

EPISODE 845

[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]

[0:00:24.2] WS: This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Today, our guest is Seth Kniep. Thanks for being on the show this morning, Seth.

[0:00:33.3] SK: Thank you, Whitney for having me. I appreciate it. Excited to be here.

[0:00:36.7] WS: Living the death by paycheck cycle and \$24,000 in debt, Seth walked the streets with a single dime. Dead set on doubling it 20 times into over \$100,000 to create freedom for him and his family. Today, Seth's team manages over 100 million in annual revenue for named brands and silent investors on the Amazon platform. The co-founder of Just One Dime, Seth has trained over 100,000 entrepreneurs in over 150 countries, many of whom are multimillionaires today.

Seth's team manages the Amazon store for one of sharks from the Shark Tank TV show, runs a sourcing team in China and multiple fulfillment centers across the US and was requested by two countries to train their top businesses.

Seth, welcome to the show. I look forward to getting to know you better. Just personally, it's a very interesting story. Obviously, you and I've talked before the show. So, looking forward to getting in and just learning more from you and hearing more about you. I know the listeners are going to learn a lot from you as well.

Let's jump in to your background a little bit. And this One Dime thing, and how you built this business to where you're at now and mixing real estate in there also.

[0:01:47.2] SK: Thank you. Thank you so much for having me. And I apologize, I made a mistake when our team sent you the intro. It's 10,000 entrepreneurs, not 100,000. I believe the day we'll get where we've trained 100,000, but we have 10,000 students.

[0:01:58.3] WS: 10,000 is still very impressive.

[0:02:01.3] SK: Thank you. Thank you so much, Whitney, for having me. And what I love about this conversation is, as you know, I come from the Amazon selling world, you come from the real estate world, but we began to dabble in and invest in a little bit in the real estate world because it's such a smart move. And we're starting to talk a lot to our followers now about the opportunity real estate can give you especially how it can lower your tax liability, which I find fascinating.

[0:02:26.0] WS: No doubt about it. I find any entrepreneur that's achieving success, I mean, real estate just almost has to be a part of their portfolio.

[0:02:34.4] SK: Yeah. Absolutely.

[0:02:36.0] WS: Get us started a little bit on your background. And we talked about a little bit in your bio, but there's so many details there that can help the listeners.

[0:02:42.6] SK: It started when I was working at Apple, and I loved the position there for a while I was doing sales, I did very well in sales. At the risk of bragging I outperformed all 800 sales agents at Apple when I was in their online sales team, like we would do it over the phone and we would do it through email. I did very well.

But one of my frustrations was there were some days, Whitney, where I made Apple more revenue than I got paid in a year. Now again, I get it. I know companies have overhead, they have a right to set the wage. I wasn't one of those whiny complaining, "I'm entitled, do this for me." I'm not that kind of person. But I wanted more motivation. I wanted to make more money. I

moved over to a new position after a few years in the sales department to what is called Apple Care. It's basically text support, or IT, you could almost call it — for people who use iOS devices like iPads and iPhones and back in the day, iPods, when they were more popular. You never hear about iPods anymore.

[0:03:39.2] WS: What's that?

[0:03:41.1] SK: Very well said. So, I managed a team, I worked from home and I was on a nice salary. And I managed a team across the US and my job was to coach them and train them for how to provide really good technical support. And I was good at it and I enjoyed it. But even though my previous manager at Apple was absolutely phenomenal. In fact, I'll share his name. His name is Nick Long, incredible manager. My new manager was not. This manager made my life a misery and it was discouraging, it was disheartening. I would come up with these new ideas, I would come up with faster ways to do things, more efficient. Like I was all about, let's make this happen. And I don't know if I was perceived as a threat or if it simply was it didn't fit with my manager's agenda. But I really reached a breaking point when she threw me under the bus for something that I didn't do.

I did exactly as I was told. I applied a disciplinary procedure to an employee under my management who continued to not show up on time. And in a meeting, she tried to make me the scapegoat because apparently, she made a wrong move and she didn't want to get in trouble with HR.

Now, I worked from home, so, you could say from like an outward perspective, I had the ideal position. Like who wouldn't want to work for at that time, the richest company in the world, managing a team working from home, like, in many ways, it was a great position and I learned amazing things from Apple. But what made it so disheartening was my manager. But looking back, Whitney, I consider it God's total grace because he used that situation to drive me into a situation that would actually so much more bless my wife and my children.

The hard part was I didn't realize what and how much I needed to grow. I didn't realize that to become wealthy, to become a multimillionaire, to really start something that you're responsible

for everything, like all the successes you're responsible for, and all the failures. I mean, I didn't realize that meant I had to grow up on the inside.

I mean, there was a point where my wife and I almost got divorced. We have four kids, and the only thing that kept us together was we didn't want our kids to get thrown under the bus. And so, we went to therapy, we went to counseling. And the reason I'm so open about this is I know a lot of people struggle with this, where you're stuck in this nine to five, you want to get out. And that's why we call it the the death by paycheck cycle, like it really is hard to get out of it, because they pay you just enough where you're dependent, you don't want to leave the security. But when you're working so many hours a day, it's hard to find time to build a business.

It was around that time when after that meeting with my manager, because my wife was in the same room, she was just off camera because I worked from home. After it was over, I turned to her, and she was like over here in this corner and I said, "KK, I am building a new life for our family, I'm done." And that's when I came up with this really silly idea that if you double a dime, 20 times, it will become \$100,000, which is mathematically correct. And that's when I went out on the streets and I just began to walk around, I would walk up to random people, and I would say, "Hey, what's your name?" "My name is John." "Hey, John, nice to meet you. I had this dream someday, of doubling this dime and building a company off of it and I hope to give other people hope that you can start with something so small, even though you're broke, even though you're struggling, you can build it into something amazing."

Some people laughed. They thought it was funny, which is nice. I'm glad I was able to be there entertainment for the day. And other people said, "No, I'm not interested." And other people said, "That's so cool. Absolutely." And so, they would double it. I talked to a firefighter, I talked to this elderly guy who was running down the street, he was this funny guy. And he's always waving at everyone, I walked up to him, I just started running alongside him, like, "Hey, I want to share something with you." And I just talked to all these random people, restaurant, shop owners, people working at gas stations, just anyone I could find. And I got all the way to \$400 doing that.

Now, mathematically, if you double a dime, it's not going to end up \$400 at some point, it'll be off. So, at one point, I just switched it over to an even number to keep it simple. And every day I would come home and I would stick those dollars in a little envelope right here. And then I get

back to work and I did this while I was working for Apple. When I reached \$400, I took that. And I used that to purchase our first products that we ever sold on Amazon. First, I tried to sell them on eBay, they didn't do very well. Then I just throw them up on Amazon. And I was like, "Wow, these are selling really well." And as soon as I switched over to Fulfilled by Amazon, FBA, which simply means Amazon fulfills the orders for you. So, you put it into their warehouse, and then they ship it when the customer buys it. We started selling 10 a day. And I was making around \$10 profit on each sale. So, we're looking at \$100 a day. Whitney, to me, that was a lot of money. I thought, "Oh man, if I can do this one time, I can do a million times."

Now, I'm going to fast forward. Fast forward two years later, we had built multimillion-dollar stores on Amazon. And when I say we, I say myself and my wife, she was more arbitrage. When you buy and resell, I was more private label where you find a new brand and find a new product, have it built, manufactured in China, build it out. Then my son and I, who's my business partner, we flew to China to meet some of our manufacturers, we opened an office there, we now have full-time staff there in a warehouse, and it just started to grow. And that's when it began to teach people how to do this.

Along the way, I heard something about real estate. But I'll stop there because I've been monologuing for a while.

[0:08:54.3] WS: No, it's interesting. I love just the kind of the never give up mentality. I talked about I talked about that often, but I love your drive. And it sounds like there was this moment when you'd had enough, when you just looked at your wife, and you said, "You know what, I'm going to go do this. I'm going to go make this happen." And I know that was a similar story to myself, where there was just this moment where it's like, you know what, there has to be a change, right? And we're just going to push until we make it. And that's what we had to do. And so, I just appreciate you bringing that out, and just the grit that you had to have and the stamina to keep going, even near divorce and all those things that are real. You don't hear about that on many podcasts. People don't bring those things up too often. But it's so real, just the toll it takes on the entire family.

I know we experienced just a lot of stress in the whole family when we're trying to pursue this business and get it going. But we had to keep going and thankfully, just like you, it was just

God's grace and keeping us together, the family united and pushing forward and seeing that bigger goal.

All right, so now, two years later, I mean two years, you've built your multimillion-dollar stores on Amazon. Congratulations just for doing that and making that happen, but let's just keep going.

[0:10:04.5] SK: Sure. So, at some point, I knew that investing in real estate was a really good option. I had known this for years, because when you purchase it, in fact, I think it was my older brother Rhett, who taught me this when I was very young. He said, "If you buy a car, it depreciates in value. If you buy a house, it appreciates in value." I'm like, "What do you mean appreciate? You appreciate the house." I told him to explain to me what that means. So, I knew this in the back of my mind. And even though my passion wasn't real estate, per se, I knew it was a smart way to manage money.

So, the first thing I did is — my wife and I, we started dating again, which I think is really important for a marriage. I like to call my girlfriend who I still happen to be married to, because it helps to remind yourself of why you first fell in love way back in the beginning. And so, we would do these one-night getaways in Austin, where we live, because why not? Austin is an amazing city and it's a really cool city. So, here we are and we go to this Airbnb, we'd heard about Airbnb and was one of our first times and we stayed, we rented just one room of an apartment. We were very, very careful for money regardless, because we had that mindset of like always saving, always being careful, because we were so used to not having enough.

So, even here with a lot of wealth, we still just rented out one room. So, where we meet the guy who's the host, his name is Tommy, nice guy. And he started to explain to me that he leases this apartment from his landlord, and then he sub leases it out. And I said, "How much does that make us you?" He's like, "Oh, yeah, \$2,000 to \$3,000 a month." And I said, "Wait a minute, so you're paying what?" And he's like, "1,200 a month for this apartment." Wow. It pays for your rent, and it's making you money. And all you do is list it on Airbnb and keep the room clean. He's like, "Exactly." I thought, "Okay, cool. This is awesome." If you can do it with one, I can do it with more.

So, that's when I looked around, and I found a condo to lease ourselves and talked to the landlord explained, "Hey, here's how we're going to do it. We'd like to sublease it out." They were cool with it. And so, we began to lease it from our landlord, and then sublease it out. And the landlord likes this because I have massive incentive to take care of that place. Because if it's not in pristine condition, I'm going to get bad reviews on Airbnb, and I'm not going to make any money.

So, basically, I'm going to treat it as if I was a landlord, which of course landlords love. So, we built this up to seven condos and they're all being leased out. Here's the crazy part, Whitney, was primarily me and my business partner/son, Josiah. And at this point, he was like 15, 16 years old and I'm in my late 30s. And from 12 pm to 3 pm, is that little window you have to clean because people check out at 12 pm, they check in at 3, and every now and then, the guests all kindly would decide to leave on the same day, which means now we have seven places to clean in three hours. We would race.

We will literally have a look at my watch. It's like, "Okay, we know how much time it takes to get from this place to this." They're all in Austin. But still, they're like five, eight minutes away. So, that's driving time and you have to do everything. You have to clean the toilet, you have to change out the sheets, you have to throw stuff in the washer, like there's all this work to do and we would race. As we get in a fight over who has to clean the toilet, depending on whether or not college students stay there. No offense college students, but sometimes they would really trash the place.

We would hustle so hard and at one point, I'm like, "Man, this is taking all our time. I don't have enough time now to focus on Amazon. I'm losing that margin that I originally wanted so badly." And that's what we thought, "Wait a minute, why don't we scale. Now that our time is more worth than our money, why not pay someone to clean it?" Well, that's going to cut into my profits. Well, of course it is. But that gives me more time to open more condos. So, we did. So, that is when we decided to hire cleaners and we began to work with cleaners who cleaned it.

Now, this is our first time to hire someone, Whitney, like I never hired anyone before in my life for anything. So, hiring someone, it was like a very new idea and the first cleaner we hired turned out terrible. She didn't keep the place clean. It was a mess. We had to fire her. She got

upset. Then later, we found someone who was really good and she and her boyfriend did an outstanding job and that's when we began to be able to scale. This is also when Austin started to crack down on short term rentals. At some point, along the way, you now had to have a short-term rental license, which as you can guess we did not have.

Then HOA, some of the HOAs found out they were so pissed, like they were not happy. They got angry. They sent us threatening letters. So, that's when I realized, you know what, this is not going to work. We're going to have to do this the full way where we buy the property ourselves. And so that's when we decided, "Okay, why don't we just shut all these down", which we did, you know, close things out with the landlord, finish out our terms, which they were very happy and let's get a property.

[0:14:51.3] WS: So, you've been leasing all of them up to this point or renting them all and now you're looking to say, "Okay, let's go get our own."

[0:14:57.5] SK: Exactly, yep. And here's what the interesting part. I had been studying Dave Ramsey. He was like my hero. In fact, on the wall above my desk in my office, I painted, "Live like no one else." And there wasn't enough room to paint the second half of the quote, which is, "So that someday, you can live like no one else." And that motivated me. In fact, we were so committed to paying off our debt. I also started driving for Uber and Lyft. So, here we are, now, I'm going back a little bit, right in the early days of Amazon, I'm driving for Uber and Lyft, I'm working for Apple, I'm doubling my dime, I'm dabbling in eBay. I remember getting home at like four in the morning sometimes because I would drive late into the night, I would drive all the drunks home after parties on 6th Street and Rainey Street here in Austin, and I would open the door. Everyone's sleeping, except my dog. He hops up, and he greets me and I was like, "Okay, there's a little bit of hope here. I can do it."

I mean, I felt like a zombie and had to get up early the next day to work for Apple. So, we were hustling. During this time, I was driving for Uber and Lyft to pay off my car, my minivan, a Honda Odyssey. So, it was sort of like, "Hey, we have a debt on this car. Let's use the car to pay it off. It just made sense to me." And I'll never forget the day when we finally finished paying off all of our \$24,000 in debt. We celebrate it by going to something Java Austin, it's this coffee shop off of Barton Springs here in Austin. The whole family went, we took out the credit cards, we filmed it,

and we cut them up with scissors and we're like, "Yes!" Here's the funny part. About a year and a half later, we're like, "Wait a minute, who's this guy Robert Kiyosaki?" He says you should use debt. I'm like, "Wait a minute."

In fact, Whitney, just a few days ago, I'm working out in my dojo. We have a dojo at our house now, which was a dream I've had for years, to actually be able to have a workout room. And I'm listening to this podcast, where Dave Ramsey is being compared to Robert Kiyosaki. And they go like this, "Well, Dave Ramsey's for the middle class. Robert Kiyosaki is for the rich." Like, "What?" And I thought it was so well done, though, because the whole point was, Dave Ramsey teaches you to reduce debt, especially bad debt, which is great, I respect the man. I love the man. He does a great job at what he does. But if you really want to grow wealth, you leverage debt.

Now, I didn't understand that fully yet. So, our first official real estate property was a duplex in southeast Austin, in a really broken-down seedy neighborhood and we had to gut the whole thing. If you walked in there, Whitney, your nose would literally physically burn with the stench of cat pee, and poop and dead rats, all over the floor. I mean, I don't even know how to explain what it was. We knew it was a drug house because cops had to show up there several times. And our hope was, hey, just like, we're seeing our life change and our money's changing, why don't we do this with the house. For us, it was sort of metaphorical.

So, my wife and I bought the whole thing in cash. It was over \$200,000. Now, I didn't realize at that time, that is not the smartest way to leverage your capital.

[0:17:47.7] WS: That was Dave Ramsey.

[0:17:49.4] SK: Exactly. I'm not going to have debt, I'm going to pay the whole thing and I'm going to feel good about it. And so, we did. We got the whole thing just completely rebuilt. It is now rented out on Airbnb, there's two units. And here's a really cool side tip that I think your audience will appreciate, the City of Austin, and we do have a short-term rental license now for unit A, but not unit B and I'll explain how we get around that. Unit A is able to be rented out for less than 30 days, like one day, two days, three days, all the way up to 30 days on Airbnb. But unit B is the minimum that it can be rented out for 30 days or more. Therefore, it is not

technically a short-term rental and it actually is doing better than unit A. I know part of the reason is because every time someone rents for unit A, someone has to come in and clean, that's 50 bucks. That's a big piece of your revenue, which is why we have a two-day minimum.

In other words, we're going to get two days of pay, one cleaning, but for not one, because then it cuts too much. And as we get more five-star reviews or whatever, we will raise the price slowly. But you have to balance that with your occupancy because our goal is a minimum 80% occupancy rate. But for unit B, because it is not a short-term rental because someone can stay there for 30 days or more. We only have to have it clean, which is still 50 bucks when someone is done and someone else checks in and it actually has a better occupancy rate, which I could not have guessed.

Now, that's just that property. Then I began to understand leveraging debt and I thought, "Wait a minute, it makes no sense to put all this cash into one property. Why would I put \$100,000 into one property versus \$20,000 down payment into multiple properties?" Like five properties, and that's when it began to make sense. "Wow, I could have five properties, spend the same amount of cash, have revenue and all of those that's paying the mortgage, but also giving me a little extra. And the actual cap rate is competing with the interest rate. And I'm actually getting a better ROI." And then a lot of people think, "Yeah, but you have to pay more if it's a mortgage." True, but what I get in the rental payments is better. And so that's what we did on our next property.

Whitney, I never would have thought this, the most frustrating part for me was finding a loan officer who actually understood terms like cost segregation, or cap rate. And I began to realize the vast majority of loan officers or at least in my experience, are only interested in the young family who wants to buy their first beautiful home, not in the investor who wants to buy – our goal was 5,038 units, and I can talk about that later – a lot of homes but leverage capital and do it in a way that is smart. And I would talk to a loan officer after loan and I thought this is getting crazy.

Well, this is when I began to think also about how do we reduce our tax liability on our Amazon stores and our coaching company. And I thought, "Well, man, who better to do it then Robert Kiyosaki's CPA and accountant who is Tom Wheelwright." So, we begin to listen to his podcast

every day, my son and I, we would go on a walk, like for one hour, and we would just listen to the podcast and then talk about it and then write down what we learned. And we did this ritualistically until we really began to understand the value of healthy leveraged debt. That's when we decided we got to get Robert Kiyosaki's team doing our taxes and handling our finances giving us advice.

So, we found Wheelwright and Manahan, well, let me go back a little bit. We found Wealth Ability and we applied and the sales guy gets on the phone, and he's talking to us and I kept asking him a lot of technical questions to make sure this is the real deal. And it was, I could tell, he knew his stuff, and I said, "Okay, great. Who do we get signed up with?" He says, "Well, we have like 40 some agencies across the US." And I said, "Okay, but we want Robert Kiyosaki's team." He was like, "I can't guarantee you that." I said, "What about the fact that we are in the process of purchasing for apartments, under development in Bucerías, Mexico, about a 20 to 30-minute drive from Puerto Vallarta." He's like, "Oh, well, that changes things." Because we're right, Manahan, they're probably one of the few who have a lot of experience or at least connections with people who understand international real estate.

That is how we were able to get Wheelwright and Manahan, pay them to help us. And so, they now help – do they not help, they do our taxes, they do our bookkeeping, and we meet with them regularly for what we call Wealth Management Planning calls, and it's been phenomenal.

[0:22:17.3] WS: What's regularly? How often are you meeting with that part of your team?

[0:22:21.5] SK: Great question. It depends. So, at the beginning, it was once a week when we were more in the discovery stage and we would fill out these forums and fill out these applications and make sure they had context and understand not only where we had been, where we are, but where we want to go. And now it's every two weeks, and then they also respond to emails very quickly as well if there's something urgent that comes up.

[0:22:41.7] WS: Yeah, I just appreciate you going through, I mean, the difference Dave Ramsey's thinking versus Robert Kiyosaki. We were the almost exact same way, just religiously, thinking about Dave Ramsey's ways that he teaches and trying to follow those things, getting out of debt. My wife and I first got married, somebody gave her the Financial Peace book or

university, but whatever that is called, and I mean, I had no financial training growing up. So, that was just like, wait a minute, this just makes so much sense.

It did for us for a long time. It made sense until our businesses changed, right? Or things changed we're now, okay, I would say 95% of the world Dave Ramsey's perfect for but then there's that other part where Robert Kiyosaki's methods help you, you know, in a big way and understanding debt to how the wealthy gets wealthy. So, that's incredible. But then, the frustrating part, you mentioned finding that loan officer, I think it's common too. I think listeners will understand that, some of them when you're getting into investing, there's not many loan officers who are working with a lot of investors. They're working with more people who are buying that first single-family home or their second home, something like that. So, they don't understand that investing mindset.

So, I appreciate you bringing that out. But now you're buying apartments in Mexico, you talked about how you use that to work with just a really an all-star team, and you're doing other things. So, now you're doing international investing, and tell us more about them.

[0:23:55.6] SK: Yeah, international investing has been exciting. I'll tell you and your audience how we got there. So, my wife and I decided, we made this commitment. Every time we go somewhere on vacation, there's two things we do. Number one, we mix play with work. In other words, we don't just go on vacation for three weeks and completely check out and then come back. We found that doesn't work for us. We like to mix it. So, for example, in the morning, she'll be working on her Instagram and her modeling that she does and I'll be working on Amazon, FBA coaching, working with the staff, some real estate and then in the afternoon, maybe we'll go on a walk, we'll go to lunch, we'll go run to the beach, et cetera, and maybe have a nice dinner. That's how I like to mix it.

The second commitment we made is from now on, anytime we travel, we won't go to a city unless we purchase a property there. In other words, we want to have an ROI. If it's a city we like to frequent, like Miami or New York or Los Angeles or Seattle or Portland. We're going to get a property there so that way, we can rent it out during the year, short term and then when we want to go stay there, we already have a place to stay. So, we decided to do that when we went to Puerto Vallarta, Mexico.

We go down to Puerto Vallarta, Mexico, we're there. And we didn't know anyone, we didn't have any contacts, we just jumped in, which we're used to doing being entrepreneurs. And so, we just started talking to people. And we're thinking about renting out one of the apartments at the place we were at. But here's what I find so fascinating, Whitney. In Puerto Vallarta is somewhat saturated. I mean, there's a lot of Canadian and American and French landlords who own properties there. In fact, Canadian and American or the two top. Canadian, sometimes even more, depending on the years when they come down.

We started looking in other places, and we just so happened, one of the employees of that hotel, knew someone who knew someone who wanted to meet with us. Sure, let's meet with them. So, they met with us and through our broken Spanish and their broken English, we finally were able to understand that they were developers. Now, bear in mind, we've never bought a development type property ever before. So, we are completely virgins to this idea. They say, "Well, why don't you come with us." We're like, "Okay." "Get in our van."

[0:26:02.5] WS: Red Flag.

[0:26:03.3] SK: Yeah, so we get we did get in the van and they drove us for 20 minutes. And the whole time I'm like, just want to make sure like, okay, is everything cool? And they seem to be cool. And we drove to this place called Bucerías. It's about 20 to 30 minutes away from Puerto Vallarta and it's this really – if you walk into this town, you feel like you walked into a movie set for *The Good, the Bad and the Ugly*, like in Mexico. It is completely Mexico. It's got the flowers, it's got the colors. There's lots of chickens running around. But it's also sorts of exotic and romantic. It's like this really cute, cozy town. And my first thought, Whitney, was, why would we buy property here, even though I like being here, I don't see a lot of people coming here on vacation. Even though the weather's better than Puerto Vallarta, it's actually cooler, because Puerto Vallarta can get very hot at certain seasons of the year, but most of the year, it's beautiful and the waves, though are a little more rough, it just doesn't seem like there's enough options. It seems to, you know, 20 years ago.

And that's when I began to realize that in Puerto Vallarta, the way they make money is you buy an apartment at a really low cost based on the value of the dollar or the peso, but the majority of

your guests are coming from Western countries where they have more money, and they're willing to pay more. In other words, it's like, if I purchased an apartment in the US, I'm going to pay US price and I'm going to get US citizens most likely and sometimes European staying there. Why not buy one in Mexico at a lower price, but still get the dollar value of the American and the Canadian people renting? What I didn't understand, I began to, is that in Puerto Vallarta, it's so saturated and so many of those properties are already purchased that when you do get one that's open. It's the same as if you bought in Atlanta, or Tampa, Florida, or even maybe in San Francisco, but on the outskirts. It's expensive.

But in Bucerías, we're getting like a 30% to 40% discount, not just because the place is not saturated yet. But also, because we're paying for it before it is built. And I think this is such a great example, where you cannot expect to make a lot of money if you're not willing to take risk. And we had three levels of risk. First of all, we just met these people. Number two, it is in a city that we don't know if it's up and coming, you never know for sure, we think it is. And number three, we're paying for it before it's built. What if they stopped building, then what happens?

I had a ton of questions to ask. I am a risk taker, but I'm very calculated about it and extremely like a mathematical nerd when it comes to making these kinds of decisions. So, we actually said, "Look, we need to talk to a lawyer." They're like, "We need your own lawyer." We're like, "Actually, we'd like to talk to a lawyer." "Okay, we can find one for you." He has to speak English though.

So, we met with a lawyer. We sat down, I asked him a ton of questions. We had them take the contract and translate it into English for us. And then I compared them because I do know a little bit of Spanish. My wife has been learning Spanish, I used to speak it pretty fluently when I lived in Los Angeles doing construction. So, a lot of it started to come back. And I went through every single line of the document. It's one of the most painful brain things I've ever done. But it was worth it and we asked a ton of questions and it was very clear. If they don't have this building developed by a certain date, three months after that date, they will have to pay us \$100 a day. And we're talking to a lawyer. So, we signed. We sent over a 30% down payment on four apartment buildings.

Here's what's really cool and I never knew this before, this is so cool. If you purchase apartments and an apartment building and I don't know if they did this in US, but they did in Mexico, let's say there's six different levels. And by the way, this place is a block from the beach. So, the higher up you are, your guests are, the more they can see a beautiful view of the beach. I didn't know that they will only – if there are six levels, they will only tell you there's five and they'll even show you a map. And I learned by just kind of accident, “Wait, isn't there a higher level?” “Oh, yeah, there is.” “Why didn't you tell me about it? It's not even on the graph.” “Well, we like to save that for the end, because those go really fast.”

After we get the first five levels, committed investors have paid their 30% down payment, then we offer the top. I'm like, “Look, we want the top. Look, I will pay you for it. Let's do it.” And so, they agreed. So, now we have four apartment rooms on the top level and I made it very clear, with my context, said, “Look, we're going to come back to Puerto Vallarta often”, and we did a month later, “and I want you to send me videos of the progress.” We had them show us the site, we had them show us the permits, because a lot of fraud can go into Mexico. They had to show us the permit, that they have the right to build in this land, because they own the land as the developer, and they showed everything.

I felt like it was worth it, we signed the contract, we wired them 30% for the four apartments, then a month later, was it two months later, I forget, two or three months later, we were required to send the remaining 30. So, we have paid 60% for these four apartment units in Bucerías, Mexico, and the final 40% is not due until it is complete, which will be December of 2021. And since that time, they've sent me regular updates. I got to show this to you, man, I think your audience will like this. They sent me regular updates on the progress, check this out. So, right here, this is the progress on the apartments. Every time they send one, more is being built.

In fact, I went back when I made the second payment, I think it was two or three months, I forget. But when I went back, I brought my whole family with me, I said I want to meet the owner, we met the owner, we sat down, we shared stories, like what I'm finding is if someone is willing to take the time to build a meaningful, transparent relationship with decision makers, the people in power, it builds trust and it helps to validate, “Okay, this is real.” We're not just looking at the document, we're also meeting with the people, we're talking to them, we understand what they're doing, because it was a risk for us. And so that is where we at with that story.

[0:31:59.1] WS: That is awesome. I love how you mentioned, you're not going to make a lot of money unless you're willing to take some risk. Then also, just now, you said, and I wrote it down, you talked about taking the time to build relationship with the decision makers. Building that relationship is so crucial. And I would think there's a lot of people, we've done tons of deals here in the States, but it would take me a little bit to be comfortable going to Mexico and buying something there like you did. That's interesting, just that entrepreneurial mindset, and you're willing to go make it happen. You built the Amazon brands as well and you've grown a very strong business there. And now you've grown the real estate side as well. Tell me what you would have done different, you know, say many years ago, or maybe would you have done real estate faster or would you have done it differently, considering your progress on the Amazon side also?

[0:32:45.4] SK: Absolutely. So, for sure, I would have still paid off my credit card debt as fast as I could have. I would have stayed at Apple as long as I could have it. A lot of people, I received this advice from someone who coached me, he said, his name is Steve Markham. He's an investor. He's been in business for years. He said, "Seth, don't leave your job, bend it until it breaks." And his point was don't bite the hand that's feeding you, do a good job, serve there as long as you can, but on the side, keep hustling, keep hustling, keep hustling until, "Okay, I'm ready now to live off my Amazon income and eventually live off my real estate income." So, that part I would not have done any different. Getting rid of the bad debt, credit card debt was a good move. Getting rid of the card debt was a good move.

What I would have done different, Whitney, is I would not have paid cash for a duplex. Even saying that pains me because now I realized man, I could have taken that 200,000 on a down payment on 10 properties if I wanted too. Ten \$100,000 homes or five \$200,000 homes. I could have done that. But looking back at least we got started. And I would say this is really helpful advice as well as sometimes if we feel like we have to have everything perfectly aligned before we make a decision. By the time we figured it all out something industry probably already changed and we're already behind. So, sometimes you just have to do, you have to move to action.

I'll give you an example. The four apartments in Bucerías, Mexico, we have not fully figured out how we're going to handle that. Let me give you an example. So, if you own an apartment, in Mexico, or any property. If you are within a certain distance from the beach, then you're not allowed to own it as a foreigner. Guatemala, totally different story. Other places in South America, Mexico is very strict. So, what you do is you open a trust at a bank in Mexico and the trust owns the property and you or your single member LLC in the US are the beneficiary of that. We learned that from the lawyer.

I would not have learned that if I hadn't moved to action. So, to answer your question, move to action quickly, make mistakes, learn as you go, you're not going to get everything perfect before you act, otherwise you miss out on opportunities, but 100%, if I had educated myself just a little bit more, I wouldn't have paid outright cash for a duplex.

[0:34:58.0] WS: Yeah, it just sounds like too, just kind of a mixture of the Dave Ramsey philosophy and Robert Kiyosaki. Obviously, credit card debt is bad, no doubt about it. But you can get creative and make things happen. A mentor of mine early on, I just wanted things to be perfect before I got started. Podcast, whatever it may be, "Oh, it's got to be just right." And he was like, "Done is better than perfect." And we won't think it'd be the best we can be. But you know, if you wait until you think it's perfect, you're just never going to get started.

Seth, you've been so successful, even at Apple and then deciding to leave that and sounds like family was so important. You made some decisions to make that happen, and grow this business on Amazon and real estate. Are there some daily habits that you have, that you're disciplined about that have helped you achieve this success?

[0:35:40.6] SK: Yes. And I still work hard to fight for these, I don't always do them well, but I get up at five o'clock every morning, I did this morning as well. And the first thing I do is I listen to either a really good book, or the Bible or a motivational speech. The goal here is to make sure my heart is prepared for the day, that's while I'm eating my food, I put on my AirPods. After that, I go to my dojo and I workout as hard as I can for 30 to 45 minutes, then I get a shower, then I sit down, and I just journal and I write and I think and I pray. And again, it's time to prepare my heart because here's what happens. The busier or I wouldn't say busier, but the more responsibilities I have, we have 37 staff now, there's so much more responsibility on my

shoulders than ever used to be before. It's so easy for that to suck the life out of me, as much as I love investing and staff and helping people, I have to take care of myself first. And that starts with what's on the inside.

This is why I believe that success is always proportionate. I will never be more successful on the outside than I am on the inside. I don't mean be perfect, never make mistakes. I don't mean that at all. I believe in grace 1,000%. What I mean is, as I grow, so will I be able to give that to others and help them grow and help our business grow. So, that's how I start my morning, after I journal, I get ready, I go to work, I have all my main meetings, by main, I mean with our top-level staff, to make sure they have the support they need. And sometimes they need a longer meeting, we do it. Then from there, I go and have a few meetings with prospects. Right now, we have this new arm of our business, which we're excited about where we're building Amazon businesses, for people with capital, who don't want to take the time and hassle to learn, so that's where that 100 million dollar number comes from is we manage over 100 million Amazon revenue from investors who they pay us, we build their business, and then they get a really nice ROI on that. It's almost like being a steward of their money. Almost like investing in stocks, except it's a lot more personal.

That's takes up like about an hour and a half, two hours in the morning meetings, those meetings. Then I write. I go home, at home, it's just me and my wife there. Sometimes we'll collaborate and I just write and I study and again, I need to pour in. Then in the evening, I come back, I do a podcast, hang out with some staff, answer some questions. That's a pretty typical Monday through Friday schedule for me, but the key elements is the theme through it is I have to take care of me first, before I can look at a real estate property, before I can spend time with my wife, before I can invest in my staff, my kids, my dog, like I have to make sure my heart is full.

What I put in here is what flows out to others and I think that is so key to success. And I think it's something people miss today. They think being a businessman or businesswoman means you got to be cutthroat and cheat and lie and steal and that's complete hogwash. That's not true. You make money by serving, you help people, money almost kind of takes care of itself. I don't mean be mindless, and don't know your numbers. Marcus Lemonis talks about this all the time. You got to know your numbers. I'm a nerd. I love accounting. I love numbers. But at the end of

the day, the most important asset in my opinion, when it comes to people time, knowledge and money, and I believe it's in that order. I even put time above knowledge because you can't get a refund on your time. You can regain knowledge. But people are the most important, because in people, you get the other three assets. People are phenomenal. They can break your heart, but they're also absolutely astounding and amazing. And if there weren't people, why are we doing this all for?

[0:39:00.3] WS: I love just how you elaborated on your morning routine, too. I love that. I think there was a big part of when our business started to take off is when I was up at 4:35 every morning reading and praying and doing all those things, just to get my mind right. I've heard that analogy too just like on an airplane putting your mask on first. Before you can help other people, put masks on, you better have your zone. And maybe we've talked about it, but what's the number one thing that's contributed to your success?

[0:39:24.2] SK: Grace, just the grace God's showing me in my life and the grace people have shown me. I have to be willing to make mistakes. I have to be willing to mess up. I have to be willing to fail forward. I've worked with staff who have really, really struggled and students with this concept. And rightfully so, the way they grew up is, it's sort of like going to school and don't mess up on the test or you're a bad person. This is a really quick side story, I think, you'll appreciate.

I asked, you're going to think I'm crazy, but I had a 16-year-old woman be CEO of my company for a long time. And by long, I mean, like six months. She did a phenomenal job by the way, like, really, really good. And she said, "What advice do you have for me?" And I said, "Make mistakes." She's like, "Are you serious?" "Yeah, make mistakes." And the point was, first of all, it was to help her grow. Second, she has some of those skills, I wanted to sharpen them. The company was in a place where it wasn't like, overly dependent on something. But it was for a short time. But it was still, for me, it was long, because that's a lot of trust. That helped her to learn. Then when she said, "Okay, it's been good. Pass the baton back, totally fine." What she learned from that was, you're going to mess up. That's okay. The only question is, you can fall down seven times, will you get back up again? That is key.

I think when people give themselves permission to mess up, and they realize their value is not dependent on their performance, even their failures can turn into gifts, because how would you appreciate grace so much, if you hadn't messed up? Now, all of a sudden life is like full. Enjoy doing this podcast with you, Whitney, or the next thing I get to do. Sure, some things are hard, we get tired, we get headaches, we get discouraged, we struggle, we suffer with guilt and all these things. But it makes life rich, and the outflow of that is monetary riches.

[0:41:08.7] WS: Now, I appreciate you sharing that. I think that's good advice for any of us who have employees now and are growing and working with others, and just how we think about making mistakes ourselves as well. Got to try, right? Fear can't just enable you and it does so many people. But Seth, how do you like to give back?

[0:41:24.9] SK: So, we give to organizations through our church that fight sex slavery of children, and that also help people in countries that not people are like, "Hey, I could get a job. I'd rather give me a hand out." People who literally need help and need education on how to run businesses. At this point, we give through our church, to organizations that manage that for us. But it's cool, you said that because one of our dreams is to open up a 501(c)(3) nonprofit and this is also smart for tax reasons too and marketing reasons, but actually, to open our own organization. We're not at that point yet, but that's one of our big dreams. So, we give 15% of all of our profits back to these organizations.

[0:42:08.5] WS: Nice. Seth, it's been amazing to get to know you and to have you on the show. I know the listeners have learned so much and been encouraged by your story, from Apple, to Amazon, to real estate, to international investing, to your morning routine, and how you just structure your day a little bit and working with employees, showing grace, and helping them to get going, even if they have fear and taking care of yourself first to make that happen. So, thank you again for your time.

I know we went long today. I know the listeners are thinking, but I just wanted to hear more of your story and thought it was very worthwhile. so grateful for that. How can the listeners get in touch with you and learn more about you?

[0:42:41.0] SK: Yeah, the easiest way, if they'd go to jod.com, It stands for Just One Dime. Because all this started from a single dime, jod.com. We've got a ton of free content on there. And there's a way to contact us if they want. Or they can send me an email, seth@jod.com and I will respond.

[0:43:00.1] WSL Awesome. That's a wrap, Seth. Thank you very much. I appreciate meeting you, like I said, and getting to know you a little bit. Appreciate you sharing your faith, too.

[0:43:07.4] SK: Thank you. Appreciate it, brother. Thank you, Whitney.

[END OF INTERVIEW]

[0:43:10.5] 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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