



## 3 LESSONS PODCAST

### *3 Real Estate Investing Lessons That Changed Matt Bowles' Life & Built Maverick Investor Group (Ep 0)*

#### Episode 0 Transcript

**Matt Bowles:** In this first episode, I'm going to start by sharing my own real estate investing journey and the three lessons I wish I knew when I was starting out so I have no academic background or professional experience in business or investing. I have a bachelor's degree in sociology and I have a master's degree in international peace and conflict resolution. And when I was in my 20s, I was working at an office job in the non-profit sector. And I figured I was never going to make a lot of money at my job, so I should learn maybe how to invest. And somebody was like, you should buy a house. And I was like, can I afford to buy a house? I work at a nonprofit. They're like, yeah, you get a mortgage and you do this. And so, I looked into it and sure enough, I was able to buy a four-bedroom house. And what I did is I rented out three of those bedrooms to friends of mine.

So, I had three streams of income that were helping me to pay the mortgage. And what was amazing is that in my first year of owning that property, it appreciated in value more than my annual salary at the nonprofit. And so, I said, well, that was interesting, let me see if I can replicate that. And so, I started reading everything I could read about real estate investing. And then I did a cash out refinance and I started buying additional rental properties in out of state markets. And then what happened was my friends started coming to me, they're like, how are you buying these rental properties in these out of state markets? You know, can you show us what you're doing and help us to buy rental properties as well? And I said, sure, I'll show you what I'm doing and you can buy the same types of properties as me.

And so, I started helping my friends buy rental, rental properties. And one of the things I noticed as I was doing this is that the real estate brokers that were helping us to buy these rental properties were getting paid. They were making a commission, but we weren't the ones paying it because the seller would pay 100% of the real estate commission. So, the buyer pays nothing. So, they were not charging us any money. And we got their services completely for free, but they were still being compensated. And so, I had this concept in the back of my mind.

And so fast forward to years later, I get unexpectedly let go from my job. And at that moment I said, you know what, maybe I should take a different path. I should pivot here and maybe I should start my own business. And I said, you know, I already have friends asking me to help them to buy real estate. So, I'm already doing that. If I could just get a real estate brokerage license and start a real estate brokerage, then I could just continue helping my friends buy real estate, continue charging them nothing except now I could have a business and make money. So, I thought that was the best business model possible because I don't like selling things. I especially don't like selling things to my friends. But if I could just

keep helping them buy rental properties and build their portfolios without charging them anything and all of a sudden, I can make money and have a business. That was the business model for me. And so, I got two business partners and we founded *Maverick Investor Group* in two 2007. And we've been doing one thing and one thing only since then, which is helping our clients buy turnkey rental properties in out of state markets and build their portfolios. And we've been able to help them to diversify across markets and over time.

And with that, I now want to reflect back and talk to you about the top three lessons I learned along the way on my personal real estate investing journey that I wish I knew when I was starting out because these lessons were fundamental in terms of how we actually ended up building *Maverick Investor Group*. So, lesson number one is *Make your money when you buy*. Some of those early properties I bought were not cash flowing positive. I used adjustable-rate mortgages that would reset the higher interest rates and they required the market to continue going up in order to be profitable. So, at the time all the real estate was going up. But when the great recession came in 2008, I had not bought some of my properties based on real estate fundamentals and I ended up having to short sell some of those properties. Now compare that to a recent property that I bought in St. Louis, which cash flow is positive from day one with a 30-year fixed rate mortgage. So, I don't care what the market does in the short term, even if it drops something crazy like 20%, that would not faze me at all because I would just keep collecting my positive cash flow, keep letting the tenant pay down my mortgage principal, keep taking my tax benefits and I would just hold it for the long term. So, when I started buying properties 20 years ago, if I had bought them all based on real estate fundamentals, so they were positively cash flowing at close with a 30-year fixed rate mortgage, I would still be holding them today and I would have made hundreds of thousands of dollars in cumulative equity.

Lesson number two; *Mitigate your risk by buying turnkey rental properties*. I once bought a distressed property with the theory that I could pay to have it renovated and create equity through forced appreciation. And boy, did that not work out. The renovation took much longer than expected. I ended up needing to sell that property and losing money on the deal. So, when I bought that St. Louis property, I just told you about, someone else had already taken all of the risk in stabilizing the property. So, if it had taken longer to renovate, if it had gone over budget on the renovation, if it had taken longer to place the tenant and had a longer initial vacancy period, all of that was absorbed by someone else. That wasn't my risk. Someone else took all of that risk, absorbed all that, got it to a performing condition, and then I just came in, did my due diligence on the property, I had my inspection and my appraisal and all of those things and then I closed on a cash flowing property that cash flowed from day one.

Lesson number three; *Buy in investor advantaged markets when I started buying real estate*. I was buying in aggressive growth markets that were quite expensive, but I thought they had the potential for substantial appreciation. The problem was that those markets did not have good cash flow and they were roller coaster markets that went up and then boy did they go back down. And so, investing there was very speculative, it was based on timing the market and there was a lot of downside risk. Compare that with the St. Louis property I just mentioned, by contrast, it is a great cash flow market that consistently goes up steadily over time and performs much better as an investor advantaged market because the price to rent ratios and the cash flow margins are more advantageous. So those three lessons help to inform the guiding real estate fundamentals of *Maverick Investor Group* and how we help our clients buy real estate today. Purchasing turnkey rental properties in investor advantaged markets and making their money when they buy. We've been helping our clients build their portfolios over time and across markets based on those real estate fundamentals. And some of our clients are still buying from us 15 years later and building their portfolios and diversifying across different real estate markets.

So, since those three lessons shaped so much of my investing and business life trajectory, I was curious, what would be the top three lessons for other experienced real estate investors? And so, I started interviewing them and I have pulled out some incredible wisdom and advice and stories that you're definitely going to want to hear. So, wherever you are listening to this, you can now listen to the first batch of interviews and be sure to subscribe to the show so you'll be notified every other Tuesday when a new episode drops. I'll see you then.

If you are interested in building your rental property portfolio, I recorded a [free video training](#) on how to buy turnkey rental properties in out of state markets. In it, I show you exactly how to buy cash flowing rental properties in the most investor advantaged U.S. real estate markets with tenants and local property management already in place so that you don't have to be the landlord or the rehabber or live near the property. You can watch it right now just go to [maverickinvestorgroup.com/turnkey](http://maverickinvestorgroup.com/turnkey).

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