

EPISODE 102**[INTRODUCTION]**

Mark Podolsky (00:00:00) - This is a great gateway drug to getting into multifamily. So I've had a lot of clients. They start with raw land and then they build up their nest egg. They build up their confidence and then they go into those bigger multifamily deals.

Tejas Gosai (00:00:17) - Ladies and gentlemen, welcome to Real Estate Investor MBA. My name is Tejas Gosai, and I've had the honor of helping hundreds of investors achieve the American Dream by creating generational wealth through real estate. I've spent the past few years interviewing the most knowledgeable experts I could find in the business to cut your learning time and conquer the hardest subjects in the game. Check out rei.mba, which my team and I have packed with over 75 interviews and free access to our real estate roadmap, webinars and publications. If you're listening, I am rooting for you. And you're already on your way to financial freedom. Cheers and happy hunting!

Guys. Imagine that you could be sitting at your desk at home. You can buy a piece of land in Nevada or some other state far away, and you sit there and you purchase it, go through the whole process, you sell it and you make a profit. And you've been doing all this while sitting at a desk. That is what our next guest has created an entire universe behind. He's a super smart dude. His name is Mark Podolsky and he's referred to as the land nerd. And I love having nerds on the program. It's Real Estate Investor. We have to be nerdy, right? But I get to pick the guests and this guy's amazing, very inspirational and eloquent. It's nice to hear him explain exactly what he does and how you can take part of it. So let me tell you about Mark. He's the owner of Frontier Properties, a reputable and successful land investing company. Mark has been buying and selling land full-time since 2001. He has completed over 5000 land deals by focusing on working smart, not hard. His deals have an average return on investment of over 300% on cash flips and over 1,000% on the deals he sells with financing terms. Prior to his land investing success, Mark had a high-stress, soulless corporate job and felt trapped in his state of solo economic dependency.

It's something you might relate to. Escaping solo economic dependency changed Mark's life in many positive ways that he decided to teach coach and mentor other people to do the same thing. He has a ton of books out there. He wrote a beautiful book called *Dirt Rich How One Ambitiously Lazy Geek Created Passive Income in Real Estate without Renters, Renovation and Rehab*. Long title. But you get the gist. So everyone's always asking me, like, what's a simple way to get into real estate? Buying a 20-unit multifamily is not going to be your best out of the gate, maybe a single family. So you can learn the ropes and then take it from there, build some wealth or you can do something like this. This gentleman is able to trade paper properties across the country and work with folks across the world to be able to execute this. It's really amazing. I'm excited for you to check it out and I would love for you to see my website, rei.mba ton of podcasts. We have a real estate roadmap that makes it easy for you to figure out where you are in the journey.

If you want to take the whole course, you start by not owning anything, packaging up your finances, go all the way through, buying your first multifamily asset management, syndicating deals, raising money, and starting a private equity fund. I love what I get to do. I hope you all have a great day. Enjoy the interview. Cheers.

[INTERVIEW]

Hey, guys, We got Mark Podolsky here today. Mark, thanks for making it today.

Mark Podolsky (00:03:59) - Tejas, thank you so much for having me.

Tejas Gosai (00:04:01) - Yes, we both have some interesting names. We're through all that. Mark, you're a busy man. We get to talk about land. My favorite topic that we have not discussed on this program real quick. I spent a lot of time developing hotels, medical office buildings, retail in my 20s and my life. Now I'm a fund manager. Land is always the hardest thing to get. It's one of the more difficult assets to understand and invest in. So I'm very excited. Mark tell me about yourself and bring us up to speed.

Mark Podolsky (00:04:47) - Sure. So if you want to rewind the tape and just kind of start in land, we can do that. (Please.)

Mark Podolsky (00:05:33) - Then it's kind of colors what you know about myself. So if we rewind to 2000, I was a miserable, micromanaged 45-minute commute to work and back investment banker specializing in mergers and acquisitions with private equity groups and stages has got so bad for me I didn't get the Sunday Blues Anticipating Monday coming around, I'd get the Friday blues, anticipating the weekend, going by really fast and having to be back at work on Monday. So my firm hires this guy and he's telling me that it's a side hustle. He's buying up raw land, pennies on the dollar at tax deductions. He's flipping them online and he's making a 300% return on his money. And I'm looking at companies all day long and a great company, great, has 15% EBITDA margins or free cash flow. Average companies, 10%. I'm looking at companies all day long, less than 10%. So of course, I don't believe them.

I've got three grand saved up for car repairs. I go to New Mexico with him. I do exactly what he tells me to do. I buy ten half-acre parcels and average price of \$300 each. I flip them online. They all sell for an average price of \$1,200 each. It worked. So I went to another auction, and this is in Arizona where I live. And again, it's 2000. There's one in the room buying up lots and acreage for nothing. So I sell all that land and I made over \$90,000 cash.

Tejas Gosai (00:05:58) - Wow.

Mark Podolsky (00:05:59) - So I go to my wife and she's pregnant at the time said, Honey, I'm going to quit my job and become a. Full-time land investor.

Tejas Gosai (00:06:07) - That sounds like a great idea.

Mark Podolsky (00:06:08) - Yeah, she says absolutely not. So. Okay. Okay. So it took me 18 months for the land investing income to exceed the investment banking income, and then I quit. I've done over 6000 deals and counting. I absolutely love it. But for me, what I want people to realize about this niche is that this is a really interesting way to solve not your money problems, but also your time problems.

Mark Podolsky (00:06:31) - And so once we create enough passive income where it exceeds your fixed expenses and you're working because you want to, not because you have to. Life becomes so much more interesting.

Tejas Gosai (00:06:42) - I love it that you said that that's the exact way to win. Kiyosaki is cash flow game, right? Right. You just have to have that exact equation. Make sure that your passive income is higher than your expenses. That's great. So land, though everyone thinks it's risky, that's always the first thing. It's like land. I don't know. I don't get it. So how do you get rid of the risk? I understand what you're saying in theory. Just being the devil's

Mark Podolsky (00:07:06) - Advocate. Yeah. Yeah. So, Tejas, where do you live? I'm going to use you as a case study.

Tejas Gosai (00:07:10) - Sure. Eastern Pennsylvania.

Mark Podolsky (00:07:11) - Eastern Pennsylvania. Okay. So I'm going to assume that you bought five acres of raw land in Colorado and you owe \$200 in back taxes. So you're advertising two important things. I mean, number one, you have no emotional attachment to the land.

Mark Podolsky (00:07:25) - You're in Pennsylvania. The property is in Colorado. Number two, you're financially distressed in some weird way because we don't pay for things like our property taxes. We don't value them in the same way. As a result, the county treasurer keeps sending you notices saying Tejasf you don't pay your property taxes, you're going to lose your property to a tax lien or tax deed. Investor So, all I'm going to do is look at the comparable sales on your five-acre parcel for the last 12 to 18 months. I'm going to take the lowest comparable sale. Let's say it's \$10,000 and I'm going to divide it by four. And that's going to get me what Warren Buffett would call a 300% margin of safety. So I'm going to send you an actual offer of \$2,500 on your five-acre parcel. Well, for you, \$2,500 is better than nothing. So you accept it. In reality, 3 to 5% of people will accept my quote-unquote top-dollar offer. But you accept it. But now that you've accepted it, I have to go through due diligence or in-depth research.

Mark Podolsky (00:08:18) - (Fun?) Yeah. Me have to confirm you still own the property that back taxes are only \$200. There's been no breaks in the chain of title. There's no liens or encumbrances. I outsource all this to my team in Jamaica, who's actually plugged into an American title company, so costs about 11 bucks. So they go through my property checklist. Let's say that everything works out. I send you a check for \$2,300, you send the Treasurer check for \$200. I own it free and clear. Now I'm going to sell this property for 30 days or less. I'm going to make it cash flow like a rental home. So Tejas have a built-in best buyer. Do you know who does? The neighbors. So I'm going to send out neighbor letters saying, Hey, here's your opportunity. Protect your privacy, protect your views, know your neighbor. Oftentimes the neighbors will buy. If they pass, I'll go to my buyers' list, my buyers' list passes. I'll get a little website. You may have heard of. It's called Craigslist. It's the 15th most trafficked website in the United States. I'll go to one I know you've heard of called Meta or Facebook. Buy-sell groups in the marketplace. And then I'll go to the Lands Land Motakam Land and farm as America Land flip land. Com. These are platforms where people buy and sell real land.

But the secret is in how I'm going to price it. So all I'm going to ask for is a \$2,500 down payment for my buyer to control that five-acre parcel of land. And I'm just making a car payment, let's say 287 a month and 9% interest for the next 84 months. So have a one-time sale. I'll get my capital out on the down payment, but I could go 6 to 10 months out and then I'm getting 287 a month for the next 84 months and 9% interest. No renters, no rehabs, no renovations, no rodents. And because I'm not dealing with the tenant, I'm exempt from Dodd-Frank, RESPA and the Safe Act. All this onerous real estate legislation. So then it's a simple game can create enough land notes when my passive income exceeds my fixed expenses and then I'm totally free.

Tejas Gosai (00:10:15) - Brilliant. And you're eloquent, too. I understand some of that. A lot of that. How much volume you need. A lot of volume.

Mark Podolsky (00:10:23) - You need a lot of volume. Well, let's just do the math, okay? Let's just say the average notes \$200. Right? So if you need \$10,000 a month passive income, you do a deal one a week, write 50 notes. I like it. Not so bad.

Tejas Gosai (00:10:39) - Not so bad like that. You talked about the regulation part of it. I'm a commercial real estate agent. I have a bunch of great issues and I manage a fund and SEC great stuff. So this is really a way for anyone to get into this. This isn't a barrier of entry type thing. It's more of a barrier of education.

Mark Podolsky (00:10:56) - It's a barrier of education, and it's also a barrier of mindset shift. So if we go to a meeting and there's 100 people in that room, 99 of them are good house flippers, landlords and wholesalers. You and I would be the only land guys because everyone could wrap around the head around the fact that we all need a place to live. Nobody needs a piece of raw land. That being said, 99% of what we have in our lives we don't need. So it's just a very boring real estate niche. You're not going to go on HGTV or the DIY network and see Flip This land, right? The poor pictures are all in The after picture is raw land. So that's why you haven't really had anyone like me on your show before because it's boring.

Tejas Gosai (00:11:37) - I like it. I see the land Geek book behind you. It's perfect. Boring is where the money's at underwriting and being able to go find the right buyer and seller and tech. I love it that you're using folks overseas. We do the same thing for hunting down some of our inventory. We have a great team out of Thailand that has helped us for a while. So how have you helped give me some of your folks that you've worked with that kind of started out small and then got bigger or people that you've been working with for a while? You got any good case studies? Yeah.

Mark Podolsky (00:12:05) - I mean, Roberto Chavez comes to mind. When I met him, he was sort of a burnt out corporate lawyer working in El Paso. And so his first year he brought his passive income to about \$8,400 a month. His second year, he got over to \$14,000 a month. And he's like, okay, I don't have to work five days a week. I can go down to three days a week. His third year, he got over 22,000 a month, and this year he's over 30,000 a month. He's quit his job and him and his wife are now traveling the world. And, you know, he's in his 30s. He's solved his money problems and he solved his time problems. He's basically retired. And just to be clear, I don't want anyone to build themselves another job. 90% of this business is automated with inexpensive virtual assistants and software. So really, once you build that machine, it's just cranking out the passive income every single month.

Tejas Gosai (00:12:58) - Taking care of it. How about some tax benefits, things like that?

Mark Podolsky (00:13:00) - Yeah.

Mark Podolsky (00:13:01) - I mean, look, you know, you multifamily guys like to just rub it in my face. All right? Now, I will say that there are no tax benefits because land lasts forever. We don't get depreciation. However, if you are going to use a self-directed vehicle like a Sep or a Roth IRA, you can build up your retirement funds and supercharge them with these crazy returns in that fashion. But otherwise, there are no tax advantages.

Tejas Gosai (00:13:30) - Well, I mean, it's good, though, because it's a it's just a different play. I mean, there's plenty of people that flip properties and sell them within a couple months and don't wait that one year period and all that. Right.

Mark Podolsky (00:13:39) - But I would say this is a great gateway drug to getting into multifamily. So I've had a lot of clients. They start with raw land and then they build up their nest egg, they build up their confidence, and then they go into those bigger multifamily deals and then they don't have to pay taxes like me.

Tejas Gosai (00:13:55) - So I got the whole world here. Where exactly do you tell folks to go? Is there, you know, specific hot areas? Tell me about that. Yeah, I.

Mark Podolsky (00:14:06) - Mean, let's just be honest. Nobody wakes up and thinks themselves, Boy, I'd like some raw land in eastern Pennsylvania today, unless you live in eastern Pennsylvania. So we want to focus on the sunshine states in the Southwest, Arizona, New Mexico, Colorado, Nevada, Texas, and then California, maybe a little bit in northwest Oregon, Washington, Florida. Some nice areas in the Midwest, maybe Missouri, tend to see where there's some more wooded land, North Carolina. But those are going to be the places where you get the biggest buyer pool. It's not to say that you can't do deals in eastern Pennsylvania, but if you want your biggest buyer pool and there's a plethora of inexpensive raw land is in those areas, brilliant.

Tejas Gosai (00:14:44) - When you bring on a client or you, you know, are working with somebody, your system provides everything that they would need or they have to go hunt a bunch themselves. How does that work?

Mark Podolsky (00:14:54) - Yeah, I mean, you can always make more money. You can't get more time. When we teach people how to do this, we really keep an eye on that. It's like, okay, what's the simplest way to do this? To get a deal for the people who are listening to this? Let's just get you your first deal so we have a free course. And if they go to the land geek dot com forward slash quick deals, we'll teach them what we call a wholesaling model. So how to buy the property wholesale? So we completely eliminate getting a list, pricing a list, grabbing a list, all those fun things, the due diligence piece, you just buy it wholesale and then we teach you how to market it and sell it retail. Then once you get that that money going, then you might invest in yourself and really go deeper into the model.

Tejas Gosai (00:15:38) - Love what you're saying. I'm a big proponent of outsourcing. I have been virtual and working with folks in Nigeria, India and Thailand for a bit of time. How is that just taking your business through the roof and how do you build that out?

Mark Podolsky (00:15:54) - Yeah, I mean, we've got a team in the Philippines, we have a team in Jamaica, we've got virtual assistants, lots of different places. I'm actually writing a book about this right now called Dirt Rich Two.

Tejas Gosai (00:16:03) - We say that again.

Mark Podolsky (00:16:04) - How to scale your land business without Missing a beat. And it really just talks about those three leverage points of other people's time, software automation and other people's money to scale a land business. But ultimately, once you start seeing that there's people who will do that task better than you and way more inexpensively than you, and you see yourself as a CEO. Colors are more vibrant, food tastes better, and you really have total freedom. For example, I've got a three day workweek and I've been doing this for years, and Mondays and Fridays are just my thinking days. So I can just really just let my mind wander and read and think and have that time to build the business instead of just constantly being in the business and meetings and those types of things.

Tejas Gosai (00:16:51) - Yeah, no, I love it. Financial freedom and creating generational wealth. That's always like the big thing we're doing in real estate, especially, you know, if you're teaching other people, right, you want them to, to have that. How about clients that you have? Where are they? Are they all over the country?

Mark Podolsky (00:05:33) -Yeah, it's funny. We have them all over the world, even in English speaking places. We've got actually we have clients in Germany too, but they speak English. We have clients all over the world. As long as you have a virtual mailbox and you have you've given someone locally limited power of attorney to sign deeds, you know, you can actually work this business anywhere in the world. Just have an inexpensive laptop and internet connection, give someone limited power of attorney and you're good to go in a virtual mailbox.

Tejas Gosai (00:17:36) - So whole set ups there. How many clients do you think you've helped usher into this world?

Mark Podolsky (00:17:42) - It's a good question. I mean, I've been teaching, I think since 2011, I would say hundreds, if not thousands.

Tejas Gosai (00:17:50) - Wow. That's great. Yeah. So tell me, how do you stay motivated with all of this family, kids, friends, hobbies?

Mark Podolsky (00:17:59) - Yeah. I mean, there's no greater privilege into my mind than to be able to change the trajectory of someone's life and bask in that gratitude. When someone calls me or emails me, I use an app called Vox or the Vox may mark, you've changed my life. I'm able to spend so much more time with my family now, where I've been able to replace my income. I've eliminated this big bucket of stress in my life called money. And to me, that's that just keeps me motivated. To really free people is the greatest privilege.

Tejas Gosai (00:18:28) - Love hearing that. So what do you say to a new investor that is nervous? You know, there's so much in the market right now and we got to talk about that. Inflation, interest rates. I

know a lot of this may not apply to what you're talking about, but people are just timid and people don't know what's going on. How do you secure them? How do you help some of these listeners get into the business or any business?

Mark Podolsky (00:18:52) - Yeah, I mean, I think that's really what an entrepreneur is, right? If you got a W-2 job, you have certainty. Someone's going to tell you what to do. This is your job. But you have a tremendous amount of risk because you've got one revenue stream and there's so many things that's going on in the economy that you can't control, can't influence. And management calls up one day and says, hey, we're just going to eliminate 10,000 jobs and then you're off. So it's a tremendous amount of risk to have a W-2 job where an entrepreneur has to live with the uncertainty. They don't know when or how or what they're going to be doing as an entrepreneur, Things are just changing every day, but in exchange, they're going to get paid and they're going to create different revenue streams. So we can go into different avenues in all types of real estate niches and investing. And you know, we talked about that cash flow quadrant.

You have that business and you go to the investor stage and then you solve that issue. Essentially, if you're going to have any type of wealth, you have to be able to live with uncertainty. Even the person with the W-2 job that's in the C-suite, they still have to live the uncertainty that the stock is going to go up and down. And I think that for me, that's still financial insecurity. If Tesla stock can lose half its value tomorrow and I'm a Tesla shareholder, I don't feel great about it. But if I've got 200 different notes on 200 different properties and one falls out, I'm not losing sleep. So once I've got all this passive income and this cash flow coming, I think that's the antidote to financial insecurity. But to your point, economically speaking, because we're paying cash for these properties, interest rates are not a factor for us. I would say unemployment is a bigger factor for us. So as unemployment rises, we find that we are able to get a better price on our land deals as sellers need to have cash, that it may have been more financially distressed and it might take us a little bit longer to sell the property. I've done this 6000 times. I've never been stuck with a piece of property. There's literally a pig for every barn.

Tejas Gosai (00:20:55) - That's amazing. Never is a big word. I know.

Mark Podolsky (00:20:58) - It's nuts.

Tejas Gosai (00:20:59) - That's great. So how about you specifically, how do you scale up in what you're doing? So.

Mark Podolsky (00:21:04) - The way I scale up is I try to help everyone along the socioeconomic spectrum. And so we've now just started helping rich people become wealthy. And so, like you, we actually have a like a fund, if you will.

Tejas Gosai (00:21:18) - Yeah. Please tell me about it.

Mark Podolsky (00:21:19) - Well, can't really tell you about it, but you have to be an accredited investor. I have to tell them 1 to 1, essentially.

Tejas Gosai (00:21:24) - Okay, I got it. I have a fund Reg D accredited investors, similar stuff. Just probably Reg?

Mark Podolsky (00:21:31) - No, it's Rick D, is it? Yeah.

Tejas Gosai (00:21:33) - Okay, I get it. There's some issues with talking about stuff like that, but you can tell me, is this the first time you're doing something like that?

Mark Podolsky (00:21:41) - No, I've been doing this for several years now, but as we keep getting more capital, we're scaling our systems so we can liken us to like Marty Byrde from Ozark.

Mark Podolsky (00:21:50) - And our investors are the cartel. So there's a tremendous amount of pressure to deploy capital. In the end, you know, it's different when it was just me and building that way as opposed to working with investors and having to do larger and larger deals to deploy capital.

Tejas Gosai (00:22:05) - It is a funny world to be in as a fund manager. That's my like I'm just constantly burning for the next thing to buy and I'm always stressed about returns. But let me switch gears for a second. Last big question. You've published a lot and you're very good at marketing and

I've seen your stuff, your master marketer. How do you guide some folks on the marketing part of this? You were able to build such a big universe and a lot of people want to be able to do that.

Mark Podolsky (00:22:32) - It's such a good question. No one's really asked me that question. I think I've just been consistent. I think of myself like Geico, 15 minutes will save you, you know, 15% of car insurance. I just show up consistently and I think over time because I'm so consistent, you know, people just know I'm going to keep giving them value consistently, hopefully.

Mark Podolsky (00:22:54) - And if they're not getting value, they just unsubscribe. It's really easy.

Tejas Gosai (00:22:57) - How big is your newsletter list?

Mark Podolsky (00:22:59) - Not that big. Maybe 20,000.

Tejas Gosai (00:23:01) - Okay. That's a lot of people. I have the same theory. I'll add to that. Earlier this year we switched from doing one newsletter every week to two newsletters a week trying to force people out or the new people or the people that like it to engage more. And it worked tremendously. I did think social media and a lot of this stuff is necessary when you have a mission.

Mark Podolsky (00:23:20) - Yeah, absolutely. I mean, I had Derek Silvers on my podcast and we were talking about marketing, and the straight line is like marketing is just being considerate and it's just being considered to the person that you're trying to help. And that's really, I think, a great sort of pithy way of saying it.

Tejas Gosai (00:23:35) - It's awesome. So how does somebody get a hold of you? How do they join the mission?

Mark Podolsky (00:23:38) - Yeah, I think the best place to go is just the thelandgeek.com.

Mark Podolsky (00:23:43) - They can start for free. The land geek forward slash quick deals dot com forward slash quick deals.

Tejas Gosai (00:23:50) - Awesome. I love it. Everything's in the show notes. Mark. I can't thank you enough first big land guy we've had I appreciate your time.

Mark Podolsky (00:23:57) - Today just thank you so much appreciate it.

Tejas Gosai (00:23:59) - That's Mark we have everything in the show notes to get a hold of him. And we love our all our guests. We have a bunch more coming on soon. It's our new season of the podcast, so we'll keep you on the lookout. Spotify, iTunes, Stitcher, Google Play. REI.MBA is our website. We have a bunch of tools as well. We like people like Mark. Mark, thanks for being here just again.

Mark Podolsky (00:24:21) - My pleasure. Thank you.

Tejas Gosai (00:24:22) - All right. Cheers, guys. Take care.

[END OF INTERVIEW]