

EPISODE 1452**[INTRODUCTION]**

Rich Fettke (RF): And over time, we start to change our mindset. We start to believe in ourselves more. Our confidence grows. Maybe think about that with real estate investing. In the beginning, there are so many terms. You are like, "What is IRR?" "What is a cap rate?" So many different things, and all of a sudden, over time, you are like, oh, I know that one. I know that one. I know that one. Then your brain becomes this encyclopedia and you start to understand it and know it. And it seems easy, but when you look back in the early days, you are like, oh man, how am I going to figure all this stuff out? I think that is a huge one.

Whitney Sewell (WS): This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. I am so grateful you're back with us again today. I hope you listened to yesterday's show with Rich. Man, he's brought so much value, and I'm excited to have him on again and to do another segment with him. I hope that you're sticking around. I would love and appreciate a written rating and review. Please go to iTunes and leave a written rating and review. I would be grateful for five stars. And even critical feedback, we would love that as well. Please go to info@lifebridgecapital.com. I would love to hear from you about how we can improve the show. What else would you like to hear? Do you have a guest you would like me to interview? Something you would like me to do? About our business at LifeBridge. Any of those things we would love to hear from you.

WS: Today, we're jumping back to Rich Fettke. Don't forget. He is the author of *The Wise Investor*. We're going to jump into more of that today. He has a ton of experience in real estate and business. He's certified as a coach, and he's going to coach me a little through some of these segments, which you're gonna hear, and I so enjoyed that. And so I hope you will also be coached as Rich is talking and as he's helping you think through some of these things as you become this holistic investor. I love this philosophy and thought process or way of looking at investing and even what real wealth is, which he's going to share with you.

[INTERVIEW]

WS: Rich, welcome back to the show. We are honored to do another segment with you. I know the listeners have learned a lot, and if you have not listened to the last two days of shows or segments with Rich, I highly encourage you to go by and listen. He's shared so much about just their amazing testimony story of getting into this business, and it's just some real-life things that they're so transparent about. But it's helping so many people. Then also, we started to get in yesterday about just the mindset right behind rich people or poor people versus what we'd say, wealthy people. And just the thoughts behind that, how we believe so much of what we

tell ourselves, right? Good or bad. And so I wanna dive into that a little bit more and even dive more into the quote "Financial Mindset". And so Rich, welcome back to the show.

RF: Thanks. Good to be here. Good to be back.

WS: Rich, we ended yesterday talking about how the mentor in your book compares poor or wealthy people's thoughts. And I just wondered, as you have coached and mentored so many people, like when do you see this shift happen for people? Or you see so many people come from nothing, right? Maybe they even had a poor mindset. I think I was raised partially in that kind of atmosphere where you do. You're almost not inspired as you mentioned in the other segment, right? By other people's wealth and how they got there. It's more of an envy-type attitude. And when have you seen that change? What helps most people to change just that thought process?

RF: I don't know if I've thought about that too much. I would say it usually doesn't happen in a moment. Sometimes, someone you hear or they like, Oh, I went to this conference, and I had a breakthrough moment and awareness, Or I was at church and all of a sudden, so God spoke to me, and I had this new awareness, or I read Rich Dad, Poor Dad and I walked away from that with a complete, But that's not the norm. That the norm is it happens a little bit over time. And it usually is because someone was intentional. They were doing small daily actions. They were educating themselves. They were staying disciplined in doing what is living life the way they wanted to be living. They start getting up earlier. They start exercising. They start studying and learning. They start focusing on acknowledging other people and being curious and everything. And they slowly, over time, actually what they're doing physiologically is changing their brain. It's neuroplasticity. The old HEBBS law is when neurons fire together, they wire. So we actually are changing our brains. Each time you choose to do something a little different, whether that be something good or something bad. It could be a good habit or a bad habit. When you do that repeatedly, your body is literally laying down a substance called Mylon between your neurons, and you're changing your brain. So each time you do it, it's almost like cutting a path through the forest. The first time you go to cut the path, it isn't easy. You get the machete out. You're trying to get through this path to get from where you are to where you want to be. And then the next time you've done some cutting, the path gets easier, and you might clean it up a little bit. And over time, it gets this beautiful easy path. It's the same thing with our brains and our thoughts. So I don't think it's this usually not this big change that happens in an instant or in a moment. We usually do these small actions regularly, and over time we start to change our mindset. We start to believe in ourselves more. Our confidence grows. Maybe just think about that with real estate investing. In the beginning, there are so many terms. You're like, "What's IRR?" "What's a cap rate?". So many different things, and all of a sudden, over time, you're like, Oh, I know that one. I know that one. I know that one. Then your brain becomes this encyclopedia, and you start to really understand it and know it. And it seems easy, but when

you look back in the early days, you're like, Oh man, how am I going to figure all this stuff out? I think that's a huge one.

WS: Yeah. I think Youth Ethan Nail is in the head. You said you hadn't thought about it much, but I think it was real. What you just said, I was a small daily action, right? And it happens because we're intentional. I loved how you said that or you're intentional and learning. And it seems like small things, I think, at the moment. But man, six months later, you've done this thing every day, whether it's reading books, educating yourself in some way, or even in your case years ago, exercising, right? It may only be 30, 20, or 30 minutes a day. But what a few months later, you start to see some results, right? And I think you surprise yourself almost. In this case, you talk about changing your brain. My wife would have a lot of fun with that as far as me changing my-, but I'm just kidding. But say, Honey, she'll be happy. I could change my brain a little bit. No, I'm just kidding. That's incredible. I love the answer. And it's that it's possible. It's not just for some people, right? It's like, anybody can. I work at this and make small incremental improvements daily, that man build up to big things. Many of us seem to encounter fear and negativity when it comes to our financial future, even our goals. But what about some strategies for getting through those tough situations? What are some, I don't know, some strategies that you've used to get through those tough situations like many we've talked about?

RF: Yeah, it's that, and as I shared on your the other episode, we were talking about that. That gremlin, and I still have it in my head. That so everyone I've coached CEOs, to entrepreneurs, to attorneys, everyone, and every single person I've ever coached has what I call the gremlin; is this inner voice in our head that tells us we're not enough or we can't do it, we're going to fail. Sometimes, it can come from real sources. As you say, I'm going to invest in real estate. And you have people start saying, Oh man, my parents lost a lot of money in 2008. They weren't invested in real estate. So you got all these devil's advocates out there. And it's like it joins into that fear. And one thing I love about adventure sports, which I love to do, is I know you've done your adventure sports. I see you up on top of a horse, standing, riding around. Look at that. I'm like, No, that's scary. But I love to do adventure sports. Like rock climbing and skydiving, surfing, things like that. And there's an element of fear management in there. And so I, I love this topic. I love how we manage that inner voice. How do we manage the fear? So we can move toward what we want? I think the key is, and even going back a little bit, we talked about those small steps where you get better and more confident. I think it starts with getting clear on what outcome you want. So what does it look like? What does your life look like in the future? Say, ten years out, who are you becoming? Who do you want to be? I love writing your eulogy. I think that's a really powerful exercise, but it's getting clear on who you want to become. Who's the type of person you want to be? Is this the type of parent you want to be? What's the type of business person you want to be? And what is it that you want to accomplish and do in your life? Is it giving back, the home, the lifestyle, or travel? So getting clear first on what that

is, then checking in and just saying, Okay, what do I need to do to get there? And coming up with those small steps, like, I'm going to start with this each day, I'm going to study for half an hour. Each day I'm going to work out for 10, 15 minutes. Start with what they call "stupid-small-habits." So it's easy to do over time, and then you keep doing it. And then that process, after getting clarity on what you want and kind of mapping out the basic plan to get there, I think it's really important to stop and just say, Okay, fear, What do you have to say about this? Just check-in. Because we know that fear lives in our subconscious mind, and the subconscious mind is way more powerful than this conscious mind. It's so much bigger and so much more powerful. And it's more powerful when it's in the dark. If that gremlin is there, if you got that fear running the show and holding you back so often, we're not even aware of it. And when I would coach clients, that say, So let's just check in. What might your fear be saying right now? What's that little gremlin in your voice? What's the little gremlin in your head? What's that voice saying? And I would have people check-in, and you'd just stop. And it'd say, Oh my goodness, my fear is telling me that if I fail that I'm going to be homeless out on the street. No one's going to love me. Like over a process, if you keep saying then, then what? What does your gremlin say? So it's aware of that. And that gremlin, that inner voice, whatever you want to call it, is so powerful when it's in the dark. But when you shine the light on it when you have awareness, stop, and check in and say, Hey, fear, what do you need right now? So often, it will give you an answer. And so it's not like the enemy, I know that the gremlin makes it sound kind of like an enemy, but I like to look at fear as a friend. As the protector because it's born with us. And ever since birth, it's done its best to keep us safe. To keep us safe from failure, danger, pain, ridicule, embarrassment, and loss. So it's like this inner voice is doing its best job. It's like screaming, " Ah, no, I don't want you to lose. I want to protect you. So when you check in with it, you just say, Okay, fear, breathing helps a lot. A couple of deep, deep breaths help us slow things down and helps us be more confident and more aware. Increases our heart rate variability, so we can be more common at the moment. You check in with that fear and say, Hey, what advice do you have from me here? What do you need for me to move forward? And so often, that fear will actually tell you what the obstacle might be. That fear will tell you what to do, what to learn, and what to study. That fear will tell you who you need to connect with. That fear might say you don't know enough here, so you need to find a mentor who's done this, or a consultant or a coach, like what you were talking about. So I think that's the best way. I know for my clients and me over the years, it's checking in with the fear, and finding out what it's concerned about. And then honor the request. There'll be something there.

WS: Yeah. I love the thought of like even going back to when you first started talking about writing out who you want to become. What do you want to accomplish? Like, I think just that process of doing that helps you to think through a lot of things that you wouldn't typically think, right? It's not as easy a process as I would like it to be, right? But it does take some time to be very intentional in thinking through that. Because we do that in our business or do, you do it right? You do this thing we call strategic planning, right? And we think about, okay, a year from

now, or three years from now, ten years from now, 20 years from now, what does our business look like? How many units or assets are under? Management, are we thinking about all these things, right? Well, how many employees are we gonna have to have at that time?

Then we reverse engineer. All right, well, all, who's the next person we need to hire? Whatever. But we don't typically do that for ourselves, right? I think it even goes back to your point in another segment, just the holistic view of we do that in our business. We don't always do that, or I haven't, not until I've met people like yourself who helped me see things like this, right? And then in doing that planning for ourselves and how do we get there, is that similar to helping us cope with the fear management and some of that as well?

RF: Yeah, for sure. Because that when you get clear on. I think her name is Gabriele Oettingen. She wrote a book on, in the book, I don't know the title. I wish I did. But her process is called WOOP. It's w-o-o-p. And it's Wish, Outcome, Obstacle, Plan. Wish, Outcome, Obstacle, Plan. And so she's a university professor. I think it's Stanford. And they've done a bunch of studies with large groups, and one of those studies was they had one, split the group into two half groups, set goals, and then tracked their results over three months.

The other group had them set the goals, saying, This is your wish. What's the outcome look like? Now, what are your obstacles? So they had them look at the obstacles and then devise a plan. So the first group just came up with the wish and what they wanted. And then the plan and they went after it. The other group also looked to obstacles. The group that looked at the obstacles was, I think, 70, 70 something percent, I can't remember exactly. But it's way up there.

Regarding the amount of goal accomplishment by the group who looked at their obstacles ahead of time, it was something 70 something higher than the group who didn't look at their obstacles. Because when those obstacles did come along, which we know they will, the other group wasn't prepared. Whereas the other group that looked at the obstacles ahead of time said, it's like going on a diet. You want to lose some weight. You look at the obstacle ahead of time and say, Well, going to a party be one obstacle. What am I going to do there? What's my plan if I go to a party without healthy food? Another obstacle might be your spouse comes home with this big dessert. That could be an obstacle. What you're going to do there? So I think it's an important process. So looking ahead of time at what you want and then looking at the obstacles it's going to increase your odds of doing that.

WS: Yeah. Wow. What about I know something all of us are concerned about at some point in our life, or maybe too often is just the real? What might others think, right? We're talking about this fear, and you talked about potentially being the homeless factor. Will we lose everything if we make this decision and jump out, whatever it may be? We joke a little bit about when we

sold the farm, right? So we could jump into real estate, but I had to get to a point where I just couldn't care what other people thought. Everybody thought that something was really wrong in our house, right? Cause we were selling the farm, it just didn't seem logical for most people to do, right? But I knew I had to be that committed to making it happen. But how do you help people get past what other people might think? I'm not sure I'm good at that, but I had to do that. What would you say to somebody that's like, Rich, I'm worried about what everybody might think if we make that decision or fail?

RF: Yeah, that's good. I wanna flip it around. I know Whitney, so what did you do there when you were selling the farm and all that? So how did you handle it internally?

WS: It's hard to figure that out other than just knowing I had to stay focused on the outcome. And I had to stay focused like this is why we're doing this. This is like something bigger than us. Something like starting the foundation to help many families to be able to adapt. And there was a connection, our children are all adopted, and so there's a connection there, right, to them too. And being I could, it was a mission that I could even paint for them, right? Something they could even understand when they were even little. That this is what we're pushing towards. And even through the hard times that even fear, I think it was about like helping them to see that. But I couldn't quit because I'd already painted this vision for them. It was something my wife was passionate about, too, helping these families be able to adapt. And I think that as I'm talking through this now, right? And you're helping me with this like that had to be bigger than the fear.

RF: Ooh, I love that. It's so cool. Yeah. It's the purpose. When you have a purpose and a why it's you get, you get, you're humble. Do you know? It's weird. It's almost like, it seems like it would be the opposite, but I think when you have a clear purpose and a clear why, and that purpose and the why is about making a difference, about your family, or making the world better, or serving people, then that takes priority over the gremlins and the self-doubt and what other people might think. It's just like, who cares what they think? I'm on purpose, and we know that that is absolutely scientifically proven that we are happiest and most fulfilled when we're moving toward our purpose. When we're moving toward our most important goals. When we're creating the life that we want, and we're getting better— that's when we have true happiness. I think you just nailed it. So, Well done. That's it. Having a purpose, something wide that's more important than what other people think.

WS: Well, with your wise coaching or even just questions and help draw it out, I appreciate that very much. So, Rich, I know you talk about there's no such thing as self-made success, and what do you mean by that?

RF: So many people hear this, Oh wow, she's a self-made success, or he's a self-made success. And then you talk to these people. And they're the last to say they're a self-made success. I have some friends, and you and I both have shared friends in this industry that are very successful, especially financially. When you look at them, and beyond that, they have jets, 10,000 doors, and all this very successful stuff. And you talk to them, and they never talk about how great they are. They always talk about and acknowledge the people that help them get there; the mentors, the people, and the people on their team. And the reason why So important to not come from that mindset of I'm going to be a self-made success. If you come from that mindset, you start coming up with all your goals and plans based on you doing it yourself. I'm going to do it on my own. I'm a self-made success. No, I'm not going to accept help. I'm not going to seek help. When you get out of that mind and say, I'm going to be a, I don't know what you would call it, or people made success, whatever it might be. When you get out of the self-made success mindset, you start to look for the " who can help me go to the next level?"

Who's the mentor I need to meet? What about my team? Let's focus on our team. And that's the way we are at Real Wealth. It's like I really do my best not to take credit for things to use the eye. So many people have an eye problem, right? I did this, and I did this. I came up with this, and I'm really striving as a leader always to say we because it's what we've accomplished at Real Wealth in our company is we, it's our team. As there's people on our team that are so much more talented. I am in some of these areas. I have my unique abilities and talents in my area, but we would not be where we are as a company without the people on the team. So that's why. So get out of the self-made success mindset.

WS: I love that, no doubt about it. I can relate to that as well. I think we've talked about it a lot internally lately as well. As my business partner and I, you're doing everything in the beginning, right? But then, eventually, it's like everybody on our team now is better and more skilled at whatever their focus is than I probably ever would be.

RF: It's the best. Yeah. It's more fun too, right? It's like everyone's doing using their unique ability. They're doing what they're good at. They're doing what they love to do. They're growing in it. Yeah, and it's just like, that's culture.

WS: Yeah. And I think even before building a team, as you mentioned. There are so many people in this industry, and you included, who have influenced me in one way or another that's helped me, or it may be one or two things even in numerous interviews who, it's like helped me learn something else or helped me to move forward differently, right? It wasn't just me figuring all this out, right? By no means to say the least. Well, Rich, I wanna move to a few final questions, and I ask a lot of guests, but I look forward to hearing your insight on different things as well. If you had to look back, now, you and Kathy are starting real estate again. What would

you tell yourselves, knowing what you name now or maybe what you would've done differently?

RF: I would say going back would be hiring the right people for the right seat. We mostly focus on single-family, one to four units, and ground-up residential development. That's our main focus for syndicating at Real Wealth. And we tried multi-family, and we had someone not experiencing a multi-family go out to vet these deals, and there were three different apartment buildings. He walked through one with the seller and a broker, checked it all out, and returned and said, Looks good. Let's do it. And didn't walk through the other buildings. The other two buildings had been stripped of their copper wiring and were in terrible condition. So it's like it, it was like, Oh, so just for us, it blew it up as far as the mindset around multi-family saying like, We suck at this. We don't know what we're doing, and we don't have anyone on our team. So if I could go back in time, it would be finding an experienced person who knew multi-family, who could go and underwrite, and that project. And I think it would be very successful in multi-family today. But, because we didn't do that, we're rookies in that area.

WS: No, I appreciate your transparency on that as well, Right? People, right seats are so important. And it's almost a learning curve, I think, for every business as we grow. What about do you all have any predictions for just the real estate market over the next six to 12 months? I know none of us have a crystal ball, but is anything changing regarding the type of deals you all are looking for, the growth you expect, or anything like that?

RF: Sure. I mean, being married to Kathy Feki is quite the asset, with someone who knows market cycles and predictions, and she's in the on-the-market podcast with bigger pockets. And that's what all they do is really look at where's the market heading and all that. And two years ago, Kathy always used to. Over the years, she always presents the beginning of every year on different podcasts and to our group of investors about her predictions for the year. And she would always start it by saying, "I don't have a crystal ball." So I bought her a real crystal ball two years ago for Christmas. So now she does have a crystal ball.

I dunno, It's working well so far, but her predictions are pretty spot on. Kathy thinks that, basically, where we're going is a lot different than in 2008. I know that your show with Kevin Bob went over some really great things compared to 2008 to today. And the difference. So that's, I would urge your listeners to listen to that one with Kevin Bob in 2008 because that was everything he was saying is exactly what I believe in, and Kathy saw. And it's just such a different world. And from what I'm hearing, it's definitely there's going to be cooling off. I don't think rent prices are going to decrease. I think they're not going to have the 30% increase like they did in some markets over the last several years. But I think if they're just going to level off and flatten out a little bit, there will be a recession if there isn't one already, but no, Powell is already said Fed. It's like, yes. We need to, We. Our goal is to create a recession. That's what

they're trying to do, slowest crazy inflation down. So I think inflation will slowly start to ease back. There'll be a slight recession. I think rates will go up a little bit more and then come down slightly. But from what Kathy's seeing and her predictions, rates aren't gonna go up to what people are predicting the nine or 10% in mortgage rates. That's mostly people's fear of talking. But you know, they'll go, go up a little bit more, and there's not going to be a big foreclosure crisis like there was in 2008, 2009. A lot of things that Kevin was saying on that podcast, and maybe he's talking about how are 4 million homes shy right now? And it was not like that. There was a housing surplus in 2008. Now there's a lack of inventory, and then people locked in on these long-term rates of 3, 4%. People don't want to walk away from their homes as they did back then. So I think that is gonna be cooling off, cooling off of rent increases, but not going backward. And as far as values in some cyclical markets, there'll be some drops, but nothing major. It's not going to be this thing that's gonna ruin so many investors as it did in 2000, including us. We got stuck in 2008.

WS: I appreciate your transparency around that as well. I think the last time Kathy was on the show, I think we did talk about the market and why not. So I wanna go back and listen to her show or interview as well. And then I appreciate bringing up Kevin's as well. I enjoyed the interview with him. Also the segments that we did. Rich, what's a way that you all recently improved your business that we could apply to ours?

RF: We've been using DOS for about four and a half years. I read Traction way back when we started to implement it. We hired an EOS implementer, and that was really good. And now we're modifying it. We're calling it RWOS, which is the Real Wealth Operating System. So we're kind of making it our own. Yeah, so over time, we've just really, some of the EOS systems works incredibly well for our model and our business, and it's been a game changer, like the L 10 meetings and all that. And there are some things we like to do a little differently, so we're modifying it for our own operating system. That's really worked well for us. So one of those big changes would be, I mean, we keep the consistency of meetings. And there's something about the biggest change we made lately: we were doing the real visionary integrator thing with Kathy and me. Kathy was the visionary in our business. I was the integrator, and a husband and wife visionary integrator can be dangerous. So we finally realized that over time, because the integrator often has to be the no person. Be like, No, we can't get this going right now. We have too many goals and too many projects we're working on. The visionary, which Kathy is, is like idea, idea, idea. Let's do this. How come this isn't done yet? I gave you this idea. Days ago, it was not implemented yet so it would create some friction. So we realized that coming and focusing on our different areas. So now Kathy oversees our syndication company, which is called Grow Development. So she oversees that, and she's the visionary and integrator in that area. And then I'm on the brokerage Real Wealth Realty, where we help people get into a single-family, wonderful unit around the country. So that's been the biggest shift we've made over the past six months, and it's working out well.

WS: That's awesome. So now, you're more in both seats, would you say visionary and integrator? Or in the brokerage portion? And Kathy is?

RF: We both are, right? Yeah, so I guess it's going into, as far as the overall leader of real Wealth's Realty. I'm more in that visionary role or looking at the next steps. What's our vision? What are we moving toward inspiring the team and communicating that vision? Here's what we're going to do this year. Here's what we'll be over the next three, five years, and ten years. And then I have an integrator. If you two people who are in operations who are really in, So I've got my director of marketing and she's gonna be the integrator for all of our marketing and investor education, bringing new people into the network, and then also an integrator who is the director of the real, the brokerage OLS Realty, and that's Leah. And so she's an experienced investor. She oversees all of our property teams and all that. So yeah, it's kind of like that. It's almost like I am still sitting more in that visionary role now, and I have two amazing integrators and Kathy's divisionary role in growing developments in the syndicating area. And then she has, she actually has two people under her who specialize in kind of operations and execution.

WS: How did you have the idea to make that change? Was that from a mentor coach? Was that just brainstorming you and Kathy? How did you all figure that out?

RF: It was brainstorming out of need and necessity because it was starting to get like a little bit heated, and we didn't want to get work, let work get in the way of our relationship. It was causing stress in that role trying to me, trying to be the integrator with her divisionary. And if I had to say no to things and we can't implement this now, it would cross cause friction in our relationship, and we just didn't wanna have friction in our relationship. We wanted to. Marriage is more important in our relationship, is more important than any business. So that was it. So we're like, how can we do this? And we tried different things. We were going back and forth, and we tested it, and then we got to this, and she's just like, How about if I focus on grow developments? I'll focus on the syndicating. This is my area of expertise. You focus over here, and now it's cool because we'll sit down together and we'll have our weekly meetings, and we'll sit down, and it can be, how's it going over and grow and what's working over there and what are your wins? And get to celebrate that together and vice versa.

WS: Love that. I love your all's focus just on your marriage as well. Keeping that healthy as you grow a business together or numerous businesses, I think we can all learn from that. Rich, what's your best tip for a passive investor?

RF: The best tip for a passive investor is to understand the team truly. That is offering that. So if you're going to be an LP to really understand the team that you're looking at investing in with their experience, their track record, they should be transparent, and they should, when you ask

them about their past projects and what they've done and what's worked, if they're all just, everything's been great. We are a hundred percent track record and everything. I would look at that and say, " Hmm, I don't know. But suppose I talked to someone who's been in the business for 10. In that case, 15, 20 years, and they're saying, Well, here are the ones that went really well, and then here's the ones where we learned some lessons, I would be a little bit more attracted to investing my money in that one that the authentic, transparent company that has had more success than failures.

WS: Love that. If there's no setbacks, then maybe you haven't been doing it long enough.

RF: Yeah. Yeah. Right. Yeah. I've been killing it over the last five years, right?

WS: What's the biggest challenge y'all are facing now in your business?

RF: Inventory. We are finding inventory for investors. Cuz that our main business model is people coming in and wanting to acquire these single-family portfolios. Basically, we have members who own 30 or 40 single families or duplexes or quads around the country. All with property management. So it's more of a passive investment. But it was easy to get inventory after the crash in 2008 and up for five years after that because there were so many foreclosures. They slowed down, and there weren't as many foreclosures. And then, so then we shifted to our property teams offering new bills. So a lot of investors were acquiring newly built single-family properties. With the supply chain issues and everything, those that were supposed to take a year to complete are now taking two years, sometimes almost three years, to complete because of materials and all. And that's been a tough hit on us, trying to find inventory. I think that we, as an investing group, have more inventory than most because we have these incredible. We have 15 different property teams around the country who know how to source these properties. And they've been challenged by it, but they know how to connect with distressed sellers. They know how to help people out. They know how to find the inventory. But inventory's been the biggest challenge. Yeah. Inventory. Finding inventory for investors. Because our main business model is people coming in and wanting to acquire these single-family portfolios, basically, we have members who own 30 or 40 single families or duplexes or quads around the country. All with property management. So it's more of a passive investment. But it was easy to get inventory after the crash in 2008 and up for five years after that because there were so many foreclosures. They slowed down, and there weren't as many foreclosures. And then, so then we shifted to our property teams offering new bills. So many investors were acquiring newly built single-family properties. With the supply chain issues and everything, those that were supposed to take a year to complete are now taking two years, sometimes almost three years to complete because of materials and all. And that's been a tough hit on us, trying to find inventory. As an investing group, I think we have more inventory than most because we have these incredible. We have 15 different property teams around the

country who know how to source these properties. And they've been challenged by it, but they know how to connect with distressed sellers. They know how to help people out. They know how to find the inventory. But inventory's been the biggest challenge. Yeah.

WS: I believe that's been for us as well. What about the most important metrics that you track? That could be personally, professionally, it could be a bench press number, or how many mornings I got up on time, or how many deals are underwritten? What are those few most important metrics for you?

RF: Well, man, a few. I'm very much a tracker. I think it's like a. I like to say I cured my ADD with my OCD. Because I got just obsessed with tracking all my rituals. I have little check boxes like in kindergarten; when I meditate, I check them off. When I floss my teeth, I check it off when I practice piano all the way up to finances. And so, when it comes to financial tracking, the most important metric is Monthly cash flow. To me, because you meet someone, and they talk about how many doors they have, what their net worth is, or how much they own in assets, and that's all great, but it doesn't matter. What matters is the monthly cash flow. It's like to if you really want to live, live life on your terms, it's that if could you stop working now and what's your runway and how much do you have in reserves just in case. So that's one of the big pieces is monthly cash flow. Personally, in our finances and, but also with the business, it's like, what's that? What are the P and L? What are your profit and loss? What's your monthly cash flow for the business? Those are the two biggies.

RF: Awesome. I love that. And I have a side question here that I wasn't planning on, but I love your opinion on this because you just mentioned it. That is around reserves, and how do you look at reserves? What's in, cause I get to ask this question. I've asked other groups of entrepreneurs how much is enough reserves. How much cash should we have in the bank. And I'd love to hear personal and for the business. Is it an operating expense for so many months? How do you calculate that?

WS: Yeah. For us, speaking for Kathy and myself and running our business and all that, and our personal, six months is our minimum. So we don't have all that in cash, but we have a lot of that, a good amount in gold. Because it just seems to hold up against inflation more effectively. We do have a bunch of cash, just in case. But I like six months of liquid reserves minimum. We learn a little bit more than that as a, just because we went through 2008, we lost a bunch of properties because we didn't have the financial reserves. So we did have the reserves back then instead of operating on fumes. We had just enough to be able to make things work. And then, when it went the other way, we suddenly had a negative cash flow of properties. Especially we had a couple of California properties that were negative, like five, \$600 a month that we would've to come up with in fund. So we're a little gun shy but from the scars from 2008. So we sleep better at night, having at least six months of financial reserves.

WS: Yeah, for sure. What about some daily habits that you are disciplined about, that have produced the highest return for you?

RF: I've got a new, well, I kind of a new one because I just hit 365 days of morning meditation. So yeah, I used the com app to track it. That's what has been the game changer for me. But I kept hearing about meditation and the power of it and the benefits of it, and I would try it, and my brain would be all over the place. And I was like, I just can't do this. This is too difficult. And then I just dumbed it down and made it simple. I'm like, Okay, I'm going to commit the 10 minutes every morning first thing. And yeah, I just passed 365 days, and that's been an awesome ritual. I'm finally starting to get what they mean by it because it takes the brain time to rewire and learn how to focus and slow those thoughts down. And at the beginning of meditation, I was all over the place, and now I can sit down and within. Three or four breaths. I can just be super present and quiet my mind, and that's showing up in all areas of my life where I'm more present with Kathy than in a business meeting. I'm more present in talks like this talking to you. I'm more present with my kids and my grandson. So more calm, under pressure, equanimity. When things are going crappy and stressful, I am much more skilled at slowing things down, not getting hooked, and operating more effectively instead of clenching my jaws, stressing out, and getting snappy. That's, I'm going to go with that as my biggie.

WS: Yeah. Well, congratulations on the 365 days. That's something right there every day. What about if you had to pick one thing, the number one thing that's contributed to your success?

WS: Am I going to say discipline? Learning discipline and becoming a more disciplined person. And I gained that through weight training. Weight training and exercise. So I would say exercise is the key because it's such a simple thing to do on a regular basis, but it creates that self-discipline. And I think self-discipline is the game changer for so many things. For real estate investing, for business, for health, for even your relationship, developing your self-discipline. And again, we can change our brains, and there's proof. You do things that are difficult that take willpower and self-discipline. Your brain actually starts to develop and become more and more disciplined. You got a book on it, which what?

WS: I always like recommending this book, The Power of Self Discipline, No Excuses. Because I also believe that means discipline is almost everything, right? Like making those small incremental improvements, like you're talking about, even like weight lifting. Man, Are you disciplined enough to get out of bed? I sometimes try to remind myself in the mornings that if I expect somebody to invest a million dollars with me today, I should be disciplined enough to get out of bed when the alarm goes off.

RF: Totally right. I love that. That's great. Yeah. That's a really good book. I've read that one. And The Willpower Instinct is also a really good one by Kelly McGonigal. He's ghost scouting

what happens in the brain and how we change our brain and our neural networks when we do something like getting out of bed in the morning can be super hard in the beginning in a first alarm. Still, you start doing it for a couple of weeks, couple of months, and I'll, then, it just becomes a natural thing. It's just what you do.

WS: Rich, how do you like to give back?

RF: Ilo man, in so many ways, but I like to give back to people, one of which is my favorite. Like taking someone out rock climbing and challenging them to do what they think they can't do, and then seeing the breakthrough and all that. That gets me teary-eyed. As a company, we donate, and we decided this years ago, we donate 10% of our profits from real estate transactions to three charities that change the world; Operation Smile, Habitat for Humanity, and Mentors International. So we set a goal several years ago to donate over a million dollars by 2025. We are almost there. We're at about 820,000 right now that we've been able to donate to these amazing charities and see the difference that they make and, Oh man, the stories of the people they help. That's me. That's a biggie.

WS: That's awesome. I appreciate you sharing that. And I love them, even giving back one-on-one and helping others that way. I think you'll. You won't even know the magnitude of that value, right? Or the way you've given there. So, Rich, it's an honor to have had you for this long, right? This many segments and your willingness to share so much about what you have learned and how you and Kathy have made this happen created this business and helped many people. Just very grateful for you. Again, tell the listeners how they can get in touch with you and also how they can find your book. And I'm hoping by the time this show comes out, it will be available in paperback, but we want the listeners to know it's out in Audible and Kendall at least, but how can they find it?

RF: Yeah. Yeah, the book, *The Wise Investor*, is a modern parable about creating financial freedom and living your best life. That's our subtitle. But yeah, it's on Amazon. All major booksellers. As for Kindle, Ebook, and Audible, I did the reading and the narration on Audible. Robert Kiyosaki wrote the forward for the book. It's through Rich Dad Advisors. It's my publisher. So I'm an official Rich Dad author now, which is kind of cool. So anyway, you can find the vice investor anywhere. And then as far as our company is concerned, really simple. It's just realwealth.com.

[END OF INTERVIEW]

[OUTRO]

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