Matt Bowles: Hey, everybody, it's Matt Bowles. Welcome to *The Maverick Show*. Today, we're going to do an experimental episode. Many of you have been asking me to talk more about my company, Maverick Investor Group, how our business model works, and how we help our clients buy turnkey rental properties and use investment real estate to build their passive income, reduce their taxes, et cetera. So, I'm going to drop all that information for you in this episode.

I'll first explain what turnkey real estate investing is and discuss the benefits of buying and holding residential investment property as opposed to flipping or buying real estate-backed securities, like a REIT, or buying commercial property, et cetera. So, we're going to start with the "why" of turnkey real estate investing, and next, I'll move on to the "how" and discuss how to select the best real estate markets, evaluate a rental property and calculate your potential return on investment, conduct due diligence on out-of-state properties, mitigate your risk, et cetera.

Finally, I'll discuss the next steps for how to learn more, and if you're interested, how you can start working with Maverick Investor Group to begin or continue building your own portfolio of cash-flowing rental properties.

Now, as I go through this, I'm going to mention a bunch of resources along the way, and I'll put links to all them in one place in the show notes for this episode, so you don't need to write everything down. You can just go to one place at www.themaverickshow.com and just click on the show notes for this episode, and you'll see all the links from the episode in one place right there.

Let's start with what turnkey real estate investing is. When I say "turnkey real estate," I am talking about buying a performing residential investment property. This is a single-family home or a two- to four-unit property that has already been renovated, it already has a tenant in place, paying rent, and it already has a local, professional property management company on the ground, collecting the rent, handling the maintenance, dealing with the tenant, and all of that, so that you can buy the property and own it from anywhere without having to live near it and without having to be the rehabber or the landlord.

Now, there are two major advantages to buying real estate on this model. One is that it

saves you a huge amount of time. You do not have to be the rehabber of this property, you don't have to be the landlord, take the calls from the tenant, and deal with all the maintenance issues on the property yourself. You have a professional company that is doing all of that for you.

And, the second advantage is that it dramatically mitigates your upfront risk. There's a huge amount of risk that goes along with renovating properties. Usually, renovations will take more time than expected, have additional holding costs. Renovations come in over budget and cost you more than you expected. There might be an extended initial vacancy period while you try to place the tenant. All of that risk has been taken by someone else, so when you come in to buy the property, it's already performing, so you have cash flow from day one, the day that you close.

Now, let's talk about the benefits of buying and holding residential investment property. Now, most investments – like when you buy a stock or mutual fund – have one potential profit center, which is that it might go up in value. So, it's purely speculative, you have no control over it, and all you can do is hope and pray that it goes up in value.

Now, in the absolute best-case scenario, that it does go up in value and you sell it for a profit, then you have to pay tax on the capital gain, and whatever you have left over after taxes needs to be greater than the rate of inflation during the time that you were holding the asset because if you held it for a year, inflation was four percent, and your after-tax net return on the sale was only three percent, then you actually lost money in real dollars, meaning inflation-adjusted dollars. And then, of course, if the stock or mutual fund goes down in value, you're completely up the creek because unless it's a dividend-paying stock, that's your only potential profit center, and you're just out of luck.

So, residential investment property, on the other hand, is a completely different ballgame. When you buy and hold – not flip – residential investment property, you have five different potential profit centers. So, appreciation is one, which is similar. The asset could go up in value. Market appreciation is one potential profit center, but it's only one potential profit center of the five, although we should talk about it for a minute because it's a little bit different with real estate because if you qualify for a mortgage, then you're actually able to leverage your purchase of real estate.

So, Americans, who can get a conventional loan from a regular bank in the United States, are able to put 20% down, and the bank will pay 80% of the property purchase price. Let's just say you buy a property for $100,000.00 U.S. dollars – which, by the way, is absolutely doable in the right real estate markets. It's certainly not doable in San Francisco or Manhattan, but it is doable in the right real estate markets.

So, let's say you buy a single-family home for $100,000.00 U.S. dollars. Well, if you only put 20% down, that's $20,000.00, plus closing costs – let's say $25,000.00 out of pocket – and the bank puts the $80,000.00 down. So, you only put 20% down, but if that property goes up in value and appreciates five percent, it will go from $100,000.00 up to $105,000.00. Even though you only put down 20% of the purchase price, you get 100% of the appreciation. If you put $20,000.00 down and it appreciates $5,000.00 – well, with closing costs, let's call it $25,000.00 that you put – that's now a 20% cash-on-cash return of the money that you invested because you used leverage.

So, residential investment property is the most debt-favored asset class around, and so, you can actually use the bank's money to buy it, but then you get all of the appreciation, so you can leverage your return – if the property goes up in value, of course. It's purely speculative, as I said, but that's why it's only one of the five profit centers, and you should not buy primarily based on speculation.

If it goes up in value, that's great, that's a bonus, but you should not buy primarily on speculating that it will go up in value. You should make your money when you buy, and whether it goes up, down, or stays the same, you should still be profitable in your real estate investment if you buy it correctly based on real estate fundamentals.

Let's talk about what that means. That moves us into our second profit center, which is your cash flow. Your cash flow comes from your tenant, who is renting the property from you, so in addition to the asset potentially going up in value itself, you can also rent out the asset to a tenant who wants to live there and who will pay you rent. Obviously, you want to buy in a market where the gross rent from your tenant is going to cover all of your expenses, and where there's a buffer for vacancy, maintenance, and repairs, and on top of that, where there is still cash flow coming into your pocket.

If you buy correctly, you have a stream of passive residual income flowing to you every single month after all of your expenses are paid, month after month, so whether the property goes up or down in value does not impact your stream of cash flow that's coming into you every month. Now, that's your second profit center.

The third one is that real estate is the most tax-advantaged asset class in the United States, and when I say "real estate," I mean investment property. We are not talking about your primary residence here, folks. That is not an income-generating asset. That is a liability that takes money out of your pocket every month because you're paying for it, whereas an income property – a rental property, an investment property – puts money into your pocket every month because the tenant is paying you.

So, residential investment property is the most tax-advantaged asset class in the United States. When you buy a property and offer it for rent, the government wants to reward you for doing that. They want to financially incentivize you for doing that, and they have created a whole series of incredible tax incentives for you to buy, hold, and offer housing for rent.

The main incentive is called depreciation. So, the government allows you to depreciate your property over 27 ½ years, even if it's going up in value. Now, this is just the structure of your property. You can't depreciate land, so you have to break out the value of the land, but let's just say, for example, you bought a property for $165,000.00 U.S. dollars, and you determined that the land was worth about $30,000.00, so the structure is worth $135,000.00.

Well, you would be able to depreciate that over 27 ½ years, which is about $5,000.00 per year for that property, and you can record that as a loss. Now, you didn't actually lose anything – the property could be going up in value – but you're allowed to take it as a loss, and you're allowed to use it as a write-off against income from the property that would otherwise be taxable.

Now, of course, I'm not a CPA, and this is not tax advice or investment advice. You obviously need to consult your individual CPAs and all that kind of stuff. I'm just giving you the educational overview here about how this works.

Now, when you go to sell your property, there is another tax incentive, called a 1031 exchange, whereby normally, if you were just to sell it regularly, you would have to pay a capital gains tax on whatever the property appreciated to, and also recapture the depreciation that you took at the point of sale.

But, if you use a 1031 exchange provision and you sell the property under specific auspices and specific compliance conditions, meaning that you don't actually touch the money, and then you use it to invest in other properties, like-kind properties – so, you use a qualified intermediary, the sale of the property goes to the qualified intermediary, and that money then goes to invest in other properties. If you do that, then you can indefinitely defer your capital gains tax and depreciation recapture.

And then, some people just continue to 1031, 1031, 1031, and keep exchanging all the way until death, at which point, when your heirs inherit the property, they get the new, stepped-up basis, and there is no capital gains tax or depreciation recapture that's ever due on the property. So, that is an incredible tax benefit.

And then, perhaps the most extraordinary is the "real estate professional" category. If you can qualify as a real estate professional – I'm not going to go into all the details on this podcast, but we did a webinar with Diane Kennedy, whom *Maverick Show* listeners will know. She was a guest on the podcast a few episodes ago, and she did an entire webinar on these tax benefits, where we go much deeper, and I'm going to link that up in the show notes if you want to go ahead and check out that webinar. It looks at the latest tax laws and everything else, and how to use those to make more money and pay less tax with real estate, and it goes into a lot of this stuff much more deeply.

But, if you can qualify as a real estate professional, or your spouse can qualify if you are married and filing jointly, then you can take unlimited real estate losses against other forms of income, including your salary from your job and things like that. So, it's an incredible opportunity with the real estate tax benefits. That alone is an incredible profit center from holding rental properties.

And then, of course, if you have leveraged your property, another profit center is the fact that your tenants' rent is covering your mortgage. So, if you get a 30-year principal-and-interest mortgage and your tenants' rent

covers that mortgage payment every month, then ostensibly, your tenants are paying down your mortgage principal.

Literally, if you held that property for 30 years and it didn't go up in value a single penny – which is unheard of in the history of real estate, but let's just say that happened – your tenant will have paid off your entire mortgage, so you would own that property free and clear. Even if the market does not appreciate at all in value, your tenant is paying down your mortgage every month, so you are still building equity in your property that way.

Finally, the fifth profit center is that there is an inflation-hedging benefit. Real estate is one of the only assets that is indexed to inflation, so as inflation rises, so do home prices, and so do rents. As you renew your lease every year with the tenant, you can typically increase the rental amount each year to keep pace with inflation.

Now, also, if you do take out a mortgage, you are locking in a 30-year fixed interest rate, and what's happening is you're borrowing that money from the bank in today's real dollars. Now, if there is any inflation at all, what happens is you are paying the bank back in future diminished nominal dollars. So, you borrowed in real dollars, and you're paying it back in dollars that are worth less than what you borrowed them for, so there's actually a profiting strategy from inflation when you lock in that 30-year fixed mortgage.

So, all of those benefits combine to make residential investment property an unbelievable, unique asset class, the most advantaged in the United States for sure, and they also allow you to invest much more conservatively because you're not relying on one thing to happen. So, if the market doesn't go up in value at all, who cares? You've still got your tax benefits that you're taking, you've still got your positive cash flow that's coming in, you've still got your tenant paying down your mortgage, and all this other stuff. You're still building equity.

So, you don't need to speculate on real estate. If you buy right, when you close, you make your money when you buy because you're buying a stream of income. You don't have to speculate on what the market's going to do in the future.

But, similarly, let's say another profit center gets disrupted. You have a higher vacancy rate, or something happens with your tenant so they default on the

mortgage, or in the worst case, you have to evict your tenant and put a new tenant in, and that takes a couple months, and you have a cash flow disruption. Well, guess what? Maybe the market went up while that was going on, and you still took your tax benefits and all these other things.

So, you have to calculate the entire range of profit centers into your overall return on investment, and when you do that and you see that big picture of all the different ways you can make money from your one property, then it's okay if this goes wrong, or that goes wrong, or half the things that you hope don't go right, because you've still got all these other things that can ensure that you're making money from other avenues.

So, those are the reasons why we like residential investment property, and remember, if you flip your property and you get rid of the asset, these benefits go away, of course. And then, if you're trying to flip property, the best-case scenario is that you're making a capital gain if you can do it properly. Most people can't, but if you can, then you are a transactional flipper, you make a profit – a capital gain – and now you have no asset left over, and now you have to go and do it again.

So, what you're doing is generating active income by putting your time and energy into doing something, and you have ae highly taxable result, whereas if you're buying and holding residential investment property, you have a much more tax-advantaged situation and you have passive residual income that flows to you every month without you having to actively do anything. You have a professional management company that you're overseeing, but you're not renovating properties, dealing with tenant issues, and all that kind of stuff. You are the investor. You are making decisions and cashing checks. You're not renovating, rehabbing, and dealing with tenants. So, that's a major difference.

Also, if you're buying a real estate-backed security, like a REIT or that type of a thing, most of these benefits also go away, so what you want to do to maximize the benefits is to own the actual, deeded real estate – own the hard asset that you control, not a paper asset.

If you own the actual house, that is a hard asset that no one can steal, that can't disappear in a stock market scandal, and that has intrinsic value. There's the actual, real, physical value of the lumber, the bricks, the glass, and

the physical materials of the house, and it provides actual value by providing a roof for someone to sleep under that you can always rent out and get some income for that. So, owning the actual, deeded, hard asset yourself is really significant, and plus, there are a lot more profit centers there available for you.

So, those are the reasons why, since we founded the company in 2007, we have focused on helping our clients buy turnkey residential investment properties. Now, what about that versus commercial property? What about buying a 10-unit apartment building versus buying 10 single-family homes? After all, when we were kids, Monopoly did teach us that when you get four houses, you should trade up to a hotel.

Well, here are my thoughts on the advantages of owning 10 houses instead of a 10-unit apartment building. One of the reasons to own the 10 houses is diversification. You can own 10 houses in different areas, you can own them in different markets, and you can diversify geographically. So, that's one reason, whereas if you own a 10-unit apartment building, that's going to be in one place, and all the units are going to perform very similarly.

The other reason is that if you're owning single-family homes, when you go to sell them, you can use a retail exit strategy, meaning that you can sell them on the retail market to a primary homeowner – an owner-occupant that wants to live in your house and pay you the retail price for that house, because of course, you're going to buy them in an area where homeowners want to live. If it's an apartment building, that is an investment by definition, and you're going to sell it to an investor, and that investor is going to want a really good, discounted deal on the property, so the exit strategy is harder.

Single-family homes also typically appreciate better than commercial property, and finally, with 10 houses, you can do what I call a "segmented liquidation strategy," meaning that you don't have to sell them all at the same time. So, if one of your 10 properties skyrocketed in value and went way up, and you have this huge equity position, and you want to sell it or 1031 exchange it, take that profit, and do something else with it, you can sell the one without having to sell the other nine.

Or, on the flip side, if one of those 10 properties is really underperforming and it's just not as profitable as the other nine, you can get rid of the

underperforming property, prune your portfolio, and continue to optimize it, whereas with an apartment building, you don't have that option. You're either going to keep or sell all 10 units. So, you have a lot more options and latitude to optimize a portfolio of 10 single-family homes than you do with a 10-unit apartment building, so that's why we focus exclusively on helping our clients build portfolios of cash-flowing rental properties over time and across markets.

Now, let's talk about how to buy turnkey rental properties. The first thing you want to do is identify the best real estate markets to buy in. The reality is that these change over time. So, let's start from the basics. The first things that we want to look at are what we call demand drivers. These are things like job growth, low unemployment, and population influx.

So, jobs are being created, jobs are being filled, people are moving into the market, which puts upward pressure on home prices and rents. We want to look at increasing per-capita personal income, where people are making more money each year, so you can afford to raise the rents every year and people can afford to pay them.

We like to see a diversified economy where if one part were to crash, it wouldn't take out your whole rental pool. You're going to have a very wide, diversified economy and have your qualified renters broadly spread across that diversified economy. We like to look for things like low cost of living, revitalization projects that are going on in the city – things that make it desirable for people to move to that city and stay in that city.

Now, the next thing is looking at the price-to-rent ratios. This is super important stuff. The most basic calculation for this is called the gross rent multiplier, which is simply the purchase price of the property divided by the gross rent that your tenant is paying you every month. So, that's really important because if you had, say, a $500,000.00 property in an expensive market that rented for $2,500.00 a month, your gross rent multiplier would be about 16 ½.

Now, the lower the GRM, the better – the more advantageous – so you want to get it as low as possible. If you have a $500,000.00 property that rents for $2,500.00 a month, that's about a 16.6 GRM, whereas if you have a $100,000.00 property that rents for $1,000.00 a month, that's an

8.3 GRM, so it's about half, which is twice as advantageous.

So, the gross rent multiplier is the first basic calculation, but you need to go deeper than that because expenses can affect the cash flow a lot. So, it's not just price-to-rent ratio, because you could have the same price-to-rent ratio in two different markets, but in some markets, expenses – like property taxes – are a lot higher than in other markets, so the GRM in two markets, where one has astronomical property taxes and the other has very low property taxes, can result in a very different cash flow margin for you.

So, you want to calculate what's called a capitalization rate, which is your net operating income divided by your purchase price. What's "net operating income"? That means your gross rent minus all of your expenses. You're going to take the gross rent from the tenant and subtract your property taxes, your insurance – of course, you're going to have insurance on your rental property – and, by the way, it's important to get that from a provider that specializes in rental properties, and there are definitely some things that you're going to want to look into when selecting the right insurance provider and the right insurance policy for you.

We actually did a whole webinar on this as well, and I'll link that up in the show notes so you can check it out. It was on debunking some of the most popular rental property insurance myths. You can get all that information there. That'll be in the show notes.

But anyway, you want to subtract your property taxes, your insurance, and the property management fee that you're going to be paying to the property management company to manage your property. If there is a homeowner association fee, of course, you would subtract that. That's an expense.

If there are any owner-paid utilities, which usually don't happen on single-family homes, but sometimes, on two- to four-unit properties, there are some common-area utilities that the owner would be responsible for. Usually, in a single-family home, the tenant is responsible for all the utilities, but if there are any owner-paid utilities, you'd subtract those, as well as expenses for landscaping fees or anything like that, which, as I said, are more common with multi-unit properties.

And then, you're going to subtract an estimate for vacancy and an estimate for maintenance. It's really important to do this when you're

calculating a capitalization rate because, of course, you have your fixed expenses – you know what those are going to be – but you have these two categories of variable expenses, and you don't know exactly what your vacancy rate is going to be, and you don't know what your maintenance is going to be, but you need to assume something in order to properly estimate and properly calculate a cap rate.

So, we encourage our clients to assume a minimum of seven percent vacancy and a minimum of five percent maintenance. That's seven and five percent of the gross rent per month. So, your property might not be vacant for two years, but then, the tenant might move out, and it might be vacant for two months in a row, where you have no cash flow at all. So, estimating a percentage each month allows you to amortize that over the duration. So, that's what you want to do.

And, as I said, sometimes, if you have super high taxes in one city and super low taxes in another city, if everything else is equal, that's going to significantly affect your cash flow margin. That's why you always want to calculate the capitalization rate.

Now, the other reality is that the most advantageous real estate markets change over time, and real estate markets are very local. There is not one national U.S. real estate market. There are a lot of local real estate markets, and those real estate markets all have property cycles, and they're all at different points in their property cycles. There are expansion cycles, contraction cycles, and all of that.

So, we have been helping our clients buy in different real estate markets. Over the last 12 years, we have helped our clients buy in probably a dozen different U.S. states, and that is in part because the most advantageous real estate markets have changed over time. Back in 2011, we were helping our clients buy in Phoenix, Arizona, which was a great time to buy. It was recovering from the crash, everything was on sale, and you could buy very low, rent pretty high, and get a really good cash flow margin and lock in a really advantageous price-to-rent ratio there.

But now, home prices have gone up so much that what's happened is a process of yield compression. So, when home prices go up a lot and the rents do not go up at a corresponding rate, what that does is if you're buying the house for more money but you're not getting more rent, then, of course, that affects the capitalization rate we just talked

about, and so, your yields are being compressed, and your cash flow is just being squeezed, so your cash flow margin is getting much smaller if you continue to buy for high prices but not get more rent.

Now, if you bought back in 2011, you did great. You locked in a great price-to-rent ratio, and now you have a bunch of equity, and you can either sell and profit or continue to collect your cash flow at the good price-to-rent ratio that you just locked in, and you can have a bunch of equity in your property, or you can do a cash-out refinance, or any number of other things.

But, this continues to happen in different markets. We went into Atlanta in 2012, we went into Houston in 2013, and similarly, these markets just skyrocketed in value. Homes are now a lot more expensive; rents are not a lot higher – not proportionally higher – so the cash flow margins got really squeezed. So, we continue to help our clients buy in the best markets at the most advantageous times, so that's a really important piece of it to consider and to understand.

Now, the next thing that I want to talk about is how to conduct your due diligence when you're buying an out-of-state rental property. I get this question all the time, so I want to go through some of the basics. With due diligence, the first thing is that you're going to do the same due diligence regimen whether the property is located on the block where you live or the other side of the country or the world.

And, you want to have an ironclad due diligence regimen that you execute every single time which involves you not having to trust anyone, but rather, being able to independently verify everything objectively for yourself using third-party sources. So, that's the crux of it, and whether the property is near you or very far from you, it should be exactly the same.

The first thing you want to do is verify all of your property expenses, so you shouldn't take the seller's word for any estimates. You want to independently verify that the property taxes are, in fact, this much, and the insurance quotes that you got are, in fact, this much, and if you have to mortgage the monthly payment, it's this much, and so forth. So, you're independently verifying all the expenses and doing your own cash flow calculations.

As I mentioned, people will sometimes calculate a cap rate differently. They'll

conveniently exclude the maintenance and vacancy estimates or things like that, so, make sure you're putting your own estimates in there, they're consistent across different properties you might be comparing, and that you're doing your cash flow calculations yourself so you have a consistent framework to evaluate properties.

Then, of course, you're going to independently verify the property condition by hiring a professional home inspector who works for you, not the seller. You're going to hire them independently, they're going to go onto the property, do an inspection, and give you an inspection report. Now, of course, all the inspection reports that I've ever seen come with a list of items that they recommend be fixed before closing. You give that to the seller and ask them to fix the items, and they come up with a punch list and addendum that they agree to do to your satisfaction before closing. That is a part of buying any property, whether you're going to live in it or rent it out, so always certainly do the inspection.

And then, you want to verify the fair-market rent, and there are really two things that you want to verify here. First of all, you do want to review the lease and the tenant qualifications of the tenant who is in your property. So, you want to understand the lease terms, make sure the tenant is qualified, and confirm how much they're paying, so that's part of confirming everything.

But then, you also want to make sure that the amount that they're paying is, in fact, the market rent, meaning that if that tenant were to vacate the property, you feel that you could reliably re-lease that property for the same rent to another tenant within, say, 30 days. So, you want to be able to verify that.

Now, there is a service that I will link up in the show notes where you can identify the market rent for an individual property at the address level. Type in the full address of the property and the details about square footage and that kind of stuff, and it will be able to tell you what the fair-market rent is, what the local vacancy rate in that area is, and which way that's trending. So, that's really important to do as well, so you're confident with that.

And then, of course, you need the fair-market value of the property that you are buying. Now, if you use a lender, a conventional mortgage lender in the U.S. is certainly going to require you to get an appraisal, and those, of course, are third-party, arm's-length transactions. An

independent appraiser will go in, give you an appraisal report for the fair-market value of the property using closed, comparable sales in the area, and you'll have that report as well to make sure that you're not overpaying for the property.

And then, of course, you'll want to review the sales contract as well as the property management agreement that you'll be signing with the property management company, make sure you understand everything, and ask any questions or propose amendments, if need be, to that agreement. So, independently verifying all of those things is really important.

And then, of course, that also relates to verifying the market dynamics. So, we talked about how to identify good macro markets. The other thing, though, that's really important is once you identify and say, "Oh, this metropolitan statistical area has all of these great macroeconomic indicators," that doesn't mean that any property that you buy is going to be a good investment. In fact, most properties, even in really advantageous real estate markets, are not going to be a good investment.

The reason for that is they're either going to be too high-end, so they're expensive properties that are not going to be able to command enough rent to cover the expenses and make it a profitable investment on the cash flow side, or they're too low-end, they're in undesirable areas, they're not going to be able to attract quality, stable tenants, and that's going to create cash flow disruption for you with high turnover, transient tenants, higher maintenance and repair costs, and higher vacancy rates. So, what you want to be able to do is to buy in the real estate investor sweet spots, and that's really important to do locally.

Now, there's also a service that will do a risk assessment for you of the local area. Now, that'll take into account all sorts of local things, like the quality of the school districts and all those types of things, and give you an overall risk assessment on the property that you can then use to evaluate it for yourself.

The final part that I want to talk about is how the Maverick Investor Group business model works, how we've structured our company, how we work with our clients, what the financial incentives are for us, and all that kind of stuff. So, we'll pull back the curtain and give full disclosure on how everything works.

So, Maverick Investor Group is a licensed real estate brokerage in the United States. We are not the owner of the properties. We are not the ones who are buying, renovating, and managing these properties. Our company is a real estate brokerage, but we work exclusively with individual real estate investor clients like you. That is our niche, and that's exclusively what we've done since the founding of our company in 2007.

So, we have relationships with local market specialists – professional turnkey providers and operators – on the ground in the most investor-advantaged U.S. markets. Those separate, independently capitalized companies use their own money and their own expertise to buy distressed properties, renovate those properties with their own construction crews, lease them out to qualified tenants, and then they either have a vertically integrated property management solution or they have partnered with a third-party professional property management company on the ground there, and then they offer these properties as an off-market, private buying opportunity to the clients of Maverick Investor Group.

So, our clients have access to off-market buying opportunities for turnkey rental properties in different real estate markets, and that's important because depending on your personal buying criteria and your personal investment goals, the same market and the same property is not going to be the same for everyone. So, this was a very important piece of the design of our business model. In real estate, the cool thing is – this is the really awesome part – that with the real estate brokerage model, the seller pays 100% of the commission or the referral fee, and the buyer pays nothing. So, that means – this is the really cool part – that you and our clients do not have to pay anything to work with Maverick Investor Group, ever.

We get paid if and when we help you identify a rental property that meets all of your criteria, you're excited about it, you do your due diligence, it passes your due diligence, and you decide to close on the property. At that point, at the closing, only then do we get paid, but we don't get paid by you, we get paid by the seller. So, you never have to pay Maverick Investor Group anything for working with us and using our services.

So, for us, that was a really cool aspect of this business model, and one of the reasons that we structured it this way is because we wanted to financially

incentivize ourselves to add up-front value. For companies that charge money up front before you come in the door and all that kind of stuff, the incentive to deliver value is decreased because they've already made their money. For us, if we can't help you identify a property that's right for you and we can't deliver enough value that you're going to move forward and close on a property because it's the perfect fit for your buying criteria – if we can't do that, we don't make any money at all. So, we wanted to create the financial incentive for ourselves to deliver that value.

Now, the other thing that we did is we wanted to be able to help you buy rental properties in the best real estate markets regardless of where you live and as those best real estate markets change over time. So, most companies in the real estate space, whether it's a real estate brokerage, a real estate development company, or a seller of any kind of property, most of them are based in one market, and so, they only have properties in their one market to sell.

And so, what they have to do is retrofit their marketing materials to tell you that their market is always the best market. It's the best market when it's up, it's the best market when it's down, it's the best market all the time because they have nothing else to sell besides their own market, so they're first taking the product that they have, and then, regardless of how advantageous it actually is, they're going to adjust their marketing materials to tell you it's advantageous and that you should buy it from them because they have nothing else to sell.

We did not want to be in that position. We wanted to be in a position where we could take the buyer's goals, interests, and criteria first, and then help them to buy in the market that is the best for them, and we didn't want them to be restricted to one market. And so, we – Maverick Investor Group – are geographically agnostic. It doesn't matter to us which real estate market you buy in. If we introduce you to a buying opportunity in whichever market is best for you and you buy, we get paid, so it doesn't matter if it's this market or that market.

So, therefore, we can put the buyer first and help you buy in the place that's actually the best for you, not something that we have to sell because it's the only market in which we have to sell, so we're pushing that market. So, we wanted to create a financial incentive to put the buyers' interests first and financially incentivized us to deliver the upfront value in order to get paid any money at all.

So, that is how the business model works, and our goal, of course, in the way that we make money is if our clients close on the property, and we get paid, and they're happy with that property, then of course, they're going to buy again and again and build a portfolio under further friends, under further family, and that, of course, is the goal for every client that comes in the door. We tell them, "We would love to be continuing to work with you 20 years from now, helping you to build your portfolio," and all of those things. So, that's how we work. Those are the types of relationships that we have with our clients, and that's how everyone benefits in this scenario.

So, with that, at this point, I want to offer you a couple opportunities for more information, if you're interested. The first one is if you are at the educational point in your journey, meaning you're definitely not ready to start looking at properties yet, I want to offer you a free report that I put together on how to avoid the seven biggest mistakes that real estate investors are making in today's market.

And so, this report is going to go through a whole bunch of important stuff that you should definitely take a look at. It's going to give you a little bit more understanding of our business model and some of the stuff we talked about today, but it's also going to go through these very specific seven mistakes and show you how to avoid them. So, to get that free report, just go to www.themaverickshow.com/avoidmistakes, and there, you can grab a free report and go deeper into the educational content.

Now, if you would like to schedule a phone consultation with Maverick, it's totally free, and it's a situation where we can get to know you, you can get to know us, we can learn about your buying criteria, about your investing goals, you can get all of your questions answered, and we can decide if it's a good fit for us to work together.

If you're interested in doing that consultation, I'd like to offer that to you as well, free of charge. You can just go to www.themaverickshow.com/consult, and you can pick a time and a date on our calendar that is a convenient fit for you and register for it today. My team is super excited to get to know you, and we would love to work with you if that's a good fit for you. So, you can grab the consult there at a convenient time for you, or grab the free report, or both, and we look forward to welcoming you into the Maverick community.

So, with that, we will sign off this experimental episode. I hope you guys enjoyed this. I would love to get your feedback on this if you thought it was valuable, and if you would like more episodes like this interspersed between the guest interviews, shoot me a personal email to my personal email account and let me know what you thought of this. My email is just matt@maverickinvestorgroup.com. Shoot me a personal email, and just let me know what you thought of this episode, and if you would like to see more episodes like this, or what type of content you would like to see interspersed with the guest interviews. All right, that's it for now. Good night, everybody!

Announcer: Be sure to visit the Show Notes page at www.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 www.themaverickshow.com.

Would you like to get Maverick Investor Group's whitepaper on how to avoid the seven biggest mistakes real estate investors are making in today's market? Just go to www.themaverickshow.com/avoidmistakes. The report is totally free and available for you now at www.themaverickshow.com/avoidmistakes.

Learn how Maverick Investor Group can help you by cash-flowing rental properties in the best U.S. real estate markets regardless of where you live. Schedule a free phone consult today at www.themaverickshow.com/consult. Now, you can buy rental properties with tenants and local property management in place so you don't have to be a landlord or a rehabber. To get your questions answered and discuss how Maverick Investor Group can help you meet your real estate investing goals, schedule your free phone consult today at www.themaverickshow.com/consult.

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Duration: 49 minutes