

Module 1 - Acquire the House Flip Mindset

The Success Mindset

Overcoming Your Fears

Fear. No matter what phase of my house flipping or real estate investing career I'm in, it just keeps rearing its ugly head. No matter how many years you've been in the real estate investing business, or if you've done nothing as of yet, fear is there every time you do something out of your comfort zone.

I still go through this even now. In fact, every time I advance myself in my career or I go to the next level, I go through these same fears all over again in a sense. I figured that at some point in my real estate investing career, fear would just melt away. I'm still waiting for that day to come.

Let me give you an example. Just nine months ago, we were flipping on average a deal a month. At the time, I thought that was pretty good, but I knew the market was changing and I decided I needed to change my approach.

So I made the conscious decision to double, if not triple, my business by adding an acquisition manager to my house-flipping team. Although I thought that I had pretty much overcome most of my fears in house flipping, as soon as I decided to do this, all the same fears came rushing back.

About the same time, I decided to step outside of my comfort zone even further, so I decided to start buying rental properties in other states.

More fears once again...

Fear Is a Part of Success

All the same fears you have now as a new real estate investor are the same kinds of emotions I had and continue to have as I grow my business. I've experienced both – and they're pretty much the same thing. Both are fears fueled by negative self-talk...but it's not the fear that's the real crushing part; instead, it's how you deal with those fears that really impact you.

The real estate mindset is all about **breaking through** your fears and doing the things you need to do to be successful. Most people don't move forward, just because they're afraid of change or they get comfortable with their job and in their career.

In business, fear is natural, and it happens to all of us. Some of the fears are, "What happens if I lose money with this?" You may have fear of failure as well.

I can tell you from my own experience that when you start something new and you're putting it all on the table, you can't help but have self-doubts such as, "*What if I fail? And if I do, what are people going to say?*" This is completely natural, and most people feel this way when they first start something.

Then there's the fear of the unknown and the unsureness of what's on the other side, so to speak.

Another irrational fear we all have is the fear of disappointing others. This is especially relevant if you have a family and you're thinking not just for yourself, but those you may be disappointing.

There's also fear of change, or fear of not being able to turn back. The list of fears goes on and on and on...

But whether you experience some of those fears, maybe just a few of them, or all of them – the idea is that in order to succeed, you have to change your mindset. Because if you don't, these fears will basically paralyze you and will prevent you from traveling down that path of success.

One of the things I say to anybody who is just starting out in real estate investing or house flipping is to not quit their job until much later. So if you're unemployed, keep collecting your unemployment. If you have a job, stay at your job and keep any income coming in before you take the total leap and quit your job to become a full-time real estate investor.

The point is that you don't want to give up on steady income from an employer or a job until you really start to see your business growing and starting to produce an income. When you start to get to a point where the income from real estate investing is enough to replace your day job, only then should you consider doing this full-time. Giving students this advice usually starts to alleviate many of their fears.

Stop Worrying about Failing

The other thing about the real estate investing mindset is you've got to stop worrying about failing, and you have to completely change how you think and start thinking only about succeeding.

No matter how many years you've been in the business, this one crops up all the time. I still go through this even now. In fact, every time I advance myself in my career or I go to the next level, I go through these same fears all over again.

What brings me back to reality is what I teach my students. When you have extreme fears, the first thing you should do is to do the exact opposite and think, "Well no, we're going to succeed. The projections look really good." I might look back at some of my projections and analyses and reaffirm to myself that I'm making the right decision. At the same time I stop thinking about how it will work, and instead purposely start to think about ***how it is going to work***.

Don't worry about failing. Place all your efforts in thinking about succeeding. Instead of thinking about all the things that might go wrong – start thinking about all the things that will go right on a project.

This doesn't mean you just wish for the best and not care – far from it. You have to put systems in place to protect yourself from things going wrong, and many of the techniques you'll learn here in this course will help lessen your fears because you will have those systems in place to protect you.

Immerse Yourself in Positive Thinking

One of the ways I get around my own negative self-talk is by reading books on positive thinking. Just getting my mind in that positive frame of mind oftentimes can kick me out of the negative state I may occasionally find myself in. Once you're in a positive state, you'll start to really see good things begin to happen. Conquering the unknown by educating yourself and learning as much as possible will certainly help you to think positively.

Another technique to use is to talk with people that matter to you about what it is that you're going to do. Educate them and let them know what you're doing. Don't be afraid to tell people about your goals in real estate investing. This kind of "mind trick" was performed by none other than Thomas Edison. He would think of an idea for an invention, then issue a press release to announce it. Because he announced it to the world, it placed an incredible amount of pressure on him to produce and invent that invention.

You can do the same thing as Mr. Edison did by announcing to the world and telling everyone you know what your intention is. Placing a little bit of pressure on yourself is one of the best incentives to make sure you follow through and take action.

It wasn't always that way for me, though. In the beginning I used to be like, "Well I don't really want to tell so many people because what if it doesn't work." This is negative thinking at its worst.

You have to change that mindset and be passionate about what you are looking to accomplish while telling people:

"I'm really excited. I'm going to start working with Michael LaCava to learn how to invest in real estate. He's showing me how to do it, and we're going to be buying and restoring houses and cleaning up neighborhoods." Just have a good attitude about it and ask them for their support. Say, "Listen, I'd love your support. I'd like to be able to share things with you."

The more people who are supporting you behind the scenes, the better. Also, this kind of healthy self-talk will send out a positive frequency to the universe to make it happen – and the more you talk about it, think about it and tell people about it, the greater the chances of it coming to reality.

Control Fear

Change is not always easy. It wasn't easy for me when I first started investing in real estate – primarily because I didn't really have a personal coach. I had people I could call and ask questions, but nobody really to bounce ideas off of and help me along my quest.

I certainly spent a fair amount of money buying education material. But had I known back then that the best way to move your career forward is to shadow someone already doing it and work with them on a regular basis, I could have fast-tracked my career even more. Having someone who can hold you accountable to the day-to-day things that you need to do is one of the fastest ways to learn a new skill.

The fact that you purchased this course means that you've already taken that first step. Right there, you're already on the path to success.

When we talk about mindset, it's really about replacing the negative things that go on in your mind with positive and healthy thoughts. Whether they're personal, business, or whatever it is, you're replacing that fear with confidence, excitement, and enthusiasm.

At the end of the day, you have two choices. You can complain and look at the bad side of things, or you can be proactive and be thankful for the good things in your life. Happiness and positive thinking really are choices you can make. The problem is that most people try not to even control their emotions. Instead, they let their emotions control them.

The reality is this: when you face your fears, you control fear. When you avoid or shy away from your fears, fear controls you.

What You Think About *and Thank About*, You Bring About

If we stop and think about it, we all have a lot of good things that we can be thankful for. And to get into a positive mindset, just recognizing and thinking for those things you do have helps you get into a positive frame of mind.

For me, I can go weeks and weeks with a good positive mindset. Things are going well, but all of a sudden out of the blue, stuff happens. Things might go awry on a particular project, or I might work on something for two or three months and it might fall through. I might mope and be negative about it for a little while, but then I change my state. Many times I do this by thinking about all the things that I'm thankful for. Maybe things aren't going as well as I want them to that very moment – but if I think how far I've come and all the things I'm grateful for, my state changes nearly immediately.

You need to do this yourself and sometimes it's as simple as reminding yourself, "Oh no, that's not how I want to think. That one's gone and it's water under the bridge. Now we're going to talk about the good things that are going on."

In one of my meetings just yesterday with two members of my house-flipping team, we had a major setback. We complained about it for about a minute and a half, and then universally we all said to each other "enough with all this negative crap; let's focus on how to fix it and move forward."

Move forward we did, and we started working on how to fix the problem and our plans for the future. Sometimes it's just that simple.

My point is this: you have complete control over how you feel. You can change your state and emotions from a negative state to a positive state by making a decision to do it. So as Nike says,

just do it...

Think and Grow Rich

If you are truly serious about your real estate investing career, there are certain books I highly recommend reading. Most of these are non-real estate related and have nothing to do with the "how to's" of real estate investing.

One of the best books that I've read that has been instrumental in helping me with really advancing my career and my mindset and getting things going is a book by Napoleon Hill called *Think and Grow Rich*.

What I like about *Think and Grow Rich* is that although today it is considered a simple if not simplistic book on personal development, it's still one of the best because the whole book is all about the basics. It's one thing to send a positive vibe to the universe or create a list of goals and think about them each day, but *Think and Grow Rich* hits at a deeper level. With *Think and Grow Rich* it's not just about thinking about something positive happening or creating those positive affirmations – which are nice – but the book reinforces the fact that you also have to take action. Positive thoughts are important and essential as you know by now, but action gets you to where you want to be.

I'm also a big fan of the movie *The Secret*, which got a tremendous amount of notoriety in the mid-2000s. The law of attraction and the ideas that you can "*think it will come and it will come to you,*" are excellent concepts, but *Think and Grow Rich* not only touches on positive thinking, it implores you to take action.

I highly recommend that [you pick up that book](#) and you start reading it.

The Success Mindset Conclusion

My point in all this is simple: *You have complete control over how you feel.*

You can change your state and emotions from a negative fearful state to a positive strong state by making a decision to do it. So as Nike says, *just do it...*

When we talk about fear, it's really about replacing negative thoughts or failure and fear with positive and healthy thoughts. Whether they're personal, business, or whatever, you're replacing that fear with confidence, excitement, and enthusiasm. But you're doing it on purpose. At the end of the day, you have two choices:

1. You can complain and look at the bad side of things.
2. You can be proactive and be thankful for the good things in your life.

Happiness and positive thinking really are choices you can make. The problem is that most people try not to even control their emotions. Instead, they let their emotions control them.

Take control of your emotions, realize you CAN control them, and use the techniques listed here and then TAKE ACTION to control your fears. Then move on to your next task.

Creating Your Elevator Speech

How you present yourself to other people does have a lot to do with your mindset. But now let's get into how you actually do it. How you introduce yourself to other people relating to your business is what is called your 60-second speech or your "elevator speech."

One of the things you need to start working on is how you relay what you do when you introduce yourself to other people. This could be people you know, it could be the general public, or it could be other real estate professionals. How you actually do this is something that you can play with over time.

As we will be getting into in later modules, networking is extremely important to your success as a real estate investor. And your elevator speech is used when someone asks you what you are doing. What will your response be? The answer may be a different response based on who you might be talking to.

When it comes to elevator speeches, I always try to just keep it simple. If you make a statement that gets people to pique their interest in what you're doing consistently, then you have a very good elevator speech.

Once you give your elevator speech, and people consistently ask you questions like: *“Oh tell me more about that”* or *“How does that work?”* you know that your elevator speech is a good one.

A good elevator speech engages people by sharing a little information about your business and yourself. This then gives you the opportunity to start telling a little bit more about what it is that you do and how you do it.

The content of your elevator speech will vary with the kind of event you’re at. If I’m at a Chamber of Commerce event or a networking event, which are non-real estate related events far different than a REIA meeting where everyone knows I’m interested in real estate investing, my elevator pitch will be geared more towards general real estate investing. Even outside of networking events, such as when I’m shopping in the neighborhood or wherever I happen to be, the *“What is it that you do?”* question invariably comes up. I might sometimes not even mention my company name at all. I may say something like, *“Well, I work with individuals and I show them how they can make a lot of money through the power of real estate.”*

Notice how I just said what I said. I made a statement that in most cases people will ask me, *“Oh really? Well, how does that work?”* This is what is referred to as *“involvement statements”* – a statement that requires involvement to the recipient of the statement.

I might also say something like, *“Well I’m a full-time real estate investor, and we invest for ourselves. We also show other people how to do it if they are interested in learning how to invest in real estate, whether they want to flip a house or do a buy-and-hold.”* People like to hear the *“make money”* part because it’s just a natural thing that people sort of gravitate to. Usually this evokes another involvement kind of question from them.

When meeting potential investors, meaning those who might invest with me and I may borrow money from, I never ask anyone, *“Would you like to lend me money?”* People have wanted to invest money with me because of how I approach them saying something like: *“I work with individuals and show them how to make a really nice rate of return on their money.”* The next question invariably is, *“Oh, how do you do that?”*

And then I might say something like:

“Well, we buy real estate, and we use other people’s money to do that. We secure their interest with the real estate so everything is secure; it’s safe and sound. And we just give them a really nice rate of return on that money, much better than they could ever make on a CD or in a lot of cases what they’re making on their IRAs or what have you.”

And then I’ve had people respond, *“Can you tell me more about that? I might be interested in that.”*

So what did I just do? I just had a conversation. I had no intention of thinking, *“Hey I’m going to go talk to that person and see if I can raise money from them.”* It’s just a natural conversation by telling them what I’m doing and if there is a little bit of interest on their end, it may open their mind to it. So that’s just a small example of how that works using involvement kind of statements which are thought-provoking as well as slightly provocative.

If you’re talking to other real estate professionals you may want to say, *“Hey my name is Tom. I’m a real estate investor.”* A good follow-up to that would be for you to ask questions such as: *“Tell me a little bit about yourself and how you work in real estate.”* If they’re a real estate listing broker or something similar, it’s likely that they will understand the business.

They may say something like this to you, *“We work with buyers or we work with sellers.”* And then you could say, *“Would you be interested in working with an investor like me?”* This might lead to a potential business arrangement with this type of real estate agent.

How you engage a potential contact with your initial elevator pitch and the give-and-take in a conversation is extremely important.

Most of us like to talk about ourselves and are tempted to say something like, *“Hey, my name is Tom Jones and I’m a real estate investor.”* And then we just keep going on and on talking about ourselves while our audience quickly loses interest.

The favorite topic of conversation for most people is themselves. So use this to your advantage. If you can get people to talk to you, you’re in control of the conversation – although the other person may think they are because they are talking about themselves. You control the conversation by asking the other person the questions. And eventually the law of reciprocity states that they will return the favor, so to speak, and start asking you about your business.

When I was a new real estate investor, I made the error of talking incessantly about myself because I was so passionate and so excited about what I was doing. I was so excited I would start talking and never give anybody a chance to tell me about themselves. Over time, though, these techniques and networking strategies have changed. Resist the urge to incessantly talk about yourself – no matter how excited you are about what you’re doing. People are always more excited talking about what they are doing.

So if you can recognize that and get them to talk more, you really control the situation a little bit more.

Creating a Real Estate Business

In creating a real estate business, it's important that you do it but it's not critical you do it right now. Granted that it's important to set up a business structure like an LLC, but many people get stuck on this step for weeks and months. Get it done and get it done fast – but do it right.

Whether you set up your LLC with an attorney or you set it up yourself, my recommendation is to always work with a real estate attorney for a number of reasons. Work with a real estate attorney that understands real estate investing and he/she will set up your LLC the right way, and will set up the operating agreement, which is a very important part of your LLC. Always remember that you should set up your business as a business. So take it seriously, get help from attorney but don't belabor it. Just get it done

When it comes to check writing, you can write checks out of your personal name for all of the down payments that you put down on properties, but it's better to do it in the name of the business. This is something that you've got to think about: treat your business like a business from the start so it will become a thriving business.

Creating a Web Presence

Don't make the same mistakes I made when I was first starting out – I belabored my first website, thinking that I had to have it up and running before I really started to go out and meet people. A website for your business is important, but don't get bogged down in the details. In my case, I spent so much time making sure everything was perfect I probably waited too long in the sense of getting my business going.

So I can tell you that setting up a website is important but it's not the end of the world if you don't get it done. Having said that, you want to get a website because in today's day and age, people and investors may not take you very seriously. Once you start handing out your business cards, some of these people are going to go home and they're going to want to log on and check you out. So if you don't have a website, first and foremost that says to them, this guy isn't really serious. He's a real estate investor and he's trying to make money, but they may have a hard time taking you seriously without a web presence.

The bottom line is this: get a website set up. It doesn't have to be anything super fancy. It will always be a work in progress. Having said that, having a website will be something that you need to get done before we get your business cards printed up. However, if you're out networking, then make sure you have business cards even if you don't have your website done.

The Business Card

I think a lot of people underestimate the power of a business card. Through experience at hundreds of networking events, I have seen how a person's business card says a lot about them before I even read it. Recently, I got a very poor first impression of someone at a networking event who gave me a business card with numbers crossed out, new numbers written in, and with perforated edges. You've probably seen these kinds of business cards, and they immediately project an unprofessional impression.

That kind of sloppiness is no excuse in today's day and age – especially because you can get business cards done at Vistaprint for under \$20. Although I don't recommend Vistaprint as a whole, it's a great way to get professional-looking business cards before you spend more money later with a professional designer/printer.

So the idea is you never want to try to do this yourself. You want to have a professional business card made up. You want to have it on decent stock. And you don't need to spend a lot of money. But you want to have your business name, your website, your email, your phone number, and maybe on the back you have a tagline or something like that.

For example, my tagline on my first business cards was "we buy ugly properties." I found that this always struck up a little humor and people were like, "Oh, I've seen your signs." But it really wasn't my signs they were seeing. They were seeing HomeVestors – we buy ugly house signs. So that was a good conversation starter. Today we don't use that. Our new tagline is "Restoring Communities One House at a Time." Think about a tagline for your business. Maybe it could be: "creating wealth through the power of real estate" or any number of other ideas.

So at the bottom there we've got "network, network, network," and that's the whole point of business cards. You take them with you. Keep them in your car; keep them in your wallet. Always have them with you, and don't be at a networking event where you have three business cards and you make three good contacts and then all of a sudden you have two more and you can't give them your card. So just always try to remember that and keep your business cards everywhere you go.

Contact Management

Contact management is what you do when you get a business card from someone – and with this end of your business, you need to stay organized. There are lots of email management systems out there such as Aweber, Icontact, MailChimp, and many others. The thing I like about MailChimp is that it's free and you can upload 500 emails for free; once you've done that, you can then send the emails to your contacts without worrying about deliverability like you may if you just send those emails through Outlook or your mail server.

Once you have people's names, emails, phone numbers, have them uploaded into your email management list and send them out an email. You may want to say something like, "I'm excited to introduce my new business. I just want you all to know that I'm in the real estate investing business. I will be purchasing ugly homes, while helping other people in distress situations. If you see any ugly homes or ones that are in disrepair, please contact me as we may be able to help out the homeowner."

The point is to just kind of explain what you do and announce to the world what it is that you're doing. Don't sell anybody anything; just make the first contact.

You can upload your email contacts and manage them through this service. There are plenty of apps now on the iPhone as well as on the droid platform that can take images of your business cards and upload them into a contacts folder.

Something like this will suffice when you're first starting out. Your contacts are extremely important so you need to treat them as such, but don't think you need to spend hundreds of dollars a month managing your email contacts system. I do that now because my contact list is fairly extensive. But when you're first starting out, you don't need this level of complexity. Set it up, get it done, and get out there networking and working on your business.

Marketing Budgets

Many new investors are very concerned about their marketing budget and how much they're going to have to spend to get their business going. The truth is that in my case, I didn't use any of those things to get my business going. Just because I didn't do it that way, though, doesn't mean they're not important. I've done things a little differently in my real estate investing career.

The main idea here is that you want to get as many things done as inexpensively or as free as possible when you're first starting. All these things that we are talking about here can be done very inexpensively, and a lot of them we can even set up for free. So don't think you need some fancy expensive software program to manage your contacts and leads – it's just not necessary.

Don't get bogged down in all the details, and don't try to make it perfect.. Don't spend thousands of dollars on websites, email management systems, business cards and the like. Check these things off your list, then move on to the next lesson to where we get more into taking the first steps towards growing your business.