

Stuart Gethner (00:00:00) - There's no real right or wrong in real estate. Wholesaling. Flipping. Buy and hold. BRR method. Whatever that is, I think the only wrong thing is to not get started.

Tejas Gosai (00:00:13) - 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!

Boom! We're back. Every week I bring on the best guest I can find. And this week Stuart Geithner is here with us. Stuart, thank you for being here.

Stuart Gethner (00:01:09) - Honored to be.

Tejas Gosai (00:01:10) - For sure. I looked at your background, your website. I do want to get into some good stuff, but you got to tell us your story because you have a great story. Bring us up to speed, if you don't mind.

Stuart Gethner (00:01:21) - So I'll tell you. In my previous life, I'm a pharmacist. I used to own pharmacies here in town. My dad was a pharmacist. My grandpa was a pharmacist. My uncle Max was a pharmacist. I couldn't make it in Major League Baseball, so I became a pharmacist. When I say here in town, I'm in the Phoenix, Arizona area, and we had a two retail pharmacies and one nursing home pharmacy. So retail, you know, where you walk in. I'm a certified fitter. We did a compounding and such, but the nursing home pharmacy, no walk in traffic, 100% delivery. We had a nursing home and assisted living facility. And one day I'm talking to one of the hospice nurses and she said to me, "Do you know what the number one regret of my patients is?" And I said, "No, what's that?" And I figured, and I blurted out, "They spent too much time at the office and not enough time with their family."

Stuart Gethner (00:02:08) - I bet that's it. And she said, "No, you're wrong." And I said, "What? What is it?" She said, "They live their life for someone else." Oh, I thought to myself, you know, I couldn't make it in baseball, so I went into pharmacy. I always wanted to try this real estate thing. I figured before it's too late I might as well give it a whirl, so I did.

Tejas Gosai (00:02:28) - What year was this?

Stuart Gethner (00:02:28) - 2012.

Tejas Gosai (00:02:31) - Okay. Got it. Keep going.

Stuart Gethner (00:02:32) - No worries. I had a chance to sell my pharmacies, and I went into real estate investing full time.

Tejas Gosai (00:02:38) - It's great. And you've had a pretty long road. How did you get into it? What was like your first project? Share some of that beginning growth. I have a bunch of new listeners that are too afraid to invest.

Stuart Gethner (00:02:49) - I taught the Certified Pharmacy Technician program at one of our local colleges, Real Salado College, and as I started to do more investing on my first project, I'll tell you about the local REIA.

Stuart Gethner (00:03:01) - I went to a local REIA meeting and I didn't know what I was doing, honestly clueless. I was trying to flip, but I was selling on a lease option. Again, not knowing those terms, not knowing what I was doing, just kind of fell into it. And I was having some success with it. And I went to my local REI meeting and I was talking to the executive director, a guy named Alan, and he said, "Would you like to teach a class on what you did?" And I'm like, "I have no idea what I did." He said, "Come on in and we'll talk about it." And so that's where it all started for me.

Tejas Gosai (00:03:30) - Well, what was that when you said that that's what you fell into? You said lease option, lease options.

Stuart Gethner (00:03:36) - So that's when you lease a property to a prospective tenant who would like to buy that property. So they have the option to buy or the option not to buy the property in a period of time, whether that's a year or two years down the road.

Stuart Gethner (00:03:51) - They pay you some money upfront. So usually when you lease an apartment or a house, you get a security deposit. And whenever you hear the word deposit, that means that they're going to want their money back at the end. But in a lease option, they don't have to give you a security deposit. They give you what's called option consideration. That's consideration for the option to purchase or not purchase at a future date. So whether they purchase or not purchase, we get to keep that money either way.

Tejas Gosai (00:04:17) - That was slightly lawyerly.

Stuart Gethner (00:04:19) - Well, I've been doing this for a little while.

Tejas Gosai (00:04:22) - From there, though, you sprung into this great real estate career and you've scaled up. You've been helping so many people catch me up to date over just the past couple of years. And don't be modest. Share some of the big stuff that you've done.

Stuart Gethner (00:04:34) - When I was teaching and I called the real estate school, but for the local REIA, then I got 12 online classes for the national REIA.

Stuart Gethner (00:04:40) - Then somehow another Forbes found me and they asked me to be on their Forbes Real Estate Council. I like teaching, I like helping others. For me, I think it's cheesy to say if you buy my stuff today, I'll throw in the Ginsu knives in the back of the room. That's not who I am. I have developed a consulting coaching practice where there's no upsell. It's just me doing one on one, not me and my team. Me working with individuals to help them either get started or scale in their real estate business. I'll tell you, one of the most common things that I hear people say before they start is I don't have any money. I have no money. How do I start? Right. So that's more of an excuse than it is anything else, because there are plenty of people out there that have the money that are looking to deploy their capital in a safe investment. And honestly, I can't think of a safer investment than something tangible like real estate.

Tejas Gosai (00:05:31) - Agreed. Limiting belief.

Tejas Gosai (00:05:32) - You have to change that. You've helped so many people get over that hurdle. How what do you attribute to being able to instill this in folks to buy their first property, second property, build their wealth?

Stuart Gethner (00:05:44) - I don't really surf the internet that often, but I found a cute something expression on Instagram the other day and it says something like this. It said, "Now that you've tried this a thousand different times and it didn't work, why don't you follow the advice of your coach?" And I've laughed at that, just like you did, because it's like, "Here, let me show you how to...you know, I've made a ton of mistakes. You're going to make a ton of mistakes. Let me share with you my mistakes so you don't make the same mistakes I make. You can make your own, but you should learn from mine." So I attribute a lot of my clients having success because they trust me. I'm affordable, I'm accessible, and I really do want to see them create success.

Stuart Gethner (00:06:24) - To me, it's not a numbers thing as how much money I can make. It's how many people I can help. And so with that said, I got a client, Jimmy Thompson. He's on his third multifamily deal. He's now using 100% other people's money. I've got a gentleman named Kyle James. You can look all these folks up. He's had a very successful wholesaling business. One of my clients, Jay Estrada, the home buyer, we got him on television. He's really scaled his business into not just wholesaling, but now he's doing buy and holds. There's no real right or wrong in real estate wholesaling, flipping buy and holds BR method lease, whatever that is. I think the only wrong thing is to not get started.

Tejas Gosai (00:07:01) - Thank you. I like that I'm a big proponent of putting your own money into something and obviously using other people's capital. It's an honorable business when you do it the right way. How do you structure it? Or like how do people that you're coaching, do they build a fund? Are they buying property per property? How do you coach them into that?

Stuart Gethner (00:07:21) - That's a great question.

Stuart Gethner (00:07:22) - So a lot of it depends on what their finances are at the moment. So people will come on board. They actually have a few bucks and they're able to use their own money to to structure a deal, whether they're going to flip or wholesale or buy and hold at some point in time. And this happened to me many, many years ago. I did a fix and flip, and my business partner and I, we made about \$90,000 on that flip and we split it. So I got 45 and she got 45. And then, you know, we had to pay the Home Depot bill and we had to enjoy a pizza and beer. And then eventually, eventually that money runs out. Whether that will last me six months, a year, eight months, whatever that is. And you have to wash, rinse and repeat. You have to do it again. So not having the money doesn't mean you can't participate in the game. We can look for a lot of different opportunities. I knew this already, but I read an article in the Burns Report on the Burns Report, John Burns and one third of all properties in the United States are owned free and clear, one third our own, free and clear.

Stuart Gethner (00:08:22) - And so not all of those people are homeowners. Our owner occupied. Many of those are investors. And there are a fair amount of investors out there that want to sell their properties, but don't want to get hammered on taxes because they've owned them for so long. And so we look for those folks for seller financing, for low money down deals.

Tejas Gosai (00:08:42) - Oh, let's talk about that. Let's talk about that. You're talking about a specific seller that has deals that we could purchase, right? Yeah. Can you explain that again?

Stuart Gethner (00:08:54) - Sure. I just closed the deal in Cincinnati on this, and I'm working on a deal right now in Phoenix on this. And these are sellers that have multiple properties. And are there people that just have one house and two houses? Of course. But for our business, we're scaled. So we want what we call whales. We want to do multiple properties or, you know, 20 units, 40 units at once, right? Or more. But their challenge is, is they've owned the properties for so long that they probably own them free and clear.

Stuart Gethner (00:09:20) - And they bought them 20, 30 years ago. And you know what? Prices were 20 or 30 years ago a lot less than they are today. And if sold today at today's prices, they would get hammered on taxes. Let's just use a make believe number. Let's say they would make \$100,000 if they sold today, and they wouldn't be able to keep 100,000 because they would pay 20 up to 30% or more in taxes. And so they might pay for wow, I made 100 grand, but in their pocket they only have 70 grand or so. But if they sold on seller, in other words, if they became my bank, if I gave them some money down and made monthly payments to them, just like a bank, then they would continue to get monthly income, which is really what they want. In fact, I'll tell you this task I had a seller told me once that he would prefer to sell on seller financing because if he got all the cash, he doesn't know really what to do with it.

Stuart Gethner (00:10:14) - He would probably go invest it in more real estate. So why not keep the real estate that he owns and let that be an income producing property for him? Still? Now I'm the owner and I get to deal with taxes, toilets and tenants and he just gets my monthly check. And if I default, which I'm not going to, but if I did default, then he would get the property back that he owned for 2030 years anyway that he knows very well. So that's a safe way for him

to liquidate, if you will, some of his properties. It's a great barrier of entry for someone who's just getting started. Maybe they have bad credit or they've gone through divorce. I've gone through divorce has some dollar challenges because when we work with seller financing, never, not one time, and I've been doing this for a few years. Has the seller ever asked me to see my credit report? Never has a seller ever asked me to see my tax returns. I don't pay points. I don't go through underwriting.

Tejas Gosai (00:11:07) - I love what you're saying. I'm a big proponent of seller finance. My fund has a few seller finance deals. You're saying it very eloquently. It is so tough to find a property. But if you find a seller that's willing to do this, you can also pay a little bit of a higher price because you're saving and fees and all those other things. The seller gets a bigger benefit that way. Also, there's usually a term involved, right? There's a balloon that you'll eventually have to deal with. Another piece is you get to massage the rents because it's always an issue when a seller owns a property for 40 years and they have rents from 12 years ago, and you need to raise that. Keep going.

Stuart Gethner (00:11:47) - It's also a great estate planning tool for the seller because heaven forbid something should happen. He gets or she gets struck by lightning or hit by a bus. The loan doesn't go away. We still owe the money, but it goes to the estate. So it's a great estate planning tool per seller who sellers who are a little older that want to liquidate.

Stuart Gethner (00:12:06) - I just closed a 16 units in Cincinnati with my business partner Ryan, and the seller was extremely motivated and he let us take his loan over, subject to and he had a 30 year fixed 4%. When I hear people say, Stuart, there's just no deals out there, man. There ain't no deals. I say, great, you go stand in that corner and preach that to yourself. Meanwhile, my team and I, we're going to go out there. We're going to go find some deals.

Tejas Gosai (00:12:30) - Yeah, I love that. Let's pretend I don't know what is subject to mean. And how do you get a deal like that? How do you functionally do it.

Stuart Gethner (00:12:37) - Yeah. Yeah. So thank you. So subject to is an expression. It's a short expression. And it stands for subject to the existing financing. And the way I explain it is like a really long time ago when you would get a loan from a bank like ten, 15 years ago, they would give you what's called a coupon book, and that would be maybe 12 or 24 little coupons in there that you'd rip off.

Stuart Gethner (00:12:57) - And you drive down to the bank on the first of the month, or you'd mail it in and you would take the coupon with your check and make your payment. In today's world, everything's done on the internet. But back in the day, they gave us these little coupon books and subject to simply means I'm going to take over your coupon book, you give me your coupon book, and I will then take over the deed and we can use a title company. The deed goes in my name and I'm responsible for making the payments. When I teach the classes, I always tell my students, here's your first trick question of the day. This is a trick question. So now I take over your loan. I get the coupon book. I get access to your loan online, the tenants pay me rent

and I don't pay the loan. I'm unscrupulous. I'm dishonorable. I don't pay the loan. The question is, what happens to my credit? And people think and say, well, your credit might get trashed.

Stuart Gethner (00:13:47) - And the answer is no. It's a trick question. Nothing happens to my credit. What happens to the seller's credit? The seller gets trashed. And so why on earth would a seller ever give me his coupon book? Ever deed me the property? Why would they ever do something like that? And the answer is they're extremely motivated. Maybe the property is worth 300 and they owe 290. If they call the realtor on the phone to sell the property, there's no room there for closing costs or commissions. They would have to come to closing with money and the seller doesn't have any money. So now I step in. I give the seller a couple dollars to move on down the road. We take over the payment, we take over the property, we put a tenant in there. Everybody wins. Subject to the existing financing.

Tejas Gosai (00:14:32) - Absolutely brilliant. I like it that you mentioned wholesaling and some of these other what I like to say are like starting out in real estate businesses because you got to get some capital to work, and then you finally start that momentum and then you keep building that momentum.

Tejas Gosai (00:14:47) - How has it been with some of those folks that have gone past the initial stuff? And now they're I don't know how many units some of your students may have, but don't be modest. Like, is there is there folks that have like 100 units, 70 units? Tell me about that.

Stuart Gethner (00:15:00) - 40 units, 62 units. Everybody has to start somewhere. I always comment, everybody leaves their first day at work with a headache. Whenever you go to a new job and it's new to you, it's overwhelming. But you got to start somewhere. I come and I go work at your office, or you come and look at the pharmacies that I work at and you're like, wow, I'm really impressed. Look what you can do. But I've been doing it for 20 years. And for me, it's I don't want to say it's boring, but it's old hat. So when you start, it's overwhelming. But after you're in it for a while and you get some experience, it becomes, I'll say, second nature, but for the most part it becomes more comfortable.

Stuart Gethner (00:15:39) - You're stepping out of your box when you start going to family members and friends and saying, hey, I've got a real estate deal, would you be interested in investing? It's uncomfortable, it's awkward, and people may not know you as a real estate investor. People knew me as a pharmacist and they're thinking, what does this pharmacist guy know about real estate now? A few years later, I have people knocking on my door wanting to give me money to invest in. I got to tell you, to be very honest, real estate is not hard. When I was a pharmacist dealing with the state Board of Pharmacy, the DEA, the FDA, big pharma, insurance companies, that was a pain in the butt. The biggest headache I have now is someone can't pay their rent on time. Or maybe they vacated the apartment and I've got to remodel a two bedroom, one bath. After you've done that a couple of times, there's not much to remodeling a two bedroom, one bath. You pretty much know your expenses.

Stuart Gethner (00:16:27) - It's a wash, rinse and repeat.

Tejas Gosai (00:16:29) - I agree with what you're saying, too. I think you almost have to try in real estate to lose money. You have to make a rush decision. You have to not analyze something the right way. You have to miss something basically. And if you just don't miss stuff, you can win the game. So you said folks got all these units. That's great. You must be helping them with their financing and packaging them up for banks and things like that.

Stuart Gethner (00:16:52) - Every step of the way. And it's only because I've done it before, right? Not not magic dust. You're spot on when it comes to banking. And that is banks are a moving target today. It's this requirement. Six months ago it was a different six months from now. In fact, I remember back in 2020 right before Covid hit, stated income loans came back. Do you remember stated income loans. You just tell the bank how much make and they'll give you a loan. And I'm thinking, weren't you guys here like ten years ago when everybody did? The market tanked and then Covid hit.

Stuart Gethner (00:17:22) - So standard income loans went away. Now they're coming back again. So banks are a moving target. Motivated sellers aren't. And there are people in your neighborhood right now that would like to whether it's a grandma died and they want to sell the property or an investor, there's always somebody that looks at a property the way you and I would look at a car that we just want to get rid of. I'm sure we've all had a car that's like, this thing's a clunker. I can't wait till I just get rid of it or get another car. It's costing me too much money. People actually feel that way about real estate. Those are the people that we help.

Tejas Gosai (00:17:54) - It's really great. How does somebody get Ahold of you? I see your phone number there, but how do you start the journey?

Stuart Gethner (00:18:01) - Not a big company. There's about 4 or 5 of us in the office here to help. Please feel free to give me a call. And my email address is very straightforward. It's Stuart at Stuart Gessner, my name Stuart at Stuartgessner.com.

Stuart Gethner (00:18:14) - My website is my name Stuart Gessner. Check me out. The goal really at the end of the day, is to help people learn to create another stream of income. There's no right or wrong. And you mentioned this. People can start in wholesaling, do a few deals, make 510 grand here or there, save it up, get their first fix and flip under their belt. Do a few of those 40, 80, 120 grand. Go to buy and hold so you don't have to do this or that. You could do this and that. So depending on where you are, whether you're working a full time job, whether you want to just be an investor for for passive income, there's a place for you in real estate.

Tejas Gosai (00:18:50) - Thank you for that. Big thumbs up for me. Everybody should get a hold of Stuart. Let's talk about some crystal ball stuff. You're in real estate and you've been through many cycles. You've been through, you know, so many different cycles of ups and downs.

Tejas Gosai (00:19:04) - You've seen what's going on. You've seen real estate rise and fall. What do you think of the past six months? And then what do you think is going to happen in the future? You got any advice?

Stuart Gethner (00:19:12) - Here's what I teach my clients. And that is you cannot control what you cannot control. So we cannot control interest rates. The fed says they're going to level them off. They might lower them. We have no idea. We cannot control inflation. We cannot control what's going on out there. I appreciate the analogy of a crystal ball, because I always say my crystal ball is broken. All we can control is our strategy and what we can control, which is what we want to pay for property. What area of town are we going to wholesale? Are we going to flip it and we can change our mind. We can get a wholesale property that we're going to wholesale. And you know what the seller mentioned that they might be interested in seller financing. Maybe I'll try to hold this one.

Stuart Gethner (00:19:51) - So as I look into the future, I'm just an optimistic person without regard to interest rates or what have you. We know that there are many sellers, investors that have purchased multifamily units at a very favorable interest rate, like my seller in Cincinnati at 4%. And many of them have balloons that are coming to their five year, seven year, ten year balloons. And if they refinanced, they're going to be at a much higher interest rate. So the thought of the industry is that we're going to get more motivated sellers who just don't want to deal with the higher payments, higher insurance costs, higher property taxes. And so they will be the people that we can pull from to get some great deals. I also tell my client there's a lot of good deals out there, honest. And we see him every day and I know you do as well.

Tejas Gosai (00:20:37) - You just got to find them and then it's not easy.

Stuart Gethner (00:20:39) - No, but we want great deals and so are we. Looking for a needle in a haystack? We're absolutely looking for a needle in a haystack.

Stuart Gethner (00:20:46) - But the question is, how many deals do you need? How much income do you want? You want ten grand a month? 20 grand a month. Then we find those deals. This one will make you a thousand a month, 2000 a month, whatever that is. So we need five. Those ten of those. It's just simple math. Let's not make it hard. Let's start small and then let's scale over time.

Tejas Gosai (00:21:04) - I love it. You've done a bunch of great things. Any last words of advice for somebody? I have some listeners who have not purchased their first property. I'm always saying you got to get your first deal together. It's always tough, it's always difficult, but you'll learn a lot and you probably won't leave the business after you go through it. What do you say? I agree.

Stuart Gethner (00:21:23) - With you. And here's what I've seen working with clients over the past 20 years or so. And that is at some point in time they're going to find a deal, and they're not going to be able to pull the trigger because they're afraid, they're concerned, they're cautious.

Stuart Gethner (00:21:39) - Someone's whispering in their ear, don't do it, don't do it. And someone else is going to capture that deal, and they're going to look in their rearview mirror and go, I knew that was a deal, I knew it. And so I tell people, you're going to. Usually what I see is you'll lose a few deals up front because you don't have the confidence to pull the trigger to make the deal. So find someone like you to find someone like me, Stewart Gesner that can kind of hold your hand, work shoulder to shoulder and make sure that they, you know, I have an expression. You never get hit by the bus. You see common. So when you just starting out, you don't really see the buses because you don't know really what to look for. So someone like yourself or myself can help them keep out of harm's way. Only because we've done it before, not because we have the magic dust.

Tejas Gosai (00:22:23) - Very smart way to put it, I like that. I appreciate your time, Stewart.

Tejas Gosai (00:22:26) - Thanks so much for being here.

Stuart Gethner (00:22:27) - Thanks for having me. It's been I was really looking forward to it. It's an honor. Thank you for having me. Yeah.

Tejas Gosai (00:22:31) - For sure. That's Stuart Gethner. All the show notes and information is below. You can get ahold of him. Thank you. You can check out on our website: REI.MBA. Stewart, thanks for being here.

Stuart Gethner (00:22:41) - Thanks for having me.

Tejas Gosai (00:22:43) - Cheers, guys.