

EPISODE 1256

[INTRODUCTION]

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Brian O’Neill (BO): As a seller, if you don't want or need all the money right now, you can get more. So it's do you want less now by selling conventionally or you do wanna get more later? Doesn't work for everyone, but for the folks that don't need it now, you can get more. And a lot more. And if you own your house, Sam, free and clear which is one-third of all houses in the United States, you can get way more, way more, if you sell on seller financing.

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Sam Rust (SR): Welcome to another episode of The Daily Real Estate Syndication Show. I'm your host, Sam Rust. Joining us today is Brian O’Neill. Bryan is an experienced real estate investor and business owner who specializes in providing flexible real estate solutions for both buyers and sellers in the greater Chicago land area and beyond. Brian and his wife, Kate, have experienced some of the common challenges of selling their own home and know that there had to be a better way, which led him to start BKW Property Solutions. Currently lives in Chicago with his son and loving wife.

[INTERVIEW]

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SR: Brian, welcome to the show, thanks for joining us today.

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BO: Thanks Sam, appreciate the intro. Great to be here. Looking forward to chatting with you.

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SR: Brian. I did a little bit of LinkedIn, sleuthing, and you've got a rich history in sales, and I know your last stop for starting your own property firm was at Alimak Group, you were in elevator sales. There's gotta be a story in there, how does a salesman 20 years in, get the real estate bug? And not only the real estate bug, but go and start your own brokerage firm?

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BO: That's a great question. So I was in sales for 25 years, right out of college. I did what we were all trained to do, go to school, get a good job, and hopefully, you can save enough money and retire 65 or whatever the appropriate age is. I got into sales 'cause I thought it was a great way to make money, I actually started working for an enterprise or run a car company, had a great management training program, I worked with them for a little bit, and then I ultimately got hired by this elevator company doing sales for them, again, nothing related to real estate, and what I found was I was doing the heavy trial, when you become an entrepreneur, you always have to have a reason why you wanna do, why you wanna leave the W2 world and get and start your own thing. And for me, it was, I was gone three out of four weeks, every month, I was flying 100,000 miles a year, I was all over the place, I had a son at a young son, and I did not want to miss him growing up as he got older, he started telling me about it like, hey Dad, you know I don't like when you leave, I'm scared when you're gone now that's started to chip away at me as he got older and started to voice his opinion, and that led me to start thinking about, okay, I gotta get out of this.

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BO: That, coupled with the fact that I had always wanted to do something and real estate. Had a passion for Real Estate. I just didn't know how to start my own business, I was too scared and it felt safe, right, it feels safe to get a paycheck, to have health benefits, to be taken care of, you feel comfortable, and then ultimately my income, even in sales, like a plateau is you can only earn so much unless you're gonna start trading time for dollars, which is I have to climb up the corporate ladder, I'd bother to fly 150,000 miles a year, I'd never see my family. That's not worth it. So I decided to dive into real estate, I was actually looking at trying to buy multifamily properties, I was looking at syndication. Ran around for about a year and a half, trying to find deals, even acted like a real estate investor. I looked at properties, I even made a couple of offers, but I really never did anything serious 'cause I was too scared, I didn't know what I was doing, I was too scared to invest my own money, and more importantly, I was too scared to ask other people to invest alongside of me for failure, so right around that time where I heard my mentor talking about buying properties using creative financing strategies, no money down, no credit, I ran right to it, and ultimately I started my own business and nine months later, I left that job.

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SR: Oh, that's fantastic. Part of your story, you mentioned in several different places that I've

seen, you and your wife are getting ready to sell a home, and you thought you were gonna make 40 grand and it ended up being four grand, and I'm guessing that that's part of your passion for real estate, and why you ended up heading there, is that story realizing over time that you could have done better, it was almost like a dog with a bone situation, it's how I picture, it's just that drop, nag at you, you're like, there's gotta be a better way. And when you solved it, you wanted to take that idea to the marketplace, could you walk us through that story a little bit?

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BO: Yeah, and it still hurts talking about it now, I've come to terms with it, but that was a very real thing. So we had a personal experience with this. Back in '14, before we bought the house that we lived in. Now, we went through a conventional sales, so we had a new build, we're buying a brand new house, we committed to it, you gotta put money down, you gotta give money to build our money, and then it takes 10 months to build. So then we're trying to sell our existing house, and we're trying to line everything up and time it perfectly like, Hey, we'll sell this house and we'll move in into the new one while that never works out. And I remember we hired a realtor, the first one that was referred to us, which was a mistake, we made a bunch of mistakes, and this is one of the reasons we do what we do, is to educate people, this is the most important decision that most people ever make in their life by dealing with their home in terms of a financial commitment and an emotional commitment, the emotional piece being much more significant than the financial piece, so we were selling the house.

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BO: We're trying to sell it, we started this really high number, a lot of people do this like, here, try to tell us what the house was worth, I said, now it's worth this, so I'm telling the person I hired how to do our job, she said, Okay, well, listen for that, sure enough, nobody bites and then we do what everybody else does, we're lowering the price, lowering the price, and so somebody finally says, Hey, I'll buy it at that number. And that's where the 40, after we paid everyone like we paid the realtor, we paid the closing cost, we paid the tax orations, like we got left over with the scraps, and I remember I said to my wife at the closing table, we were supposed to get 40, we got four. I could have done that. I seriously could have done that, nobody did anything special here, we just paid a bunch of people to move paper around, that's ultimately what kind of drove me to start this business because I knew that there was a, there had to be a better way to do it. I didn't know it at the time, what it was.

0:06:13.0 BO: I do know now, but that's really, that personal experience and that pain is what kinda led me to what we're doing now, buying homes creatively.

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SR: I appreciate you sharing that. I'd say I love those seminal moments where it's just like, There has to be a better way, almost every entrepreneur I've ever met has one of those stories that drives them forward, that was the genesis for where they are today. You mentioned in your website at BKW Property Solutions, a lot about lease to own, rent-to-own, and then you talk about the pros and cons of selling with an investor versus a realtor. I haven't spent a ton of time in single-family, but I bought several homes and have helped friends buy homes and have some broad familiarity, I know that there's the realtor path, if you listen to professionals, you'll probably do well, there's also SBO, you can sell by owner but I haven't heard a lot of people talk about this middle road that are maybe not even a middle road, a third point in the triangle that you're advocating, could you talk a little bit about what it means to sell with an investor?

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BO: Correct. So, specifically, selling on terms, 'cause that's what we do here at BKW, we buy properties on what's referred to as terms, you can use the word seller financing or creative financing, and really who this is a great fit for is someone like me. I didn't need the money, right, I didn't need the 40,000 to buy my next house, I was approved for both loans, my pain was I could not afford two mortgages, two housing payments, like I committed to this house, I gave them a bunch of money, I had to move there was no undoing that, so it was, I had to pay two housing payments, and that's why we continue to lower the price. I left that part out in the story, that's a lot of people in the United States, they may not be specific to my situation, but they're faced with two housing payments. They had to get, they got relocated, they had to move, whatever the situation, they gotta get out of this house and can't afford it, so what they do is they lower the price, even though they know it might be worth more, I got all this equity. Well, I can help Brian from seven years ago, keep his 40 grand and I'll pay his monthly payments every month to the bank as long as he doesn't need it right now, if he can wait for it, I can get more.

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BO: That's what we talk about when we're doing seller financing and the term structure or a lease option is as a seller, if you don't want or need all the money right now, you can get more. So it's, do you want less now by selling conventionally or do you wanna get more later? It doesn't work

for everyone, but for the folks that don't need it now, you can get more and a lot more, and if you own your house, Sam, free and clear, which is one third of all houses in the United States, you can get way more if you sell on seller financing, and I'll give you an example if you'd like. On a \$400,000 house, if you have no mortgage and a \$400,000 property, and you sell that on seller financing to a buyer, and it can be me, it can be your neighbor, it could be whoever, and you charge 3% interest at 10% down, you're gonna get paid 600 grand on that house over 30 years, look at your truth in lending statement, when you sign a loan, you don't pay the sale price for the home, you pay compound interest, which is a beautiful thing, that's what I say, you can get more money later or less now, so the ability to wait, you can max out your house.

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SR: Use my situation as an example, I've got a traditional loan and maxed out traditional dollars in my area where a little bit higher income in the Denver area, say I wanted to move, do first mortgages, and I know we're getting a little bit technical here, but do first mortgages allow for a secondary mortgage behind them, what kind of gymnastics you have to go through to get that approved, or do you even worry about getting it approved?

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BO: Sure. In your situation where you have a loan in place, you wouldn't use a second loan, we would agree upon a price to buy your house, if you wanted 600,000 for your house or whatever we agreed upon, we would agree upon that number and then a date out in the future where we would cash you out of the house, which is the difference, which is your equity position, whatever you owe on the loan, today there is no loan in place like you as the seller have the ability to finance me or anyone else who wants to do this, there's no reason for me to get a bank loan to pay off your bank loan. That's the way we approach it. The only people who get rich in that scenario are the banks, what we're doing is locking in your equity, there are no fees or commissions, so you don't have to pay an agent, you don't have to pay 5% or 6%, as long as Sam, you can wait for your equity. You'll get it at a later point in time. There's no reason to take out another loan, that loan, that first loan gets paid by me every month or whoever your buyer is.

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SR: I appreciate that. That's helpful to conceptualize what we're talking about here, so the perfect target in a lot of our audience, to back up a little bit, a lot of our audience, they hear owner financing and they think, Oh, I'm gonna try to get a multifamily owner to go and do this for me, I

wanna buy on owner financing because that means it's gonna be a better deal, but the reverse can also be true, and that's what we're talking about here, is changing it and looking at it probably more as an owner, although the strategy can certainly be flipped the other way. And is commonly, but for those who don't need to sell a home, don't need that liquidation event now and maybe for taxable reasons, want to stagger it out into the future, you can do so, realize even more value on your home, do so in a pretty efficient manner.

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BO: That's a great point. (inaudible) Just for your listeners, by a multifamily, there are plenty of mom and pop sellers out there that own apartment buildings free and clear that for whether it's estate planning purposes or tax planning purposes, they don't want the lump sum, they'd rather do something on owner financing and you'd be surprised when you start going out now that I know how to do these deals, I can go out and target off-market multifamily deals, if I choose to do so I know how to talk to the sellers, I know how to find the properties, I know how to have the conversation, how to find motivation and solve problems, that's what this is all about, you will find that a lot of especially smaller owners, mom and pop landlord that just wanna get out of the landlord business, but love the cash flow, will prefer to do something like this again because of the tax benefits and then because of the depreciation situation, right, and then they might wanna help someone who wants to get into the business. If I've had plenty of people like, Hey, I've been doing this a long time, I just wanna go down to Mexico and work on my bar or whatever, I just wanna be out of the landlord business, and you'd be surprised how much they wanna help you, so I think there's a lot more people open to it than you'd think.

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SR: Everybody who's getting into real estate here is the phrase, "You gotta find your niche, you gotta find your niche." There's so many different ways to make money in real estate. And you've stumbled upon, you intentionally have driven towards one of those niches, but I'm curious, you said you started out trying to do multifamily syndication, and then you mentioned a deal mentor or somebody who mentored you to get into this business, what was that process like of figuring out, Hey, maybe multifamily syndication isn't where I wanna focus. And that opened the door to BKW?

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BO: One of the things that got me into business was, and you know this, is mindset, right. The reason I never started a business 'cause my head was screwed on incorrectly, so once I fixed

that, I was able to take the necessary action to get to the point where I was able to create deals, find deals, I knew I had it in me, I just needed some direction. So hiring a coach and a mentor was like the major needle mover for me, step number one, and I don't know what happens after we get out of school, and we all just think we gotta figure it out and we don't need coaches, and it's just a silly mistake, I did it for 25 years, I'll never not have a coach again, I have multiple coaches now, and step number one is investing in yourself before you can start creating the life of your dream. So that was really how I was able to build this business as I had. Someone has done it before, guiding me before I was trying to do it on my own, and that's why I never did anything 'cause I was too scared, like what if I mess this up? There's too much at risk. Once I had somebody in my hip pocket helping me, if I had questions, it was so much easier to take action and know that if I failed, I had somebody helping me.

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SR: Well, I wanna commend you, it's very rare that you see people who hit mid-career or later and make such a drastic shift, obviously changing your mindset is the biggest part of that, but what was it that clicked in you that's like, Hey, I am gonna go hire a coach, 'cause a lot of times those types of individuals, though they drive a tremendous amount of value, there's an upfront cost to that, it requires almost dying to yourself and realizing and understanding and internalizing that I don't know everything I need to go outside of myself to get to where I wanna go, and a lot of us are just too comfortable where we're at, are too scared to move forward. What helped you kick start that process?

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BO: That's a great question, and I was certainly of the mindset that I did not need help, like I had it all figured out, and the older you get, the more stubborn you get, right? I don't work, I don't know anybody helping me, and it wasn't until I surrendered to that false truth that things started to move for me, I remember the moment when I signed up for my coach, and again, it's not an insignificant amount of money, as I just said to myself, I said, I told my wife, I said, I am not going to let myself, limiting beliefs, and my fears get in the way of my goals, any longer, like I'm tired of it. It was a sick and tired moment and I signed up for coaching, I remember right after that, and things start and I surrender, I came in and said, Okay, these guys have built something, they know what they're doing. Some of them are younger than me, and I'm just not gonna come in with the mindset like I had before, like I know everything, there's nothing for me to teach them. It's the complete opposite. And that was difficult for me because like I said, I thought I had it all figured

out. That's something that we all have to do when we get into business, - it's surrender.

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SR: A lot of times, I compare entrepreneurship to building a LEGO tower and you gotta get your base since you get your base by going out and getting that education, but you have to get to a certain height before you start seeing results, you've gotta put a brick a day and often, right before the breakthrough is the darkest moment, your tower is the tallest. And there's still no results. There's still no ROI. Did you hit that moment? Does that ring true for you? What was that process like from when you started to when you actually saw success?

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BO: That's a super awesome analogy, and I loved LEGO as a kid, so we're aligned there, and I would definitely wanna ask you what your moment was too, because I'm curious. But for me, it was, I've spent all this effort, again, one, we're calling it like I'm calling sellers and having conversations where making all these phone calls, which my sales career helped me in that 'cause I wasn't afraid to talk to people, it was just a matter of knowing what to say. I got a house under agreement, 71 days after I started calling sellers, I got a seller to give me their house. It was like, I remember I screamed and my wife said, "What happened? What's going on?" I'm like, I got an agreement, hundreds of calls, I got a house under agreement. She wasn't as enthusiastic as me, but I lost that house, so the seller ended up leasing it out from under me three, four weeks later, and there's that moment where it's like, Hey, this is too hard, I'm gonna quit I got over that and two weeks later, I got another house under agreement and ended up putting one of our buyers in the house like four weeks later, so that was my moment 'cause I almost quit, but I got through it because I had people alongside of me helping me out. I'm curious to know what yours is, what year it was.

0:17:03.5 SR: I think my moment was, so back in 2018, we were started, or I was starting to try to get into apartment syndication. This was before I had met Whitney Sewell, partner at Life Bridge Capital now, and I told my wife, I'm a big New Year's guy, so I told my wife, Hey, I mean, we're gonna buy an apartment complex in 2018, and so I took a pretty sequential approach or I did not have a mentor at the time, I was doing everything self-taught, and I was just like, I need to know how to underwrite a deal, so I kinda went through the process, started teaching myself how to underwrite, looked at a ton of stuff on LoopNet, that's all garbage. And you're just trying to figure out why is it garbage? Probably then the deer for me was I found a project that I thought was the

bees knees. It was 64 units down in Colorado Springs, founded in April. Pretty early on relatively in the journey, it had been on the market for a year and a half, we submitted a price or an offer that was a little bit over his asking price, and then the seller ended up sitting on our offer for seven weeks and it was that intervening period of, Hey, I did everything I know how to do.

0:18:07.8 SR: This was the best deal that's come along, that intervening seven weeks, I'm looking at other deals, nothing else is as good, I don't understand why this guy is not even responding to my offer. Am I paired with the wrong broker? Did I say something to offend the guy, you run through all those things you've put forth all that effort, it was like working a second full-time job to pull this off, and then he ended up responding, had two terms that of course, he wanted to bend in his direction and we agreed, that ended up getting that deal, and it was a home run of the first deal for us, we've since exited that, but yeah, I think that intervening period was the most challenging was my darkest before the dawn type moment.

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BO: Awesome, great share and LoopNet, your brought-back memories.

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SR: There's a lot of purposes for LoopNet, but you're probably not gonna buy a lot of things off of there. So, I'm curious, Brian, you mentioned that your cold calling people, I assume you're cold calling, you mentioned you're calling a lot of people, you started a business, it's all about the deal funnel, and I just would love for you to share with our audience how you think about the deal funnel, how you get stuff in. 'cause it really is a numbers game. My background is in sales as well, and we know that generally, you know your close ratios, you know your appointment ratios, what metrics are you watching, and just how do you conceptualize your personal deal funnel?

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BO: We do cold call, I don't do as many calls, I have a team of VAs that are calling for me, I make a lot of second-level calls, but yeah, it is a numbers game, and you must, must, must, any investors out there, you have to track your metrics. What you track measures and improves period, end of story, if you're not paying attention to it, how do you know what you're doing if you're not tracking your numbers? So what we really look at, and we're doing a lot of different things, we're typically talking to people who are actively trying to sell their house. There needs to be motivation. A seller to sell on terms, need to have motivation. So, we're looking at expired

listings, for sale by owners, for rent by owners, and then we do a targeted list. There's Covid, there's a lot of tired landlords a lot because their houses went to or the renters went into default. We look at absentee out-of-state, absentee out-of-state owners is always a great list to call, so you can do, you wanna make sure that you have multiple sources that you're targeting, that you're calling from, and the key is to, and I don't know if anyone hasn't been able to see this, but you gotta have a funnel, the funnel, top of the funnel is always important. We get a lot of notes, we would make sure we're following up because I know now in 30 days or 90 days could be a resounding yes. I couldn't sell my house. I had to lower it at five price drops. We look at conversion, so we pay a lot of attention to the people that we're talking to, converting them to a lead, defining what a lead is, and that's anyone who's open to the idea. They don't have to be a yes, it's like, Hey, would you consider it as a plan B? Yes, and then we make sure that our follow-up system is in place, as I give you a statistic that I learned from a great marketer who does wholesale Inc, she was all mailings, she told me that 80% of your deals at or after the fifth attempt 90% of your competition will quit after the third try, so simply just by having a great follow-up system, attractive, your metrics, you're gonna beat out everyone else.

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SR: What software tool, if any, do you use to keep track of follow-ups as a CRM or Workflow Manager? Or anything like that?

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BO: Yeah, I use a couple. So for day-to-day operation, we use a tool called Freedom Soft, which allows you, which is a CRM, but you can also pull lists, you can pull specific lists and you can do comps, it's kind of all-in-one tool. Freedom Soft, it's a great tool. I do use PropStream, I do have that for pulling specific data on houses looking at comps, and that's really it. Those are the only two CRM tools that I use. Anything else, use PropStream to mail postcards and various campaigns.

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SR: Beyond your mentor at this point, as we're wrapping up here, I'm curious, what would be the one thing that you would attribute to your success too?

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BO: Yeah, wow. I am trying not to be humble here, but well, my family really. My wife has been

super, super supportive of me, I tell this, I tell this story often, that convincing my wife and talking to her about what we were gonna invest in coaching, which again was not insignificant, was one of the best sales pitches I've ever given. I was on the white board, I was like, Here's what we're gonna do, here's how we're gonna pay it back, here's our return, but at the end of the day, she's been super supportive, and that has driven me. I never forget about that. It's like, she committed to me, I'm committed to her, so it was really my family that got me over the home.

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SR: It's fun to look back on those initial investments, especially in coaching and think you've probably 50, 75, 100 X your initial investment or beyond.

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BO: Oh, easily. And then just from your network, you're in our network. You're the average of the five people you hang around with. Although those five people look way different than they did five, six years ago. Way different.

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SR: Well, Brian, really appreciate you joining the show today, I think there's a lot of stuff in here that listeners could pull value from, if folks wanna reach out to you, learn more about what you're doing, pick your brain, or even work with you to buy or sell a home in the greater Chicago land area. How can they reach out to you?

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BO: Yeah, and I'd love to talk about people who are looking to get into this or are interested in it, 'cause it's a new concept to a lot of people that don't understand it, so if you ever wanna talk, I can give you some great resources, email me, Brian, B-R-I-A-N at [BKWPropertySolutions.com](mailto:Brian@BKWPropertySolutions.com). I'm happy to talk with you.

0:23:37.1

SR: Fantastic. Well, thank you, Brian, for joining us. Thank you to our audience. This has been another episode of the Real Estate Syndication Show. I'm your host, Sam Rust, signing off.

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Whitney Sewell: Thank you for being a loyal listener of the Real Estate Syndication Show, please

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