

Mitch: This is Mitch. The Real Estate Investors Summit podcast has begun. I'm your all-knowing and wonderful host Mitch Stephen and I have a special guest today Mark J. Podolsky (a.k.a. The Land Geek), this guy is widely known as the country's most trusted and foremost authority on buying and selling raw and undeveloped land within the United States, kinda virtually as I understand it, certainly he doesn't drive to all of these places.

He's been actively invested in real estate and Raw Land since 2001, so I guess it's a decade and a half or so, that's long enough to know what you're doing, he's completed over 5,000 unique transactions and his company Frontier Equity Properties L.L.C. has a "A" rating at the Better Business Bureau, you know I always like to check these guys out, don't wanna bring any bombs or anything, Mark is a good guy, I've known him for a long time. I don't even have to go to the Better Business Bureau, I know, Mark continually explores new ideas and technologies that make -- his systems work faster and more efficient, and just on a personal note, he's been married to his wife Rachel for 17 years, has 3 children, he resides in Scottsdale Arizona. How you doing Mark?

Mark: Mitch Stephen, it is just always a pleasure -- to see your smiling face, hear your voice

Mitch: [LAUGHTER] You're always so fun man, you're just like always, -- you're always on a high man, you've got something on your sleeve that we need to add to ours or what's going on?

Mark: You know I it's the bulletproof coffee, I gonna try to get you to do the -- [INAUDIBLE - grass]

Mitch: So you do the bulletproof.

Mark: Yeah, yeah.

Mitch: OK, so Mark, correct me if I'm wrong now, but you virtually buy and sell Raw Land, lots and developments, all across the United States, correct?

Mark: Correct.

Mitch: Right. And you talk about a concept called "Solo Economic Dependency", tell me about "Solo Economic Dependency", what does that mean?

Mark: So "Solo Economic Dependency" is if you're not working, then you're not making any money, right? So, I used with Dentists, and if the Dentist didn't have his hands in somebody's mouth, he wasn't generating any real income,

Mitch: Guy wouldn't get paid.

Mark: He wasn't getting paid. So, you know, Sole Entrepreneurs, Freelancers, Doctors, Lawyers --

Mitch: A wholesalers

Mark: A wholesalers, anyone who is reliant on their efforts, to make a living, it's what I call a "Solo Economic Dependency" right? So, if the Dentist has an accident, losses a hand, they're out of business, right? There's no passive peace in their business, and a lot of people don't think about it like that, like oh, I'm a graphic designer, I love doing graphic design, but there freelance --

Mitch: What about when you don't, what about when you're tired of doing the graphic --

Mark: Well, that's the thing is, what if you're tire of it, what if you don't love it, once source of income you're "Solo Economic Dependency".

Mitch: OK, so, when did the notion of cash flow or residual income or owner financing, first strike you, when did that light bulb go off.

Mark: So, in 2000, well first of all in 2000 I was an Invest Banker and I working doing mergers and acquisitions and a 45 minute commute to work and back and I hated my job, right? Like I wouldn't get the - the Sunday blues, right? I would get the Friday blues, anticipating the weekend going so fast, and then being back to work on Monday.

Mitch: [LAUGHTER]

Mark: I knew I needed the change.

Mitch: That's a hate your job blues right there.

Mark: It was a hate your job blues, I mean I was micro manage -- I really hated it, so I'm sure there's a lot of people out there right now, in a cubicle listening to this, you know, "I know how he feels". So, this is 2000, we hire this guy at my firm and he's telling me he's doing this Tax

Deed Auctions and he's buying and selling Raw Land, and he's making 300% margins, and so Mitch, you know, look I'm from Saint Louis, the show me state, I don't believe him --

Mitch: Like, show me, show me that 300% margin --

Mark: So, I go to this Tax Deed Auction, I've never done a deal, I've never -- the only thing I've ever done in the real state, is buy my own home, and sure enough I buy like this cheap lots in Mexico, on average 300 bucks cash and I flip them online the next month for over \$1,200, 300% right? He was right. So then I did it again and I was flipping, flipping, flipping and finally I quit my job in 2001 after doing land part-time, and when that land investing income exceeded my investment bankers income, that's when I quit, right? So, we're going from 2001 to 2006, and you know what the market is like then, right?

Mitch: In flipping, right? You exceed, like you did the deal and you put some money in the bank, you did the deal and you put some money in the bank --

Mark: I was overwhelmed of cash, the market was quite hot. Mark wasn't very smart at all, right? It's just the market, right? So, I'm making all this money, flipping all this land in doing what I'm doing, but then I'm thinking to myself like, I'm starting all over again, right? Deal --

Mark: In every deal, you got to start over again, right?

Mark: So, I'm like there's got to be a better way and I thought, oh I know, I do it the Mitch Stephen way,

Mitch: [Laughter]

Mark: I don't even know you. So, I created a note, so I started doing Owner Financing. So know instead of doing 300% on cash flips and having no relationships and starting over, I got into the relationship business and started making a 1,000% on Owner Financing, which is way better, right? Because now, I'm not lumpy every month.

Mitch: You still probably made enough in the down payment, So they upfront money, for -- you know, that you sold, when you're selling to people with Owner Financing you still get a down payment and If you get multiple down payments in a month, or sometimes even just one really good down payment, that's enough to live on, right?

Mark: No, absolutely, so I would have the down payment and then I have the cash flow, and If I really needed cash, I could sell a partial note to an investor, 12 months in that cash flow and then that note reverts back to me, but that way I get money to go ahead and buy more property, right? If I needed it, so once the passive income exceed my fixed expenses, Mark's free. So Mark became free.

Mitch: So, how long did it take you to become free?

Mark: It took about 2 years, I have a big overhead.

Mitch: Yeah, big overhead.

Mark: I have 3 kids Mitch and a wife that doesn't work.

Mitch: You may have big overhead, but you were also dealing in a low - low priced product, relatively low, you know what I mean? Compared to some other things.

Mark: No, absolutely, and -- that's why I love my model so much, is that it's affordable for everybody it's a car payment, right? Everybody can afford my land, for most part -

Mitch: [INAUDIBLE - buyers, all you] -- There's a lot of people that can afford your land, to buy.

Mark: Yeah, just everybody can afford my land to buy, absolutely.

Mitch: There's also a lot of people that can afford into this business because, buying lots for \$300, is not like buying a house for 50,000, I mean you're trying to find \$300 is a lot easier than finding 50,000 or 20,000 or 100,000. So.

Mark: [INAUDIBLE - You're the buried entry] in this business, is nothing, I mean you could auction property and put no money, I've got clients that -- do a closing, they -- they get infinite returns. That's not the issue in this business, the issue in this business is consistency, like any other business, right? It's showing up every day, making offers and getting to the learning curve and going through that hustle, it's a hustling business.

Mitch: 2 things, 2 things, number 1 is, a lot of people are finding that doing deals from a distance, is always some mental hurdle for them to get over. How did you scale the wall of distance, like you're buying this

stuff, you're not walking on it, you're not seeing it, how do you get over that problem?

Mark: Yeah so, I crowd source everything, right? So, I'll have somebody, local, go out and complete my property report, take pictures, shoot video and answer some questions, what are the neighbors like? Right? Was it hard to get to? What was the road like? Right? Take some pictures of the road? What's the terrain like? And, you know, you get all this information, I don't go out there physically. So, I can't tell you the last time I was in the property, honestly.

Mitch: Well, that's the magic of it, but that is a bit of a hurdle for some people for sure, because --

Mark: Yeah.

Mitch: They're thinking, I'm gonna buy something, that I haven't ever seen but, you get over it, you learn how to use the technology, also are you, you know, -- I've learned in what's changed my business a ton, a ton, is using virtual assistants to scout, scour, bring all the information back that I need, so I'm only dealing with the upper echelon of the problem, which is basically talking to the owner and see if I can get him the price and get him to sign the contract, you know I'm not doing all this research, I'm not trying to find people out there to take video of these things, I've got VA's that do this for me, and they just hand them over. Is that how you do it, or there's something else to it.

Mark: That's exactly what I do, I have -- an acquisition manager, who runs a virtual assistant team, and we've got this thing 85% automated, so literally, we've automated our deal flow, we've automated our marketing, we've automated the closings and the documents the whole thing is automated, 85% so that 15% that's not automated is what you just said, someone's gotta get on the phone, negotiate, close, sell.

Mitch: You've got to win over this guys, you've got to win over this seller, you gotta -- make them smile and be happy, cause that's -- one of you motto, right? Never an unhappy customer. Is that right? Was is it?

Mark: A happy customer's guaranteed.

Mitch: So, i mean, I'm gotta put this out there just for my friends, because there's a good friend of mine, that I meet in the Collective

Genius Mastermind Group, and he puts together VA's that are trained for people just like us, they know what a mortgage is, they know Owner Financing is, they know Title Company, they know how to get in the courthouse records and go find certain kinds of things, Tax Claims, Tax Delinquents and all these stuff, it's called **VAmadeeasy.com**, if you're interested. Now, you can get cheap VA's, you know for a dollar or two over the Philippines and this won't be that cheap, you know they're usually, right around 10 bucks an hour, but they're trained and you don't have to train them, they're very loyal, do you find your own VA's or you go through a service like that? Helps you find and train people?

Mark: You know, I've tried this services and for whatever reason I've never had good luck and I'm not sure and it might just be Mark, honestly, it's most likely it's Mark, right, it's probably me, but --

Mitch: I don't know, I mean, I haven't tried any other ones, I just, just used this one, and I never want any place else, they gave me great people.

Mark: Yeah, I know, I pay -- I should probably try it, but I pay 11 bucks for due diligence in the Philippines on our deals --

Mitch: 11 bucks a deal.

Mark: 11 bucks a deal, [CROSSTALK] yeah, he does the whole Title search, he gives me the plot maps, he takes the Google Earth images, he basically does everything --

Mitch: Whatever can be done on the internet. They do it, right?

Mark: They do it, they're hooked up with an American Title Companies, made jobs with American Title Companies, so, he has access to all that data and we just work with him, and you know, I don't know, 6 bucks an hour. The VAmadeeasy.com that sounds amazing.

Mitch: It is and -- I even got with skip tracers, because if I'm gonna guess, that your best deals are the people that are hardest to find.

Mark: Well, I'm not really in your business which is really competitive, right? Nobody is really looking for Raw Land, I've got a huge market and pretty much nobody's playing -- you know, in that backyard, so -- deal flow for me is never an issue, like it's crazy, we have people begging us to buy their property.

Mitch: You know, they're tired of paying the taxes and --

Mark: Tired of paying the taxes, it's a different model, because they're not emotionally attached to that Raw Land

Mitch: They kinda wish it would go away, right?

Mark: Yeah, they'd wish it would go away, so it's a little different than housing, where there's 5 other Mitch Stephens ready to pounce,

Mitch: Yeah sure, it's very competitive in my market. -- So, that being said, because I have systems like you're doing, I mean, in 2015 I bought just under a 100 houses and like the toughest market I've ever seen. Now, I had to really double my efforts and you know, do things like, get VA's to work 24/7 instead of -- but, I never saw, that maybe 10 or 15 of those houses, because -- and I'm buying houses in my hometown, but the only reason I've sold those is because, I guess I just got bored and wanted something to do, but I never have to -- and I never see my buyers, I never even talk to them. So, whether -- you're doing it in your hometown and you're not seeing them, or you're doing it from 2,000 miles away, it's the same difference, it doesn't matter, if you can in your hometown and not see them, I could do it from 2,000 miles away. So, it doesn't matter. Tell me something about your note, what kind of note are you doing, what is the typical land note look like?

Mark: So, typical land note is, you know, we wanna get usually, if we can get our money out on a down, that's great, if I'll go -- as far out as 12 months to get my money out and then it's anywhere between 8.7% to 12.9% turning on the property on interest, and then anywhere between say 3 to 30 years on a note.

Mitch: Do you have to deal with the dodd-frank issues, like if someone gonna build a house on it, -- or your lots don't fall under that category, as far as you're concerned.

Mark: OK, so if it's a raw vacant lot that's unimproved, right? We're not dealing with a tenant, so, because we're not dealing with a tenant --

Mitch: You mean, you're not dealing with a owner occupant.

Mark: We're not dealing with owner occupants, so dodd-frank is --

Mitch: Doesn't apply.

Mark: Doesn't apply, right, so, exactly, so we're exempted. Now, if they're gonna build a home on there, then that would apply but --

Mitch: Right now, hopefully maybe in the near future, none of it will apply. But [LAUGHTER] right now, you have to think about it.

Mark: Yeah, dodd-frank is naughty.

Mitch: Yeah, that's run a lot of people out in my business, but you know, it's not your business, but -- it run a lot of people out of my business and at the end of the day, it wasn't so difficult to conform with where I live. So, I just decided to conform until something changes but, I found in my business, everyone saying, well how do I sell these notes, how do I sell these notes and I'm saying, and if you do this right, you shouldn't never have to sell a note and why would you have to sell a note, if you get 2 down payments a month, at 5 or \$6,000, I mean do you need more than 10 or \$15,000 to live a month or what? -- Why would you need to sell a note, if you do this right? Do you sell a lot of notes or you're just in the notes collecting business now.

Mark: Yeah, I've been in the note collecting, I like buying notes actually, because for me --

Mitch: [INAUDIBLE - You just cut out everything else] you just went right out to the bull's eye.

Mark: Right, well, it's the best investment for me personally, I know that business better than anything, so I set up a QRP, right? And then I can buy these notes in a tax deferred or tax free, a retirement account, it's totally passive for me, with people that I've already trained, right? So worst case, is I make 16% of my money, right? [CROSSTALK] Best case is they default and I get the property and I make 300% to a 1,000%, right?

Mitch: Wow.

Mark: So I like to buy notes, for people that do need cash but, if I ever really really need cash I'll sell a note, here and there.

Mitch: Yeah, I mean -- I'll still sell a note, like if I needed to, put together a pretty big down payment for a mini storage project or something, you know what I mean.

Mark: Right. Right. We just did a \$800,000 deal this week, and so I need some cash, Mitch.

Mark and Mitch: [LAUGHTER]

Mitch: Okay, but-- we are talking about collecting notes and needed to collect payments. So, I needed to take a little side step here just for a second. I need to pay the bills here. I got a sponsor named, moatnoteservicing.com, and these guys are, they are fantastic company. If you are a payment collections or falling further and further behind because you are too nice, or you dread those collection calls, and your count analysis aren't getting done this year, and quite possibly, record keeping is not your forte. Then, why don't you check out, moatnoteservicing.com and let them stand between you and your payers and handle all the issues that you don't like to deal with. It is Moat (M.O.A.T), that's moatnoteservicing.com. Because, you should out making deals. How'd you like that? Did I do good?

Mark: I love that. You know-- can I plug a new software product that I just started?

Mitch: Sure. I was gonna give you information, let us do it now.

Mark: It is called Loan Geek. It is in data. And what we do is, we are crushing the competition. And so, if you have a note and you are collecting payments, right, from a borrower. We have automated that 100%. A.CH. is 80 cents. You can collect credit cards at a cheap 0.9% but you can in charge your borrower a 3% convenience fee for taking credit cards. You can charge them fees, so this has becomes a profit center for you. And the best thing, Mitch, is that I have set this up for myself, 'cause I was tired of paying note set up fees. Every time, I set up a new note, it was money out of my pocket, right? Why should I do that?

Mitch: What were you paying for when you set up a note? You go to your computer, you gonna enter into your system.

Mark: Well, I have-- I was using a third party software program, right? So--

Mitch: Okay.

Mark: Right? So, they were managing it. So, now I set up my own management company. So now, it is all automated through credit cards or A.C.H. Your borrower can log in at any time and make a payment. They never have to keep answering the phone and answer the question, "Hey, what's my current balance"? Or "Hey, how can I make extra payment this month"? Right?

If you are late, it automatically emails them, notifications and we might set up an A.P.I with moatnote.com, where they can actually pick up the phone, so, you Mitch Stephen never have to do anything.

Mitch: You know, I'll talk to them about it. I am gonna have this come size you up. And if everything that you say, then we'll have you back on and let's talk about that for few minutes.

Mark: I love it.

Mitch: But, Loan Geek for me is-- for guys like you and me, auto dealers, any one that is dealing with a borrower, right. It is gonna worth crushing the competition a few ice.

Mark: You did it for the same reason that, you know. I outsourced mine. Because, I don't-- that's not where I make my money. I make my money finding houses. And you, make your money finding signing contracts on lots. Right. Sold out. Everything that you can is-- not the money making prospect, you know.

Mark: Right. Right. You don't wanna be on the phone dealing with borrowers all day long. "Hey, Mitch, you know what is my current balance on this note?"

Mitch: How many lots or how many deals you are doing in a month average?

Mark: So, this year so far, we've done over \$1.1 million. We've done over 129 deals. We just close a deal.

Mitch: So far. It is not we are three quarters 'till the year.

Mark: Yeah. Yeah. So, we are looking to be doing about \$2 million and about hopefully---

Mitch: That is incredible, man. That is incredible. In the business that I am in, buying a houses and owner financing houses. We got to have

some serious private money sometimes to help grease the skids. But, on the prices that you are paying for these lots. Do you use private money or not?

Mark: No. I've never used private money. Because--

Mitch: You are all cash up based business.

Mark: It is all cash. Right. So, we got the cash flow that kind of support it. And if we don't, we just sell a note.

Mitch: Yeah. I understand. I understand. If you said, you and I wouldn't sell a note because by now, it wouldn't make any sense, but-- the young investors coming into the business, might need to sell a note and make a little bit of cash. Number one, right to get some confidence. Number two, maybe he's gonna get any say or a spouse get off his back, you know.

Mark: It is just selling a partial. There are selling 12 months of the payments. They are not selling the whole note. So, that has been commended back towards to them. It is the best of both worlds.

Mitch: I call it hush money when we sell a note to keep a spouse freight psyched. "Okay, honey, there is \$20,000 in the bank now, you can hush. Be quiet".

Mark: Exactly.

Mitch: You go right now while I go figure out how we make us rich.

Mark: Yeah. Yeah. You know it is so funny about people's emotional issues with money, right? Because, I just look at money like a tool, right? It is just a hammer or a saw. A carpenter has no emotional issue with their tools. Okay? I was just gonna say, like the spouse, "I have to see that number in the bank account". Like "What--why"?

Mitch: When you don't have enough money to pay your bills. Then, money is very important and it is emotional. Once you got your overhead pay for, or you have enough money coming in, every month to pay for your bills. Then, the excess money, just becomes R and D money. It is for research and development. How can I use this to increase my return to or make it more consistent or whatever it is? But, you wanna improve all the time. And, money becomes less emotional

when you have enough. But, it is very emotional when you don't have enough. Will you agree?

Mark: Oh yeah. Absolutely. I remember those days.

Mitch: Yeah. Me too.

Mark: They sucked.

Mitch: How about the Moat Theory? Where you have to figure out what was your freedom number was. And your freedom number was, whatever amount, it took you to pay your bills. Your car payment, your insurance, the air conditioning bill, the house payment, whatever that number was. That was your freedom number, 'cause one step was coming in the mail box, then, you know every month on the 1st, then you didn't have to have a J.O.B.

Mark: Well, I think Mitch, the problem is. Is that what we think makes us happy, really made us miserable. Right? So, I remember back in the day, 2005 when I was making us money, you know, I had to buy a million dollar house. I had to buy, you know-- the luxury car. I had to do the private school thing, right? It just keeps on increasing the overhead. I became more and more unhappy, because I had to provide so much income every single month. I created my own--

Mitch: You're slaving. You are slaved to it.

Mark: I was slaved to it. So now, I simplified things, and I had experiences instead a bunch of stuff, right? And I am way more happy, my passive income exceeds my fix expenses and it is great. But, I think it is a mental shift, because, let's face it, you'll never have enough in a way--

Mitch: But, I remember one of the-- I wanna say, there's more--

Mark: You disagree with me? Or --

Mitch: No. No. I agree 'cause I was about to confirm my story. My story was I had a day-- one day when I made more money that I have ever made in my life, than I ever thought I'd ever make by double. You know, I made--in my little world, it doesn't matter the amount of money, I had made more money that I ever thought I ever thought would make in my life.

And it wasn't solving my problems. In fact, if I wasn't careful, it will make my problems even bigger. You know. You have to be very careful about, you know. One, letting people know that you are making a lot of money will cause you a ton of problems, especially, family. Trying to hire family and bringing them to your business because you want them to enjoy the level that you are, because, people don't get it. It has to be their own dream. You can't give that dream to them or that ambition to them to do what you do. And I tried it so many times, 'till I finally figured out that, while it seems easy to Mark and Mitch. Not everyone possesses nor they want to possess what we think is important, or that we are passionate about, right?

Mark: Right. It is all about values. Like, what do you really passionate about? What is really important to you? Put your money there. You wanna see what your values are, look at your credit cards, right? It will tell you exactly where your values are.

Mark and Mitch: [LAUGHTER]. That is where you put your money.

Mitch: All right now. Apparently, I value this little ranchito I have down south. Because, I put a lot of money into it. [LAUGHTER]

Mark: There is nothing wrong with that. You know--but, you really need to be conscious of it. If you wear like this is what is important to me, is this little ranchito, right? And it is gonna be buying all these experiences and am gonna do all these things, it is gonna be an investment. But, whatever it is, nothing wrong with it. Just as long you're--

Mitch: Aware of it.

Mark: I think. But, if you are unaware," Where is our--my money going every month". I think, that's a problem.

Mitch: Yeah. I think a lot of people don't know. That's one of the reasons why I use credit cards like extensively, because I have a credit card for every company, for every purpose, you know, I break everything up. So, I can figure up where's the money's going. Because, you'll be surprised how many people don't know where their money goes.

Mark: Well, I know it. Absolutely. Yeah.

Mitch: So, find your freedom number, and then hook up with some kind of start using that right, Mark Podolsky's strategy is to buy land and development, raw land across the United States. Let me give you a link to go it's gonna be in the show notes. But, the link will be, reinvestorsummit.com/thelandgeek. There you can learn about Mark's mentoring program. If this is the kind of strategy that you choose, or you think might be interesting to you. Go ahead and hit Mark up, and see what it is all about.

I know for a fact that, the man knows what he is talking about and he's not only talking about it but he is doing it himself. So, that's reinvestorsummit.com/thelandgeek. And, then we'll also probably gonna get back together and talk about your note collecting software, okay?

Mark: Yeah. Am really excited about Loan Geek. Absolutely.

Mitch: Loan Geek. You've got the market cornered on the word, geek, right?

Mark: I really do. We are gonna change the world, Mitch Stephen.

Mitch: [LAUGHTER]

Mark: You know, we'll gonna sleep easier because of Loan Geek.

Mitch: All right.

Mark: Yeah. But-- I really appreciate you, having me and I am really honored. What you are doing is really so valuable. I consider you like the pebble in the pod, right? Like you just flashed out all these wisdom and knowledge about real estate and it just spreads out, and I think you are really making a tremendous difference in people's lives.

Mitch: I appreciate that too, 'cause you know I've got my own niche and I'd like for people to sign up for that and make me their coach or their mentor. But, what I do is not for everybody and what you do is not for everybody. The point is, is that everybody finds something so that they can get free and take control of their destiny. You know, what I mean.

Mark: Yeah. Yeah. The thing I like about you is that, you are not smoking mirrors. You are doing it, right? You go into these late night

infomercials and the real estate business is so sleazy, it is just like your breath of fresh air, Mitch Stephen.

Mitch: Well, Thank you so much, thank you so much. I've got one more sponsor and then we will said our goodbyes. And this one's from livecomm.com, what if you could capture the phone number of every person whoever called your company? What if you could track the success or failure of every advertisement, whether it was effective or whether it was not effective? And what if you could do this without any mistake and doing it affordably? You'd up your game a lot, that's would happen. Now, imagine being able to text all those prospects, paying just pennies to reach the entire group. Go to livecomm.com, and watch the 4 minute video on the homepage. You know, mass texting companies charged about 5 cents per person on the list, you can reach four, five, six thousand people, all at one time for under 9 cents total, and that is very effective. You'll have to see how, we are using it in my companies to sell our houses. It is incredible. Livecomm.com. Mass texting done right, mass texting you can afford.

All right, my friend. I appreciate everything. Again, if you want to learn more about Mark Podolsky and virtual wholesaling and owner financing of raw land and undeveloped land. Go to reinvestorsummit.com/thelandgeek

I think we're out, Mark.

Mark: Mitch, thanks. I really appreciate it.

Mitch: All right, man. Take care.

Mark: All right. Thanks.