

MURILO A. PERES

CHANGE YOUR LIFE — THROUGH — REAL ESTATE INVESTING

How to achieve financial freedom, exit
the rat race, build tangible passive
income and live life on your terms
through Real Estate investing.

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PREFACE

In this book, I share the daily habits, strategies, and mindset that it took me to succeed in my 16-year journey through this ever-changing real estate investing world, which allowed me to achieve financial freedom by the age of 45.

I will also include many of the costly mistakes and failures that I had to overcome along the way to achieve the financial freedom I enjoy today, because after 300 real estate transactions, from marketing, buying, renovating, flipping, renting and building, I am a proud holder of many diplomas from the School of Hard Knocks.

Sharing some of that hard-earned knowledge is my intention in this book, so other people can benefit from my expensive education that in a way, was the only true way to grow as an entrepreneur and a person.

Financial success as an entrepreneur is directly related to the number of mistakes and failures that happened along the way and that is just a fact, not a possibility.

I genuinely hope to inspire and help as many people as possible to change their lives, so they can achieve the financial freedom they desire.

Many people have told me throughout the years how inspiring and motivating my journey was and that I should

write a book about it, but I never saw it that way because as an immigrant, any feeling of entitlement is not really a thing.

After a 16-year journey as a real estate investor that completely changed my life, I decided to stop procrastinating and take the time to put it on paper, or should I say, type it?

I hope it can bring value and inspiration to your journey.

Check out my website and follow me on social media for all my updates and valuable content.

Website	www.muriloperes.com
Facebook	www.facebook.com/MuriloPeresRealEstate
Instagram	www.instagram.com/muriloperes_realestate
LinkedIn	www.linkedin.com/in/muriloperessoromoveis/
YouTube	www.youtube.com/@MuriloPeresRealEstate
Tik Tok	www.tiktok.com/@murilo.peres.real.estate

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ABOUT THE AUTHOR



Murilo Peres immigrated to United States in November 2002, he chose Southern California as his new home and he was 24 years old, he had a Bachelor's Degree in Physical Education and Sports Training, a basic knowledge of the English language and because he had worked throughout his whole 5 years in University, plus some of his teenage years, he was able to turn all his life savings at the time into the 3000 dollars he had when he landed in California.

His Real Estate Investing journey officially started around the end of 2007, while still working at his last job as an employee, where he kept hustling with Real Estate on the side for two more years working at least 14 hours a day to finally in 2010 be able to quit his job, never look back and begin his real path of Entrepreneurship that since then has completely changed his life not only financially but in overall health and happiness.

He started investing in Out of State rental properties with no money down (That same technique is much harder nowadays) and since then he has marketed, wholesaled, rehabbed, flipped, built and rented over 300 properties.

Murilo is also a world traveler, an avid surfer and a health and fitness enthusiast.

His passion for traveling the world is deeply embedded in his soul and so far, he has visited more than 30 countries and almost the whole United States.

He speaks fluent English, Portuguese and can do well in Spanish.

1

Humble Beginnings

I will make this chapter short because I do realize that most people reading this book won't necessarily care about any of this information, but I genuinely believe that this is the foundation on how my journey started.

I grew up in a medium-sized town in Brazil about 100 miles from the giant city of Sao Paulo

(22 million people in 2024).

Growing up, I always lived in a humble, but clean and decent home, food was never an issue, there was always a simple, but a working car in the driveway, but as far as material possessions go, that was it.

My parents never had the money or the intention of spoiling me or my three other siblings, my father worked hard to support a family of five and my mom made sure

that her four children were being raised to their fullest potential.

Even though our family didn't have material possessions, we were genuinely happy and grateful for what we had which in Brazil at the time (80's and 90's), it was still more than most of the population.

My parents knew they had to spend their hard-earned money wisely by investing in their children's education, so, I was lucky to attend a good private school from 1st grade to end of High School, but actually, the only way they could afford that school was because every year based on my grades (Mostly A's and B's), the school would grant them a tuition discount of around 50% and that was essential for me to continue to attend that school.

When I was 12 years old, I started working part-time during the lunch rush hours as a dishwasher and food runner at the Restaurant that my father used to manage.

In Brazil, most kids go to school from 7 am until Noon and that's how I was able to help my father during the weekdays for a few hours and also weekends when he needed the extra help.

My father switched jobs and I stopped helping at the restaurant when I was 16, so, after that, because now I had tasted how good it felt to earn and save a little bit of money during the next two holiday seasons, which were

my last two years of High School, I worked at the mall selling shoes and those were very intense few weeks.

I worked twelve hours every day seven days a week until December 24th and that job was 100% commission based, so that is when I truly learned the meaning of hustling!

That's when I started to understand the concept of earning money through hard work and that has been a part of me since.

Because I had created such a good foundation with my private school education and my hard work as a student when I finished High School, I was accepted to the BEST University in Brazil on a 100% full Scholarship and that was a massive accomplishment for me and my family.

Attending a private University would not have been an option on my reality at the time, because in Brazil, there were no student loans like in the US, at least not back in 1998, maybe now things have evolved a little more in that aspect, but I am honestly not sure.

In February 1998, when I started my new life in the city of Sao Paulo, which is one of the biggest cities in the world, my father used to say, I was attending two Universities at the same time, the one I was accepted, plus the University of life, which at the time I didn't get it, but after a while, I certainly did.

During the University years, I always lived with at least 4 more students and during my second year, we were as many as nine of us in a three-bedroom house, so we all could save as much as possible on rent.

On my first year's second semester, I started working during the evenings as a soccer coach in a nearby Condominium just to earn enough to survive and help with rent, but after only a few months, a friend of mine told me about this job that he had started also during the evenings, and I decided to check it out.

Our school schedule was from 9 am to 5 pm, so evenings were my only option to have a job.

The job was about Preventive Medicine and University students from different Health and Medicine fields would go to evening High Schools (In Brazil, millions attend evening schools because they need to work during the day to survive and that is their only chance to earn a diploma).

It was a one-hour lecture on many topics involving Preventive Medicine, such as Drugs and Alcohol problems, Stress Management, STD's Prevention, CPR and First Aid Techniques, and other subjects.

After a very intense training period by the founding Doctors, I started working every evening after school from about 7-11 pm. That job was hard, and my days were very long, but I was in my early twenties and without other

financial options, I stuck around for almost four years until my last semester before graduation.

During those years, not only did I develop a massive social skill from thousands of hours of public speaking, but I also shared that potential life-saving knowledge with more than one hundred thousand people while earning a decent amount of money.

Back in 1999 for a 20-year-old kid in my circumstances, that was a very impressive accomplishment that deep down I am still proud of it to this day.

All the hardest parts of your life are the finishing pieces of the giant puzzle that we all have to finish to achieve financial, mental, physical and spiritual success.

It was the summer of 2002, during my School's last winter break before graduation (I was still in Brazil, remember?) when I had the amazing opportunity to visit Southern California for a couple of weeks.

That was my first time visiting the US and let me tell you, it blew my mind!!!

After experiencing the American way of life in Sunny Southern California during the summertime for those couple of weeks, I was so impressed that I remember like it was yesterday, I was on the airplane flying back to Brazil and right there and then, I decided that I was going to finish my school, earn my Bachelor's Degree and move to California!

I remember feeling borderline depressed after going back to Brazil, but at the same time, super excited about the idea of living my life in a much better Country.

In November 2002, after my graduation ceremony, without any hesitation at that point, I emptied my bank account, exchange all the money I had saved my whole life at that point (Only \$3000, based on a horrible exchange rate at the time), packed a bag and flew to California to start my new life Journey.

Here is a funny short story I want to share.

I landed in California on the morning of November 28th, 2002, and I remember thinking, OMG, how can this airport be so busy on a regular November Thursday morning?

It turned out, it was Thanksgiving, but I had no idea!

Thanksgiving will always have a very special place in my heart because there is nothing, I will ever be more thankful for than moving to United States and having the opportunity to live my life in this great country.

2

Life before Real Estate

While millions of people immigrate to the United States every year, but never truly care about learning fluent English and integrating with the American way of life, I always had the opposite attitude.

Since my early days, my goal was to master the language as fast and fluent as possible, so I could have the same opportunities as any American Citizen and not have to limit my life and success as a new member of the society.

I remember asking my first American girlfriend to always immediately correct me when I said anything wrong and that helped me to learn English much faster in less than one year.

During my first year (2003), I worked as a waiter in a few different restaurants, so I could learn and practice my

English, once I felt more confident with the language, I became a Certified Personal Trainer and I finally started doing what I liked, but without having the Social Media power of advertising that we have today, it was a difficult time.

I worked in many different gyms for less than \$20 an hour, when the gym was charging the members \$60-\$80 per session and I also did some private sessions either at people's houses or other facilities, but the money was just not enough.

Being a Personal Trainer was a very challenging area to succeed financially, and I decided to apply for a job as a delivery driver for FedEx Express.

At the time, while still in my mid-twenties and trying to figure out my path in life, it felt good and the job was actually fun for someone as athletic and young as me, but even though working there was good and I made many friends along the way, I always knew that delivering boxes was not my calling.

3

When the OPPORTUNITY came, how did I handle it?

So, there I was, working as a delivery driver, for at least 10 hours per day, Monday through Friday, plus some Saturdays, barely earning \$50,000 a year.

It was around August of 2007, when a co-worker and friend, approached me for the first time and mention that he had just started investing in Real Estate and he asked me if I was interested.

At first, I was skeptical, because I had zero knowledge about that Industry, and I told him maybe, but I needed way more details. He told me he was going to keep me posted because he was also brand new to it, and he should have some good updates in a month or so.

Here is another short funny story.

I remember learning the meaning of the word Escrow during that time, because to me that kind of sounded like a squirrel! Believe me! Mastering a second language can take some time and it can be full of funny moments also!

Even though I was skeptical at first, I started to read books and search the internet to familiarize myself with the possible opportunity.

So, now it's been another 30 days or so and my friend finally approaches me again, but now he has finished the buying and refinancing process of his first two houses and he is now excited to share it with me, so we schedule a dinner, so he can fully explain to me what had happened to him in the last 3 months or so.

At that particular time, the opportunity was to purchase turn-key out of state rental properties that were either being rehabbed or already rehabbed and rented.

The funding of the purchases was done by hard money lenders, which are either regular people with enough money to lend or Companies specialized in that short term lending.

The refinance process was through Countrywide at the time (Bank of America took over the Company in July 2008), but nowadays it can be done pretty much by any bank or Mortgage Company with conventional or DSCR loans.

During our dinner, he explained that he just bought two houses using somebody else's money (hard money lender), then turned around and refinanced those same houses using the Bank's money and finally ended up with a 30-year mortgage plus an average cash flow of around \$300 a month per property without spending \$1 out of his pocket.

I was DEFINITELY sold on that investment opportunity!

The first thing I did was to book a flight and go see for myself what was the deal with these houses, the area and the people involved. After that, I decided to go ahead and move to the next step, which was getting pre-approved by the long-term lender (Countrywide at the time).

Once pre-approved, now it was time to choose which properties to buy and that was an important and scary part, because at that point, with limited knowledge of the area and Real Estate investing, I had to rely on the seller and the Property Manager to help me make those choices.

Just a few years later, that turned out to be a horrible decision.

Sit tight and buckle up, because my first Hard Knocks class is just about to start on this journey.

In January 2008, the Real Estate crash was just about to explode and one of the main reasons was because anybody with a beating pulse, for many years before that moment had gotten approved for loans that they should

never have and to be brutally honest, at the time, without even realizing, I was one of those people.

After going through the whole purchase and refinance process on my first two properties, which took about 45 days, I felt great about it and I decided to get serious.

Based on the very loose lending guidelines during that time, the bank gave me the green light to purchase three more properties at once instead of just two, so that's what I did. So, now I was working on my next three purchases at once.

Around May that year, I heard good things about another city only four hours away that was an even better market to do invest the same way and decided to check it out. I was very impressed by their operations, and I decided to switch markets, but still using the same strategies as before.

I met two potential sellers that impressed me, and I decided to buy from both to determine who had a better business structure.

Because the bank was allowing me to maximize the opportunity, I immediately bought three more houses and repeated that three more times, so by end of August, I already had 11 refinanced properties and three more in the process, shooting for 14 in the next 30 days or so.

Can you believe that? I almost couldn't.

I was so excited about that new reality that only took me less than one year to accomplish, that I thought I was going to buy at least 100 more properties that way and my life was going to change forever in the next couple of years!

Unfortunately for me, shortly after I purchased three more properties the same way and started the refinance process, in September 2008, Fannie Mae (Federal National Mortgage Association) conducted an emergency meeting and it was decided that effective immediately, the maximum number of loans allowed per person or entity became ten instead infinite.

Now comes a fun fact, guess who just had acquired his eleventh mortgage loan less than 30 days ago? That's right, me!

I received a phone call from my loan officer, and he said, "I am sorry, but the rules just changed overnight, and I no longer can refinance your three new properties, and that was effective immediately.

Well, we all have heard the expression that shit rolls downhill, so at that point, without having long term finance in place, the hard money lenders had to take the properties back and resell them to someone else that hadn't reached the ten properties cap yet to solve that situation.

So, now is around October 2008 after all that drama got sorted out and there I was, still working as a delivery driver, but with 11 financed and cash-flowing properties in two different states, so what now?

I didn't have enough cash to continue purchasing more properties and long-term financing was no longer an option, so I found myself facing a crossroads.

The last 12 months had been the most exciting time of my life and now I was supposed to just go back to work and deliver more boxes?

I had learned so much during that year by being very involved in the process and I didn't want all that acquired knowledge to go to waste.

I had flown 4 times that year to check on the houses and the progress, so the thought of just leaving it all behind and continuing working did not sit well with me at all.

So, I took a deep breath, did some thinking and decided to offer the two new sellers I had purchased my last six properties from, a possible partnership.

In that possible venture, I would advertise their properties to new buyers (At that time, it was a buyer's market, so there were way more properties available than interested buyers) and they would pay me a flat fee per property sold.

With this new set up, everybody would win, the sellers would sell more properties, more people like me would benefit from that great opportunity, and I would generate extra income and still be involved in Real Estate investing.

That's how the new chapter of my journey got started and from that point on, even though I kept my job as a delivery driver for another 15 months, I took that new opportunity extremely seriously, and I dove in headfirst without any hesitation.

4

The Marketing Phase

Well, now the real fun is about to begin!

I started small and once I had a solid understanding with both sellers, I started to personally sit down with my closest friends individually to fully explain what I had done during 2008.

With all eleven rented houses, my cash flow was around \$3000 a month, and that had just happened in less than one year with practically no money out of my pocket.

If you are guessing that pretty much every person that I talked to became very excited and at least tried to get pre-approved, you are right!

Even though most people wanted to do it, not everybody was able to qualify for the long-term financing, and that was the main reason why probably 50% of the

interested people were not able to take action and start investing.

It was a no brainer at the time, it was almost insanity not to do it, especially if you were from California or anywhere else where most houses cost at least 500-600k and that was a normal property cost to you.

Most Turn-Key houses at the time (already renovated and rent ready or already rented) were selling for around 50k and those rents varied from \$700-\$900!!!

Those prices were unheard of by most of the people that I was talking to and that made the opportunity even more desirable based on the very low exposure of practically no money out of pocket invested.

Next thing I knew, I was slowly juggling my full-time job, sitting down and spreading the word at least 3 times a week, plus being a mentor to at least one active buyer at any given time.

That crazy pace went on for the next 15 months before I decided to officially quit my job and dedicate myself full time to Real Estate.

Back in 2009, smartphones weren't that smart yet and I remember countless times during my routes having to use customers fax machines, computers, and printers to take care of my side Real Estate business and most customers were always glad to help me out!

It was some crazy times, but it was totally worth it!

So now, it is 2010 and I had made the right moves and plans to be able to quit my job, which is a very important detail to keep in mind because before quitting, I made sure I leveraged my last two years of W2's, job history and paychecks to finance the purchase of my first house and a brand-new car.

Basically, for the last two years, after doing what I had to do, now I was ready to start doing what I wanted to do!

March of 2010 was a very special moment in my life! Regardless of all the excitement I've had for the last few years, being able to finally live alone in my own house that I just bought with all brand new furniture and a brand new car in the garage, was a massive accomplishment that made me very proud and even hungrier for life and business.

At that point I realized, that after all the years that I drove a simple car and had roommates, even when I could have pulled the trigger earlier, I felt like I've had conquered the world, but my real journey was just getting started because now I was no longer an employee and that was also a very satisfying feeling!

From that point on, with my full time and attention towards growing my business, I became way more serious, and I decided it was time to get some help from social media, in particular, LinkedIn.

At the time I only had a Facebook account because of my close friends and family that were still in Brazil and frankly, I was not that into it.

From 2010 to 2012 I built a very impressive LinkedIn profile with sixty real recommendations that people wrote one or more paragraphs about their experience working with me and how I had helped them to better their lives through the mentorship experience I was providing.

During those years, My LinkedIn profile grew to be one of the most impressive at the time and that helped me to reach a new level of marketing, and that's when I started to mentor people from several parts of the world and not just people I knew or their referrals.

In 2012, I realized I had helped and mentored almost 40 buyers from many countries and had been part of over 200 sales since October 2008.

That felt great, but I was officially burned out on all the emails, phone calls, texts, and sit-downs that I had to do to continue that path, and I decided to change and was only going to help whoever was already in and I was no longer taking new clients, so that way, I was able to transition to something new.

By then, the market was starting to show signs of an upward trend, and I decided to change paths and start buying, fully renovating and reselling homes. I became a retail flipper and since then I've flipped almost 100 houses.

5

The Fix and Flip Phase

First things first, I had to find a local Real Estate agent to help me with that new business venture and by asking some of the people I already knew, I got some referrals, and I checked them out.

It is hard to know at first if a Real Estate agent is the right one for you, because only after going through your first deal together you may be able to determine that, but in my case, I have to admit, I scored.

The reason I know that is because I did try a few other agents in different areas throughout the years and they just could not deliver what I needed. Most agents know how to represent a buyer or a seller in a conventional sale and that is pretty much it.

First of all, I was 1800 miles away, so the first thing I needed was an agent that understood that, and it was willing to go the extra mile because there are several extra

things she had to do, that I could have done if I was a local investor.

Second, you need an agent that REALLY understands the area, because flipping houses for maximum profit require a deep understanding of the neighborhoods or subdivisions you are working with and that includes many factors, such as, schools, property taxes, proximity to parks, shopping and restaurants, and many more.

Finally, you want to find an agent that has dealt with foreclosures and investors before, because as I already mention, most agents only deal with regular sales representing a buyer or a seller and that is a different ball game from investing.

My agent has been the same since day one and we have been together for over twelve years at this point. She has gone above and beyond every time needed and I truly appreciate her. Our strong relationship has been very fruitful, and it has generated around 200 closings since 2012.

My retail flipping business has been 1800 miles away from where I reside since it began, so having the right team has always been essential, but, unfortunately, that was the biggest challenge I had for at least the first couple of years.

Based on my experience, running a long-distance business as I do, it can be a very challenging task, because

first of all, in the Real Estate industry, I can easily say that about 80% of the people are a joke and barely 20% are true professionals.

I know that statement sounds harsh, but that is a strong belief of mine, solely based on my true experience dealing with dozens and dozens of different trades in the business.

Taking advantage of a possible situation is an instinct that is embedded in most of us, and when you are part of a business where most people are not true professionals, you have to keep your guard up, write contracts as tight as possible and keep a very close eye on the operation if you want to minimize your risks and losses.

I went through at least a dozen different contractors and sub-contractors in the first two years of flipping houses, because even the ones that did a great job at first, all they were doing was setting up some trust, so they could screw you on the next job.

Most of them worked on one house only, because the quality of their work was just not good enough, dealing with them was too difficult or they were so bad, that, I had to fire them and find someone else to finish the job.

Back in 2013, certain helpful tools like Angie's list, Home Advisor, Yelp or even Google reviews were not as developed and useful as of today, so being able to choose

the right contractors was not as easy as today and all you could do was believe in a referral or take a chance.

So, as you can tell by now, finding a good team that you can trust is 100% the hardest part of this business, especially if you are going to venture out of state based on their better returns and opportunities like I have.

The first half of 2014 was the worst time of my life!

Until that point, even though I had experienced plenty of stress and problems, now, I just had hit the jackpot by dealing with the most unscrupulous contractor of all and that was hell!

I will share this one story because even though it was the worst time of my life, I genuinely believe that it was the kick in the ass the Universe decided to give me, so I could elevate my game to a whole new level of awareness on how to move forward and become a much better investor and entrepreneur.

I know that the whole nobody achieves success without failing first sounds corny and sometimes, maybe even BS, but, I haven't personally met anybody yet, that had a smooth run to the top no matter what business they were, so I guess the Universe is just watching us all and nobody can hide for too long.

Ok, so here is how those worst six months of my life got started.

It was the summer of 2013, when I came across a new contractor and he seemed very legit, we met at his office, he called himself a General Contractor, had a partner that at the time I didn't know, but that was the money guy, all he had on that partnership was the suppose license and expertise.

He was a very friendly and knowledgeable guy and at the time we met I didn't realize it, but he was also a big smooth talker, which in most cases I've encountered after that, it is a gift that is commonly used to deceive and hurt people most of the time.

Anyway, I hire him to work on this 4000 sq feet flip and he did a pretty good job within our contract time frame and that's how he gained my trust. I am going to admit here, at that point, I was still new to the rehabbing and flipping game, also, I lacked very important knowledge in construction and material cost and that was most likely why things went the way they did.

As soon as he was done with the first job, now that he had over delivered in many ways, I hired him to start another rehab in a 100-year-old house and he got started right of way.

After showing some good work and time frame again in the new job, because it was an old historic house, he saw his first opportunity and told me that I had some foundation issues that needed to be dealt with and he

came up with two (not just one) different invoices showing me what needed to be done and the cheaper one was for 13k, so I told him to go ahead and do it.

Well, the problem wasn't just the fact that 13k was already overpriced, but on top of it, the work never got done and those two invoices were both fake! I mean, really fake!

He made them up to steal my money and it worked, but I didn't get to figure that out until another month went by and by then I needed him to help me with another job that the previous contractor wasn't capable of finishing for lack of skills.

Once he realized he had my trust and on top of that I was also in a pickle with the other job and I needed help, then he went for the kill and while finishing the rehab on the old house, where now he was trying to screw me on every angle, he started to do the same in the new house.

Long story short, about 4 weeks after all that transpired, I finally started to notice what was going on, because there is only so much you can say you did, but you didn't before you get caught, so I finally put all the pieces together and I confronted him in a meeting with all the team members at his office.

Not only during that meeting, he admitted to fraud in almost everything he had done, that added up to about 50k in damages, but the day after he hired a scumbag

Attorney to record mechanical liens on both of the properties for 100k each!!!

So, that's when my official nightmare and Master's Degree from Hard Knocks got started.

Up to that point, I had never hired an Attorney in my life and had no experience with the judicial system and let me tell you, it was the most stressful experience I've ever had because the laws are written to allow bad people to get away with doing bad things! It is that simple!

So now, I am realizing that the offensive strategy that he just used was going to cost me thousands of dollars just to be able to prove that those mechanical liens were total BS and with that strategy, he was hoping that I would give up suing him and would agree to drop everything if he released the liens.

Once my Attorney explained to me where I was in that scenario, I got furious and decided to sue him, his Company and his wife for all the real damages that he had truly caused to my Business, because I couldn't accept that someone like that was going to get away that easily.

But if you ask me now, I probably would have handled things differently if I knew then what I know now. The only winners in 95% of all litigation suits are the Attorneys making a fortune because even if you win a case, the hardest part is still ahead of you, which is collecting any money from that crook person or entity.

To finally come to an end here, that lawsuit dragged for six months because his Attorney kept delaying the process on every opportunity, until I finally stood in front of a judge that, based on all the evidence showed by my attorney, ruled 100% on my favor, ordered his attorney to release the liens and for him to pay me back.

That felt great at the time, but again, I was still learning about the judicial system, and I didn't know what was about to happen next.

The liens were released within a week and that was a nice accomplishment, but then before I even had a chance to try to start the collection process, him and his wife both filed for bankruptcy and that's when I learned that all that I went through was for absolutely nothing and it had cost me another 10k in Attorney's fees and the worst part of all, was the stress that I went through that caused my health to suffer.

After that pain was over and both of those houses got finished correctly and now are either sold or for sale, based on my newly acquired Master's Degree, I became way more involved in the daily routine, plus I made sure that my actual construction skills and knowledge improved very quickly and I decided to change how I was conducting my business.

That is when I realized that I needed to find a real general contractor that had been around for a while, had a

license and also was insured and bonded, and do you know why?

I had just learned a giant lesson that year.

That lesson was, only hire Contractors or Subcontractors that have something to lose. People that run legitimate businesses don't go around screwing people for a living, because once they lose in a courtroom, they have assets to be collected, so they will hardly ever put themselves in that situation.

Make sure that before you hire a contractor, check them out extensively on social media, public records, court records in your county and whatever else you can think of, because that may be the only way to feel some real peace of mind after hiring them.

Another drastic change that I implemented immediately was to start purchasing all the materials myself and having a contract only for the labor involved and that minimized my risks, plus, I was learning the real cost of construction materials, and that also made me a much better overall investor.

Meanwhile, I am now developing a serious relationship with my local Lowe's and Home Depot stores and once you start to spend big money with them, the treatment you get and the discounts you receive also make a big difference in running my type of business.

After a couple of years of some serious real-world education, things are falling in place and the flipping business is going smoothly, and now that I've implemented some changes, by being on top of things daily, things finally started go on the right direction.

I've set up a system, where my agent would stop by all the rehabs on Tuesdays and Fridays to check on the progress and to send me pictures and videos, so that way, the worst a contractor or sub-contractor could possibly BS me was for 72 hours, and that small adjustment gave me a very important peace of mind moving forward and also put some pressure on the contractors to perform as expected, because they all wanted to get paid on Fridays.

As I mentioned before, having the right agent on your team is a must and having a team where everyone has their best interest, things are going well and everyone is constantly making money is essential, because now, that team is unstoppable and to win in this business, you will always need to rely on people.

Any real estate investment strategy that involves construction is still a business mainly performed by people and that most likely will not change any time soon, so people skills and a good team around you are still very important keys to success.

Now is the second half of 2014, and for the first time since I started to flip houses almost two years before that,

I am finally running a smooth business that is drama and BS-free, but still a lot of work.

During that time, I started to be way more involved on the daily activities, even though I was 1800 miles away most of the time and I started to fly and check everything as much as needed based on how many projects I had, but on average, I spent a few days there every three to four weeks doing everything that was needed in person.

My daily routine, since I started flipping houses, was to check on all the MLS updates of the last 24hs for all my saved particular zip code and neighborhood searches, plus a few other websites that had good opportunities for investors like me.

Then, whatever had potential, if anything that morning, I would immediately start doing some due diligence and that included having my agent send me a good walkthrough video of the property (Because I was not there to do it myself, otherwise I would), so I could now figure out a close enough renovation cost to be able to move fast and submit an offer that day if possible.

Practically all the properties I purchased from 2012 until now, they all came from this daily routine, which a lot a people out there offering quick success methods and strategies, say is a waste of time and not efficient. Well, in the real world, where success does not happen overnight, it does work if you are consistent.

Everything was doing well and the team kept getting better and better, but in 2017, now that I already had my master's degree, I started pursuing my first Hard Knocks Ph.D.

Things were great, and my Contractors had been able to consistently handle two to three houses at the time, nonstop for over two years and that made me feel very confident when the opportunity of purchasing four houses practically at once came along.

After having a serious discussion with my Contractors and being reassured by them that they could handle all of it, I decided to move forward, and I purchased all four properties around the same time.

Let me save you some time here and say it. Have you ever heard the saying, don't ever put all your eggs in one basket? I am sure you have and let me tell you something else. That definitely applies to this example and in any similar Real Estate scenario.

Hardly ever contractors will tell you that they can't handle more work because that's the essence of the game for any of them, they will secure the job first, then, figure it out to make it happen, no matter what, but sometimes, even the best of them will get overwhelmed and things can get pretty bad for the clients.

Out of those four new rehabs, two were one of the most complex ones I've ever done to this day and they

took almost 6 months each, plus the other two, even though, not as complex, they both had at least 4000 sq feet and no matter who you are, that full renovation is a lot of work just because of the size.

Believing that my contractors could handle everything, definitely became a massive issue about 30 days into those four projects, because now, the operation was far from smooth and my contractors were overwhelmed and there was not much I could do at that point, but keep the pressure to a certain degree and hope that nobody was going to lose it and end up blowing a gasket.

Another factor driving me nuts at the time is that, no matter how badly I was disappointed and stressed with that situation, I had to look at the bigger picture and realize that, if I put too much pressure or complain too much about what was happening, I could end up breaking up the team and if my contractors decided to walk away, that bad situation would become ten times worse for me overnight.

I couldn't just find someone else to take over one or two of the projects, because my contractors had already started on all four, and that was going to complicate things between us.

Basically, I had no choice but to endure those long months that took me to finally wake up from that nightmare and have all four houses either sold or for sale.

You may be asking yourself, why was such a problem taking longer?

The answer is that on two of those properties, I had acquired short term loans for 120 days with a hefty 3% penalty if not paid on time, so, I was very concerned with the possibility of losing a very decent chunk of my profits on those two deals.

What I decided to do to clean up that mess was have my contractors focus 100% on those two houses and leave the other two for later, so for over a month, I had practically no progress on two properties and that is far from optimal in my kind of business.

So, what are the two biggest lessons I learned in 2017, after rehabbing only five properties, but spending over 600k just in renovations and feeling stressed and overwhelmed for half of the year?

First, don't put all your eggs in one basket. My suggestion is to give your contractor a maximum of two houses at the time if you are doing full renovations in Retail Flipping, but it is up to you to judge how much work you are dealing with and plan accordingly.

Second, do not allow yourself to be against the ropes like I have. What I mean by that is, don't allow the same

contractors to rehab too many houses at the same time, that way, you will not have to pick your battles before speaking your mind and you will minimize your risk if your contractor decides to walk out on you for any reason or circumstance where you guys have a big disagreement.

Also, always have at least two contractors you can rely on and try to divide the workload between them. That way everybody is always busy and appreciative of the work they have.

6

My first new construction project

Around March 2017, I came across the opportunity to purchase a vacant lot in an upcoming midtown neighborhood and the plan was to build a new house and sell it.

I had spotted that lot because I was working on a flip around the corner and I knew that, building a new house in that upcoming neighborhood would be a great idea and possibly a big profit.

Once I tried to figure out who owned it, I learned that the lot was being sold through a County Tax Deed Auction in a couple of months and that was good news, but at the same time, I had never dealt with that before, so for the next month or so, I started doing some homework on how those auctions even worked.

Once I figured it out, I was able to purchase the lot, but at the time, things were just crazy with the four

projects and I decided to put the new construction project on the back burner until things calmed down a little.

Well, things only officially calmed down around the beginning of 2018 and that's when I decided to get cracking.

When I purchased the lot, it was summer and the lot looked like a jungle, so I wasn't able to even see much, but I knew the size and that a house was there until 2012, so I didn't worry about surprises.

That was my first big mistake and the beginning of my second Ph.D.!!!

First, I had the lot completely cleaned out and now I could see what was there. The lot was actually nice and almost flat, so it looked good and ready to build. At least to my untrained eyes!

Another small mistake I made was cleaning the lot prematurely. I spent \$1000 cleaning up the jungle, but I didn't start building for months and guess who had to clean and pay for it again later? That's right! Me!

Don't ever clean an overgrown lot until you are ready to build, otherwise, you will end up doing it at least one more time!

Now the lot is clean and it looks good, so I called my Structural Engineer to come and check the lot, so I could get a green light to start building, but once he did his soil

tests, he found out that when the house was condemned and demolished by the city back in 2012, the contractors hired, took the easier and wrong route, so, instead hauling away all the demolition debris, they buried it into the basement area and now, that was causing the soil to be unsafe for building.

The good news was that, it was a fixable problem, but the bad news was that to get it fixed correctly, it was going to cost between 10-15k and I wasn't expecting that, but if that was the only way to get it corrected and safe to build, I didn't hesitate and I got it done.

You never want to just build a house in any vacant lot without getting a soil analysis safety letter from an Engineer, because that can open up your business to some serious liability later and of course it would be horrible to hurt someone in the process.

Meanwhile, I reconnected with a builder that I knew, and we figured out the floor plan and the cost of construction, which after a few weeks of searching and discussing, we came up with a good plan.

Now I feel better, I have a safety letter from my Engineer, a chosen house plan and the cost seems to be realistic and profitable, so I am ready to roll and once the builder and I sign our contract, he turns in the building permit at the code enforcement agency, so we can officially get started.

I was excited and ready to tackle my new venture, but then, he called me to share some news that the neighborhood had officially become a historical subdivision two weeks prior and now we had to file for approval with the landmarks commission before starting the construction.

At first, I had no idea how bad it was going to be because I had already rehabbed other houses in historical subdivisions and all I had to do was to follow some guidelines, mostly on the front exterior of the house and I never had a problem.

But now, we were about to build a house in a brand-new historical subdivision and the main problem was that even the city didn't have enough time to figure out what they wanted or needed so that the approval process took four months, and it was a massive pain in my neck!

Only in October 2018, after months of back in forth trying to please the city landmark commission and another \$1000 in plan modifications, the project was approved and construction officially started.

After we broke ground, to my surprise, things went very well and smoothly for most of the project, and I was surprised on how building a new house turned out to be way less complicated than some of my major rehabs I had done to that point.

Of course, things didn't last smoothly for too long and once we got to the finishing stage, dealing with the subcontractors became a stressful job again, because once you are building a house, every subcontractor needs to be aligned properly for the project to flow and making people show up when they say they would, sometimes, it can be a real pain.

Long story short, the house was pre-sold three months before completion for the highest price that the neighborhood has ever seen and even though the process was long and full of costly and painful lessons since I purchased the lot, now I have learned all the steps to build a house and on top of that, I ended with a very nice profit! So, no complaints here!

Finding the right vacant lots or land to build a new house has become more and more competitive in the last couple of years, but new construction is certainly a good way to generate higher profits with way less stress than complicated and expensive renovations.

7

Passive Income through Rental Properties

Holding rental properties is one of the most solid and realistic ways to create long term wealth and passive income.

In 2008 when I acquired eleven rental properties in less than one year with practically no money out of pocket and started to cash flow around \$3000 a month, I thought that being a landlord and having rental properties, was the best move I ever made!

Unfortunately, I was a very inexperienced investor and even though, at that time, I thought I was doing the right due diligence, and I believed I was buying the right properties, within two years or so, things started to go downhill.

My first giant mistake was not to have real home inspections on those houses and believe only in my eyes and the seller's word and pictures that the rehab was done correctly.

I know that sounds almost crazy and stupid, but without real experience, there are dozens of mistakes someone can make in this business and looking back, even though it's hard to accept, those mistakes are a big part of my journey to success because only by screwing up big in the past, I was able to learn, adapt and correct the future.

Practically, seven out of the eleven houses I bought, within the first year of ownership, started to slowly become a money pit and a good chunk of the positive cash flow that I had accumulated from them started to go back, in deferred maintenance expenses, and that was happening because of the poor quality of the rehab that it was done to them.

Luckily, the other four purchased properties kept me financially alive by continuing to generate positive cash flow. Those properties and the rehabs were just done better and that was the only secret to their better success in generating monthly cash flow.

After about two years of ownership and countless issues, I couldn't take it anymore and I decided to sell all the properties and luckily, I was able to liquidate them

without losing money and I even had a tiny profit, which at the time was a big relief.

After suffering from a massive pain in the neck for about one year and honestly getting a little traumatized by that experience, after selling all the houses, I decided to give it a break on purchasing and holding more properties and completely focused on growing my retail flipping business.

It wasn't until late 2018, that I decided to pick up where I left off and I started to acquire rental properties again, but this time, not only I had ten years of experience and a great team around me, but most importantly, I had earned my Master's and my Ph.D. from a very prestigious University (Hard Knocks).

With all that acquired knowledge and connections that I've created to that point, I was able to start slowly building a very profitable portfolio of rental properties through this new method I just learned from purchasing my vacant lot, tax-deed sales.

Tax deed sales happen all over the country, and they are still a great source for investors to acquire highly discounted properties.

Since 2018, I have acquired 94 properties through tax deed sales including more than 50 houses and 40 vacant lots I plan on start building in 2025.

Once you build a solid rental portfolio that not only generates good monthly cash flow, but also has good solid built-in equity, now, you can enjoy the monthly income, but you can also leverage your money way better using that equity as collateral to continue to buy more properties.

There are some key factors when choosing a rental property.

First and most important, is location, because, even though in many cities, you could have tenants in any neighborhood you choose the key factor here is not if you can rent the property, but the quality of your tenants.

The one thing about being a landlord that never changes, unless you are possibly dealing with very high-end properties (which still does not offer any guarantees), is the fact that you will never really know how your tenants are going to behave after they move in.

All that you or a property manager can do is make sure that a possible tenant meets all your expectations on paper, but how things are going to turn out, that will always be an unknown gamble, no matter what you do or don't.

Now, here is a funny real story that I think fits this chapter.

A business associate of mine told me that years ago he heard a tip from a veteran landlord who owns and self-

managed hundreds of rentals. When screening a potential applicant, he always wanted to meet them in person and see them smile.

He said that you can tell a lot about a person based on their smile.

Now, I don't know about you, but one of the things I do religiously each day is, take care of my teeth! I floss and brush daily (at least twice).

Maintaining your teeth takes discipline, diligence, routine, and consistency. If a person has a nice smile, then your chances of them taking care of your property are better.

When I started in this business 16 years ago, there were things I assumed all people did, such as: taking a shower regularly, combing your hair, changing your underwear, brushing your teeth, not farting in public, and paying your bills! Those are automatics... You just do (or don't) them!

Over 16 years in real estate has made me realize that this is anything but the case (how many people think that paying their bills is an option, not a requirement).

And I'm equally shocked at the level of filth people are willing to live in, and the lack of care a property may experience. That's why I want at least some indication of the habits of people who are going to be living in my properties, or people I'm going to be in business with!

If I get you to smile and I see a row of "pearly whites"... OK, we might have a future, but, if I get you to smile and I see 1 fang hanging out of your head, or a row of "unidentifiable(s)" that makes me want to gag rather than shake your hand, then I'm a little more reluctant about moving forward.

So, the moral of the story is, if you're not maintaining your teeth, then what else aren't you going to maintain?

So, the next time you find yourself screening a potential tenant applicant, or interviewing a prospective employee, or considering a business partnership!! Remember... LET ME SEE YOUR SMILE :) Because the Teeth Are EVERYTHING ;)

It was a very interesting story, and I did share that with my property manager, but now let's get back on track!

Another very important thing to check off your list is to only buy a rental property after personally checking out the house and the surrounding area, but especially the block where the house sits on.

In most big cities in America, crime and poverty are a reality, so many times, you will have some good rental areas, but inside those areas, you will also have good and bad pockets, and basing yourself in an area, instead of an actual block, sometimes it can be the difference between a good buy or a total bust as a landlord.

The same way that most buyers that can choose to buy on the best locations, better tenants, when they can afford it, they also aim to rent in the best locations, even if it's inside a lower grade neighborhood, and those are the better pockets that you need to make sure your house is located in.

When I mentioned to most investors (Beginners or Seasoned), that I always physically check every rental property I am interested in buying, a lot of them don't understand why and they think I am overdoing it, but, I truly believe that making sure you are buying the right house in the right location for the right amount of money, is the secret to success as a landlord. No way around it!

The second most important thing to succeed as a landlord is to make sure, that the house has either been rehabbed correctly or by doing it right yourself before renting it. If you are buying a turn-key property, make sure the inspector you hire does a very good job, because many turn-key sellers out there will cut some serious corners to maximize their profits, and you could end up with a big costly headache later.

My construction crews have fully renovated every single one of my rental properties and for years now, I have been enjoying true cash flow from properties that have very little maintenance issues, which is the secret to true passive income.

Home maintenance is something that no matter where you live, you can't get away from it. Most of the time, only small things might happen and that is not an issue, but some items are essential to have them checked or replaced before renting any house.

I live in Southern California near the ocean, so the weather around me is very different than most areas across the United States.

The reason why is because we rarely use our AC or Heater, also, we hardly ever see rain and snow is just not a thing, so our roofs last forever and that is not normal when you have properties pretty much anywhere else in the country.

Most areas either have lots of rain, humidity, hot summers and cold winters with possible or lots of snow, so the central air conditioning and heating systems are always overworked and the roofs never really last too long without issues, so, making sure your roof and your HVAC systems are working good, it's a must because those will always have issues unless they are either in great shape or brand new. Most new HVAC systems come with a 10-year warranty and using them can be impressively easy. I had to use it several times by now and it was way smoother than I ever expected.

I personally always install a new roof and HVAC on all my rental properties, because most of my properties are

not in Southern California, but one of the rentals I have in Southern California just had the HVAC system replaced a few years ago after 35 years of use! Can you believe that? That is unheard of in most places!

The next items that are imperative to have it in good condition are your plumbing, sewer line, and water heater. Those items are very important because they are also used a lot and without the proper equipment and maintenance, they can become very expensive problems while renting your house.

I always make sure that all my rough in plumbing is brand new before I install all new fixtures, plus I always replace my water heaters, unless they are 5 years old or younger (A new water heater cost around \$450) and checking your sewer lines with a camera, can be done by a plumber for around \$250 and that can save you thousands if your main sewer line bust or gets clogged really bad for that lack of proper maintenance.

You can make sure your plumbing is in tip-top shape by spending less than 3k in most cases and that upfront investment can save you almost 10k in the future.

Third, make sure your electrical panel and your overall electrical are in good shape. I suggest replacing all your light fixtures and boxes and all your plugs and switches, which is a pretty small investment if done at once before

renting the house, and it will save you from many maintenance calls in the future.

You can replace all your light fixtures, plugs, switches and install a brand-new panel and breakers for less than 3k depending on the size of your house and that peace of mind is worth it.

Of course, you should always inspect for termites, make sure the foundation has no visible issues, try to keep either good windows or storm windows, replace all exterior rotten wood if any, and add a new coat of paint on all the exterior wood. If you do that, now you will be in good shape and everything else is now mostly cosmetic.

Another important item I have been using on all my properties since 2019 is a good alarm system from the moment the renovations start. The two main reasons why I do it are the following.

First, they keep the house somehow secure, because we all know that if someone really wants to break in, they will no matter what you do, but the alarm siren can at least make sure they won't stick around long enough to steal anything that would really hurt you, like your furnace or water heater.

Secondly, they help me keep track of when contactors or subs come and go, because they all have their own alarm PINs and I can always tell if they showed up, when

they showed up and how long they stayed, so it is a very good tool to keep track of everybody.

Last, but not least, make sure that if you have done everything right to this point and you have followed my advice, now, the last piece of the puzzle is to find the right property management company.

Managing your properties is doable if they are in your neck of the woods, but then your possible passive income may turn out to be not as passive at all and if you end up with difficult tenants, you will most likely regret it and will hire a manager anyway. Don't forget to apply the smile technique story I told you before if you decide to self-manage your properties! It may work!

If your properties are in another state, like most of mine are, I strongly recommend you find a good property manager, because attempting to do it yourself, in my opinion, is really not a great option and it could most likely turn out to be a big mistake. At least that is my honest opinion based on my reality.

The right property manager is an essential piece for your passive income dream to become a reality, especially if you don't understand that particular city or area as well as they do, which most likely will be the case if investing out of state.

Most of the bigger cities have at least dozens of management companies and choosing one can be

overwhelming, and even smaller towns usually still have several options to choose from.

In my experience, there is no real formula for figuring out which one is the best, so I would recommend networking with other investors in that same area, so you could get their feedback on which manager they use and how well things are going.

Also, nowadays, you can rely on Social Media, Facebook Groups, Yelp, Homeadvisor, Google reviews and several other websites that could give you the feedback you need to make your decision.

I chose to hire a smaller family-operated company that had been in business for about 10 years and had pretty good reviews from some other investors that I knew.

In my case, having the flexibility of using my people to handle certain issues was something that I wanted, and with a bigger management company, that most likely wouldn't be allowed and to my specific situation, which most likely will be different than yours, that is the route I chose to take.

So far, that formula has worked well for me, and I have no complaints about my property manager. They have been doing a great job since 2019 and they manage dozens of my properties.

8

How to handle the "Analysis Paralysis"

Being afraid of the unknown is a 100% natural emotion in practically all human beings, and the best we can do is try as hard as we can to minimize that fear to a point where we feel comfortable enough to execute a task and finally take action.

Throughout my 16-year journey in Real Estate, I have personally met hundreds of people that were in the same spot in their Real Estate Investing journey, and that was the Analysis Paralysis phase.

What I mean by that is, they all had been reading books, attending seminars, watching YouTube videos and following some called Gurus on Social Media for as long as one year, but they still hadn't pulled the trigger and officially put all that acquired knowledge into ACTION.

There are many things you can do to improve your ability to implement action and stop procrastinating when it comes to investing or anything else you would like to achieve in life.

First, you need to decide what you want to achieve in your life because clarity is one of the most important aspects of human productivity. Being absolutely clear about your goals and objectives and not deviating from them is the most powerful tool you will have to overcome fear and procrastination, which will lead to action.

A major reason for fear and lack of motivation is confusion, vagueness, and fuzzy mindedness about what you are trying to accomplish and in what order and for what reason. You must try to avoid this condition with all your strength by striving for greater clarity of what your goals might be.

Here are more steps to help you achieve clarity and overcome fear.

- 1- Decide exactly what you want. Whether decide for yourself or communicate with other investors or entrepreneurs to discuss your goals and objectives until you are crystal clear.
- 2- If a ladder is not leaning against the proper wall, every step you take will only take you closer to the wrong place.

- 3- Write down your goal on paper. When you write things down, you create something tangible that you can now touch and see, so it is no longer just a dream or a fantasy, but it becomes real with positive energy behind it.
- 4- Set a deadline for your goal or action. Goals without a deadline have no urgency, no beginning or end. Without a definite deadline followed by the desire of completion, most likely you will fall into procrastination and no action will happen.
- 5- Make a list of everything you think you will have to do to achieve your goal and generate action. The more you do anything, the more you learn along the way, so keep adding those items into your list until it seems finished.
- 6- Organize your list into an actual game plan. Define an actual order for what tasks need to be done. Determine what you need to do first and what you can do later. It will amaze you how much easier it is to achieve your goal of action when you break it down in smaller tasks.
- 7- Act on your plan immediately! Do something. Do anything. An average plan well executed is way better than a brilliant plan without any real action.
- 8- Apply the 80/20 rule to your actions. This rule, also called the "Pareto Principle", is a very powerful tool to improve your time management skills now that

you finally overcame your paralysis and finally started to take action.

This principle states that 20% of your activities will account for 80% of your results, 20% of your tasks will account for 80% of the value of what you do and so on.

Obey the law of forced efficiency. The law says there is never enough time to do everything, but there is always enough time to do the most important thing!

I once read a very interesting story that I would like to share.

Someone once drove through a 500 mile stretch of the Sahara desert in Algeria that had absolutely no water, food or anything else but sand in every direction to the horizon.

The only way that was possible was because a while back, the French had marked the track with 50-gallon oil barrels every three miles or so, which was about the distance to the horizon, formed by the curvature of the earth.

Because of that, during the daytime, he could always see two oil barrels, the one he just passed and the one ahead and that was the only thing he needed to accomplish that enormous task.

By following the next oil barrel, he was able to cross the biggest desert in the world by literally taking it one oil

barrel at the time, and that applies to everything else in life. No matter how big a task can be, just take one step at the time and that way you can accomplish anything!

I completely understand how hard it is to put goals and overthinking into action because when I was first introduced to the opportunity of investing in Real Estate, I didn't just jump into it. Remember chapter three?

I experienced my share of the Paralysis for about a month or two while I devoured as many books as possible, then booked a flight to go check out the houses and all the people involved in the operation, got myself pre-approved with the long term lender, then, only after all that planning and task slicing, I finally decided to take action towards the big task of officially become an investor.

In my case, back in late 2007, my friend acted as my mentor, even though he only had maybe 90 extra days of experience than me, but in a way, he was the one that grabbed my hand and guided me through my first move, and that was a big part of finally overcoming the fear of uncertainty and creating real action.

9

How important is a mentor to get started?

In my honest opinion, based on dozens of mistakes throughout the last 16 years, most small, but some very costly, I would have to say that having the opportunity of learning from the right mentor can be the difference between investing and gambling. I didn't have a chance or the opportunity to have a real mentor and I just had to figure things out as I did them.

The only problem with finding the right mentor nowadays is that you have thousands of people across the country selling themselves as experts, gurus and very experienced investors.

These people are all over every Social Media platform every single day, bombarding you with some new course, training, video or book that you can buy to become as

successful as they claim to be, so how to choose one when they all show off their mansions and Lamborghinis?

It depends on what you are looking for, but if you are a beginner that is either trying to figure things out or not even there yet, my humble suggestion is to stay away from ANYBODY that is clearly trying to sell you the dream of a millionaire lifestyle the easy way!

The bottom line is, Real Estate Investing is a solid and proven way to create financial freedom, but if anybody tries to sell you any mentorship related products that over promises success, tons of money, no money out of pocket, easy steps or basically ANYTHING that sounds too good to be true, let me be the one person to say it, they are full of shit and all they care is making more money by selling you that course or whatever it is.

Most of the people you see on the internet pretending to be real investors are merely actors and not true investors. If you demand some of those people to show you what they truly have done, most of them won't be able to show you, because all they do is sell a piece of knowledge that they don't implement themselves and they probably just learned enough to sound like they know or have done it.

Why wouldn't they use what they preach if it is such an amazing formula or strategy? It is very simple. They are not real investors!

I am not saying that success, money and financial freedom are not real in Real Estate Investing, but what I am saying is that those things will come with time and effort if you apply yourself and don't easily give up.

Believe me when I tell you this, I never felt worst in my life, than during some of my expensive lessons I had to endure in the last 16 years, but at the same time, I genuinely believe that the only way to succeed in any business venture is by failing several times, because as humans, unfortunately, the only true way we learn is by suffering financial or physical consequences from our mistakes.

If you search for my name or my Company's name on the Internet, you will realize that for the last 12 years or so, I haven't been active on any Social Media platform other than my personal Facebook account. I finally opened an Instagram business account and created a Facebook page in 2020, then I tried to start posting some business content, but after a few months I just decided to stop.

Do you know why? Because instead of focusing my business on only selling fake dreams to the masses, I was out there growing my rental portfolio and taking care of myself first, before I claimed to be an expert like many others before they even accomplished anything as investors.

One thing I've said for years and when most people hear for the first time, they always seem to have the same realization moment is that the sweet is only sweet, because we know sour or bitter, and that also applies in all aspects of life. We only truly cherish feeling good and happy, because we know how feeling crappy and sad feels.

So, financial freedom and success will only truly feel good and sweet, because to get there you had to experience a lack of money and freedom and taste plenty of sourness and bitterness along the way.

Life is a Marathon, not a Sprint, so plan accordingly.

10

Should you quit your job and dive in?

Well, if you haven't noticed yet, I am trying to be as honest as possible, so if you want to know my true opinion, the answer is, it depends.

Quitting a W2 job if you haven't even started investing yet, it's not a great idea and here is why.

If you have a W2 job, even with a humble income, but with good credit and a small debt to income ratio, you can still utilize banks to leverage your money with financing, so that is one reason to have a good game plan for your leverage and financing before quitting your job.

Real Estate, as I mentioned before, is a solid and proven way to invest, but generating fair to good income from zero, most of the time, it will take at least 3 to 6

months and that is with some serious dedication and networking.

With that been said, unless you have some decent savings that you are willing to rely on and you really believe in your game plan that you divided and organized in clear tasks to achieve your goal, I would suggest paying your dues for a while, spend all the extra time you have watering that little seed of change that you just planted, then once you start to see a few flowers and you feel certain that you can continue to repeat that, that's when you pull the trigger, quit your job and never look back!

Keeping my job for 15 months and paying my dues on my extra time is the strategy that I applied back in 2009 and 2010 before I was ready and able to apply my master plan of financing my new house and a brand-new car before quitting.

First, I did what I had to do, then, I did what I wanted to do!

That mindset works in practically any business, but also, pretty much anywhere in life.

Some people out there will try to sell you the dream of quitting your job, putting all your time into their successful methods or strategies that promise you, giant returns in short periods of time with minimum amounts of effort or expertise, but please, be advised, in the real world, that kind of Real Estate Investing is just not real.

No human being in the history of mankind ever went from crawling to running, so just don't believe anybody out there, trying to say that you can be the first one.

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How can you start with little or no money?

Well, here is the question that most people always ask and to be honest the answer is not that unexpected or surprising.

The answer is definitely YES, but the reality is, without the money to compete with stronger players, you will need to put in the extra time and effort, just like I did from 2008 to 2010 while still working full time for FedEx.

Right now, while typing this book, in November 2024, most of the country has experienced a strong seller's market for over 5 years with a very low available inventory and that does make things more complicated for a beginner, but definitely not impossible.

Whoever holds the property has the power in a seller's market, so the secret is to be the person that

either owns it or has control of it, and what does that mean exactly?

Remember how back in 2008 I had an executed agreement with the two sellers saying that I was getting compensated for all my buyer's purchases? That was having the control, but not the properties.

Connecting buyers and sellers (wholesaling) is still a profitable and realistic way to get started because even though social media can do wonders in marketing, there are still many sellers out there struggling to sell their houses, because of their lack of Internet marketing skills and those are the ones you need to focus on.

You should never assume that every possible seller out there already uses social media to market their properties because not everyone has the time, the desire or the skills to do it and those sellers will gladly work with someone willing to put that time and effort to just connect them with pre-approved buyers.

Also, social media works on a mass scale and that still seems fishy for a lot of the skeptical people out there. Most of them will respond much better to a more personal face-to-face experience. Remember how I used to sit down with people individually in a more exclusive and personal way? That extra effort always worked better with all the indecisive and skeptical possible investors.

Other realistic ways to get started are the following.

You can put the time to search every possible Real Estate sales-related website seven days a week religiously and that way, possibly get ahead of other buyers. That worked very well for me for the last 12 years and I was able to flip 97 houses by using that method daily.

Back in 2012, my Real Estate agent set me up with an automated search of all properties listed on the MLS from only the most desirable neighborhoods and zip codes in town because that is what fitted my business model of retail flipping, but a realtor can customize searches in many ways to accommodate your needs.

That way, by keeping up with that updated information at least once every single day, I was able to act faster than a lot of other investors and get houses under contract before them.

So, believe me when I say this, even though it sounds like you have to put so much time to accomplish anything as a beginner, in reality, it's about working smart most of the time, not necessarily hard and with crazy hours.

I was also peeking through several other websites daily to complement my already well set up MLS search.

Here are the top websites I also search for, but there are dozens out there nowadays.

www.hubzu.com

www.zillow.com

www.realtor.com

www.treasury.gov

www.redfin.com

www.homepath.com

www.hudhomestore.com

www.homesteps.com

www.auction.com

www.loopnet.com

Don't forget, when you are researching daily, you are not going through thousands of properties every day, but only the new updates, because once you are caught up, there are only so many new properties getting listed every 24 hours in a certain area or city. That's why if you do it daily, it's not as much work as you may think, and the only real time-consuming day will be your first.

Another way that may not sound too effective, but it has made me a very good amount of money throughout the years is to drive around some of the areas of interest and look for that one ugly, overgrown and rundown house that does not belong in that nice neighborhood, then write

down that address, do some homework, contact the owner and see if they have any interest in selling.

You can find out pretty much anybody's phone number if you pay a few dollars to white pages or use other apps or software available for skip tracing and that's how you can contact the owner by phone instead of showing up at their front door. There are many options available today for skip tracing services.

My mentality was always the same when it came to approaching someone to possibly buy their home, you never know what kind of hardship or distress that homeowner is possibly going through at that time and the worst that could ever happen was for them to say no and I wasted some time, but when they say yes and you can work out a deal, you now have a big score in your hands just because you were the person that took that chance.

Without really meaning to do it, I stumbled across 12 of those properties since 2012 and they turned out to be great flips and profits, so if time is on your side and money isn't, take a couple of hours every day and slowly drive around some of areas that you are interested and you will be amazed on what could come out of your efforts.

So, if you have time and you can generate control of properties by applying some of the options I gave you, now, you can have a contract to purchase them but

remember, in this business you only make money if you buy the right house for the right amount of money.

In Real Estate Investing, your possible profit is made when you buy it, not when you sell it, so buying right is everything.

Now that you have an accepted offer with at least two weeks for inspections and due diligence, you can turn around and reassign that contract to other buyers with the same closing date. You can schedule a double closing and not have to use any money or if that is not possible, you can use a hard money lender or a transactional funding lender to fund your purchase until your sale goes through.

Even though that's not the optimal way of doing it, if you have enough spread on the deal, it is better to make a little less by paying a lender's fee than make nothing at all.

Make sure you already have buyers lined up waiting for your properties, so they can commit immediately after the inspections go well and that way there will be no delays at closing.

Can you see now how many options you have to get started without money? I only gave you a few, but there are many more.

The only thing is, don't expect to be easy and set realistic expectations regarding how much time and effort is going to take to start earning some decent income, but

like everything else in life, it is totally up to you how bad you want it!

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What to expect from Real Estate Investing?

A very interesting factor about Real Estate investing is that anyone with a high school diploma, or not even that, technically, can still do it and be highly successful.

I have a dear friend that is a land developer, and he has worked closely with a South African billionaire that once said: "Real Estate is the only type of investment where you can be both an idiot and a billionaire". His secret was to buy good Real Estate and hold it - hold it through recession, inflation, and the ups and downs of the economy. That way you'll always come out with a valuable holding that significantly outpaced inflation.

How many millions of people in America, went to College or Universities, earned some very expensive degree, started their working lives already way behind

financially, because of their student loans and barely earn enough money to live their lives and raise their families while repaying that student loan debt?

In my opinion, the beauty of Real Estate is that, once you get your feet wet in any kind of investment strategy and you dedicate yourself, the possibilities are endless, and you could end up doing things that you never dreamed of because that is just how it can be.

Real Estate investing is like a giant maze full of different paths and outcomes. All you need to do is get in and keep moving.

I decided to enter that maze back in 2007 with absolutely no idea where that path could take me and since then, it has been a wild journey that I never dreamed of being part of it, but it just naturally happened because I was devoted to it, and I kept my mind open to new ventures and opportunities.

The best part is that I am still far from finding the exit. I believe my path still has many twists and turns left before a possible exit is even close.

Writing this book and sharing some of my knowledge and adventures in the business has been a new path and I am enjoying it very much, and the possibility of helping and inspiring others is an incredibly rewarding and fulfilling experience.

I am a true believer in Real Estate. Not only do most of the wealthiest people in the world invest in it, but it is also a tangible investment that has been historically proven to work. It also offers you control over your investment, which for example, is not true in the stock market and it can also be used as financing leverage, so it is certainly not a fad.

Let's talk about the residential side of Real Estate investing for a second. Can you see or imagine the day where human beings are no longer interested in living in houses or apartments? I don't!

Maybe one day, we will all live in some futuristic new form of shelter, because technology or evolution took us there, but, if you are reading this book, I would bet that it will not happen in your lifetime.

My point here is that investing in the Residential areas of Real Estate is a very safe investment based on the fact that, 100% of us, depend on some type of housing to live our lives and in the recent years, the younger generations are experiencing a decline in homeownership, which generates an even higher demand for rentals and landlords to fulfill that new cultural reality.

Let me just clarify something for you. Any building with more than four residential units, even though it sounds like residential investing, is now considered

commercial, but that is another amazing way to invest and generate great cash flow with relatively easy management.

Commercial Real Estate investing is also another great option, but, based on my past experiences back in 2011, when I got involved in a few big transactions (300+ apartment complexes), I would never recommend getting involved without a real mentor or by some serious self-discipline to learn as much as possible before jumping in.

Unlike a lot of people out there nowadays, that are not truly experienced on what they are writing about, I will focus on writing about the things I truly understand, and commercial Real Estate is not one of them, even though I have done a few deals back in the day.

So, what can you realistically expect if you start investing in Residential Real Estate?

There is not a right, wrong or universal answer to that question, and it will depend on your mindset, reality, discipline, goals, and many other factors, for you to know the answer, but the reality is, if you never do it, you will never know how much you could have improved your life financially, physically and spiritually.

Remember this, no mistakes or failures while trying to succeed are worse than the regret of never trying. That is a guaranteed fact. No matter what happens along the way, at least, you will learn numerous valuable life lessons and

most likely grow tremendously from them as a person and an entrepreneur.

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What does financial freedom even mean?

First, I want to say that I appreciate that you have read my book this far, and I truly hope that my humble journey has inspired and helped you in any way, shape or form on whatever path you decide to take in your life.

This summer of 2024, because of the passive income I have created through my rental portfolio, I was able to travel the world with my family for months and we had an amazing experience exploring 8 new countries (which puts me now at 37 countries visited) and that inspired me to write this book, because if I can help others achieve the financial freedom I have at 46 years old, I believe it could be an incredibly rewarding experience.

The word investing, to most people, is always somehow related to improving their lives financially, so

immediately, they connect that word to money, but investing should mean way more than that. Investing in your life is a much superior goal in my opinion.

When I started to invest in Real Estate, even though at the time, I wasn't aware of it, I, started to invest in my overall quality of life, not just in rental properties and monthly cash flow.

What I mean by that is that since I was 31 years old, Real Estate investing allowed me to quit working for someone else and I started to experience what it meant to live life on my terms and that doesn't have anything to do with how much money you do or don't earn.

I am not trying to brag here but let me share a little personal feeling I have about once a month or so. Every time I fly to check on my business, which is around every 4-6 weeks, I usually take a super early flight, so I can have that afternoon to take care of business.

While driving to the Los Angeles airport around 4:30 am and realizing how many people are already up and going just to be able to get to their jobs and earn a living, I genuinely feel blessed and extremely grateful just by the fact that for the last 14 years, I was able to exit that rat race and not spend hours in my car daily just to get to a job that I probably don't even like it, but do it anyway just for the necessity of money.

So, investing in Real Estate can change your life financially, but improving your overall life quality and health is way more valuable than any money in the world!

Quitting your job and living life on your terms as an entrepreneur is something that almost sounds like a fairy tale or a dream to most people, but the main key to make that fairy tale or dream real, is to have crystal clear set goals and implement a well-planned exit strategy.

To succeed in business, Real Estate Investing or life, having a solid and well-formulated exit strategy is very important, but what exactly does that mean?

Anybody not happy with their lives, can figure out what they want based on what they like, what they are good at or what brings them real joy, then, they can start formulating a crystal clear (remember how clarity on what you want is the key?) exit strategy plan from that life into the new one they want and by doing so, that new life can become real and no longer a dream.

Let's say you are part of the dozens of millions of people in America that, today, are behind financially either because of low earnings, student loans, lack of money management skills or you just have been leaving above your means for most of your life.

Here are some key points that can help you start formulating your exit strategy plan.

This is the easiest change that you should start implementing today and I REALLY mean it! Stop living above your means! I know that may sound obvious, but it truly fascinates me, how badly that habit and mindset are embedded in a lot of the American Society.

Even though I have lived in America for 22 years and I practically consider myself more American than Brazilian at this point, I grew up in a country where, without savings, no one could ever have anything and financing a car or a house were just not viable options until the beginning of the 21st century, but now, Brazil has finally evolved and those options do exist, but with still much higher interest rates than in America.

The mindset of always living below my means, regardless if I needed or not, has played a big part in my 16-year journey to financial freedom at the age of 45, and don't take me wrong, I am not suggesting you save every penny you can, other than having food and shelter, but what I am suggesting is for you to stop wasting money on things that you don't really need,

Think this way, over a decade, those savings from all the things that you bought that you didn't need or chose to buy the more expensive version of a needed product just to impress other people, could have added up to hundreds of thousands of dollars or much more depending on how bad you were.

That money could have been in your bank account, allowing you to invest in opportunities that can generate more money and benefit your life.

Even though I am a true believer in the powers of living below my means, I still have enjoyed my life to the fullest since I moved to the United States. Before that, I was also always content and grateful, but never really had the money or the opportunity to do much and especially the one thing I have always been fascinated by. Traveling the world!

Traveling the world is my number one passion and I have been to 37 countries and 39 US states. I also love surfing, working out, hiking, camping and many other activities that bring me a lot of joy and are not necessarily related to having money.

Here is a little wisdom I want to share with you, money is important, but nothing is more important than being healthy and that is the asset that I treasure the most in my life. To most people, being healthy only means the absence of a disease, but having a truly healthy life goes way beyond that.

When I travel the world or do anything I enjoy, I hardly ever choose to waste my money with five-star hotels, first-class tickets or fancy rental cars. I practically stay away from any brand that costs more than another, unless that brand truly means much higher quality,

otherwise, I will still have or do whatever I want, but with a generic brand or product that will still provide or perform the same thing.

Once you truly understand how amazing it feels, to be liberated from the shackles of the pressure that society imposes on us, you can then focus on what truly matters, which is, get out of the rat race and make your overall life quality better without really caring about anybody else's opinion or judgment.

Once you can rewire your brain to start making the right financial decisions towards your new life goal, which I hope is also achieve a high life and health quality along with your financial freedom, you will be able to see the light at the end of the tunnel and that becomes a very motivating habit.

The next thing you need to focus on is to put in the work because nobody is going to do it for you. You need to start investing all your extra time and efforts towards that goal until you are comfortable enough to execute the change, and by that, I mean, quit your job and start leaving life on your terms.

For example, let's say you have a job that you don't like, your income is not that great, but you do it anyway because you need the money, medical benefits or whatever other reasons you may have, but what you really

would love to do is open your own business doing what you love or become a full-time Real Estate Investor.

So now, let's say you are already sold on the idea of living below your means for as long as it takes to get where you want and that's a great start, so now you have officially planted the seed that can potentially change your life.

The secret now is to start spending as many hours as possible daily, watering that seed you just planted, so after the proper required amount of time, those flowers may blossom and your dream can finally become reality, whatever it was.

Whatever your life goal is, start making the necessary adjustments to achieve it today. Don't wait!

As Napoleon Hill once said: "Don't wait, the time will never be just right, start where you stand and work with whatever tools you may have at your command and better tools will be found as you go along."

The bottom line is, if you are in a bad place in life, financially, mentally or physically and you are not willing to make the sacrifices needed for a while to change, most likely you will not be able to get yourself out of that predicament.

Even though that is not a nice thing to hear, especially if you are in that bad place, it is just as true and real, as the

fact that without water or oxygen, your body will shut down and death will be imminent.

I know this will sound like a massive cliché, but it is just a very powerful truth that I don't understand why most people just don't get it or truly believe in it, but if you modify your mindset, it can drastically change the outcome of your situation in life.

Tomorrow is the first day of the rest of your life!

Wake up tomorrow and just do what you have got to do, so you can finally, one day, do what you want to do!

And that is my final thought.

Congratulations on finishing this book. I am very proud of you!

Remember again, tomorrow is the first day of the rest of your life!!!!

Make your dreams happen with real action.

If you are truly serious about changing your life through Real Estate investing, check out my website and follow me on social media for all my valuable content.

If having a real mentor to hold your hand through the process is something you need to get into action and make your dreams happen, I know I can DEFINITELY help you achieve that goal.

Website	www.muriloperes.com
Facebook	www.facebook.com/MuriloPeresRealEstate
Instagram	www.instagram.com/muriloperes_realestate
LinkedIn	www.linkedin.com/in/muriloperessoromoveis/
YouTube	www.youtube.com/@MuriloPeresRealEstate
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