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Hosted by: Doug & Andrea Van Soest

Episode 8 – Building Your Real Estate Dream Team

Doug: Hello, hello, and welcome to the Spouses Flipping Houses podcast! So glad to be back! Episode number...

Andrea: Nine!

Doug: Uh, eight.

Andrea: Eight?

Doug: Well, we recorded nine, but we went to that last episode.

Andrea: Oh, that's right!

Doug: So it's actually episode number eight, I believe. So anyway, what's happening, Andrea? How you doing over there?

Andrea: I'm good! Not much is happening, except I heard something really cool this morning that got me kinda fired up in a good way. So I was at the gym, and I know we've both talked about before, that we really love listening to podcasts when we're driving around--

Doug: On your stationary bike--

Andrea: On my very boring stationary bike... And so I go through a lot of podcasts, actually. Not just real estate investing, but also business, entrepreneurship, all kinds of different topics that I like. And one of the podcasts that I love is called "[Being Boss](#)," and it is done by these two women who are creative entrepreneurs.

They're both successful business owners, they run online businesses, and they are both very creative, and they brought this lady on a couple weeks ago named Brené Brown.

She wrote a book called [Daring Greatly](#), which I haven't read yet but after hearing her talk I am like, literally going to run right out and get this book.

And she was just really inspiring to me; she talked a lot about kind of not caring about what other people think, and just getting out there and getting after it, whatever you feel led to do, whatever you're inspired by, whatever you're gifted at. Get out there and do it, and

don't worry about what other people think. You know they say, "Life begins at the end of your comfort zone," have you heard that before?

Doug: Yeah- well no, but now I have.

Andrea: I love that saying. Isn't that so great? And that's something I get really hung up on because I'm kind of a shy person; I tend to be a little bit introverted and so it's hard for me to get out of my comfort zone-- doing this podcast is really outside of my comfort zone.

And then, so Brené Brown said this, just off-the-cuff and I thought it was so genius, she said, "He or she that has the greatest capacity for discomfort will rise the fastest and the strongest."

And if you think about that it's so true, not only in business, it's true in sports-- you know the athletes that are so phenomenal, they may not have that much more God-given ability than anybody else, they went after it harder and longer and stronger, and never quit.

Doug: Right.

Andrea: And same in business-- the people who are successful, they have failed and they get back up and they fail and they get back up and they outlast everybody else.

Doug: Keep going, keep pushing themselves.

Andrea: Like, Nike got it right! So long- “Just do it!” That’s what it’s about. And so I just loved her encouragement about getting outside your comfort zone, since that’s something that I struggle with and I’m working on.

Doug: What is, is it just being on the mic, what is discomfoting about the podcast?

Andrea: You know, honestly, I struggle with worrying about what other people think. And that is what it boils down to for me. I have been blessed in my life, I think, to know and to have grown up with some really awesome people, who are out there doing amazing things with their lives, and making a difference in the world. And a lot of them do it for little or no money.

And I was honestly afraid that they would see our podcast show up in their Facebook News Feed and think, well geez, that’s all she cares about now is money...

Doug: Flipping houses, making money...

Andrea: That’s not really what it’s about for me, I genuinely love business and strategy and creative entrepreneurship, and using those things to help people. I think it’s so fun, and that is really what it’s about for me. So I was afraid of being judged! Isn’t that silly?

Doug: Yeah, I mean, not that there's anything wrong with making a living and doing that, that is obviously part of what we're doing here, but that's interesting-- and thanks for sharing that.

Andrea: I just didn't want people to misconstrue like, my heart, you know? And I hope that we are able to be successful and do different things and that that allows us to actually pursue things that we feel called to do in this life and anyways, that could lead into a whole other podcast episode! But--

Doug: And probably will be!

Andrea: Anyway, she just really inspired me this morning, I thought it was cool.

Doug: That's really, yeah, that's really good, thanks for sharing that.

So today, our main topic is going to be about building your real estate investing Dream Team. So Andrea, you remember the Dream Team from the 1980s?

Andrea: I do!

Doug: Might have been the 1990s, Michael Jordan...

Andrea: Magic Johnson...

Doug: Magic Johnson...

Andrea: It was exciting.

Doug: Scotty Pippen, I think, yeah, you had all these incredible players assembled together. So, that is essentially what we're talking about, only doing it in your real estate investing business. I'm not referring to your staff, I'm not referring to people you hire in-house, that you actually employ and pay wages to do things.

I'm talking about people who have their own businesses or run their own trades that you need and are going to be working alongside a lot if you're in real estate investing.

And the importance of those relationships and the importance of working, having them to help you accomplish your goals.

And in doing that you need to be a good leader. You need to kind of know where you're going, you need to know how to work with people, and get the most out of people, if you will, in a respectful way. And people skills is a huge part of that, and working with--

This is the people in business, no matter how you wanna slice it, it comes down to you're dealing with people in real estate, and that includes not just people you're buying houses from or selling houses

to, but the people you're working alongside that can help you out. You can't do this business alone. You cannot be a lone wolf and succeed in real estate investing; it's going to be very difficult to do that.

Andrea: Yeah. You can do it alone, but you don't have to.

Doug: You don't have to. You shouldn't have to; it'll be a lot more positive experience if you don't.

Andrea: Much easier!

Doug: Much easier! So, the first member, if you will, of your Dream Team-- and we're going to go over six different essential team members here.

The first one is the escrow and title officer. Now, a lot of people might breeze over this, oh, there's a million escrow companies out there, a million title companies out there, that's not important, you can just go call one up.

And in a sense, that's true, but hiring the right one-- or working with the right one, I should say-- can be very beneficial to you, and really help you along.

I would look for referrals. Well, first you want to look for a couple of things when you're looking for, like an escrow company or closing agent, if you're in a different state that doesn't use escrow. Your closing agent, your title company-- you want one that's kind of investor friendly.

And how do you know if they're investor friendly? Well, you wanna ask some questions of them. Do they work with-- are they familiar with assignments? Are they familiar with double closings? Do they handle private lenders well?

You know, a lot of escrow companies just do the traditional transaction where you have agents involved, and you have a bank, like, Bank of America, who's lending the money, and they just, you know, it's very much in a box.

Well, in our investor world, we're going to deal outside the box a little bit. So you want to make sure you have a company that's familiar with those types of things: assignments, double closings, private lenders, other things like that.

You also want someone who has experience. Don't go with a person who just started, this is their first time as an escrow officer, I mean-- you really want someone who's been around the block, and has dealt with all kinds of problems, and preferably has worked with investors. And you want someone who's willing to do-- to go the extra mile for you.

Now this might take time as you work with them, and build that relationship where they know they're gonna get repeat business for you, but you know, we worked with our escrow company, now we're going on probably three years exclusively with them and, our escrow officer will go the extra mile to call the other parties that we're working with and solve problems for us.

She'll do a lot of the explaining, a lot of the handholding, a lot of the, you know, just calming of different parties if something's going wrong.

And that's huge! That really helps us to save deals.

Andrea: There's been times where a deal was about to blow up and we didn't even know about it until after the fact, and she'll come to us and say, hey, this person was gonna back out because of this or that. And I explained to them, and I calmed 'em down, don't worry, everything's good, we're moving on. And we're like, whoa, thanks Val, that's awesome!

Doug: Yeah, Val over at Title 365 is who we're referring to if you're in southern California, Title 365 in Murrieta. She's been excellent for us, and if you just pick an escrow company out of the phone book, you may or may not get that kind of service and that kind of assistance. And so don't overlook the importance of title and escrow.

Also, title problems come-- if you're dealing with private parties, like we are, buying homes from people who've just inherited homes or you know, there's oftentimes title issues that need to be resolved. And you need someone who's a pro, who has experience and knows what they're talking about and knows how to solve those problems and also to calm the other party to make sure that they they're aware the title issue is being handled and they can be confident in that. So very important-- escrow and title.

Andrea: The next person that should be on your Dream Team actually, this should be multiple people, is realtors. So, you wanna work with as many realtors as you can, really--

Doug: Realtors are our friends!

Andrea: Yeah. And they need to be investor-friendly; they need to understand what you're doing and how you're approaching your numbers.

You don't wanna necessarily work with someone who thinks you're lowballing offers all the time because they don't believe in you, they don't believe in your offer, and it's not going to be a win-win partnership.

So you need to find realtors that are investor-friendly, that understand what you're doing and want to help you in that way.

Also, take care of them. They are commission-driven, that is how they earn their living, so don't shortchange them on their commission, it's really important. They will keep coming back to you, and you'll be the first person that they think of to bring a deal to, if you don't shortchange them on their commission.

Doug: Yeah. Everyone wants to make money in this indus-- yeah, if someone's gonna come work for you and do a good job, make sure they get paid. You wanna take care of people. They keep getting paid

well for what they're doing; they're going to work harder for you to get paid more. So it just makes sense.

The third team member is your lender. So, there are sort of three different categories of lenders. There's the traditional banks, like you can go down to Wells Fargo or call up your, you know, your mortgage rep and try to get a traditional bank loan, to finance a property.

This is-- unless you have just a killer W2 income these days, it's not really an easy route to go, so good luck with this one if you're trying to flip a lot of homes and you don't have a good W2 income.

The downsides are: it's really slow, it's paperwork-intensive, *really* paperwork-intensive, I can't over-emphasize that, just a ton of things you'll have to provide for each loan you're going to do with a traditional lender--

Andrea: In all the transactions that we have done, we've done one--

Doug: One.

Andrea: Only one bank loan.

Doug: One bank loan.

Andrea: For a property that we have kept.

Doug: And it was a nightmare to do. The positives are the interest rates are usually really good, especially right now, and it's usually long-term fixed financing, or you know, there is some short-term bank stuff out there, so that's the positives, you can go through all those pains and get it worked out, that you can usually get pretty good rates for stuff like that. Not really a route most investors go if you're flipping properties.

The other type of lender that you're going to use is known as hard money lenders. So these are guys, they could be just individuals out there, or private brokers that broker what's called hard money, or construction loans.

So these are typically catered for people who are flipping homes, catered for investors. And you're going to pay anywhere from ten to fifteen percent, is kind of the going rate on interest, it's going to be interest-only, you're going to do probably two to four points, which is you know, a percentage of the loan just as a fee.

So those are kind of the downsides, it can be costly. The upsides are they're fast, typically-- the qualifying isn't nearly as painful as far as the paperwork goes--

Andrea: They're usually easy to work with.

Doug: Usually easy to work with, they understand the business, so they understand what you're doing and the numbers there. Depending on the lender, the qualifying can be much easier, it's more based on

the deal itself and the property than it is on, say, credit-- if you have bad credit, or whatever, it's not as important, although, depends on the lender.

So those-- hard money, we utilize hard money a lot in our projects, and a lot of investors do if you're going to be flipping homes, so that's a good way to go.

Private money is another form of a lender, and this is by far the best. So, what are we talking about with private money?

Andrea: That could be just about anybody that you know that has money that's maybe just sitting around, not working for them.

Doug: Right.

Andrea: That could be your parents, that could be your best friends' parents, that could be your doctor, your dentist.

Doug: Yeah, most people who aren't maybe, you know, in the investing world themselves, they run another business but they've got savings, or they've got an IRA, or they've got a retirement account that right now is earning just pennies, fractions of a percent, you know, sitting in the bank, not really doing anything for them.

These are great people to reach out to in whatever way that you can help them make a lot better return on their money by them funding your deals.

So, excellent source. All the-- the great thing about this is all the terms are negotiable, whatever works best for both of you. Typically very easy to work with because you're talking about individuals that you're working with. It can be fast, there's just a lot, a lot of benefits to using private money.

We-- this is our number one source of doing deals. We love using private investors' money, we make our friends and family and those who are referred to us happy because they're getting a great return, we're happy because it works well for us, and it's a win-win. So definitely private money is a whole other episode that we can have someday just on that.

Andrea: Number four person on your Dream Team is your contractor. And your contractor can make or break your business in a lot of ways-

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Doug: So true.

Andrea: All these people can. But really important to find somebody that you trust, somebody that communicates with you and keeps you in the loop on everything that's going on.

In our opinion, we suggest that you do not try to do the contract work yourself, even if you have skills and knowledge in this, you can do that if you're doing like one-off flips here and there, but if you want to make a business out of it and you want to scale it you cannot be doing all the work yourself.

So it's really important to find a contractor that you can trust. You can ask for referrals, you can talk to different project managers on other job sites, maybe they can recommend somebody-- do you have any suggestions on--

Doug: Yeah, I've never done this myself, but I've heard just going down to Home Depot and hanging out near the contractors' desk early in the morning-- because that where these guys congregate and they pick up their materials and stuff and you can just start asking around, you know, who's got a business card?

What are you guys do, do you work with investors? You can probably find, you know, a handful of them there, and then get some quotes from that.

Andrea: We've been able to find our contractors, the first one-- we're pretty loyal to the people that we work with, so the first contractor was referred to us by a hard money lender, and he was awesome. We worked with him until he moved away, and then we found another contractor through basically, kind of a networking group--

Doug: Another referral from another investor.

Andrea: His friend that had used him spoke highly of him. He's been phenomenal. Another piece of advice is the cheapest doesn't always equal the best work.

Doug: Right.

Andrea: So you do wanna do it affordably, but you want to make sure that it's *quality* work that you're having done.

Doug: Yeah, quality work, and you want someone who you're not necessarily going to have to micromanage.

Andrea: Absolutely! I don't wanna talk bad about contractors, but there are some out there--

Doug: No! There's great contractors.

Andrea: --that, you know, they might do a great job on one job, but the next one they're like asleep at the wheel, and you can't get them to return your texts and your calls and you don't know what's going on, and it takes twice as long as it should. You want somebody who's running their business like a business.

Doug: Yeah, very good point. Somebody who's organized, has crews, takes it serious, takes you serious, and you mentioned it before already I think, communicates with you, keeps you in the loop. That's *so* big-- returns your calls, returns your text messages, it's very important.

Andrea: We choose to use a general contractor which might cost more money than if we were subbing everything out ourselves, but for us, it is worth it to pay a little more for that because he is essentially a project manager, so that's one less thing that we have to do.

Doug: Yeah, what did Justin say, like a return on your time--

Andrea: Your time.

Doug: --Is so much greater than the headache and hassle of trying to sub out that yourself and run those projects, in our opinion. That's definitely a way to go, get a good general contractor.

The next Dream Team member would be your insurance agent. Again, this is another one that's kind of overlooked a little bit, I think. If you're going to be doing this business in any kind of volume, you want to find a good not only affordable insurance, but someone who's easy to work with, again, understands what you're doing, understands your business and how to provide you the best product for what you're, what you're doing. When homes are vacant, that's a different type of insurance than when a home is occupied.

There's all kinds of different policies and things available so, for the volume that we do we recommend-- there's a product out there, it's called a Ten Plus Policy, and it's with [American Modern Insurance](#). And our first couple of years, actually our first year investing, we didn't-- we just would get an insurance policy for every property that

we bought, a separate one, and have to go through the whole process there with the paperwork and whatnot, for each property.

But somehow we got referred on to this agent who has this one product that's-- it's more like a blanket policy go and you just make a phone call and it's in and out, really simple and not only that it was probably about half the cost of what buying individual policies was, so it can be huge savings if you're doing any kind of volume, if you're getting the right insurance product there, so. Don't overlook your insurance agent!

The sixth Dream Team member would-- well, actually, this one encompasses many.

Andrea: Just a category.

Doug: This is just a category; it's an honorable mention team member, so maybe this is like your basketball team who's riding the bench there! Ready to come in. These are other people that you are going to work with, that need to be mentioned.

So, alongside contractor would be handyman; you would probably want to have a few handymen that you work with, people who can do smaller repair items, smaller jobs that don't require a full general contractor to do, but maybe go replace a water heater for you or do things like that, at the drop of a hat when you call them.

So you wanna have a few of those guys on your team as well, to not necessarily bog down your general contractor with little tasks.

Landscape maintenance, another one that you know, it's just time-consuming when you're flipping a lot of homes. Each of these homes have yards to be maintained and taken care of, and it's another person you gotta track down in that area to call so, if you can get some referrals and have one or two guys that you work with consistently that are good--

Andrea: This one's tricky, we actually use a service that kind of brokers landscapers and it's, to be honest, it's not the best.

Doug: It's not the best; it's hit and miss.

Andrea: But they get it done, sometimes we'll show up at a property and you can tell the grass hasn't been mowed in a couple of weeks, but for the most part, it's worth the little bit of extra headaches, because they take care of everything-- we can go to one place, and--

Doug: It's just another thing that we don't have to worry about. Because even when we found our own landscape guys, it wasn't--you know, we never know if they're gonna show up or not.

Andrea: We work in so many different cities that we can't be managing sixty different landscape people, so this one company-- if you can find something like that wherever you live, it's really helpful.

Doug: Definitely helpful. Another honorable mention would be an attorney. Not necessarily to go out and get an attorney before you do anything, but can be someone who's valuable to have in your pocket, especially for if you have rental properties and you're going to be doing anything involving removing tenants from houses and things, you wanna be sure you're abiding by the law.

An attorney's a good someone to have in your pocket. So get some referrals from other investors for that.

Another member would be your CPA, your tax advisor, again not essential when you're first starting out, but can be extremely valuable to you in saving you some money down the road, if you have a good investor-friendly CPA who knows the business.

And then the last honorable mention would be property manager. If you're gonna have rental properties of any size, and you plan to manage them yourself, you know, that's a full time job, so be ready for that. So, if you can hire somebody, either in-house or externally, a property manager who's good, that can save you a lot of time and headaches.

Andrea: We prefer to hire somebody in-house that works for us, that manages all our rentals. We don't manage anybody else's rentals, just ours, but we know we've trained her to do it exactly the way we want to, we know we're not paying for erroneous charges, it just makes our life a little bit simpler. There are great property managers out there, I'm sure of it.

Doug: Oh yeah.

Andrea: But this is just how we choose to do it, so if you want to use a property management company, I would definitely suggest that you ask for referrals because--

Doug: Oh yeah.

Andrea: -- that can be a tough road.

Doug: Especially if you're out of the area, and you're just relying completely on that property management company. You're kinda rolling the dice, and you're hoping you're getting somebody good. Get referrals, do your homework, make sure that they're going to be somebody who's going to take care of your property like you would.

Andrea: Absolutely. So those are the six people that we feel like are most essential to have on your team in getting started as a real estate investor. One thing we really want to say is that it is not essential that you have all six of these people before you get started. You will find them as you go.

The more you network, the more you go to real estate investment clubs and different things, you will get more resources, so don't get hung up on the fact that you don't have all these six people and just the right ones lined up in place, ready to go. Just take action, just go

after it, just get started, and those things will line up; you will eventually find your team.

Doug: Like we talked about in episode one, this is probably like step three or step four of doing the business, you gotta do step one and two first. These members will come when it's time to get these members on your team.

Andrea: We just, you know, want to let you know be mindful of it, because it's taken us a long time--

Doug: Yeah, doesn't happen over night.

Andrea:--and different team members will swap out-- you know, you might have a great contractor like we did and then they move away and you gotta find somebody new.

Doug: It's constantly changing, shifting, people coming and going, but a good team around you can make your life so much easier, and make this business so much more enjoyable, and make you more successful.

Andrea: Yeah, and treat them well, and make their life and their job enjoyable, too, and they will be loyal to you.

Doug: Yeah, treat 'em well, make sure they get paid, lead by example, you know: work hard, treat them as you want to be treated, with respect and professionalism, letting them know what you expect of them but in a kind, respectful way. And they'll do the same; they'll return the same back to you, typically.

So that's it, so once again, the sixteen members, just in case you missed it the first time, escrow title-- your escrow and title officer-- your realtor; lenders, with three different kinds of lenders in there; your contractor or contractors; your insurance agent; and then of course the honorable mention of the handyman, landscape maintenance, attorney, CPA, and your property managers.

So that's it for today, we really want to say a huge thank you to anyone who has been listening to our podcast and who has gone into iTunes and left us a rating and review. We're so grateful for that, thank you, thank you so much.

Had some exciting news this morning, we pulled up the iTunes New and Noteworthy and we are number three on Investing on the New and Noteworthy after just-- not even a week! So *thank* you, thank you so much for helping us out in that regard.

Andrea: That's pretty cool because you put something out there like this and you don't know if your listeners are gonna be like your mom and dad? I mean, that's it?

Doug: I mean, are people gonna care? You know, is it gonna be crickets out there? And we've just had such good feedback and such good positive responses and we're so grateful for that. So please keep it coming.

Andrea: Really appreciate it, thank you.

Doug: And you can head over to our website, we've got a couple of free gifts for you over there, [Spousesflippinghouses.com](https://www.SpousesFlippingHouses.com), we have two gifts, one of them is [*Eleven Tips to Working with Your Spouse*](#) written by Andrea, great information in there, very valuable, and the other gift is a deal analysis video course that I put together, a three part video course, about an hour and a half of video there on how to analyze a deal. So head on over to our website.

Andrea: We also have a Facebook page, so if you Like that, then you will get notified of future episodes, it'll just come up in your news feed. So if that is the easiest way to stay in touch, then, there it is!

Doug: Visit us on Facebook. So, thanks again for listening, we really hope you enjoy these podcasts and we're gonna keep 'em coming. If you have any feedback, hit us up on our website on the Contact Us form and let us know what you think.

If you wanna hear about specific topics, we'd love to hear that too. We can probably address those-- if there's something you're wanting to

know or a topic you want us to talk about let us know! Okay, anything else?

Andrea: Mmm, I don't think so.

Doug: You ready for lunch?

Andrea: I'm ready for lunch! Let's go!

Doug: All right!

Andrea: Have a good week!