

Get Real

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Get Real Podcast Episode: 063

Lean In, Don't Lean Out

Host: Ron Phillips

Welcome to the Get Real Podcast your high octane boosted in the trenches, tell it like it is reality therapy for personal business and real estate investing success. With your hosts, powerpreneurs Angela Thomas and Ron Phillips. It's time to get real.

Ron: Hey, everybody, you Ron Phillips and Heather Marchant here with you. This is probably not a normal episode like you would see because we're actually going to send this out to a whole client list. And this is also going to be a podcast. It's also going to go on YouTube channel. If you're on the podcast, then you are in the right place. This is still the Get Real Podcast. If you're not, well go find it for crying out loud. But today, we just want to do a really quick episode or video for all of you specifically about this coronavirus and how it affects us, because, man, it just seems like it affects everybody whether we want it to or not. Right. So we should we should talk about the elephant in the room. And, you know, Heather and I just want to give you our take on it today. So how are you going to help me out and make sure that I don't rant too long?

Heather: I don't know. I think we've got to keep each other in check on this one, I think.

Ron Oh, man. So I'm I get a little I get fired up about a few things. But this one is this one. Some people got me a little on fire. And I think as we go through this, you'll understand why. But really quickly, like there it seems like at least on social media, that you can only belong to one of two groups. Right, Heather? I mean, I agree. Yeah. You're either a panicked hoarder that is, you know, ready to kill zombies or you don't give a crap about this thing. It can't hurt me. I'm gonna do whatever the hell I want and you can't stop me. Like now's the time to go on vacation and hang out with a whole bunch of people. And I'm going to just carry it over the hill. I will do whatever I want. Right. Because I'm super tough. And this thing isn't gonna hurt me.

Heather: Like, I'm young. I have a strong immune system. It's not a big deal. If I get it, I'll get I'll be fine.

Ron: Yeah. And you know what? I generally feel the same way. I am young at forty-five and I am healthy. And I probably will have zero impact from this. I'll probably be one of the people who gets it and never

knows. Right. So I understand that. But that's not the only two camps. There's not two camps. There's at least three. There's one in the middle where and I call this the prudent camp. Right. This is just the prudent camp. Yeah. And I invite everybody to join the prudent camp. The one that's probably not as vocal on social media about how much food they bought and how, you know, they don't care and they're going to. You do you. Right. Yeah, you do you. And to hell with everybody else in the planet.

Heather: Yeah. And it's like a big inconvenience, you know, versus taking a look at the people who are really affected.

Ron: So I'm a little bit I don't know what the right word is, but I'm a little impacted by this because I live with two people who are immune compromised. And my wife and my son both. And so, you know, I think there's a lot of people out there who are trying to keep a positive attitude. And because of their positive attitude and their laissez faire mode, that they don't realize how their words come across. And I think that happens a lot just in general. And we don't talk about a couple of ways, that is. But in this particular case, when you say that it's no big deal, it's only killing old people and sick people. You are officially a douchebag. Now, you may not intend to be one, but, you know, the other day I'm sitting there, I'm talking to my wife and she is reading this stuff on Facebook and she goes, don't these people know that they're talking about me like I'm the person they're talking about that they don't give a damn about? Yeah. And that hit me pretty hard because I'm a healthy person. Right. And I could say those flippant things, too, without realizing that I could be talking about my friends down the street that I just don't realize is immune compromised.

Heather: Yeah. And then the other argument, too, that it affects us individually, even if you are healthy, that if you get in a car accident. I mean, we're on an I were reading an article. I think it was yesterday, Ron, that if you get in a car accident and the hospitals are overrun with people who have this that need ventilators, respirators, whatever, that you can't you can't get the medical care that you need. Or maybe your child needs. Sorry.

Ron: Just hold. Because we wanted to be all. Because we wanted to do you right. You do. You go. You know, I'm about sick of the. You do you crowd of about had it with them.

Heather: I literally just had an earthquake. So sorry. My face.

Ron: Oh yeah. That's the second one today. Right. So relaxed. OK. Take a breath, Heather. So in a second we'll get to what I think about this, but I've got a few more douchebags that I've got to call out in groups. Right. So nobody personally, I would certainly not do that. We had a had a whole segment on that. Right. But these douchebag real estate people are pissing me off, too. And I don't understand how they can't figure this out. Right. Same crowd. Same you do you crowd is all here. They're going, "Oh, I can't. I can't wait. Man. Bring that. Bring the crash on. Right. Bring it on. Because I'm gonna clean up and I'm gonna go out there and buy up all this real estate."

Ron: And while I understand and I'm preparing to do the same thing, I'm not gonna go out on social media until all of the people who I claim now in every other setting, they claim that they're helping people. Right. So if you if you're out there claiming that what you do for a living is a solution to the people's problems that are out there. And in another breath, you're salivating about taking an awesome deal off the table, which impacts these other folks. You're officially a douchebag. Either you're helping people or you are a vulture. One of the two figure out which camp. And then when you figure out the camp, just stay in your lane. Right. If you want to be a predatory animal, then just state that all the time. And let's not pussyfoot around over in this other place over here where you're acting like a good human being because really, you're just a douchebag. Okay. Yeah. And it's the same thing with the people who talk about the tenants. We were talking about this earlier, Heather. You know.

Heather: Yeah. That that I had a client asking me about tenants and the tenants not being able to pay rent. And I had a reality check for myself because I've worked with Ron for 13 years and about six or seven of those 13 years I was a tenant and I rented. My husband was in school, in grad school, and I worked for Ron. And we didn't want to buy a house. We don't know where we'd end up after grad school, but I had months of savings because that's just how I roll. And I took care of a place like it was my own. And sometimes when I talk to clients about tenants and they, you know, make comments about how they are, they live paycheck to paycheck or what how do you not all tenants do first of all.

Ron: And some people who you would think are wealthy live paycheck to paycheck. Yeah. Let's go ahead and judge the book by its cover. Again, folks, that said either way. Why is it okay to talk about another human being that way? I just don't understand it. Right. I mean, the tenants or these residents that are in our homes, they're on our team, too. It's not us versus them. They're in paying for your freaking house that you own for crying out loud. Yeah. Give them a little bit of grace and stop talking to them as if they're sheep or some other kind of derogatory term that you come up with. Man, I'm sick of I'm really sick of that. And it seems to be magnified by this. Right. So we hear we have a crisis and it's magnifying

either the douchebag that you are or the kind human being that you are. And I want everybody who's listening to just be kind. Ere on the side of being a decent human being and think before you speak or write. Stop being a jerk. Unless you're just a jerk. And then you do you OK?

Heather: That's true. Maybe it's just, you know, who some people are.

Ron: Just don't try to put your foot in the other camp. That's all I'm saying. Choose. Choose your side and then you. Do you OK?

Heather: Yeah. I think one thing that would be great to cover for our clients is the opportunity that's available right now. There's always opportunity in these crisis moments. One that I've seen with personally as well, because I'm buying a rental property right now. I'm in escrow. Is that interest rates are killer low and they bumped up a little bit, but they're expected to go back down and they're even better. They were better before this whole thing started.

Ron: It's obscene how the interest rates are. Yeah, it's obscene. And so, look, in every crisis situation, there's always opportunity. And I'm not talking about vulture type opportunity. I'm talking about look at what you are currently trying to accomplish. Right. So if prior to this, your goal was to purchase properties that cash flow sufficient that you can retire, then that shouldn't have changed. Now, should you look at your deal and make sure your deals. You should have done that anyway. Exactly. So nothing changes here. Okay. And the only thing that's changing is let's look for the opportunity. Exactly. So interest rates are crazy low for purchases. They're crazy low. Right. In addition to that, what if you have a bunch of properties and let's say you bought all those properties with a five and a half to even maybe up to a 6 percent interest rate? Man, I'd take a strong look at refinancing all of those properties right now.

Ron: I mean, there's multiple different ways to do that. That can be beneficial to you. In addition, sometimes when you refinance, you're able to put. The costs on the back end of the loan. Right. And the costs, I mean, some big. You have to fund your escrow account, right, for your taxes and insurance. You prepay those items. But when you refinance that loan sold to another lender. So your old escrow account many times can be refunded to you in the form of a check. It's a check with your lender and make sure that's the way it works.

Ron: But if you can get a check and lower your payments, no brainer. Guys, I mean, there may be a massive opportunity here in the wake of this. And that's only one. So take if you're in the panic camp right now, take the panic. Put it away for a second. Calm down and look around you. There's opportunity in every crisis situation where you're not taking advantage of people. Right. And a lot of you guys out there that are that are saying what you're saying, I know you're not meaning it the way that you mean that you're saying it. So just take a step back. Think about what you're saying before you say it, before you write it. Because most of you are helping people. There will be people who are in crisis during this financially and where we can go in and be kind, be compassionate and understanding of their situation. And we can make money and also help them rather than swoop in like a vulture and take advantage of them.

Heather: Right. And what would you say to do if a tenant can't pay rent? Like maybe the property manager calls you and says the tenant has not been able to work due to this crisis and they can't pay rent?

Ron: You know, that's really up to the individual. But here, let me tell you one thing that I just heard. We had a rather large investor that I was just talking to on a phone call this morning. And he said that he was he was going to lower everybody's rent in half for the next two months. Now, I'm not suggesting everybody do that, but this guy's in a financial position where he can do that and he's not overleveraged. And that's something that he can do that he is doing to try to help in the crisis scenario. Right. To help people out. If you're in a position where you can help people who legitimately have a problem, well, then help a little bit, at least be at least be understanding. Right. And then I would also tell you to just chill for a second, because there's a lot of things that are coming from the government for people who are affected by this guarantee you in some way we will be impacts. I don't know what the impact is actually going to be. But to suggest that collections are going to go down by 50 percent next month, I don't. I just don't see that happening. I just don't see that happening either. And, you know, those of us who have been blessed. If you're not in that camp, then fine. Right. You don't you don't have to do things you don't you you can't do. But those of us who've been blessed and have a little bit that we can help out. Let's help out how we can. Right. The whole country is going to need to come together so that we can get through this quickly. Right. And then the government is poised to help out. That's the other thing that I would really strongly take a look at. Look at what is coming down. I'm not a big, huge government interventionist guy, actually hate that. But, hey, if they're going to do it, well, you know, then I'm going to look for ways that that can help me out in my business. And you should, too, especially if you're impacted. All I'm saying, Heather, is that there's two ways you can look at this. You

can look at it with faith or you can look at it with fear. I believe and I read this read this this morning from Chris Clothiers, just a really good guy. That whole family's just good, good people. He wrote look at things with fear to a point and then move forward with faith. And really what he's saying is be prudent. Right. It's we can't put our head in the sand and pretend like the Corona virus is not going to impact us. It is going to impact us. So now that we know that. Yeah, that's the fear part. Now that we know that, let's figure it out and then let's move forward with faith. Yeah. Right. And look for the opportunities that are going to be littered all about us. Yeah. Now is the time to lean in, not pull back. Another phone call I had this morning with one of the top Olin, the people who buys marketing for the top real estate investors in the country. They all just doubled, tripled, quadrupled. And one of them, quintupled their ad spend. And why did that? Most everybody else is pulling back the lever. And they went all in. And why did they do that? Because they're going to own the airwaves and all of the written media, because everyone else is pulling out because they're scared. Guys, now's the time to lean in, not out.

Heather: Yeah. I sent an e-mail to my clients are a segment of my clients last night. And I included a quote from Warren Buffett, and be fearful when others are greedy and be greedy when others are fearful. I don't really love the word greed, but I had a concept. I understand. Right. That when other people are afraid, that's when you look for the opportunity. You don't think so?

Ron: Yep. And there's gonna be opportunity everywhere, guys. So listen, I just wanted to get that out there in front of you. If you're one of the people who's been posting things and you hadn't thought them through and you heard a different perspective from someone who who has some of the affected people in their home. And you probably didn't even know that they were impacted by this thing. Then just clean it up, man. That's all I'm asking. Don't be a douche bag. Just don't. And if you're one of the you do you people, man, just bring it down a couple of notches. It's just not necessary right now. Everybody needs to come to get one more person out there. If you're the political freaking hack out there that is politicizing this whole thing. Then you should burn in hell. I can't stand any of you. People don't politicize this. It's impacting everybody.

Heather: OK, free country. I mean, it is it is insane. The reach that this has across the globe to make this.

Ron: And with that lovely note, we should probably sign off. Just remember, everybody lean in. Don't lean out. Lean in. Always lean in and be kind, kind. And man, if this is the if you're listening to this on our podcast, then like the episode and share it with all of your friends. And if you if you're hearing this in some other place and you want to take a look at the podcast, it's called the Get Real Estate podcast. You

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Heather: Thanks.

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