

**EPISODE 710**

[INTRODUCTION]

**[0:00:00.0] 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]

**[0:00:24.4] WS:** This is your daily real estate syndication show. I'm your host Whitney Sewell. Today, our guest is David Ounanian, thanks for being on the show, David.

**[0:00:32.8] DO:** Thanks for having me Whitney, I appreciate it.

**[0:00:35.3] WS:** He's also known as David O and he's an active investor and real estate agent and after getting burned out climbing the corporate ladder in traditional career path, he decided to pursue financial freedom through rental real estate. He now coaches and trains clients from all over the country to do the same with his team at My Agent Investor. David, thank you again for your time, welcome to the show.

Give us a little more about what you're doing. I know you are helping and coaching numerous investors to get started in this business. So many people think they want to get into real estate and never happens for them, I love to, I guess, just how you're helping those investors to get started and to experience some success but give us a little more about your background and getting into rental real estate, leaving that corporate position is such a big decision and big turning point for so many people.

**[0:01:22.8] DO:** My background, I was born and raised like so many of us and being told that I needed to go to college and get a job working for somebody else. And so, that's what I did and

became a software engineer right out of getting a four-year degree. Actually went back at night school and got my MBA while I was in my job and after about 10, 12 years of that. Yeah, I thought I had everything.

I had a beautiful family, I had a nice big house, I had a lake house, a boat, a jet ski, everything that I could possibly imagine I wanted for my life but then I hit a wall. That's when I was just so unhappy with things and the scariest part was, I didn't know why. I had to do some deep soul searching to figure out that I was trapped in a job that I wasn't passionate about. I was only going there to get the paychecks and I had to finance this lifestyle so I was literally trapped in what they call the rat race.

Every time my paycheck came in, the very next day, all of it was gone to pay all these bills for the mortgages, the car payments, the boat payment so I was absolutely miserable and I started looking for a way to get out of it and that's when I stumbled across passive income. I found that the easiest way to generate a passive income was going to be through rental real estate. So I started going down that path.

**[0:02:44.2] WS:** Nice, okay. 10 years, in a different career, you seemed to have had everything going for you, right? But you were just unhappy. You weren't passionate about that job, you were trapped in the rat race, I love how you mentioned those things. But getting onboard just mentally and in your family onboard about making this big transition. Could you just tell us some – you speak through some of those difficulties there and how you worked through them because I know what some listeners are experiencing that right now.

**[0:03:11.7] DO:** Yeah, you know, the hardest part is if you're not currently investing in real estate you probably don't know anybody that's investing in real estate and so that was a case for me, nobody in my family were real estate investors, none of my friends, none of my coworkers and we're investing in real estate.

When I got this big, wild idea and I was telling everybody that no, hey, I'm going to start buying rental real estate. They looked at me like I was crazy. Like I was going to throw away everything that I had on this real estate gamble. It was very difficult so I really had to kind of do some extra education. I listened to hundreds of podcast like your own, read dozens and dozens of books.

Started trading out the fantasy football podcast for anything real estate related to try to learn as much as I could. And with that, I got enough education under my belt where I felt like I could go out and buy my first deal and that's when, pardon my French, when the crap hit the fan. My first deal was absolutely miserable, it was six months of just bleeding money, it was a single family house that I purchased from an off market deal from a wholesaler who said it needed about 20,000 in repairs and after the end of the six months, I had over \$50,000 into it.

My entire life savings was depleted and luckily, we're able to sell that and get some of our capital back but it was a huge blow and one of the biggest lessons I learned there was, you've got to get a network around you and you've got to get people experience to help you through this. You can't do it on your own, I know there's tons of resources online to educate you and show you the way but without the experience or without somebody experienced next to you, it's very difficult to dot hat and so over the next course of next two years, after buying that first deal. I learned so much and I upgraded my network, I got a coach, I became a real estate agent where I'm helping other investors invest in real estate for their first time as well. Now we've got a team of agent investors, we call them across the country at Keller Williams, with our team at my agent investor and we're helping people do the same exact thing.

**[0:05:28.4] WS:** You know, I like hearing those stories are the first property as well you know? You're making this big transition, it's such a big decision, right? You went back to school, you went through all this work, you had this great job, on the outside, it just looked like everything was going for David, right? But David's not happy.

Then you go by this first deal, you finally talk your spouse into this, right? You bought this first deal and now it costs you everything. After the first deal though, it went so bad and mine was somewhat similar story. I know listeners have heard that, you know, just how bad the first project was but you know, how did you keep going after that, you almost – didn't really have many people on your team or on your side then, pushing you to have success and to keep pushing through this. I would imagine there was probably some family or somebody that was saying wait a minute David, look how bad this went, what are you thinking?

**[0:06:20.3] DO:** Yeah, you know, I kind of kept it a secret while it was going on that it was going so bad because I was embarrassed. I mean, my family and friends would laugh at me and say you know, "I told you so." If I would have told them what was really going on with it.

What gave me the confidence to keep going was hearing so many other investors on shows like your own, you know, going through this and just persevering through it and taking every experience as a learning opportunity and not succumbing to the failure and giving up and you know, I kind of looked at it, okay, well, this could have knocked me out of real estate investing forever and then what would have happened, I would have gone back to my corporate nine to five and ridden out the next 20, 30 years of my life at a job that I didn't want to be in. That was not an option for me anymore.

I had to get successful at real estate investing. That was the way I knew it was a proven way to get out, I just, I didn't have the experience or the knowledge to be able to pull off my first one and so just kept going, it was almost like the fear of not succeeding outweighed the fear of failing at doing another one so I kept going.

**[0:07:33.3] WS:** Nice, I love how you meant how you said that. But one thing you said, you know, like a lesson you learned was that, you had to have an experienced network and you spent the next two years upgrading your network and you hired a coach. It's so important and personally as well, I've done a lot of the same thing, your network, growing your network and hiring a coach, so important.

How did you upgrade your network? What did that look like for you? Because it's so important and the listener needs to be doing that as well, how did you do it?

**[0:07:59.7] DO:** One of my first mentors was somebody that told me that I needed to go out and meet a thousand people in the next year that were in the real estate industry. I needed to go to all the local REAs in town. I need to get on the online networking groups and start messaging people. You know, he told me, he said, "Bring a bunch of business cards with you and then get their business card and ask them what their biggest challenge or goal is." And then when they tell you, you write it down on the business card. I started building this huge database of people in the real estate industry and I knew their biggest goal or challenge.

When I met one in another person that had similar goals, I could connect them and then all of a sudden, I'm adding value to these people and now they're wanting to know how they can return the favor to me. So that was a huge part of me getting started, I joined several masterminds, I started hosting my own mastermind meet-up of local investors, joining on, now we have a Zoom call where people can come in from anywhere. That was some of the pieces to upgrading my network and being around people that are investing, it just changes the game like you don't hear people whining and crying about – there's not enough deals, there's too much risk, you know, all of these problems that anybody that isn't successful at investing would be shouting out to you.

**[0:09:25.3] WS:** You don't want to hear all the negativity, right? You want to surround yourself with people that are positive and building you up and pushing you forward. All right, it's too easy to take that in and just be down, right? And not be motivated.

Let's move to the team now that you have created and some of the things, you're doing to help other people get into this business. You're helping investors get started as investors and be successful, maybe you can elaborate on some of the pain points that people were having and that are trying to become successful in real estate and that you're helping them through.

**[0:09:56.2] DO:** Yeah, I believe that the traditional real estate agent is going to be going away probably in the next several years, just like the cab industry was replaced by Uber, that's going to be happening with real estate agent and we're changing the way that real estate agents are working with investors. I firmly believe that real estate is the best investment vehicle in the world.

I think the new financial advisors are going to be expert real estate agents and we're building that team here at my agent investor. Some of the things that we do that other real estate agents don't do when you're working with us is we're pulling CMAs, we're evaluating the value of a property, we're evaluating the value of the property after it's fixed up for you. We're estimating, how many thousands of dollars it's going to need in repairs for you. We're giving you rent estimates, we're doing all of the financial analysis for you to show, how much is going to cashflow on a monthly, yearly basis. All those things that a typical real estate agent doesn't do,

we're giving you this full service tailored for an investor and it's specifically really helpful for beginning investor.

**[0:11:07.3] WS:** Nice. You mentioned like the new professional or financial advisor is going to be the real estate agent and you're talking about how you are doing that. You know, what's the biggest hold up though for most new investors that you're working with for being successful or maybe some mistakes that are making?

**[0:11:23.1] DO:** Yeah, I think the biggest hold up is either finding deals or not having enough money to invest in deals and so I'll tackle the first one first of all. If you go into the mindset that there's not enough deals or they're too hard to find, you've already kind of closed off your vision to actually finding deals. I actually learned this from a mentor for mine when we were going through a slow period in my investment career, it can find anything for as couple of months and he's like, "Stop telling yourself that it's too hard to find deals." Everybody that I was talking to, I was saying, the market's drawing up inventory still arts, it's so har dot find deals and just opening yourself up.

There's opportunities that arise every single day and what's true is that the good deals yesterday are already bought, what is also true is the good deals today and the good deals tomorrow have not yet been purchased and there's life events happening to people every single day, whether it be financial problems, divorce, death, taxes, bankruptcy, all these things are happening to people and it creates a need to sell real estate property, most of the time. And so these opportunities are arising every single day, you just got to be out there ready and looking and ready to make a move when they do hit the market.

**[0:12:38.9] WS:** Nice, have to be ready to make a move, right? You know, the next thing you mentioned was lack of capital and to be able to make it move, you got to have the capital lined up as well and how do you help people arrange that?

**[0:12:51.4] DO:** One of the mistakes I made on my first deal was – my wife and I had been working in corporate jobs for close to 10 years, we had a really nice savings account built up and so I thought I was going to use all my own cash to fund this deal, what happened was that rehab budget went so far over that towards the end of the six months, I had literally nothing in

my savings account. If one more thing were to go wrong on this property, I had no idea how it's going to pay for it and so, one of the lessons I learned was never use your own cash if you don't have to. What I've done since then was I got a HELOC on a property and I also made some connections with commercial bankers here in town, who can fund deals so I can give them a simple one page analysis on a deal, you know this is what we're going to buy it at this. We are going to fix it up for, this is what we are going to sell it or rent it at. And they can lend me 80% of the purchase price and a 100% of the rehab cost on those deals.

So, it makes it literally so there is no cash coming out of my savings account and it is literally just there for emergency situations, which is really nice. And then for folks that maybe don't have the bankability or the ability to get loans from banks, I'd say private lending is probably the number one thing that we are teaching those people was is how to recruit your friends, your family, your coworkers to, "Here is an investment opportunity. You probably have money in the stock market making 6 to 8%. You know, here is an opportunity to make a little bit higher than something that is secured by a real estate asset.

**[0:14:24.7] WS:** How do you help that investor to kind of walk through that conversation with someone? You know they are new in the industry, they're trying to get started and they are also trying to educate someone else. You know is probably already got a wall up or a shield a little bit about this thing outside of the stock market that they have never heard of it, right? And so how do you help them walk through that conversation?

**[0:14:47.3] DO:** So that is a great question. We have a little tip after doing this many times and looking stupid or feeling like a salesperson when you are talking to your friends and your family about this. I have learned this little trick: You prepare the presentation and then you ask them if they would critique a presentation that you put together and so your whole goal is that they're just going to be listening to this presentation. They are going to give you feedback on what they don't understand.

What they like about it, what they don't like about it. Because you are telling them, you are going to go pitch this to other people, right? And what happens a lot of time is that person is like, "Well wait a minute, how do I get in on this?" So you catch them off guard but even if they aren't interested then you could always ask questions at the end of the presentation, "Hey, who do you

know that this might be a good fit for?” And then you get those names and you go pitch that same deck to those people as well. So that’s been a way that I’ve acquired private lending in the past for myself.

**[0:15:43.7] WS:** No, I like that a lot. What are other issues or problems that you see these new investors having that you are having to help with that you could help the listener with as well?

**[0:15:52.4] DO:** Yeah, estimating repairs is always a big one. So if you have never done construction before, it can be hard to figure out, “How much is it going to cost to renovate a property?” And so one of the tools that we have at my agent investors is this huge spreadsheet that’s got over 200 different line items that of anything that could be needing to be repaired or replaced at a property. It makes it super easy to estimate renovations and I use them on all of my own personal purchases now.

And I literally just go line by line. I read the 200 items and I check back at the photos of the property that I took to make sure, “Does it need this, does it need that, does it need this?” And almost every single time, you know my rehab estimate is right on where the budget needs to be and where it ends up being in real life.

**[0:16:39.3] WS:** David, what’s been the hardest part of this real estate investing journey for you?

**[0:16:43.7] DO:** The hardest part was I mean getting started with that first deal. After that and after enduring the pain and the suffering of failing at it, you just got a ton of momentum and you’ve been profitable on every single deal since then and it’s been really, really good and helping other people do the same and I always tell the beginning investor that getting started is way more valuable than making a bunch of money on that first deal because I mean I would almost argue that if you hit a grand slam on your first deal and made a bunch of money, you could get overconfident and just lose it all and more on the next one.

So I almost like people just to start simple and small, just get your foot in the water and get started. So that is definitely the hardest part is pulling the trigger on the first one and get it going.

**[0:17:31.2] WS:** How do you prepare for a potential downturn or another downturn and how do you advice new investors to do the same?

**[0:17:38.7] DO:** I mean if you have been watching the real estate markets it is arguable that we were already in a recession but what's happened with the fed, with the bailouts at the beginning, the money that's been printed, I think that prices are going to continue to rise. So when we look at the potential for all of these inflation that we are going to be saddled with, with all of the printing of the money, it is very possible that the real estate market could be in a recession but the prices never drop. They keep going up.

I am looking in the Midwest markets right now and inventory is incredibly low and prices continue to climb. Even if there was a downturn, what I always coach people and educate people on is we are buy and hold investors. So we are looking for monthly cash flow. So if the real estate market happens to tank, one thing I know is true is that the real estate market is slow to rise and slow to fall.

So everybody looks back at the great recession of 2008. What's misunderstood about that time period was that the financial markets collapsed overnight. So you had banks closing, stocks plummeting overnight but if you looked at the real estate market and real estate prices, it went from 2008 all the way to 2012 before it hit bottom. So it is very slow to rise, every slow to fall. So it is one of the most stable assets that you can have. So if I am buying and holding real estate for cash flow, likely if real estate prices even do drop, rents are going to remain the same or be very minimally affected by that, right?

There is going to be less home owners but there is going to be more people that need housing, more people that need rentals at the same time. So it might even see rents go up. So as long as I am cashflowing on a monthly, yearly basis and I am buying and holding, I can wait out any type of downturn in the market and then sell when the market is good or never sell if I don't need to and the good thing about having your money in real estate as oppose to the stock market or banks is that you are going to be right. So as we have inflation, as that inflation bubble starts getting bigger and bigger, you know the prices of assets are going to increase because the buying, the purchase power of the dollar is going down. So if you have your money

in the bank, you are actually going to be losing money holding onto that cash. I think it is a very smart play to get into the rental real estate market right now.

**[0:20:05.4] WS:** What is a way you have recently improved your business that we could also apply to ours?

**[0:20:09.6] DO:** I created a business vision. So this was really powerful. I was starting to overwork myself and you know there is so much to do when you are running your own business and trying to grow with a huge team of agents that are helping other investors. One of the things I did was create a vision for my business. So I sat down and took a few hours and really spelled out, "Okay, what is my ideal work day looked like?"

You know I don't want to be working — I've got two young kids at home and a wife I want to spend time with. So I've put hard deadlines on, "Yeah, I am going to work maybe nine to three." Pick the kids up early from school. I don't want to work 40 hours a week anymore. I did 40 to 60 hours a week for 10 to 12 years in my corporate career. Now that I am in real estate, now that I have passive income, you know I want to work 20 to 25 hours a week and be really productive during those hours. So I sat down and put those boundaries in place for the business that I want to run that creates the life I want to live.

**[0:21:09.5] WS:** Love that, create a business vision and lay that out, right? How that works for you, what that looks like and how to get there. Did you just reverse engineer then and figuring out okay, how to make those things happen?

**[0:21:21.7] DO:** Absolutely, yeah and it takes some — just, you got to clear your head and kind of dream up ideally if you can have anything that you want in your business and your life, what does that look like putting it down on paper. You know coming back to it, it is a living document that I look at probably once or twice a month and making changes to it and trying to stick to that plan.

**[0:21:43.4] WS:** What's your best source for meeting new investors right now?

**[0:21:46.7] DO:** Definitely on social media. So I am on Facebook, Instagram, LinkedIn, Bigger Pockets. You can find me, I'm Agent David O on all of those platforms. I get a ton of people, I love messaging with people. I like to know what's on your mind, what your biggest challenge is. A lot of times people can bring that to my plate, I can solve it for them right then and there, which is really exciting for me to be able to help people out that way.

**[0:22:13.4] WS:** What's your number one thing that's contributed to your success?

**[0:22:16.3] DO:** The belief. So I got this on my ledge behind me is just you have to believe that you can do it. If you are coming from a place of uncertainty like you don't know if you are going to succeed in something then you are already setting yourself up for failure. So you have to consciously tell yourself that you can do it that you can succeed and actually visualize yourself. I talk about a business vision. Well actually, visualizing what the future looks like. What does that business look like? What does your life look like when you have succeeded? All of these things that you want to succeed in and really believe it at your core. So that is probably the biggest thing.

**[0:22:54.1] WS:** Nice and how do you like to give back?

**[0:22:55.9] DO:** My favorite organization is Big Brothers Big Sisters. So I became a Big a few years ago and it was just an amazing experience. I am still with my little brother today. I'm going on on four years and honestly, I've gotten more out of the relationship than he has that's been incredible but one of the things that I am super passionate about is getting those kids off the waiting list. So if you are in a major metropolitan city like I am in St. Louis, Missouri here, we have over a thousand kids waiting on a waiting list.

And we started a campaign about a year and a half ago to eliminate the waiting list. So getting the word out that hey, all of these kids are waiting there. They need some help, they need a mentor and getting people in the community to step up and donate four hours a month to just having fun with this kid that doesn't have a loving home a lot of times, doesn't have mentors or role models that can push them in the right direction. So in the last 18 months, we've been able to cut that list down to almost 400 kids now.

I am super passionate about getting people, yeah, I am super passionate about getting people signed up to be a Big Brother, a Big Sister. It is an incredible experience and I believe every one of these kids is just literally one mentor away from being able to achieve greatness.

**[0:24:16.2] WS:** Wow, well I appreciate you sharing that David. I know we have that where I live and my wife has been a part of that and I should do it too. But that's a great organization to support and really just become part of someone's life and be a mentor in that way. You never know how that's going to change their life in many generations to come. I appreciate you sharing that David, you've just been a great inspiration today, I know to me and to the listeners.

Just hearing your story, 10 years of success in the corporate career, you know to everybody in the outside that just looks amazing right? But you were not happy and you made the big decision and commitment to make a change and I know now I am sure you're so glad that you did and your wife and family probably are as well.

So just grateful for sharing that story David and how you are helping so many other investors as well. How can people get in touch with you and learn more about you?

**[0:25:06.5] DO:** Yeah, connect with me on social media @agentdavid, Instagram, Facebook, LinkedIn, BiggerPockets and then my website, agentdavid.com.

[END OF INTERVIEW]

**[0:25:16.2] 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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