

And I just want something that 20 years from now I can sell or refinance and pull out a ton of cash. There are people who say I want to focus on cash flow today. And I want to start generating as much income from our properties as I possibly can. So I think that's an important distinction to make, because the person who's investing for cash flow is going to maybe focus on a different strategy, a different asset class, but someone who's investing for appreciation, if I want to invest in appreciation, I can go out, buy a big single family house in Southern California where I live, and just sit on it for the next two or three decades.

And you know, by the time I'm done paying that house off, I'll have a million plus dollars in equity. It's the fact of where I live, if I wanted to invest in cash flow, I might need to go to a Midwestern state where prices are a little bit lower cash flows a little bit higher. So that identification of what your goal is an important first step because it dictates your strategy and your market, I guess that does lead to the strategy piece of people think of real estate investing, as you know, this, just one kind of big amorphous blob if you've never been in it, but there's so many different ways to invest in real estate, I assume it's the same for people who invest in stocks. I'm not a stock guy by any means. But I'm assuming that, you know, these are probably bad examples, you know, So correct me if I'm wrong here. But you probably have people who buy stocks using like the buy and hold strategy where they're like,

Hey, I'm gonna buy the stock at like this company. And I'm just going to hold this for however long, there are people who only invest in index funds, because I like the index fund that's ongoing and invest into, there are people who day trade and say I'm gonna buy it at two o'clock and try and time it to sell it, you know, buy 205, whatever it is, within real estate investors a lot of that as well. You have different types of real estate, I could focus on self storage, I could focus on single family homes, I could focus on small multifamily, I could focus on large multifamily, I could focus on campgrounds. So what is the asset class you want to focus on?

And then once you've got your asset class down, what is the strategy that you want to employ, I could be the kind of person that goes in and flips properties, and I could flip a single family home, I could flip an apartment complex. So identifying the asset class in the strategy is a good next step as well.

Andrew

12:58

Those are some really good points. And I appreciate that you mentioned that there's different ways to slice the pie. When Dave and I talked about stocks, we talked about how some stocks can be really high risk, high reward and some can be a lot lower, Low risk, low reward. So how does that play in real estate? Are there generalities where this type of strategy tends to be higher risk, higher reward this type tends to be lower risk, lower reward?

**Ashley**

13:23

Yeah, definitely. So basically, the more passive it is the usually lower return, I guess we'll start there. So first, you got to look at the you know, the syndication deals that we briefly mentioned before, where you're not doing anything for the deal, except giving your money and someone else is buying the property, they're managing the property and operating it. And so that is usually a lower return. And then you're going in if you're doing more of the work yourself, so even your DIY and the rehab, stuff like that, you can tend to see a higher return. If you do it, right. Sometimes it actually is more cost effective to hire contractors because you make mistakes, and it ends up taking longer since you don't know what you're doing.

But as far as you know, looking at the high risk or low risk, it really depends on what your strengths and weaknesses are, I would say. So you are giving your money to a syndication. And that can be high risk, because you have no control over it. It also can be low risk, because there are great operators, you vetted them and you know that you are you know, it's going to go well, which it may but I think as far as high risk and low risk in real estate, you have a lot of control over that if you are doing your own deal. So if you're going into a property and you're not putting in a lot of money, so maybe you're putting in five grand and then you're getting a loan for the rest of it. You're going in and doing the property, getting you know, the rehab done whatever and you're going to refinance.

One way to really mitigate your risk is to make I'm sure that you have multiple exit strategies. So if you purchase a house and you're going to flip it, look at that house and say, Okay, what if I can't sell it? Can I turn it into a long term rental or short term rental. So I have a friend out of Denver, Colorado, you know, more expensive market. And he's buying, you know, properties that are a million dollars. And he is going in. And when he analyzes them, he makes sure that every single property works as a long term rental. But his main strategy is mid term rentals, where people stay for 30 days or more. And these are usually traveling nurses or construction workers, you know, that just need a furnished place to stay for their contract for their job.

So he always has that backup plan, like, okay, worst case scenario, we're not getting traveling nurses in, we can turn this into a long term rental, and we are still breaking even. So you have a lot of control as to what your risk is, when you're going into real estate and you're doing your own deal.

**Tony**

16:03

Yeah, just to add, I think the idea of risk is always related to skill. So if I asked Andrew and Dave, Hey, guys, you know, I'm gonna bet you $10,000 That you can't launch a personal finance focused podcast in the next seven days, you guys would probably take that bet, because you have the skill set that would allow you to do that quickly and efficiently. Ashley does a lot of you know, buying and rehabbing both single families and small multifamily in Buffalo. So she's incredibly skilled at that.

My skill set is in the short term rental Airbnb space, and I'm incredibly skilled at this. So something that would be risky for me, isn't necessarily as risky for Ashley and vice versa. So I think the question you have to ask yourself isn't necessarily like, hey, what's the most, you know, what's the least risky thing to do? In real estate investing? The better question to ask is, hey, what am I uniquely qualified to do? What is my skill set, if I take this skill set, and I hold it up to all these different strategies, which one of the strategies best aligns with my skill set to reduce that risk? And I think that's where most people get it wrong.

**Ashley**

17:05

And I think to add on to that, Tony, is not only your skill set, but what other opportunities do you have? So for me, I worked for an investor that did buy and hold rentals. So I knew that and I knew that I had, you know, him as a mentor, almost. So if you have somebody close to you that you know, does short term rentals, and they're like, Yeah, I'll help you furnish it, I'll show you everything to do. That is a huge advantage that other people don't have. So not only looking at your own skill set, but looking at what opportunities are in front of you to and in your market. Short term rentals might not work, even though you have a passion for design, and you want to furnish your short term rental, you know, your market that you're looking at, it might not even work there. So really, you know, pulling what Tony said as to what your skill set is, but also tying that into what your opportunities are,

**Tony**

17:52

or who you know, right. And I think that's the whole book that we wrote is that sometimes you have a gap that isn't worth you filling. And the smarter thing to do is to partner with someone else that can fill in that gap for you. And then between the two of you, you've got the full complete skill set that's needed to reduce the risk in this particular asset or this particular real estate transaction. So as people are thinking about getting started, do yourself a session first to say, what are my strengths? What are my weaknesses? What are my opportunities? What types of real estate investing in line with this? And if you feel that there's a big enough gap, the next step is okay, who do I know? Who can I meet? Who should I be looking for to fill in those weaknesses? So we can move forward and reduce that risk?

Andrew

18:33

How does an investor deal with the risk of using other people's money financing with that other people mitigate that?

Ashley

18:42

Well, you should never go into the deal thinking that you might be foreclosed on. First of all, if you already are worried about that happening, then this probably isn't the right deal for you. So the kind of the mitigation of that is having those exit strategies, the backup plan, so okay, I'm doing a property right now where I'm going to borrow money from a private lender, and he wants me to actually go to my bank, and have them that my deal and kind of give almost a pre approval that they're going to loan on it when I'm done with the rehab. So I'm doing what's going to be called the burst strategy where you buy the property, and usually you pay cash for it, or you, you know, get money from a private investor, whatever.

But typically, you're not using bank financing, because you're going to use bank financing later on. You don't want to pay closing costs twice, but you can. So you're gonna buy the property, then you're going to rehab it and then once the renovation is done, you're going to rent it out. So now you have a beautiful property and you have tenants that are paying rent. So now you go to the bank and that's when you are going to refinance it. So with this private money lender I'm using to purchase the property he's putting in the safeguard that he's like, okay, a way to protect my money is I'm having Ashley Go to this bank, they're looking at the deal and they're giving kind of like a noncommittal Yes. Like, this is definitely something we would lend on.

You know, Ashley is lendable her partner's lendable, we're you know, and that's kind of a safeguard he's putting in. So backup plan, the bank decides that they're not going to do that I have a line of credit that I would tap into, or I have other private money investors that I would have to go to and say, Can you lend on this deal for short term solutions, I can pay back this lender and then figure something out. But that's definitely a risk as to moving money around. And a big joke between some of me my friends is that oftentimes feel cash poor, sometimes we moving money from deal to deal to deal to deal. But I think that, you know, having those exit strategies and different ways of, you know, making that repayment available to you. So I usually keep two to three properties paid off completely clear where they have no debt on them. So that is also a backup plan. For me, I have my line of credit that I'm don't use right now. So I can use that money to pay somebody back. Or I can go in and I can tap into my primary residence, or I can tap into another investment property that doesn't have any debt on it.

**Tony**

21:18

Yeah, I think, you know, one of the benefits of real estate is that it is backed by a real tangible asset. If worst case scenario, I think Ashley laid out some, you know, super valid ways or exit strategies of getting out of that debt, if you needed to have, you know, either had coming out of pocket to, you know, maybe refinance and get out of that debt, or bringing in another private money lender to cover the first person and it's kind of repositioning the debt.

But say all else fails, you're in a position where you under no circumstances can pay that person back, they still have recourse, they can take that property from you, which the property has inherent value in the marketplace, they can go out and sell that and recoup, hopefully, the majority of whatever they put into that deal. So obviously, that's a nuclear situation, and you hope to never get to that point. But if you're nervous about that, the truth is that there's still ways for that person that you borrowed money for him to recoup their investment in that property as well.

**Dave**

22:09

That makes a lot of sense. So a question and it kind of comes to mind when I'm thinking about all the things you guys are talking about, it seems like and correct me if I'm wrong, do you need to be in the location that you're going to invest in? Or can you buy property in Chicago and within North Carolina, I'm guessing is probably has to do something with a bit of the strategy. But generally, do you want to be in the location that you're investing so that if there are problems, you can deal with it?

**Tony**

22:36

Today? Let me ask you, you buy stock, right? What state do you live in?

**Dave**

22:39

Right now? I live in North Carolina.

**Tony**

22:41

Gotcha. So do you only buy stocks for companies that are based in North Carolina?

**Dave**

22:45

Absolutely not.

**Tony**

22:46

And why is that? Like, why do you feel comfortable buying stock from companies that are based in California or based in New York City or base wherever?

**Dave**

22:53

Oh, why do I you know, honestly, it's not something I've ever given any thought to to be blunt. But it's I think, mostly because I guess I trust the market. And I trust the people that are running the company that they're going to do what's in the best interest for me in the long run. And that's what I hope anyway.

**Tony**

23:09

Yeah, if I can add some color to that. I think that part of the reason you're comfortable making that decision, is because you're able to access all of the information you need to make an informed decision. No matter where you're at, in the country, no matter where that company is that the same thing goes to real estate investing. The first property I bought, I live in California, I bought, you know, several 1000 miles away in Louisiana. But I was able to confidently make that decision. Because all of the data that I needed to make that decision, I had access to living in California.

So I think there's a big fear around like, I need to see this property in person before I invest in it. But majority of people who buy stock, they're not walking through the halls of whatever company it is they're investing into to say, alright, cool, I think I like the way this place looks. Now I feel confident buying the stock, right? So when I bought my first deal, it was my first investment ever, it was a big rehab project. And the way I made myself confident and comfortable to purchase that property was I leaned on the expertise of other people to give me the confidence that I needed. So when I first bought the property, or before I even bought her like while we're negotiating, I sent my real estate agent first to go walk the property for me. And she buys and sells a lot of real estate in that local market. So she knows the areas she knows, you know which little pots to avoid, which ones are good. So she was my first line of defense. When she gave me the thumbs up, I sent a property inspector. So this is a person whose entire job is to walk through a property and point out as many things that are wrong with that property as they possibly can. And their recommendation of whether that is a minor or major deficiency.

Then I sit in general contractor to go walk the property. So this is someone whose entire job is focused on taking issues like the ones that are pointed out by the property inspector and fixing them. And then he gave me a quote on what he thought of a cost to repair those things that the property inspector picked out. So I had and then I also had an appraisal done on the property so someone whose entire job is to ask assess the value of the property. So think about the position that I'm sitting in. Here I am in California. I've never invested in a property before.

But I've got a real estate agent who knows the market. Well, a Property Inspector, a general contractor, and an appraiser, who have all walked through this property. For me in California as a new investor, how much additional value will I actually get? By seeing that property in person that those four professionals haven't already given me? So I think the bigger question that people need to ask themselves is not should I be investing out of state? But how can I find the right people to add to my team so that I can make confident decisions so that I can invest in any market across the country?

Dave

25:40

Great answer. Awesome answer. That was awesome. That to me, is, you know, I think one of the things that would hold me back from investing in real estate, because I would want to put my eyeballs on it. But just as you pointed out, you had four experts going into the property looking at it, I wouldn't know what to ask, I wouldn't know what questions to look at. And so relying on your team, I think is brilliant. So that was awesome answer.

Ashley

26:02

I think the point to love being a real estate investor is you want more free time. Like it's not always you want money, but you want money. So you have more time freedom is a very common theme of people getting into real estate investing. So even if your properties are close to you, the goal is kind of to not have to go to them anyways. So I went to a property. This week, actually, I was at my son's football game. And I saw, I still get all the work order notifications on my phone. And I saw that it was a water leak. And it went to our plumber. But

I was not very far away. I called my mom, I'm like, can you come to practice? I just want to go and see. So I went to the property and I'm down in the basement, and I'm with my business partner, and we're looking at it and where's the water shut off. So we're trying to find the water shut off.

And he's like, What do you mean, you don't know where it is. And I was like, I only I was only here the day we bought it or like attended the final walkthrough. Like, I don't know, I was like, I haven't been here. And I think it would have been five years they've owned it. And like, I don't know if it was literally like 10 minutes from my house. But I don't ever go to the property. So we've actually added into our system where we've updated all of our properties. Now, we just did this this week, where we know exactly where every water shutoff was now in every property. Because of that, you know, that extra five minutes it took for me to find it of water spewing out in the basement. But yeah, so I think that's like just what Tony said, you know, tremendous value. And also just like, even if they were close by you, you don't want to have to go to the houses all the time anyways. So it almost forces you to put a team in place where if you have the house next door, you might be managing it far longer than you actually want to.

**Dave**

27:55

That's awesome. So it sounds like I've always had this vision of real estate investing as kind of a solo thing. But it sounds like you guys are advocating in suggesting that having a team to help you with this. Like you guys were saying that the weaknesses that maybe you don't come with rying to find people that can help you fill those gaps.

**Tony**

28:14

Yeah, I think real estate investing is a team sport, for sure. And unless you want to be the person that's responding to leaky toilets, and you know, whatever, tenant neighbor issues, you have to build that team around yourself. And you know, Ash and I both been, you know, quite a few years into this journey. Now we've been able to surround ourselves with those people. So that now typically problems only get to us if it's something that's above and beyond our team's kind of scope. And I think that's the ultimate goal, because now we are able to run our portfolios, without it taking up this tremendous amount of time. And you know, now we're both kind of freed up to focus on other things, like we get to podcast and write books. And, you know, our real estate business, for the most part is kind of self sustaining.

**Dave**

28:52

Alright, so we've danced around the book a few times. Can you tell us about the book? Yeah. So

**Ashley**

28:56

Tony, and I wrote real estate partnerships, was actually supposed to be called powered by partnerships. And at last, and I got changed by our publisher, because they had this fear that people would buy it and leave a bad review because they expected a dating and relationship book. out it was about partnership. But even though it is real estate focused, it does actually apply to all business relationships, I would say partnerships going into a business of things to consider variables that you need to consider when you're actually structuring your partnership.

That is the most common question we get from rookie investors as to how should I structure my partnership and there is no clear and cut answer. So that's why Tony and I had to write a book to explain all of your options and how to figure out what works best for you. Since we can't give everyone you know the exact answer. What to do.

**Tony**

29:53

I think just to even talk about like why this book is so important. You know, there's that saying if you want to go fast, go by yourself you Want to go far go with someone else or something to that extent, right, I might be butchering a little bit. But I even think that saying is false. Because for the person that tries to do everything by themselves, it's, there's a high likelihood that you are not an expert in every field that's required for you to be successful in whatever endeavor it is that you're going on.

And if you're the person that's wearing all of the hats in your business, either things aren't going to get done, or they're not going to get done well. So if you can align yourself with someone that has the right skill sets, I think you go first faster, and you go further. But there's this fear around getting into the wrong partnership, or man, should I should I really be trusting someone else with this business of mine. And the goal for Ash and I was to eliminate a lot of that fear and give people a framework that they can use to structure those partnerships in a way that's kind of sets it up for success?

**Andrew**

30:49

Can you give us an example of one to kind of get some context on that example of like an actual partnership? No, like something that people can do to mitigate the risk of partnership?

**Tony**

31:00

Oh, totally. All kinds of things you can do, right. But first thing, the very first thing that people need to do is a confirmed they actually need to partnership and national. I've talked about this a lot already. But it's like, understand what your missing piece is. Because what a lot of people do is that they start partnerships based on proximity, as opposed to based on need. So someone might say, Ashley, you know, we're best friends, let's do a deal together.

But what if Ashley and I are the exact same person in terms of our sales ability and desires? So what that means now is that we have two people with very similar skill sets that are trying to fill all of these roles, the better approach would have been if Ash and I said, Ashley, you know, I'm really good at finding deals, you're really good at managing properties. What if I, what if we create a partnership where I find the deals and you manage them? Now we each get to kind of work our areas of expertise. So I think the first big mistake is that people don't take the time to really assess what it is they need when they get into a partnership.

And they start it for the wrong reasons. The second big mistake they make at the beginning, is they fail to have the difficult conversations to really outline the rules of engagement, I guess for that partnership. What happens if one of us wants to sell the property? What happens if one of us isn't kind of holding up our end of the bargain? What happens if the property ends up losing money? And we need to, you know, cover a deficiency? What happens if this what happens if that there's all of these issues that could potentially pop up down the road? But if you can solve those at the beginning, it makes running that partnership and keeping it smooth? A lot easier. But I mean, there's so many things. I don't know if you want to add to that as well.

**Ashley**

32:32

Yeah, I think one of the things that we put in our book are special clauses you may not think of, because Okay, when you're going on this partnership journey, what happens if they pass away? Like, what happens? Do you take over the whole company, are you now partners with their spouse, and that's why it's so important, important to talk about and figure out now what happens down the road, and continuing to have that alignment. So one thing is getting life insurance policies on each other. So for example, if Tony were to pass away in our partnership, the life insurance policy I have on him would pay his wife, Sarah, for me to own the company. And that would be written out in the agreement that that happens. So I don't have to panic and say, Oh, my gosh, I have to go and find $100,000 Now to pay off Sara so that I can own the company, or what if she goes and sells it to somebody else that now I have a stranger as a partner. So I think help putting in place all the different, you know, you can't predict everything that's going to happen in a partnership, but you do have to put in some kind of safeguards for down the road.

You know, Tony, did you mention about your five year exit plan and your joint venture agreement? Yeah. So got it five years, Tony, in each partnership will evaluate if they want to sell the property or not. If one partner says they want to sell the property, then they sell the property or the other partner can buy the other person out and own the property. And they both decide they want to keep it than the partnership continues on. So putting in different kind of check points, I would say having alignment meetings, so you know, every quarter every year, and another piece of that is inviting your significant other to those meetings, because they play a big role in what you're doing with the business and what your partner's doing in the business.

So again, Tony, and I'm partnering, and you know, my significant other says, You know what, I want you to relapse. I booked us six months in Europe, we're going to be gone. So go ahead and tell Tony like you're taking time off whatever. Tony, on the other hand is like, I'm ready to ramp up let's go to 1 billion baby and all of a sudden he finds out I'm gonna be gone for six months out of the country. So that's where like, bringing in your significant others. Having that meeting in alignment together can really help I'll keep that in shape because your life at home really does impact your life as an entrepreneur too.

Dave

35:06

Yeah, it does very much. You're right on about that. So I guess what would be? How would you go about trying to find a partner, if you knew you needed one. And let's say you don't really have much of a network to kind of resource to start finding one. So how would you find one?

Ashley

35:25

I think the first thing is creating a list of people around you, you know, first you have to do what we've mentioned, a bunch already is, you know, what do you need in the person? And what opportunity can you provide them and stuff like that, but then start making a list. Tony had a unique situation where one of his partners, he saw that they followed another real estate investor that he followed. And so they had that conversation of, Oh, I saw your following David Greene that, so mine, and that's what got them connected into real estate, and then on to their partnership. So finding those like minded people may come up in circumstances, you don't actually expect that person like Tony, I'm sure you never would have thought that

Oh, Mead was, you know, interested in real estate, it wouldn't have been somebody wrote down on your list of potential partners, probably.

So I think talking about real estate, and what you want to do with it, what you're learning about it and be vocal about it to everyone, just bring it up into every conversation somehow. And, you know, take a real estate book with you everywhere, you don't let somebody see that you're reading a real estate book. But social media, one of the first masterminds I was in was just one girl message, I think eight other people and said, Hey, I want to do a call every six weeks with like minded investors kind of bounce ideas off each other stuff like that.

And that was my first mastermind group is, you know, it was nothing paid for anything. It was just a bunch of like minded investors that she had found on Instagram and reached out to us because she saw our content, and it looked like something, you know, similar to what she was doing. So also sharing your journey on social media and sharing your journey is so impactful, doing that research during that journey to get that first deal. That's what the whole rookie podcast is about is, you know, getting rookies on who are It's so fresh in their brain of how they got that first deal.

So somebody who's actually going through the process of finding their first deal, they're gonna give so much more value to somebody else who's starting out than somebody who has 100 deals, and they're like, oh, yeah, I did this my first deal. But and then they go on, it's like, it's so become so vague after a while of what actually happened, what were those actual steps? And what was that mindset, like in the beginning? So that's where people can really add value, so that my biggest tip would be just talking about real estate and sharing it as much as you can?

**Tony**

37:57

Yeah, I think, you know, for a lot of people, for most people, they don't have people on their network that are also investing in real estate that they can just say, Hey, do you want to partner with us? And you know, I was in that same situation, when I made the decision to invest in real estate. I'm a black guy, I've reopened, mostly minority communities. So most of my friends are African American, and Hispanic. And typically, statistically speaking, in those communities, real estate investing isn't really a thing.

So I didn't have a lot of close friends or family members that were kind of speaking the same language as me when I kind of discovered it. So I said, What can I do to surround myself with more people that are working on the goals that I'm working on? And my solution was, I'm going to start a podcast. So before I got associated with bigger pockets, I started a podcast called your first real estate investment. And it's still out there on the internet. But the purpose of that podcast was I wanted to interview other real estate investors about their very first deal.

And I started this podcast in I think, summer of 2019. I did not buy my first real estate investment until fall of 2019. So a full three or four months before I actually became a real estate investor. I have this podcast about real estate investing, and I wasn't being fraudulent. I wasn't on the podcast, trying to seem to be this big shot, you know, hotshot real estate investor. I said, Hey, guys, my name is Tony. I'm trying to get into real estate. So I'm going to interview other people about their first deals, and you guys get to listen to on these conversations. And when I first launched that podcast, I was doing three episodes a week, and I did that for almost six months.

And my thought process was, if I can keep that if I can do three episodes a week, my goal was to do it for an entire year. That's like 100. And, I don't know 50 plus people that I would meet during the course of that year. And guys, when I tell you that those early episodes changed my life. The entire reason that I got connected to bigger pockets was because I met someone through my podcast, who knew someone in bigger pockets. They found my podcast and said, Hey, we're thinking of doing something similar. Why don't you come join us?

All of my partnerships, the very first partner that I found that wasn't my wife his cousin, but the very first true partner that I found, found me through that podcast, the majority of the people that we've partnered with have found me through social media, Instagram, YouTube, wherever. So for me, it was really about sharing my journey with as many people as I can, and then letting the ones that were naturally kind of attracted to me to my story, reach out and say, Hey, Tony, I'd love to work with you.

Andrew

40:20

Those are all excellent tips, and really great practical takeaways that people can use today to go out and try to find partnership. So you mentioned the book. I don't know if we mentioned the title, but maybe we can just remind listeners one more time. What's the name of the book? How can people find it? And then your guys's podcasts again, please?

Ashley

40:40

Yeah, so the name of the book is real estate partnerships. And you can go to biggerpockets.com/partnerships. And we even have a discount code for you if you can use Ashley or Tony for the discount code. And yeah, that's a valid at biggerpockets.com/partnerships. And then in September, it will be available on Amazon and Barnes and Noble also,

**Dave**

41:04

that's awesome. I really appreciate you guys coming and talking to us today. It was a lot of fun for me. I know I learned a lot more about real estate, and I have a greater appreciation for what you guys do and how much more involved it was then I really originally thought and kudos to you for what you guys are doing and awesome podcast. I'm glad there's somebody out there helping people.

So they aren't just diving in and making all the dumb working mistakes that you could I would make so that you guys have that resource that people can go to, like Tony was talking about start their own network. So you know, the real estate rookie podcast, it's fantastic. You guys are doing a great thing for people. And we appreciate you coming and talking to our listeners today. And I know that they're gonna get a lot of value from this. So thank you.

**Ashley**

41:47

Yeah, thank you so much. Anyone who wants to learn more about real estate, you can reach out to either of us on Instagram. I'm at wealth from rentals, and Tony's at Tony J. Robinson on Instagram.

**Dave**

41:58

Awesome. Awesome. Well, thanks again, guys. We really appreciate it. Thank you.

**Tony**

42:02

Thanks for having us.

**Dave**

42:03

Yeah, it was it was a lot of fun.

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