

EPISODE 361

[INTRODUCTION]

[00:00:00] ANNOUNCER: Welcome to The Real Estate Syndication Show. Whether you are a seasoned investor or building a new real estate business, this is the show for you. Whitney Sewell talks to top experts in the business. Our goal is to help you master real estate syndication.

And now your host, Whitney Sewell.

[INTERVIEW]

[0:00:24.1] WS: This is your daily Real Estate Syndication show. I'm your host Whitney Sewell. Today, our guest is Pat Flynn. Thanks for being on the show, Pat

[0:00:32.3] PF: Absolutely, Whitney, thanks for having me.

[0:00:34.1] WS: No, it's great to have you on the show, Pat. And before we jump in to why Pat is so amazing and his company and what he's doing. I would like for you to go to Life Bridge Capital, go to the contact us page and fill in the information out there so I can connect with you personally and we'll setup a phone call so I can help you any way I can.

I hope you're sharing the show, I hope you're enjoying it, if you have any feedback, I welcome that, you can email me, Whitney@lifebridgecapital.com or you can leave questions in the Facebook group as well. The Real Estate Syndication show so we can ask those questions on the show. To all these amazing guests. I hope you're enjoying it and we'll talk to you again tomorrow but right now; we're going to get into Pat Flynn.

And Pat is the Vice President of YellowBird Home Buyers. Directly managing and overseeing property acquisitions and direct marketing and sailed in the US merchant marine fleet for seven years, traveling the world. Thank you for your service, that's incredible.

[0:01:26.3] PF: Absolutely.

[0:01:27.4] WS: Started his real estate career in 2017, purchasing over 100 homes during his first year and we're going to talk about how he did that and what caused that to happen. So, Pat, give the listeners a little more about who you are and your focus?

[0:01:40.6] PF: Sure, I went to school at a small military school called United States Merchant Marine Academy at King's Point. Another alumni there is Robert Kiyosaki, *Rich Dad Poor Dad*. So, that's what kind of planted the bug in my head. He spoke when I was a senior, he got up and spoke and just about his story and the different way to look at money, his big thing is have your money work for you.

Read the book if you haven't read *Rich Dad Poor Dad* is an absolute must read but he spoke, my senior year, planted the bug in my head, I went out in the merchant marine just because that's what everyone said to do. Sailed for seven years but always had that seed planted in the back of my head so I started buying some rental properties where I live in Jacksonville Beach, Florida then that one point, my girlfriend got pregnant, I couldn't leave, we didn't have any family where I was so I couldn't leave and go out to see any more, I was out to sea eight or so months a year, I had to come home full time, so that kind of forced me to jump in head first and get into the real estate full time.

[0:02:45.0] WS: Wow, I know before the show, you and I talked about how you go that hundred properties during the first year and we were going to talk about you know, what caused that to happen and how that could help a lot of other people that are getting started in the space?

[0:02:56.5] PF: Yeah.

[0:02:57.4] WS: Yeah, I'd love for you to elaborate just a little bit for what you can.

[0:03:00.2] PF: So, the main message I wanted to get out there is, I didn't just jump into the space out of nowhere and immediately do a hundred deals my first year, that's unrealistic. What happened was, I had been reading and learning for five years prior, buying rental properties,

getting to learn the game, networking with people, saving up money, so when I did make the jump into real estate full time, I had a pretty solid foundation of what to do.

So, I had all the book knowledge, none of the practical knowledge besides you know, buying a few rental properties. The game changer for me, getting started was something I was too proud to do when I first got started, you know, seven years ago was networking. I thought, if I could read all the books and become an expert myself that that's, I'm naturally introverted person, I like doing things on my own so I didn't go to any networking events or anything like that and that's the biggest thing that slowed my growth in the beginning.

Once I started networking, that's when things really took off for me. So, I was doing a little wholesaling on my own and just through networking and telling everyone in the community what I was trying to do, starting to go to events, that's how I met my now business partner who has a ton more experience than me. Him and his partners had more capital than I did. But with me being a person kind of new to the game that was full of energy of going out and finding deals and I just needed some direction, I was the perfect fit for them who are seasoned and have the capital and have the knowhow.

So, it was just a great fit right of the bat, they gave me some direction on where to spend my marketing dollars and some direction on where to look for these deals and I was just off to the races because every deal I did was with them, they took most of the profit of course, I took a small piece of it, but the knowledge that I learned in that first year, I mean, I did a hundred deals my first year, that's how I did it was taking a small piece, letting the seasoned people deal with the construction and kind of show me through that part of it.

So, my whole focus was on finding deals. I wasn't finding a deal and then meeting contractors out of the house and then you know, pushing through and listing on the MLS and taking those phone calls. I was solely focused on acquisitions because acquisitions is where the money is made. That's how I was able to do 100 in my first year and that's how anyone getting started, I would suggest they do.

Whenever I meet with investors, I always say, "network. Network, network, network," is the number one thing. Find someone in your game, you guys are in the syndication space. Find

somebody that's killing it in the syndication space and see how you can add value to them for free. That's what launched me to the next level and I think it's the same with any business.

[0:05:44.7] WS: The timing of you saying all this is just perfect. So, I get calls every week, numerous times a week, people asking how to get started, right? "How do I get started, how do I get into this business?" You know, ask a little bit about their situation, their background, what not. It's so similar to what you did here, but I'll tell people, if you – I mean, especially if you're not married and no kids, find that person who is doing what you want to do, they're operating at a high level, offer to work for free. Work for a year for free, like work a part time job at night, weekends if you have to. Work for free.

By the end of that year, you are going to be so far ahead. I can't stress it enough, I wish I could have known that or somebody would push me to have done that many years ago, right? I appreciate you elaborating on how that helped you and finding that partner and even though you have to give a cut, I mean, it's so worth it, right? To have grown.

[0:06:34.2] PF: I'll add to your working for free part of it, because that's what I did for like first six months with them, we didn't even have an established plan of what we were going to do, I was just feeding them deals. So, natural human instinct, the reciprocity rule, as you're working for free and as you're having success, you're gaining leverage over these people that are killing it in your space and that's 100% I was able to get where I'm at now, is I just wasn't worried about the short-term money because I had long-term on my mind.

Use the reciprocity rule and work your ass off for someone to where they're like, "God, we can't lose this guy, let's put more time and money into him." And then that's where it really starts to pay off is don't nickel and dime over one or two deals when you got to have big picture in mind when it comes to working for free. That's why it's –

[0:07:22.7] WS: You got the next 20 years or 30 years to do this, right? Don't worry about the next one or two deals, that's right. I couldn't have said it better myself and something else that happened though, you know, when you partnered, you talked about – you were focused on acquisitions, right? So, you didn't have to focus on like the entire operations all at once, right?

You could just nail down and be really good at acquisitions and networking and making this happen and you didn't have to really get into all the day to day things in the operations on the back end, is that right?

[0:07:51.1] PF: That's exactly right. I mean, all that stuff is important and it's important that it's done smoothly and the same very time. But it's the same in apartment syndication, the money is in the buy. If you're not buying right, I mean, as long as you're buying right, you can screw up construction and still be okay. It's all about the buy, at least in single family that is the most important thing.

And my partner set me on the right track to not get me in the weeds of construction or any of the stuff that all that stuff needs to be done, but it's not high profit stuff, the money is made in the buy. That's so, being able to focus on that was huge in growth.

[0:08:30.2] WS: That's great. I appreciate you elaborating on just how the partnership happened and what you did to get into that team, right? I mean, to offer to work for free and to add value, right? You're adding value, you've increased their acquisition numbers, they'd be crazy not to bring you on.

[0:08:45.6] PF: Right, the cool thing we're doing now is we had the idea to give everyone this because when I was getting started, it gives you confidence to walk into a house and know that you have money behind you, so where you know you can close on this if you need to, it's just the way you talk to the seller is different. So, what we're doing now is we have this connect events each month where it's like a meetup, the whole purpose of them is to give everyone the same opportunity that I had. So, anyone that's willing to go out and work their ass off will tell you what to do, we'll fund everything and we'll partner with 100% of it, with you.

It's such a powerful thing and to be honest, I'm surprised that how little, how few people have taken advantage of it, but we're trying to give everyone that same opportunity and I'm sure you would do the same thing. If you have someone that's killing it, bringing you deals, I mean, why would you.

[0:09:35.5] WS: I'm going to include them, yeah. That's right. Yeah, great point, that's awesome. And I'd love for you to talk about your all marketing aspect a little bit and what you're doing to acquire or to find properties. I'm sure there's things that you're doing that we can apply probably in our business as well, are you all doing online stuff, are you doing you know, thought leadership, are you doing direct mail or are you doing, what's working for you all and what does that look like in your all's business?

[0:10:02.0] PF: We're doing nothing that's a secret, we're doing all the basic stuff that everyone does. I think it all works. Postcards, we really slowed down on, when li was first getting started three years ago, it cost us about \$2,000 per contract on a postcard. So, to find a deal, it was two grand worth in post cards. Over the past six months, it's increased to between eight and nine grand for a post card deal.

So, we very much slowed down that, but there's no secret to our marketing. It's all probate, lis depens, inheritance, they're getting direct mail from us. We slowed down Google Ads just because it didn't make sense for us to compete with open door and home investors. The return just wasn't there so we slowed that down. So, as far as direct to seller marketing, nothing really of interest there, we're doing a little bit of everything, everything's kind of returning, normally. Nothing high, nothing low.

The interesting thing we've been doing lately is this big thought leadership marketing push we've had in that we have now, we have our monthly meetup every month which has a lot of wholesalers, new investors, that's a lot of time and energy to run it each month, but we do a great professional job doing it so we have deals from that.

Another thing we're doing to find deals that's interesting that I'm really proud of is our Facebook group. We have a private local Facebook group. It's localized here but people from all over the country are in it, people post deals, people post questions and we try to add value and it's not spammy or anything, it's really good. If you're – that's something I would highly suggest to anyone in different markets, whether it's a syndication space or anything is a private Facebook group that has no spam and people can really just bounce ideas off each other in post deals. That's been the huge return.

Some of our most recent deals came from real estate agents and that just comes from networking, adding value on the Facebook page, adding value in our meetup event so it's kind of like, you just have a bunch of lines in the water, every once in a while, something will click. It's hard to measure your return on we're really active on video, we're active on podcast.

Now, it's hard to measure your return on that stuff but the more you do, it increases your presence, it just – this podcast we're doing right now, someone from California may hear me talk on here and they're like, "oh, I've always wanted to invest in Jacksonville." Now, that's a new relationship that who knows what comes from that.

A lot of those thought leadership we've been doing and let me know if you have the same idea behind this Whitney is, it's hard to measure exactly what comes from it, but we know it's the right thing to do, I'm just not sure.

[0:12:34.9] WS: I get asked every week, numerous times a week, "has it been worth it? To do a podcast. Has it been worth it?" You can't put a dollar amount on it but I can tell you, it has given me so many connections to people that otherwise I would have never had, I would have never met you Pat, you know, if it wasn't for this podcast, you know?

You can do other things too, it can be a meetup or it could be a blog even or it could be a YouTube channel where you're interviewing people or things like that can also be thought leadership platforms that will kind of do the same thing if you're not into podcasting, but either way, I encourage people to have some type of thought leadership.

But you know, what about just the – of course, I was in military as well and I relate a lot of the mindset that I have, you know, just like driving through. And I've got so many examples, even as like in boot camp to where you know, it's helped me too get through things now or to keep pushing keep driving forward and I'd love for you to elaborate on just your mindset of getting started and failures or rejections and things like that.

[0:13:31.5] PF: So, if you had asked me that question six months ago, I would have had a very different answer. What I attribute it to now is a word grit. Have you heard the, I think her name's Angela – I forget the name, but she wrote a book and she also has a TED talk. It's grit, is the

persistence to push through to a goal, even when things get bad, even when things seemed dismal. That persistence and mental toughness to push through is what it is and I agree with you, the military helps a ton on that but that is what it is. It is having that mental touch that is what separates the people at least in the single-family space. I am sure it is syndication too. That is what separates the people that are successful and that aren't. I get lunch with probably seven or eight new wholesalers a month that are looking to get in the game, probably less than 5% are successful.

What usually happens is they'll start sending me deals, they will start sending me stuff off Craig's, not deals. They will start sending me stuff off of Craig's List, stuff of Zillow that I am seeing already from five different people and when I say no, no, no to everything they send, they get discouraged after they send me 50 deals and then they'll just never hear from them again. But they don't understand having the big picture to know that you know how many deals I have to look at to find one?

Hundreds. Hundreds and hundreds. It is not like you look at 50 deals and you haven't made 20 grand on a flip, so you get discouraged and you know walk away from the whole business. It is having that grit, that resilience that mental toughness to push through when things don't go so well. Even today, doing 25 or 20 to 35 houses a month, I mean we lose on houses all the time. We have weeks that we don't buy anything. We have weeks that we just buy crap.

You know this business ebbs and flows. You have to have that mental toughness to push through when times are good or bad and that unwavering faith that everything is if you set your mind to it that have the confidence on unwavering faith that you reach the goals you want. That is what separates people, as I would say grit.

[0:15:32.7] WS: Yeah, I couldn't agree more. What is it, you know during that time when it was so tough it's down, right and things are so tough, what are you telling yourself then? What are you reminding yourself off, how are you keeping your mind in check and, "okay, I got faith to keep going forward and doing this?"

[0:15:48.1] PF: That is an interesting question. I haven't had anyone ask me that before. For me, I am very driven in that when someone tells me – you know when I hear, "no, no, no," on

the phone it really doesn't affect me very much. Of course, I get down some days and I am like "why am I even doing it?" you know that comes, those thoughts come into your mind on weeks where it is rough and you think you'll never find another deal.

What gets me through it is just I have my daughter now and that is really all I care about is providing for her, providing for my family and having those negative thoughts, trying to think of exactly how I push through it, but I just don't let them affect me. You have full control over how you react to things. I don't get emotional about it. I think it is that emotional intelligence has gone through knowledge and reading because I used to be when I work off shore on drilling rigs I was a hot head like everyone else out there.

You get pissed off if something didn't go your way, but if you get that emotional intelligence to not react emotionally to everything that happens and you know why you're doing everything, which for me, is my daughter, you can push through those and it kind of doesn't affect you anymore if you know that it doesn't really matter. All that matters is the end goal.

So, I would say long answer to your question, I would say it is knowledge and reading mindset books, reading philosophy books about how to react to things in life and just reacting the right way would be my answer to that one.

[0:17:12.7] WS: Great and no, it is a good answer and I am pretty sure you are elaborating a little bit but yeah, having full control over how you react to things. You can't please everybody right? You can't please everybody. It is going to happen emotionally intelligent and yeah, I like how you said all that matters is the end goal. You know really keeping that in mind and obviously when you have a child, things change right? You know how you perceive things and see things in the future.

But what would you say as far as whether it is in a partnership or finding the right partner or scaling now or something that the hardest part of this business or the real estate business, what has that been for you?

[0:17:48.0] PF: I think the toughest part has been that grit piece. Because in the single-family space there is always a lot of competition and it is always a cut throat game to find deals. So, it

is tough when you're first getting started and you fail, fail, fail over and over again. You go through a bunch of weed, through a bunch of stuff and you finally find a deal, right? And you go and you're bidding and they are also talking to other people. So, you think you have them, you think you have a great rapport and then they sell to someone else.

And that is the toughest part is going through the failure and having stuff or stuff you think is under contract these things are going to close, fall out last second that's the toughest part to me having that mental toughness to push through and just keep going. That is why most people end up dropping out of failing is because they're like, "this doesn't work. This is too hard," or they don't understand how much failure it takes to have success.

That is the hardest part is keeping your head right during the beginning and keeping that unwavering faith that it will work out. For me that was the toughest part.

[0:18:58.7] WS: You said they don't understand how much failure it takes to have success. I love that. Is there a great book that you would recommend that maybe that you have read recently as far as around the mindset?

[0:19:09.9] PF: My favorite one recently that I have been talking a lot is *The Compound Effect* by Darren Hardy. I like it because it was a quick, easy read and it makes so much sense and it gives you a lot of perspective about doing the little things each day and how the little things grow and grow and compound and it had so many – it is the same as like he talks about flossing your teeth somewhere in the book and how compounding and flossing your teeth over the time, how that changes things.

And it is the same as like buying rentals. I remember I bought my first rental at the beach. I over paid for it probably by 50 grand or so because it was networking with people. So, I bought a rental at the beach, overpaid for it, it was a pain in the butt to get the loan at 20% down conventional mortgage. Me and my girlfriend at the time were in there working every day, sweating, painting walls, doing flooring. I had no idea what I was doing, spent a bunch of money wasted a bunch of money.

Had contractor screwing me over, it was such a pain and I finally got done and it finally got rented and I felt like my child was going out into the world as the house got rented. And it made 150 bucks a month, right? It's like nothing. All of this work, \$240,000 mortgage, all this time and effort into this house that is now making \$150 a month. And I'm like, "yeah, but buy another one and that is 300 bucks a month. Buy another one and another one and another one and that compounds."

To the point where you have more money than you could ever want. Now we are at 60 something rentals and that compounding of a 150, 200 bucks a month, all the appreciation, depreciation that stuff compounds to where it is you could never imagine. But it is hard to see when all that work on the first one to make an extra 150 bucks a month. So, that is why I really like that book. Put stuff in perspective and talks about compounding, which is crucial in this business.

[0:21:06.2] WS: What is a way that you have recently improved your business that we could apply to ours?

[0:21:09.5] PF: I'd say focus. It has always been our strength. Even recently, with the marketing stuff, I was marketing, we were doing all sorts of stuff. I had a call center going and leads from the call center list we had come in everyday and I didn't have the right backend systems in place to deal with them. So, what we decided to do is scratch the call center, scratch these other marketing forms that aren't really working that well and let us focus on something that works.

Let us get it the right way to where like the call center like it shouldn't be where I had to go through every – I don't have time to make another 40 phone calls a day. So, before we put the call center back into place, let us make sure we have the back-end stuff set up. So, focusing on one thing at a time, every business is going to have a ton of issues. Every business does. The mistake I used to make was try to fix everything at once with stupid little tweaks and it ended up being nothing.

It really didn't do anything; I'd go right back to the way I always did things. My new approach has been take one issue, focus on that issue until it is solved and then move onto the next one. That has really helped me a lot and it's like I had that call center going. It was almost like mental

cloudiness. You know I couldn't focus on another thing because I knew all this stuff is going on with the call center. So, you eliminate that and then you can focus on one thing and you have clarity. That is something I implemented is focus on one issue at a time, solve it then move on.

[0:22:30.3] WS: I like that. Unfortunately, we're about out of time, but I like to ask every guest is – yes it does go by quick, how do you like to give back?

[0:22:37.5] PF: What we do is our main give back is through Connect. So, we used to do a charity each month and I ask people. Connect is completely free, our meet up event, so we'd ask people to donate if they wanted to, to this charity. That is what we used to do. In the end, we decided to scrap that because it ruined the effect, I think of the meet up to yes, it is free, but we're still asking for money. Now what we are doing are we give back to different organizations through using our marketing team.

To help them make a video or rather than donate at each meet up, we are having a big charity kickball tournament. We found that as better than asking for money at each Connect. So, it is always the theme, giving back is one of our values. It is always a theme of what we do. I think it is important to do it the right way. Make sure you care about it and make sure it is not just for lip service to make yourself look good. So that is what we try to do, we try to do it the right way.

And to organizations that really need it and what we are doing now is a charity kickball event. That has been the main focus.

[0:23:39.2] WS: Awesome, I appreciate you sharing that and how you all are giving back and anyway, great show Pat and I know that you're story is going to help lots of people whether in the syndication business it doesn't matter what kind of business but having the grit, I can relate to that so much and military really helped me, really helped my mindset and just having that you know what I am moving forward no matter what is in my way pretty much and being able to just think like that.

But you know, you have been talking about how you reading, learning, networking for five years to prepare yourself. So, you know when you approach that partnership that you're rated at a lot of value on how you work for free for a good while and adding value, adding value and then you

know what they're bringing you on and now look at you. So, I appreciate you sharing that. I know so many that are listening can relate to that as well, but most importantly, tell them how they can get in touch with you.

[0:24:27.3] PF: Sure, so I am super active on Instagram, Facebook, LinkedIn and it is very easy to find me on all of that. If you searched YellowBird and we've had a huge social media push recently and we react really quickly. Our Facebook group is called Real Estate Investors Yellow Bird Connect. So, you could search that on Facebook and join the group and it's got so much good stuff in it. Obviously, everything is free. We have documents in there.

People post little mindset blogs, it is really good. People post deals, we always comment and you can reach out to us directly through that.

[0:25:02.1] WS: Awesome, Pat. Great show, thank you very much.

[0:25:04.6] PF: Absolutely, thanks for having me Whitney.

[END OF INTERVIEW]

[0:25:06.6] WS: Don't go yet, thank you for listening to today's episode. I would love it if you would go to iTunes right now and leave a rating and written review. I want to hear your feedback. It makes a big difference in getting the podcast out there. You can also go to the Real Estate Syndication Show on Facebook so you can connect with me and we can also receive feedback and your questions there that you want me to answer on the show.

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[OUTRO]

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