

S u c c e s s R a d i o 1 1 : 1 1

Presented by Bill White
<http://www.synchronicity-expert.com>

Intro: Synchronicity expert Bill White brings you Success Radio 11:11.

Bill White: Hi! This is Bill White and this is the second edition of Success Radio 11:11. Listen, if you ever had an interest in buying a piece of real estate for investment purposes or you have a greater ambition of becoming a real estate investor, I have got a real treat for you today. I have with me a good friend and a very successful real estate investor who was featured in Money Magazine in 2004 December issue. His name Rick Leonhardt and I will be very pleased to introduce you to him today. I know first hand he has a very formidable knowledge of real estate investing and many of the different ways to struck your deals and make money in real estate. So then, let me go to the phone lines and I will get Rick here with us and we will proceed.

Bill White: Say hi, Rick.

Rick Leonhardt: Hello!

Bill White: Rick, you have been investing for how long now?

Rick Leonhardt: Twenty-three years.

Bill White: Twenty-three years. So, a little bit of experience there in the real estate market, eh?

Rick Leonhardt: Sure.

Bill White: What would you say your biggest claim to fame is?

Rick Leonhardt: Biggest claim to fame -- I have a deal right now that when it closes will be a \$10 million deal in San Diego.

Bill White: Oh, that is pretty awesome.

Rick Leonhardt: It is actually being sold to a movie star, but I have not heard who it is yet.

Bill White: Oh, cool.

Rick Leonhardt: Yeah!

Bill White: All right. So, what prompted you to get into real estate investing originally?

Rick Leonhardt: What happened was my wife and I got our college degrees and started working and after about five or six years of working, we suddenly realized that we were paying way high taxes and we looked at our retirement and looked at social security and all the retirement plans and decided that we need to take care of ourselves since we did not think the government would be around to take care of us.

Bill White: I see. Okay, what were the initial challenges that you had getting into real estate investing?

Rick Leonhardt: When I started at 1983, there was just one club in town, very little information on the Internet, very little information in general, no mentors, no networking groups, a meeting once a month. Basically, there is lack of information.

Bill White: Got that.

Rick Leonhardt: You did not have what you have now, which is tons of data that you can go look at. You actually had to go find someone and ask them to, "Would you please teach me how to do this?"

Bill White: Right.

Rick Leonhardt: So, what I did was I found a guy who happened to be working with my wife at that time at Dillards and he mentored me through buying a house using creative financing and when the smoke cleared, we bought a \$65,000 house for a whopping \$20.

Bill White: Wow!

Rick Leonhardt: Yeah and it was already rented, too.

Bill White: That is excellent.

Rick Leonhardt: I like it.

Bill White: So, you already had positive cash flow?

Rick Leonhardt: Oh yeah.

Bill White: That is excellent.

Rick Leonhardt: I still have the house.

Bill White: Well, there you go.

Rick Leonhardt: I like it.

Bill White: I hear that. Now, you mentioned that back then there was not so much information, now there is plenty of information. What do you think is the biggest challenge about all the information out there now?

Rick Leonhardt: It is a matter of separating the wheat from the chaff. What you got is a lot of deals and you hear about these buyers that will come in and buy at 90 cents on the dollar and they will close fast and it is just not true. You will also hear a lot of deals and when you go investigate them and find out what the true value is, it is just again not true.

Bill White: Right.

Rick Leonhardt: Things tend to be inflated when someone is selling it to you and when you are selling it to them. They tend to want to deflate it. So, it is typically a matter of finding the deal, evaluating the deal, and executing a deal. The hardest part is finding the deal.

Bill White: Okay. So, you are looking for elbow room there basically?

Rick Leonhardt: Sure. What you want to do is -- a rule of thumb is 70% after repaired value is what you want to buy it at. If the house is worth 100, it needs 10,000 repairs, you take the 10,000 repair and then you take the 30,000 that you want to make for equity.

Bill White: Right.

Rick Leonhardt: So, 40,000 subtract it from 100 then you can buy it through maximal at 60,000. Of course, you try to do better than that. If you are going to do any kind of owner finance or creative stuff, then you have more flexibility, but that is just the general rule of thumb.

Bill White: Right. What can a person expect to make as far as, you know, if they are persistent and they are diligent and they really go at it as far as real estate investing and what is a reasonable expectation, say first year out?

Rick Leonhardt: I would say first year out if you are doing a buy-rehab-resale, you should be able to do at least four of those in the first year and anywhere between 20,000 to 40,000 each, so you are looking at a max of 160 and a minimum of 80, that is assuming that you have a plan, execute the plan, spend the time and energy and effort on doing it, and of course networking and advertising are paramount to your success.

Bill White: Right, right. So, what you are doing in the real estate investing field now?

Rick Leonhardt: Right now what I am doing is finding properties for high end buyers. I am mostly finding properties for middle and low end buyers. So, I have got deals going as low as 39,000 and as high as 10 million.

Bill White: Wow!

Rick Leonhardt: The reason I do that big range is because I have a large amount of buyers and the buyers all have different business plans, different requirements. Typically, the buy-rehab-resale people have the most demanding. The landlords have the least demanding. So, landlords want cash flow.

Bill White: Right.

Rick Leonhardt: And they are not too picky about putting up some down payment. The buy-rehab-resale want that instantaneous money. So, they have absolutely got to get a good deal and their cost of money issues lay higher because they are doing short-term high interest financing.

Bill White: Right. Okay and you are also doing some mentoring, are you not?

Rick Leonhardt: Right. I am presently -- recently I was mentoring several students for Lou Costello who is an associate of Lou Brown. Many people know just one and not the other,

he is out at Atlanta. I was mentoring people in, let us see, New Zealand, Scotland, Canada, Saint Louis, Orlando, and Puerto Rico.

Bill White: Wow! So, you have an international clientele there.

Rick Leonhardt: Right and it was interesting learning all the rules. In New Zealand, the privacy acts basically really hamstring you to a large extent on what you can do. In Canada and in New Zealand, a lot of the deals are only done through real estate agents and solicitors, which we know as attorneys here. It makes it tougher, it makes it a little bit harder to do, but you accomplish it up there with networking, with other investors, people like that.

Bill White: I see. Okay. So, are you currently taking on new mentoring clients?

Rick Leonhardt: Sure. I am ready for anybody who wants to come on, be they are complete novice, intermediate, pretty much anything they want to do. I have done the rehab route, I have done the retail route, I have also done what they call [unintelligible] deals, lease options, rent to own, another word for lease options. I have done assignments where you buy it from someone and assign the contract to another person and make some quick cash and of course I have done landlording and presently I am a landlord for 33 houses in Oklahoma and Texas.

Bill White: Wow! Okay and -- if a person is thinking about becoming a real estate investor, what do you think they need to have in order before they really start getting serious about...

Rick Leonhardt: A business plan.

Bill White: A business plan, okay.

Rick Leonhardt: It is absolutely critical that you know what you are going to do are the very worst. Have two or three things you are going to do because if you have the impatient mentality or if you have people -- if you are lacking in people skills, then you really do not want to be a landlord. It will tend to drive you and your tenants both crazy. On the other hand, if you happen to be good with your hands and you want to do buy and rehab and resale, you can do quite well because you can save money on labor.

Bill White: Right.

Rick Leonhardt: Of course, the issue there is at some point your return of investment on your labor is going to be upside down so you will not stop doing that.

Bill White: Sure.

Rick Leonhardt: But without a business plan, you have no clue where you are going and it can be a simple one. There are lots of Internet software that is free, but you need to know I am going to buy and hold, I am going to buy and resale, I am going to be a landlord, I am going to be assigning, I am going to be looking for high end deals, low end deals, all that kind of stuff. I have been in this long enough that I am pretty much broad-based, but it took me years to get there.

Bill White: Okay. How long will it take someone to give up their day job and do this full time do you think?

Rick Leonhardt: I would say less than a year and the reason I say that is for the first about 18 years, I was sometimes full time and -- I was always full time, but I also had a full-time job. So, my wife and I both would work a 40-hour job for debt to income and then we would do about 40 hours looking at purchasing, buying, rehabbing, landlording, real estate. So, it is quite possible and the good news about that is it makes getting the loans a lot easier.

Bill White: Right. You also have some additional tips on your website, do you not?

Rick Leonhardt: Yes, I do.

Bill White: Your website is therealestateinvestor.com?

Rick Leonhardt: That is right with the dashes in between.

Bill White: All right. So, that is the-real-estate-investor.com.

Rick Leonhardt: Right. What I try to do is help people. If you are in this, buddy, in this game for just the money and you are not sincerely trying to solve a problem, to actually give a service to the people that are out there that are looking for help, you will find the deals will not come to you and you will have lots of trouble. What I tend to do is go talk to owners and I love owners who tell me they own a house and explain to them this is what I can do for you. I have a network of buyers. We can make an arrangement on what you want to take for the price. I can put the deal out to my buyers. I can quickly get your house sold. Much quicker than a real estate agent and it is a lot simpler. I will hold your hand and walk you through everything. If you have any real issues, we can even meet with my attorney and he can explain to you if that is going to be an issue or I can take you to my title company and have them show you exactly what is going to happen. We -- by doing it that way, I avoid the 6% realtor fees and I avoid some of the closing cost.

Bill White: All right.

Rick Leonhardt: Everybody wins. Quick sale, quick bucks, you are on the way.

Bill White: Got you. That sounds like a pretty lucrative way of doing it.

Rick Leonhardt: It is pretty nice. I do a lot of advertising, I do a lot of networking, and what I try to do is get people to call me and tell me, "Hey! I've got a house for sale. Can you help me?"

Bill White: Right.

Rick Leonhardt: Versus me running around calling a lot of people making phone calls because if the people call me, they want me to solve their problem and that is what I do. I do not always get a deal from the people who called me, but I always explain to them what their options are and if they prefer to deal with me, they can. If they want to do something else, they can. I think that is totally fair and I just try to be honest with the people.

Bill White: Right. So, integrity...

Rick Leonhardt: It is a big deal. Dallas is a huge City, I think over 2 million people, but I can tell you right now if you do something lacking integrity, it will be around the whole city in just a few days.

Bill White: Sure and I am sure that there is some of that everywhere.

Rick Leonhardt: Oh yeah, of course. Everybody knows who is good, who is bad. Handshake deals still exist. Once you do a deal with someone, you trust them to do the next deal, and it is always nice to be able to pick up the phone and call somebody and say, "Hey! I've got a great deal here, are you interested?" All I want from them is yes or no, relatively quick.

Bill White: Right. Well now, if someone wants to contact you about getting into your coaching and mentoring program, how would they do that?

Rick Leonhardt: They could go to the website, the-real-estate-investor.com. They could E-mail me, its rick.leonhardt@comcast.net, L-E-O-N-H-A-R-D-T, or they could call me on my cell phone at 214-796-3344.

Bill White: Well, there you are. That is about as accessible as a person can be.

Rick Leonhardt: Oh sure and I do not have any problem answering questions. I talk to people from about 20 to I think I have talked to people as high as 84-years-old.

Bill White: Wow!

Rick Leonhardt: And have never had any issues. I have actually purchased houses from a gentleman who is 84-years-old middle of last year.

Bill White: Terrific.

Rick Leonhardt: He was very nervous and I explained it all to him. He would say, "Okay, I understand it," and we proceeded quite well. In 30 days, his house was done.

Bill White: Terrific. Awesome! Well, Rick thank you so much for joining us here today and I really appreciate you spending the time. I am sure my listeners are going to really gain a lot of insight here and to what I think is probably one of the most critical wealth building tools that they can have, real estate investing and...

Rick Leonhardt: Enjoying the call and if you need anything just contact me and I will be glad to help you.

Bill White: Great. Thanks so much Rick.

Rick Leonhardt: Sure. Have a good day.

Bill White: All right.

Rick Leonhardt: Okay, thanks.

Bill White: Uh-huh.

Rick Leonhardt: See you!

Bill White: See you!

Bill White: So, there you have it. Rick Leonhardt, expert real estate investor. I hope that you gained some knowledge into the world of real estate investing. Rick made himself extremely accessible to you. I certainly hope you see the value and appreciate that. I was kind of surprised that he gave as much contact information as he did, but that is how Rick is. He is a very, very down to earth guy, a real, real true hero in my eyes. I want to let you know that the next episode is already slated to come out pretty quickly and it will be an interview with a good friend and business partner of mine, Rasheed Ali, who is known as the solution coach. It is guaranteed to be a very, very interesting episode. Rasheed is a person who has conquered tremendous adversity in his life and he has a very, very compelling story of success to tell you. So, until next time, this is Bill White with Success Radio 11:11. I thank you for listening. To your success. All the best.