Keith: I am really out there all on my own when I'm climbing a peak and seeing nothing but moose and black bear and grizzly bears. I've set up a lifestyle much like you, Matt, that I call geographically agnostic. I could really live anywhere with this digital business that I own, much like you, and time asynchronous – meaning most of my activities can be done whenever I want to, whenever I have the energy. So, it's control of time, it's control of place, and it's control of expression. I can talk about what's interesting to me.

Announcer: This is The Maverick Show where you'll meet today's most interesting real estate investors, entrepreneurs, and world travelers and learn the strategies and tactics they use to succeed. And now, here's your host, Matt Bowles.

Matt: Hey, everybody. It's Matt Bowles here and our guest today is Keith Weinhold. He is the host of the very popular Get Rich Education podcast. He is also an international bestselling author. He writes for the Rich Dad Advisors. He writes for Forbes. And he is a member of the Forbes Real Estate Council.

Keith has been an active income property investor since 2002. He owns apartments in Alaska. He owns single family income property in the continental U.S. – which the Alaskans call the Lower 48. He is the owner of the GetRichEducation.com website where he teaches others about real estate investing. Keith, welcome to the show.

Keith: It's my pleasure, Matt. Thank you for having me.

Matt: Well, I'm super excited about this episode because you and I have a lot of, I think, cross-pollination in our audiences. My clients certainly listen to the Get Rich Education show – as do I – and a number of your clients certainly buy rental properties through Maverick Investor Group. So, as I was reaching out to my audience and asking them, "Who do you want as a guest on The Maverick Show?" a bunch of people came back and said, "We want to hear Keith Weinhold. Get him as a guest on the show."

So, we are super excited to have you here, Keith. I think you and I have known each other now probably I want to say at least four years, maybe even longer than that. So, I'm super excited about this interview, man.

Keith: Yeah. It's been about four years. So, yeah, it's about time.

Matt: All right. Well, let's get into this. I want to first start by painting the picture of where you and I are respectively for this interview. I am in Vietnam. I am living in the city of Da Nang, which is in Central Vietnam. This entire month, I've been right on the beach and it's a sunny, probably about 78 degrees every day, and just a really, really, really cool place to be. So I, as you know, travel the world a good bit and try to pick out choice locations and spend a lot of time in different areas around the world that I think are really cool.

One of the things I appreciate about you, Keith, is that I know you also – like me – have prioritized your location independence. You have built your business in such a way that you could run it from anywhere in the U.S. or anywhere in the world and I want you to talk a little bit about where you are today and what you've chosen to do with your location independence based on your passions.

Keith: Yeah, Matt. Well, when a lot of people think about the location where they're going to reside and build their lifestyle, most people think about, "Now where is my workaday job going to be? Where is my life going to be where I spend most of my waking hours trading my time for dollars? I'll just go where I get the best job." Well, there's a much better way to do that. Don't live to get paid, get paid to live. I think you and I are both doing that right now, Matt. You can design your life the way that you want to design it.

Most people just don't pull back and ask themselves a bigger question. "What kind of life am I designing for myself?" So, you're in Da Nang, Vietnam. That's pretty exotic to most Americans. And right now, I'm actually in a place that most Americans consider exotic, yet I'm in the United States today myself and that is in my hometown of beautiful and pristine Anchorage, Alaska. I vacationed here a few times shortly after college and I found out that Anchorage really fits my lifestyle. It fits my interests for skiing and mountaineering. So, that's why my wife and I spend nine to 10 months a year based right here at our home in Anchorage and spend the other months traveling.

Why did I pick Anchorage, Alaska of all places? Well, a lot of people who have never been here, it's a city of 300,000 people. A lot of people don't realize that. So, there are many amenities and choices in a city of that size, but yet I'm really into cross-country skiing. I live a four-minute drive from Kincaid Park where we have world-class cross-country ski trails, and I live about a 25-minute drive from Chugach State Park, where I am really out there all on my own when I'm climbing a peak and seeing nothing but moose and black bear and grizzly bear.

So, you get a better change in seasons here than what most people think. The winters are long, dark, and cold, but I just set up my life such that my wife and I can be traveling often to Latin America or Hawaii or sometimes it's the Philippines. My wife's Filipina. We can do that the other months. So, I've set up a lifestyle much like you, Matt, that I call geographically agnostic. I could really live anywhere with this digital business that I own, much like you, and time asynchronous – meaning most of my activities can be done whenever I want to or whenever I have the energy. So, it's control of time, it's control of place, and it's control of expression. I can talk about what's interesting to me.

Matt: Well, I love that, Keith. One of the things that you said that I think is really important is that for location independent lifestyle designers, it's really a subjective choice, right? So, your choice and your wife's choice is to live in your dream city – which for you two is Anchorage – for 10 months out of the year and then travel for leisure two months out of the year to places that are exciting for you.

That's your ratio that you've optimized, the 10 months in one place and two months traveling to other places, and that could change over time, of course. But the fact that you guys had the opportunity to choose that is what's important. For me, as a lot of my listeners and clients and friends know, I'm moving around the world probably at a rate of I might live in a place for a month to two months at a time and then move to another really exciting place.

So, I am definitely – by the way – going to have to get your recommendations on the Philippines because if you can believe this, it's one of the few countries in Southeast Asia that I have not yet been to. I was very close. I was just in Thailand for seven weeks before Vietnam and I've been here for about a month. I lived a few months in Malaysia. I've been to Cambodia for at least a month, but I've never yet been to the Philippines. So, when I schedule that trip, I will be consulting you, sir.

Keith: Yes, you should do that. Definitely check out the Banaue Rice Terraces in the Philippines. I would call the Philippines one of the most difficult countries to extensively see in the entire world and the reason for that is because it's an archipelago of about 8,000 islands. That's why it's so difficult to see it extensively. Yeah, Matt, I've been catching up with you on Facebook. I see what you're doing. I see that you've been in Vietnam lately. You know what, Matt? Maybe you get this same question that I get in my life sometimes. People look at me and my life – either in person or virtually through Facebook or social media – and they say, "Gosh, Keith, what are you doing? How did you do this? You live a really great life."

Well, why should anyone express surprise that I'm living a great life? Why don't they live a great life themselves? Whose choice is it to live a great life? It's theirs. So, it's kind of another person's problem – if you will – that they're not living a life that they design for themselves. But the good news is that person is also the solution to that problem. They can make the choices that get them to live the life that they want to live with their family. They are the designer. They are the architect of their own lives, but a lot of people just get into thinking small and that's what most people do.

Matt: Yeah. I used it, for me, it was really the lifestyle design that was the prime motivator, driver, inspiration for me to achieve what I achieved in business and to work that hard and to endure all of the failures and challenges and downsides that occurred because I painted a vision for myself, which is really what people need to do. If you're not living your ideal lifestyle right now and you have different types of obstacles you perceive that are preventing you from getting there – whatever it may be – think about the end vision.

Conceptualize what your dream lifestyle actually would look like – because that's the first step. You have to know what you want to achieve and then how are you going to get from where you are now to the dream lifestyle is the path and the course that you need to chart, but it starts with what that vision is. If you can create a vision that is exciting enough and inspiring enough for you, then that is really going to help motivate you to drive and design and figure out and solve problems and create ways to overcome obstacles and challenges that are in your way and in your path to getting there.

So, Keith, now, you mentioned that you travel all over the place. You go to different continents and you mentioned to me that you actually own – and I want to ask you about this – a coffee farm in Panama. Is that right?

Keith: I do. I am one of the owners of a coffee farm in Panama. I own land parcels there individually titled to me.

Matt: Wow. How did that come about? Were you just down there traveling and on a trip and you came across this opportunity or did you take a trip down there to see an opportunity that you had researched beforehand?

Keith: That's a great question. It all comes down to trust in the team with most any real estate investment. So, I got a quality introduction to a provider of producing coffee farm parcels in Panama. So, it's really because I had trust in the team and the operators first and the operators of the coffee farm in Panama and management of the farm parcels. The harvest and the sale of the coffee beans and everything is outsourced to somebody else. One is Canadian and the other is an Irish person who has. Both relocated to Latin America many years ago. I have a lot of trust in the team.

Yeah, Matt, it's a really cool investment. But before I tell you about why I invested there and the details, let's just pull back. You and I are into real estate investing. For most people, real estate investing means residential real estate investing in the United States because, ultimately, we serve a basic human need. That is to house people. Well, investing in agricultural real estate in Panama, that serves a basic human need. People need to eat and that's not going to change any time soon. It's like I often say, "Do the right thing before you do things right."

The right thing is investing in something that's going to have sustainable, durable, human demand – residential housing and agriculture investments. Now, is coffee really a food? I don't know, but humans want it. I mean you know, Matt, even when you're using an airport back in 2009 in the height of the Great Recession – when you get off a plane – the longest lines were at Starbucks. So, there's a lot of sustainable demand there for coffee and I also refer to it as a legalized drug. The way that the investment works is parcels are split and subdivided into half acre parcels. Each parcel that you buy it costs less than $20,000.00.

So, it's very approachable for an everyday investor. You're not going to get a loan for foreign real estate, so you will have to pay all cash so there's no leverage there. That's sort of the downside. I bought my parcels four years ago for $13,300.00 each and now parcels are going for $18,000.00 to $19,000.00 each. So, we've actually had appreciation of the land. But you and I are cash flow investors, Matt, and we like investing in a hard asset. So, this is a hard asset and my cash flow – rather than coming monthly as it would from residential tenants – I have a cash flow stream annually from the harvest the coffee beans.

So, it's an annual cash flow stream and it is completely – I mean completely – uncorrelated with the United States stock market and the United States residential real estate market because the trees are your tenants. So, you're always going to have 100 percent occupancy pretty much and the trees are quiet. They don't have a leaky faucet that needs to be fixed. The trees are your tenants. They just show up every day and they know what to do.

Matt: Keith, I'll tell you this. I drink about four espressos a day, my friend. So, that sounds like a pretty solid – I mean you don't have to convince me about the necessity of that particular crop or that particular asset. But let's talk about what your primary bread and butter is. I know the majority of real estate that you own is certainly residential investment properties certainly in the United States. You've certainly made that choice for a particular reason – even if you do have some of these more exotic diversification pieces in your portfolio. So, let's just maybe could you talk – I know this goes back to 2002. Maybe you could talk a little bit about your real estate investing journey and how that all started.

Keith: Oh, I'd love to. Just to pick up on a piece – because I'm sure some of your listeners are wondering – if you go to GetRichEducation.com/coffee, that's how you can learn about that Panama coffee farm investment, which I've been an investor in myself and I've been enjoying the cash flow. Yeah, Matt, the way it really all started for me – and I could never see myself doing something as exotic as living in Alaska and investing in a hard asset in Panama – is I grew up in upstate Pennsylvania, Appalachia, to two great parents that are still happy and together today.

I grew up lower middle class. My mom was clipping 10 cent coupons for Cheerios but, on the other side, we did travel. My parents really prioritized travel you know "Get out and see the very world that you live in." So, that planted sort of an abundance mentality seed in me in a certain way. I was a quiet and shy kid. My high school classmates voted me as the most quiet and shy kid in our entire high school graduating class. I graduated 17th out of 75. That was my class rank. So, what is that? Not even top 20 percent.

Shortly thereafter, I started vacationing in Alaska and that's where it got instilled within me that, "That's where I want to live." So, shortly after moving to Anchorage, Alaska more than 15 years ago, Matt, I fell in with what I would call an aspirational crowd. I think you've all heard the Jim Roan quote, "You are the average of the five people that you spend the most time with." Take your five closest friends. Average their educational attainment level, average the way they dress, average their ethical standards. It's probably going to be about how you are.

So, this aspirational crowd – now two of what I would call my closest five friends, Matt – they had purchased a fourplex building in Anchorage, Alaska where they lived in one unit and rented out the other three. My one friend had his act together and the other was a bit of a screw off and they were pulling it off. So, here I am in Anchorage – moving here specifically for skiing and mountaineering. I was working a day job as a construction materials inspector, but I had accumulated enough liquidity such that when it was time for me to come of age and buy my first home, rather than buying a single family home, I thought big like my aspirational friends did.

I bought a fourplex building for $295,000.00 in 2002 in midtown Anchorage, Alaska. I didn't have a lot of money. I didn't come from much. So, I had enough for a three and a half percent down payment. It came to about $13,000.00 with closing costs. So, I bought a fourplex building with this FHA loan and a three and a half percent down payment. This is actually very actionable for The Maverick Show audience, Matt, because this loan program still exists today. All you need to do is live in one of the four units for a minimum of 12 months, owner-occupied and – at last check – you only needed a minimum credit score of 580. I think most people have that.

You know what? Here's the key thing, Matt. I knew – and I had heard at that point back in 2002 – that real estate investing had made more ordinary people wealthy than anything else. I just didn't quite know how – even though I had read Rich Dad Poor Dad just a year earlier. When I bought, I didn't even know what the terms equity and cash flow meant. I didn't even know what they meant. I just knew my two friends were basically living for free. Now, it isn't always easy living on site and dealing with tenants.

The upside of that is it's easy to make repairs. The downside of that is you've got tenants right next to you that every time they hit you up on the sidewalk, they might want their little cabinet door adjusted or something minor like that. But that's how it all began with a fourplex building and an FHA loan that can still be done today.

Matt: Well, Keith, my real estate investing story is incredibly similar to yours and we have talked about this before. I started investing in real estate around 2004 – so slightly after you – but I did almost the same thing. It wasn't a fourplex, but it was a four bedroom house and then I rented out the other three bedrooms to really good friends of mine. So, it was almost the exact same thing. So, I was an owner occupant, so I got all the best lending terms on it, and then I had three streams of income and I got to live with three friends of mine.

So, it was like the best of all worlds and then that was right in that boom cycle, so the house appreciated. All of a sudden, I got equity and was able to cash that out and continue buying properties in other markets. So, yeah, that's a very, very strong strategy for somebody who wants to get in the game, I think. But talk a little bit about from there to here. I know you've mentioned that growing up, you identified yourself as sort of a lower-middle-class position.

Keith: So, the real differentiation between poor, middle class, and wealthy is this. Poor people they work for their money and they really don't have anything left over at the end of the month. Middle-class people, they also work for money, but middle-class people they have some liquidity left over so they can invest. Here's the key distinction. Middle-class people think, "What could be better than getting my money to work for me in my investments? I want to get my money to work as hard for me as it possibly can." Well, I'm here to tell you right now, you're wrong. If you want to be wealthy, you need to think differently.

You need to get other people's money ethically working for you many places at the same time. That's what can transform you from the middle class to wealthy and that's the mindset shift that I took that led to the actions. Some people were like, "Wait, use other people's money? Is that manipulative? Is that legal? Is that even ethical?" Yeah, it's actually both legal and ethical. When you provide sound housing to others, you're serving society with a need and you're actually using other people's money three ways at the same time – much like I did when I started with that fourplex building – although I just didn't realize it yet.

The way you can use other people's money three ways at the same time is you're using the bank's money for a loan and for leverage to get into the property. You're using the tenant's money for a monthly income stream. And you're using the government's money for very generous tax incentives and you're getting these tax incentives at scale – things like tax depreciation, the mortgage interest deduction, and the 1031 tax-deferred exchange, which means you don't ever have to pay capital gains tax on your real estate. I legally never have in my entire life. But that is the mindset shift.

You need to think and act differently and it's using other people's money. You can do it three ways at the same time with real estate.

Matt: So, let's talk about buying rental property in today's market. A lot of people always ask the question, "Is it a good time to buy real estate?" The question is always there. What's interesting to me, Keith, and I've been doing this for over a decade. You know Maverick was founded in 2007. You've obviously been in the game for well over a decade as well. What's interesting is that people will always ask that question at every stage in the property cycle.

When real estate goes down in price and it's at rock bottom prices, people are hesitant to buy real estate. "Oh, should I buy it now? Is it a bad time? Real estate just went down in value." Then, when real estate goes back up in value then they're like, "Oh, is it a bubble? Is it a bad time to buy real estate? Maybe I shouldn't buy it now." So, always I'm hearing different questions or rationales for, "Is it a good time? When is it a good time?" Can you talk a little bit about buying real estate and when is a good time?

Keith: Great question because real estate prices have risen nationally for about seven years in a row now and now interest rates are beginning to tick up as well. So, people ask, "Is now a good time to be a real estate investor?" I think it's a fantastic time to be a real estate investor. I am still buying. Why do I think it's a good time to be a real estate investor despite the fact that prices are up? Mortgage interest rates just continue to flirt with historic lows. They were 18 percent in the early '80s.

I mean if you're a person who thinks that mortgage interest rates are going to be seven percent four years from now – which is certainly possible – well, if that's true, you would want to buy all that you can now. More millennials are entering prime renter age. Millennials are the largest generation surpassing the Baby Boomers in 2015. There are more than 80 million millennials. They need housing and they're in prime renter age. One reason why millennials have to be our renters rather than go buy their own home is that they can't form a down payment because college costs have risen faster than inflation.

Well, that means millennials – this huge generation – are worth paying attention to. They're saddled with student loan debt. So, with no down payment, a greater proportion have got to rent. Some of them want to own, but not as many as had previously and some are just forced to rent because they can't come up with the down payment necessary due to that tuition cost. That's sort of the demographic component, Matt, but there's really what I would call a psychographic component.

Years ago, millennials saw their parents lose their homes in the mortgage meltdown of 2009 and – because that happened in a lot of the millennials' formative years – some millennials just have this negative association with homeownership. That drives rental demand. That's good for people like you and me who have rentals. Another thing I think people overlook is here in the United States, we have population growth. People just tend to overlook that, but population losses in places like Japan and Greece and Spain, they create excess housing capacity there. We don't have that problem here.

About 10 years ago, the U.S. was in an overbuilt supply, but now we're in somewhat of an underbuilt condition. This just drives the economics 101 of supply versus demand. So, our population grows about 7/10ths of one percent per year. But you know what? Even if the U.S. population stayed the same, housing demand would grow. Why would that be? Well, just think about how people are living these days. Again, it goes back to the trend of millennials. Millennials they're postponing marriage and housing formation until later than any prior generation. So, because of that, instead of two people living in one home – think about it – now two people live in two separate homes.

So, that drives housing demand. So, rental occupancy is really high. In some markets, monthly rental amounts are rising faster than inflation and this just enriches real estate investors. In fact, we now have the lowest homeownership rate in the U.S. since 1965. Economists and demographers just expect that to continue. Fewer people are buying homes and that equates to more people in the renter pool. That is really good news for us.

Then, I think about the maturity of turnkey real estate investing where we have the opportunity to buy someone else's fix and flip in an investor-advantaged market. So, there are really so many reasons why it's good to be a real estate investor and why I am still buying.

Matt: Keith, I want you to talk about real estate as an asset class and some of the unique characteristics and benefits of residential investment property that are different from other assets. You obviously do a show called Get Rich Education. You obviously talk about investing. You talk about wealth-building. Certainly, there are a number of shows that talk about those general topics.

So, for an expert like you who is well-versed on different types of investment opportunities, what are the unique benefits of residential investment property? I know you talk about five different ways that people get paid from residential investment property, which is quite different from a lot of other investments. So, can you talk a little bit about that and explain that?

Keith: Oh, I'd love to. I absolutely love talking about this, Matt. I get fired up. We're talking about investing here. So, what is your return on investment? Well, you know what? Most laypeople have no idea how a real estate investor gets paid. On top of that, most real estate investors don't even understand all the ways that they're paid. On top of that, most real estate investing educators can't even describe all the ways that a real estate investor is paid. So, with stocks, someone is typically paid one way if they're lucky enough to have a capital gain.

Maybe they're paid a second way if they have a dividend paying stock. But the average dividend in the S&P 500 is only two percent. So, stock investors are just used to getting paid one way if they're fortunate enough to have a gain. Real estate investors are paid five ways at the same time. So, let's just look at each one of these with a simple example and we're going to add up your rates of return to see how much you're paid at the end of year one. So, you're going to hear something you've never heard before and this is exactly why. Real estate has made more ordinary people wealthy than anything else.

So, let's just use a really simple example. Let's say you've carefully purchased a $100,000.00 rental single family home where the rent income exceeds the expenses. Yes, you actually can find these in the United States Midwest and South. These are many of the same markets that Matt and I are often talking about. Now, if you make a 20 percent down payment on that 100K rental property, that leaves you with an $80,000.00 loan and the property is already tenanted because you bought turnkey, renovated, and tenanted, and under management. Okay. Well, let's look at the first way you're paid.

The first way you're paid is with appreciation – not just appreciation but leveraged appreciation. Let's say in year one, your property appreciates from $100,000.00 up to $106,000.00. There aren't any guarantees in any of this, but that is just commensurate with real estate's historic appreciation rate of six percent. Okay, so 100K up to 106, not very thrilling, right? Wrong, because your $6,000.00 gain, that's based on your down payment of just $20,000.00. You only have 20K of skin in the game. Well, a 6K return divided by your 20K down payment, that magic of leverage means that your return is 30 percent. This is one of only five ways you're paid.

Well, some people haven't heard that before. Sometimes the leverage lightbulb needs to turn on. How did you get a 30 percent rate of return? You just said your piece of real estate just appreciated six percent. That's because you got a six percent return on both your 20K down payment and you got a six percent return on the 80K that you borrowed from the bank. That return is all yours, not the bank's. And the monthly payment on the 80K is reliably outsourced to tenants, as long as you bought a cash-flowing property, where the income exceeds the purchase price. So, that's the magic of leverage.

The second way a real estate investor is paid is with cash flow. Okay. So, let's just take your rent income minus all of the monthly expenses. Each month, you have a rental income and you have to deduct out from that the mortgage, the vacancy rate, insurance, maintenance, taxes, management, maybe a utility payment. But say that leaves you with 150 bucks of residual income. Well, that's $1,800.00 annually. Divided by your 20K down payment, that is another nine percent return on top of the 30. And by the way, this nine percent, that is a portion known as the catch-on-catch return.

The third way you're paid is through principal paydown. Now, you might think that you have this advantage in your own home, but you don't. Because you're in your own home, you're grinding, you're working to make your principal paydown. In an investment property, your tenant makes the principal paydown for you. So, in this example with an $80,000.00 loan at a five percent interest rate on a 30-year fixed mortgage, that's another $1,176.00 annually that the tenant pays down for you. Divided by your 20K of skin in the game, that is another return for you of five percent.

The fourth way you're paid is through some of the tax benefits I mentioned earlier like the mortgage interest deduction, depreciation – which means that you typically don't even have to pay tax on all of your rental income. With 1031 exchanges, you're tax-deferred forever. It's a little bit fuzzy, but we could just call this conservatively a three percent return. Then, the fifth and final way that you're paid is through a way almost no one understands and that is through an inflation hedging benefit. Most investors – even advanced investors – fail to consider this. Okay.

Now, just like you wouldn't want to put $80,000.00 in the bank for 30 years because inflation would erode the purchasing power of that lump of savings, in the opposite way it erodes the weight of your $80,000.00 mortgage balance. So, your 80K loan today has its drag diluted over time as more and more dollars circulate in an economy. It gets easier to pay that 80K back. Again, the tenant services all the interest. We actually know the tenant's paying down that 80K for you incrementally at the same time. Even if you had to pay back 80K, due to inflation it gets easier to pay back.

If we had a real inflation rate of five percent – the government underreports the inflation rate for a lot of reasons. It's a whole separate conversation. But at five percent inflation and an 80 percent loan, you have another benefit, another return of four percent. So, if you add up all these five ways that you're paid, your year one return from this income property is 30 percent from leveraged appreciation, nine on the cash-on-cash return, five on the loan paydown portion, three percent on the tax benefit, a four percent inflation hedging benefit. That adds up to a whopping 51 percent and anyone who comes from the consumer credit world is given pause when they hear that for the first time.

You just need to go back and break it down. That's where your return comes from. Let's just note a few limitations here. We didn't factor in your buyer mortgage loan closing costs, but the seller can often help you pay for those. And there's some risk. If you buy property in a losing job market or you hired the wrong property manager, your whole investment could go south. But you know look, even if one-third if things go wrong, your 51 percent return would be eroded down to 34 percent. I think most any investor would still be happy with that. Your return does go down typically after year one because you're accumulating more equity in the property and the return from home equity is actually zero.

This is exciting stuff because now that you know this, you know how to keep score with your investments and keeping score is so important. A lot of people think that they're winning at real estate investing when they're really losing. A lot of people are losing at real estate investing when they think that they're winning. So, when you know how to keep score. Now you know what to buy. Now you know what to sell. Now you know when to sell. Now you know when it's smart to do a cash-out refi, and now you know when it's smart to do a 1031 exchange.

It all begins really with what is that rate of return and understanding where it comes from. This is what has made more ordinary people wealthy than anything else right here.

Matt: Yeah, and I think that also helps people to be more comfortable getting into the game and buying those rental properties because when we're socialized with the stock buying mentality of, "I'm going to make a bet. I'm going to basically gamble and I think it's going to go up, so I'll put my money here and I'm just going to hope and pray that it goes up. If it goes up, I win and if it goes down, I lose." That's really the mentality I think a lot of us are socialized into.

So, with real estate, if you can comfortably say to yourself, "You know what? I'm not 100 percent sure if the market's going to keep going up. Maybe it'll go down. Maybe it'll stay the same for a long time and plateau. But you know what? Even if it does go down or if it does plateau, I still have four other profit centers that I'm making money on." Or let's say you have a bad year with your rental property and you have very high vacancy rate, turnover rate, maybe you have an eviction, maybe you have some maintenance on a property and maybe that erodes all of your positive cash flow.

So, the whole year, you just maybe broke even and you didn't even make any positive cash flow on your property or you maybe even lost a little bit. Well, guess what? You still have four other profit centers, right? So, I think with that mentality and seeing the whole picture, it helps to psychologically mitigate some of the different risk points because you have all these different hedges in there. So, Keith, let's go to the next step and let's talk about then what would be sort of the first steps to buying property.

One of the things that I see a lot is folks just want to look at rental property. "Show me the inventory. Let me see the property. Show me the inventory. Let me just look through all these properties." I've actually heard you on some of your podcasts literally say to people, "Stop looking at property. That's not the first step." So, talk us through what would an intelligent investor do? Procedurally, what should people's steps be to buy the right property?

Keith: Well, that's a great question. Yeah, people hear me on the Get Rich Education podcast talk about this stuff like the five ways that real estate investors are paid and now they're all fired up to go buy a property. I need to jump in and tell people, "Stop looking at property." That gives people pause. "Oh, wait. I need a property. You can't make any money from the property that you don't own." I completely agree with that, but you just need to step back for a moment.

Most real estate investors have an awful experience with real estate investing because they jumped into a property. Even if they see that the property cash flows, that's not enough. A lot of people just aren't very strategic with their investing or they get emotionally invested in rental property. Emotions have a place in your primary residence, but not in an investment property. Someone says, "I drive past this nice looking yellow duplex on the way to my work commute and yeah, it's kind of in my neighborhood. Yeah, I could self-manage it. Yeah, I think I'll buy that one."

Well, take a more strategic approach. Step back. Stop looking at property. Property is only the fourth most important thing in real estate investing. Yeah, it's only fourth. The number one thing in real estate investing is you. What do you want real estate to do for you? It gets back to that, "What kind of lifestyle do you want to design for yourself?" that you and I talked about earlier, Matt. Do you want real estate to provide you with appreciation or do you want to maximize tax incentives or do you want a monthly income stream – like a monthly cash flow stream, which is the number one thing that I want– or do you want to invest because maybe it's a vacation property and some sort of lifestyle investing?

So, what do you want real estate to do for you? You are the most important thing in real estate investing. The second most important thing is, "What market are you investing in? Is the market going to give you what you want?" The market could be use type – whether that's mobile home parks or assisted living facilities or residential real estate – or market can also mean geography. Are you investing in Sacramento or Oklahoma City or Memphis? Is that market going to deliver what you wanted?

The third most important thing is the team – the team of professionals that you've chosen to surround yourself with – with this investment. It could be your mortgage loan officer, your 1031 exchange officer, and the number one member of your team I would say is your property manager. Do you have a good, communicative manager in that market? So, then and only then, do you begin looking at property because if those first three things don't check out – number one if you don't have yourself figured out, number two if you don't have your market figured out, and number three if you don't have your team figured out – then it just doesn't matter how good your property is.

So, now you're being strategic. Now you're setting yourself up to have a really good experience. Go look at property, but get those first three things figured out first.

Matt: All right. Keith, I want to talk a little bit now. I want to ask you a little bit about how the podcast – Get Rich Education podcast – came to fruition and a little bit about how you decided to build that and then how the journey was building that because you're obviously now – I know you have well over a million listens of the podcast at this point.

Keith: Yeah.

Matt: You've really built quite the personal brand around it and obviously people can tell why you have so many listeners because you're dispensing advice like what you just dispensed on a regular basis. So, of course, people are tuning in to learn about that. Tell us a little bit about the origin story of the podcast. How did you decide to do it? How has the journey been and a little bit about you as an entrepreneur building that?

Keith: Yeah, I'd love to talk behind the scenes on the podcast a little. Well, I told you earlier that I was voted as the most quiet and shy student in my high school class. I think I've somewhat grown out of that, although I'll never be a complete extrovert. But in my workplace – and I quit my day job years ago but – when I was still in my workplace, coworkers found it fascinating that I have passive monthly income streams coming from different places in the U.S. and the world and it just became natural for me to talk about it. I think if any person – even if they're an introvert – if they talk about something that they're excited about, it comes very easy to them.

So, I got used to articulating about real estate in a certain way – just describing it to laypeople like my former coworkers – and soon sometimes people would gather in my office – more than one – and they just wanted to know how I did this. So, I thought, "A great way to reach more people is to talk into a microphone that's called a podcast." Matt, you know how the Get Rich Education podcast began? It began October of 2014 on an Anchorage, Alaska dining room table with a $60.00 USB microphone plugged into a laptop.

That was episode one – which you can still go back and listen to – Get Rich Education podcast, episode one. But my point is if you talk about something that you're passionate about and your message is good enough, people will listen. It doesn't matter that you're in Alaska. I actually had a little fear about that like, "Boy, if I'm in Alaska, some people don't travel very much. They just think that's an isolated place and Anchorage, Alaska isn't exactly the financial capital of the world." But I found out that that stuff really doesn't matter.

Matt: And so that also speaks, I think, to people who want to figure out what direction to go in terms of starting a business and in terms of being able to monetize something and they're wondering what to do. I think your example is great, Keith, that if you are passionate about something and you put a lot of your time into learning about something, doing something, you like teaching other people about it, there are absolutely ways to build a business around that, to develop an audience, to develop a following, and ultimately to monetize that.

So, I think your example is really good and people should think – if they're in that stage, that early stage – about, "I want to go into an entrepreneurial direction. What should I do?" I think really the self-auditing about your passions, "What do you find yourself talking about? What do you find yourself spending your free time doing and reading about? What do you find yourself teaching other people about and that you might know more than other people and you could add some value to them?"

So, those are a lot of really good questions to ask, I think, when you're at the beginning of the stage. And then Keith, as you went through your journey and you were building the podcast and you were building your business and you were building your personal brand and all of that, can you tell us a little bit about maybe a failure or a mistake? Because what happens, I think, is people look at success. They look at the end product.

They look at a particular person that has "succeeded" and they think that it's just a straight line to success. "Oh, that person probably didn't have the obstacles that I did" or "That person probably didn't make mistakes or fail or anything along their way. They just had a smooth trip." So, I always like to ask that of successful business owners and entrepreneur if you can share maybe a mistake or a failure that you had along the way and how you overcame it or what you learned from it.

Keith: Oh, I can definitely give you a failure in a minute, but first say, yeah, if you the listener are interested in monetizing your passion and getting out there and making your passion your profession – whether you monetize it to a high degree or not –yes, it takes passion. Yes, it takes authenticity. But just ask yourself, "What's the one thing that people come to me to ask me that I seem to know more about than others do?"

You don't need to be the most knowledgeable person about that, but yeah, you can build a brand around that through a YouTube channel, through a podcast, through blogging. But I would just ask you before you get launched down that entrepreneurial road you know another question people kind of forget to ask themselves and you need to answer, "What are you going to give up in your life before you take this on?" because it does take a significant amount of your time. So, find out what you're going to give up first in your life and you're going to be a lot less frustrated.

You know one mistake I made, Matt – and it actually ties back into real estate investing – is I could have launched Get Rich Education a few years sooner. One of my greatest mistakes that I made is I self-managed my property. I managed my own apartment buildings in Anchorage, Alaska – even though I outsourced management to what I own in other states. But if I had outsourced self-management sooner, I would have opened up more time for myself – not just to travel and to enjoy life but – to launch this platform.

Get Rich Education is changing so many other people's lives.

So, when you're in real estate, I would tell you that you only need to manage property for one to two years – if you even do it at all. It's not mandatory that you ever get property management experience, although it does help if you do it one to two years. You'll be able to understand a manager's problems, dilemmas. You'll be able to understand your property manager's monthly statements that you get thereafter. But ask yourself a better question. "What's your return on time invested?"

I call that your ROTI. That's much more important than your cash-on-cash return, your cap rate, your internal rate of return. Outsource self-management and that will open up the time in your life where you can migrate to a better and higher use. Rather than owning Get Rich Education, I could still be managing my own properties, but I have to pull back and realize, "That's not my best and highest use over the long term." So, the point is to get used to outsourcing some things. Have some faith in yourself that you can migrate to a better and higher use.

Matt: And at this point, Keith, I mean people heard the entire introduction that I read about you and all of the things that you do. You write for Forbes and you write for Rich Dad Advisors and you're an author and you're a podcaster. You have all of these things in addition to being an investor and being all these other things. So, that sounds like a lot of stuff. You're consistently putting out a huge amount of high quality, original, new content. You're consistently doing all of this stuff. Can you talk a little bit about now how do you structure your day? How do you manage your time and maximize your productivity?

Keith: Yeah, that's great stuff. You know some people look at me and say, "Well, just four years ago, you still worked a day job and yeah, you kind of had a lot of real estate and some big apartment buildings around Anchorage and single-family homes in Texas and Tennessee. That's great, but how do you get from that in just four years to owning Get Rich Education, having one of the most successful investing shows in Get Rich Education podcast, be on the Forbes real estate council? How did you get in with the real estate advisors? How did you do that?"

I think the number one thing I would say is, "Don't live below your means, expand your means, and continue to just put yourself out there. Sometimes put yourself out there in a better quality way than you think you even need to." For example, some of the first videos I ever had shot, Matt – some whiteboard videos that we uploaded to the Get Rich Education YouTube channel – I paid $750.00 to have a three minute video made and I decided to do that three times with professional cutaways and professional lighting and music that was done here in the studio, even though I could have shot them at home with my iPhone.

You know what? A few years ago, some influential people with the Rich Dad Advisors saw those videos and I had already had those Rich Dad Advisors on my podcast as guests a few times. So, they were already getting quite familiar with me. They got more familiar with me when they saw those videos. You know seeing something of professional quality, that is part of a brand there. That made people with Forbes and the Rich Dad Advisors invite me to join them. I didn't reach out to Forbes or the Rich Dad Advisors and ask to be associated with them. They reached out to me.

So, it comes down to, "Put out better quality content – sometimes better quality than you think that it even needs to be." My podcast editor, I pay him $80.00 and $100.00 for every episode. I've heard other podcasters brag about how they only pay their assistant $15.00 per episode and well, the show kind of sounds like they paid $15.00 per episode. So, I'm always producing higher quality than I think I need. People recognize that. People notice that. This is your brand so don't live below your means, expand your means.

Matt: I love the networking advice too. I think that's a huge thing in terms of getting exposure to people, interacting with people – either physically going to places where people are or having them on your podcast or being on their podcast – or somehow connecting with them on social media virtually and otherwise getting into the ecosystem of people that you want to be associated with or people that are basically an echelon above you or that can add a high-level professional value to you.

Somehow getting on their radar and getting into their ecosystem, I think that's a huge piece of advice that's really significant. But Keith, I mean – if I can just ask – how do you produce the amount of content that you do? I mean you just recently published a book. You are writing blogs for multiple sites. You are producing the podcast episodes. How do you structure your day? I mean do you batch your content creation? I think you're a morning person from what I know.

Keith: Yeah.

Matt: I mean do you knock it all out in the first half of the day? How do you structure your time and your productivity so you can do all of this?

Keith: Yeah. I get more done before noon than I do for the remainder of the day. That includes exercising. Sometimes I can be at some of my most productive times on the computer and doing digital things, but I know if I postpone exercising for another hour or two, I'm just not going to feel like doing it. So, I prioritize exercise. As real estate investors, we're going to have income streams for a long time. So, we probably want to be alive and healthy enough to enjoy them. So, those two things definitely go together.

I would also say that when I've just completed a podcast episode and I'm really hot and really fresh and really passionate about a topic that I just talked about, just to give you behind the scenes is what I often do is I will go write a blog article immediately after that because the thoughts are flowing and the thoughts are fresh. There is a process where you can have your podcast transcribed – where someone converts spoken word to written word – but we kind of speak and write in different ways. So, that's why I don't use transcription. I just go write original, organic content.

But the way I batch it is because all those thoughts are just fresh in my head and then I might shoot a video on it at the same time. So, that's how I batch. I batch around thoughts. Maybe my thought is why being financially free has more power in your life than being debt free. If I just finished talking about that on a podcast, then I'll go write an article about how being financially free beats being debt free. Then, I'll shoot a video on it. So, that's how I appear to put out a lot of content in a short period of time. I batch and I do it anchored with the thought process.

Matt: That is awesome. Can you tell us a little bit about the book that you launched relatively recently? I guess it's not super recently anymore. It's been out for a little while. But it's been incredibly successful. Can you tell us what the book is about and how it has been received?

Keith: Yeah. Just last year, I published my first ever book, Seven Money Myths That Are Killing Your Wealth Potential. I've gotten so much good feedback on it. It's become an international bestselling book. You know what, Matt? I wanted to make the book physically different than other books. The paperback version is only 80 pages long. I think the e-version is only 40 pages long. See, here's the thing. There's a bigger problem out there. Most people don't read. And why do most people not read? Because they didn't finish the last book that they read. Why didn't they finish the last book that they read? Because it was 345 pages and it got repetitive and it gave more examples than you need.

That's why my book is lean, small. I actually wanted to make it small enough so that it would fit in your back pocket. It doesn't quite do it, but the book Seven Money Myths That Are Killing Your Wealth Potential debunks a lot of these myths. I've already debunked a few of them. For example, you think you want to be debt free, but actually – especially in real estate investing – every time you try to be debt free, you're actually taking a step away from being financially free. Another myth is that compound interest creates wealth. It really doesn't at any reasonable rate of return that you're going to get.

That's a myth and what debunks that myth is leverage, how leverage works in your life to give you great rates of return as we talked about. So, the book Seven Money Myths That Are Killing Your Wealth Potential I'm actually giving that away free in the eBook version – not just a free chapter or something – but the complete eBook is free and you can get the complete eBook free because people need this information at GetRichEducation.com/book. I think you're going to find it paradigm shifting – GetRichEducation.com/book.

Matt: And we are going to definitely link to that in the show notes. So, everything that Keith and I talk about in this episode is going to be in the show notes with direct links. So, you don't have to remember every single URL. Just go to the show notes and we're going to link you right over to all of the stuff that we've talked about. So, with that Keith, are you ready for some lightning round questions to close this out?

Keith: Okay. Yeah, let's do it.

Announcer: The lightning round.

Matt: All right. What is the best way for someone to invest a net worth of $50,000.00? Let's say they have it all in cash, liquid, and they can invest it any which way.

Keith: Okay, lightning round, so we're answering quickly. That would be two turnkey single-family rental properties.

Matt: Okay. What if somebody has a $1 million net worth, same thing, all cash, they can invest it any which way?

Keith: A million dollars? I'm going to say, "Don't sleep on assisted living homes. Demographics are in your favor." I've even had a guest on my show that demonstrated how you can get $5,000.00 to $15,000.00 of monthly cash flow – not income – but 5K to 15K of monthly cash flow from one single family home converted into an assisted living home.

Matt: Okay. What is the top book – other than your own – that you would recommend to other people to read?

Keith: Well, Rich Dad Poor Dad is a great one, but I think everyone's heard of that. It had a big influence on my life. So, I'll also say The Power of Thought by Glenn Bland because it all starts in the mind.

Matt: All right, and what would be the top app or productivity tool that you're currently using that you would recommend?

Keith: It is BombBomb.com and there's also an app for that. I know you're familiar with this, Matt, because I've sent you BombBomb messages before. It's a video email service that is so slick. So, when the recipient gets my email and it's a video, it just brings a real humanness and more genuineness to the entire conversation.

When that prospective client that wants to advertise on my show or that prospective guest that wants to come on my show and they got an invitation from someone else that wrote them a text email versus an invitation from me with a personalized video email, people are blown away. It's one of the smartest investments I've ever made – BombBomb.com.

Matt: And I just complimented you I think not more than 48 hours ago, Keith, when you sent me a video email and I responded. I said, "Wow, Keith, I love that video email. That's amazing."

Keith: It always makes an impression and, actually, that's really another answer to how I built my business faster, BombBomb.com video email.

Matt: That's amazing. We'll link to that in the show notes as well. Okay. What is your favorite podcast or blog or YouTube show, other than your own, that you listen to regularly?

Keith: The Planet Money podcast by NPR. That just does a great job of marrying investing with everyday life situations.

Matt: Awesome. If you could have dinner with any celebrity or author or public figure that's alive today that you've never met, who would you choose and why?

Keith: That's a question I don't think I've been asked in a while. I would say, Steve Forbes. Even though I'm a writer for Steve, I haven't had a one-on-one dinner with Steve Forbes because Steve Forbes could tell me a bit about brand building and talk really eloquently about investing as well.

Matt: All right. What is your favorite destination that you've ever traveled to that you would love to go back again and spend a month plus there?

Keith: That is, actually, a place in the United States. On Hawaii's big island – at the Kalapana Village – on the south end of the island, one of the most primordially cool experiences I've ever had is going on a night safari with flashlights into where the flowing orange lava of Kīlauea is and – with your wooden walking stick – you take your stick and you stick it into the hot, orange, flowing lava and the tip of the wooden stick hisses and bursts into flames. I have an iPhone video of it. It is just one of the most transcendently cool things I've ever done.

Matt: That is totally amazing, Keith, and – if you can believe this – I've never been to the State of Hawaii in my life. So, that's actually very high on my list. So, again, like the Philippines that I've never been to, when I go there I will get your recommendations as well. So, the final question that I want to ask you is what is your top bucket list destination? You've never traveled there yet, but it's literally on the top of your list for the most exciting destination you want to go to?

Keith: It's to go to the moon. I want to go to the moon. I want to look down and see the Earth in its entirety and just marvel at it. That is a true bucket list trip because most anything else on Earth, I actually do have the financial means to get there, but I don't know that I have it to get to the moon yet. If you see what Peter Diamandis or

Elon Musk are doing with businesses like SpaceX, it will be possible in my lifetime. I'm hopeful. So, that's why the moon is my bucket list trip.

Matt: That's an amazing answer. That's a great way to close out this podcast. You see, folks, there are very few people who would give that answer. So, being able to think bigger I think you just demonstrated that very well with your answer to that question, Keith. So, where can people find you? Where do you want them to go? How can they listen to the podcasts?

Keith: Oh, thanks so much. The Get Rich Education podcast is where we talk about how to actionably invest in real estate with an abundance mindset. We have some pretty prominent guests there. Robert Kiyosaki has been on several times. His Rich Dad Advisors commonly make appearances. So, that's the Get Rich Education podcast and the book and the blog and actionable investment opportunity at GetRichEducation.com. So, it's GetRichEducation.com and Get Rich Education podcast.

Matt: Awesome. We are going to link to all of that stuff in the show notes so you can get everything in one place. All of the things that we talked about, the books that we referenced, the podcasts that we referenced, everything that we discussed in the show, don't worry about remembering it right now. Just go straight to the show notes and all the links will be there.

Keith, I want to thank you so much for being here today. I was really great that we finally got to have this particular conversation. I got to learn a little bit more about you. I appreciate you pulling back the curtains a little bit and giving us the behind the scenes, as well as dropping the value bombs that you normally do on the podcast and educating folks about real estate investing and all that, man. So, thank you so much for coming on.

Keith: Matt, talking about lifestyle investing and real estate fires me up. So, thanks so much for having me.

Matt: All right, Keith. Have a great day.

Announcer: Be sure to visit the show notes page at TheMaverickShow.com for direct links to all the books, people, and resources mentioned in this episode. You'll find all that and much more at TheMaverickShow.com.

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Duration: 61 minutes