

- Intro: This is the Rich Dad Radio Show, The Good News and Bad News About Money. Here's Robert Kiyosaki.
- Robert: Hello, hello, hello. Robert Kiyosaki, The Rich Dad Radio Show, The Good News and Bad News About Money. And today we have some very, very dear friends. In fact, they are more than dear. They are like a vintage. They're... I don't know what you can call it because years and years ago, over 25 years ago, when we had Rich Dad Poor Dad, we launched the book and all this stuff. Nobody had heard about us, and I traveled the loft to Los Angeles, and I went on the Real Estate Guys Radio Show. And they're the first people I ever spoke about... It's called public relations. You talk about your books and all this. It was a book tour. And these guys were the first guys I ever talked to, and they're in their office. They're in the Rich Dad office today some 25 years later. We're still talking about the same stuff, real estate. We're still the best of friends. We've traveled the world together, but we're purely educational companies, and it's a very important subject called real estate. Any comments, Kim?
- Kim: Well, I always love having Robert and Russell on our show because, again, we always have real teachers, not fake teachers. And they walk the talk, and they've got developments, and they've got real estate all over, and they're doing all sorts of things in the world of real estate. So I always learn a lot from them. And they're dear, dear friends, and just really happy to have them here on the program today.
- Robert: You know you're real when you come back from the dead three times because of the 25 years, I've seen all of us go through the ups and downs and we're not academic teachers, like just do this and your life will work. So these guys, we've all gone through the ups and downs of hell together in a very important asset class called real estate. So welcome to the program.
- Robert: Well, great to be back. Thanks for having us.
- Robert: Thank you. And Russell?
- Russell: It's always fun to spend time with you folks, and I've treasured the relationship and just admired the work that you do. And so many people in our circle have found us because you have lit them up with Rich Dad, Poor Dad, and they've realized they want to get out of paper assets. They want to get into real assets. They understand that they want to have passive income. They want to have debt tax advantages, and real estate, of course, does all those things. So thank you for your contribution to our business over the years, and it's just been a great relationship.
- Robert: Yeah. And let's honor your dad because he was the grandfather.
- Robert: Indeed. He invested in real estate seven different decades, and we lost Bob last year. But his book goes on. We just met a guy the other day. I said, "How'd you find out about

us?" And usually it's, "Well, we listen to your podcast, or we heard you on Rich Dad Radio." And he said, "Well, I bought a book from your dad, and he mentioned the show. And I listened to the show, and I heard about your event, and I came out." So Dad's still looking out for us.

Kim: I was going to say that the last... So you have this great development in Belize, and we were in Belize not too long ago for one of your events. But the last time we were in Belize, all there was, was this half built cement [crosstalk 00:03:17]. It was like, this is your development? Really? Seriously? And this was years ago we saw it, and that's all we saw. And this was your model to be. So this time when we went over there, you have a huge development, and it's expanding, and I was so impressed. It's just gorgeous. It's a gorgeous place to stay, beautiful beach, and now you're going to build the next phase of it. So just congratulations on all your success.

Robert: Thanks for that.

Robert: You guys are way ahead of a Trump. When Trump talks about drain the swamp, when Kim and I went to Belize the first time, I said, "This is a fucking swamp."

Robert: Well, it took a little more vision back then to see it.

Robert: That's what I mean. We're real teachers. I mean, you go through hell and then, and we went through the sub-prime real estate crash and the markets crash and all of that stuff. But that's what makes us real teachers, and we continue on, and we get smarter, versus these academics who are in the fed right now, who have no idea what reality is like. I just can't believe. But anyway, going back to your dad, why don't you give us little history of the Real Estate Guys and the original Bob Helms.

Robert: Yeah. So my dad got invested in real estate at a young age, obviously, to have invested in seven different decades. He got the bug early, and he-

Robert: Where was this? What state?

Robert: This was in California. He moved to California as a young man.

Russell: When it was free.

Robert: When it was free, from Oklahoma. My mom never let him forget that he was an Okie, even though he moved at four years of age to California. So he moved to California in 1938.

Robert: So that was part of the Grapes of Wrath and John-

Robert: Very much so. Yep.

- Robert: Mostly about John, my hero, my best [crosstalk 00:04:57]-
- Robert: Steinbeck, right? Grapes of Wrath.
- Robert: The Grapes of Wrath.
- Robert: Yep. And little by little, he was an engineer by trade, but every time he got a few extra dollars, he'd buy a piece of real estate, and then he wanted to sell real estate. When I was coming up, by my first lesson from Bob is he said, "If you want to earn some money, we have an apartment building that needs a lot of paint." And I would go one summer every day and paint rooms in this pretty rundown apartment building that he bought for \$135,000 and sold for \$2.5 million, 2.6 million. And I went, "Wow, this is kind of stuff works." And that was my introduction to real estate. My sister bristled against it, no interest in real estate at all. And I just kind of got the bug and became licensed, and we worked together for 18 years selling real estate, and pretty much every commission I ever made, I bought a property with.
- Robert: And then with the Real Estate Guys, you guys went on cruises before COVID and Belize. But you have a band. Your father played in the band, a rock and roll band. I'm going, "Holy moly. I can't even play the radio. These guys are playing rock and roll instruments and drums and guitars." And so The Real Estate Guys cruise was fantastic.
- Robert: Yeah, back when they had cruise ships, it was great. We did that for many, many years, 18 years, and then a funny thing happened. And with the shutdown, we pivoted a little bit and decided to have the event on land, and that went well. I'm hopeful that one day we'll get back on a cruise ship, but it's that whole ever-changing landscape. And we had so much fun in those days, and Kenny and Garrett and Tom and everybody would hang out with us, and we'd spend more than a week together.
- Robert: And their kids would too.
- Robert: Yeah, and the kids, Russ's kids, my kids have all been on that. My kids haven't missed one. They love it. And I guess that's part of it too, right? I'll tell you a great story. My 16 year old said to me the other day, "Dad, I'm thinking..." And he's worried I could tell. He goes, "I'm thinking I don't want to go to college." And I'm smiling inside, but I don't want to high five right away. I'm like, "Well, tell me about that." And he goes, "Well, everybody we know in real estate, I'd be crazy if I didn't take advantage of that. I think I want to do real estate." Proud Papa moment.
- Robert: And Russ, that was your son too, right?
- Russell: Yeah. I mean, I have a lot of children. So my oldest daughter went to work. The day I met Robert Helms, we were at a seminar together, my daughter and I, and Bob and

Robert asked the crowd if they knew anybody who would be interested in being an assistant. My daughter took that job. I had just started in the mortgage business.

Robert: What year would this have been?

Russell: 2001. It was 2001. In fact, I remember the date.

Robert: Of course you do.

Russell: Of course I do. Anyway, so she went to work with them, and it kind of gave me a peek inside their business. And she said, "They make more money on their investing than they do selling real estate." And I said, "Oh, that's intriguing." And so I began to work with Robert kind of on a consulting basis as a business consultant because the door was already crowded. There was no way I was going to be able to go in there and become his mortgage guy because he had a long line of people in that category. So I took a different tact into getting into the relationship and just started helping him organize and market the business.

Russell: We grew the educational side of the business, and we did that together for two or three years before I became the co-host of the show. So my relationship with Robert Helms started before I was really a real estate guy on the radio. That came later. And when we finally got on the radio together after two or three years of doing education, because that's how we marketed, we lead through education. We called it education for effective action. We just had this mojo when we got on the microphones together because we just knew how to teach together because we'd been doing it in the real world, and it translated into the media really well.

Robert: Yeah. So next year is 25 years since I trundled off to... Was it San Francisco?

Russell: San Francisco.

Robert: Yeah, we were in San Francisco and LA both.

Robert: And I'm just begging for any... This was before Zoom and all this other stuff. And I was just begging to get on anybody's show. So it was The Real Estate Guys Show, and now they here they are on the Rich Dad Radio Show, and we've become great friends. All the advisors travel with you guys. We all teach together because real estate is more than just real estate. You've got to know debt, you got to know taxes, you got to know all that stuff, asset protection. So we're kind of like this little family that runs around the world together, and it's been just a joyous 25 years. Right, Kim?

Kim: It has been. It has been. And so I'd like to ask Robert and Russell, because the landscape has changed so dramatically and it's crazy what's going on. I mean, Robert and I had a

condo in Portland. It was a Kenny McElroy development deal many, many, many years ago, and Portland-

Robert: We've forgiven him for that one. We've forgiven him.

Kim: Portland is so crazy, and so we're selling it. And we thought, well, for sure we're going to take a loss because the prices must be depressed up there. And the prices are skyrocketing, and local people are upgrading. It's crazy. So I'd like to know from Robert and Russell what you're seeing with real estate, as you're in the middle of it.

Robert: Wait, can we say why we had to sell it was because we went down to Brazil to Ipanema Beach and all that, and they have this thing called favelas. And a favela, it's the most shocking thing I've ever seen. They have these beautiful high rise condos surrounded by homeless people. So you'd drive up to this spectacular multi-billion dollar condo development, and it got tents all around us. So I go, "Boy, that's Brazil." No, it's Portland, Oregon. And so that's why Kim and I sold because our tenants were complaining, "We can't get to our door." But the price still went up.

Kim: The regulations, everything is just crazy. So what are you two seeing on the landscape? On the big picture, on the macro picture, what are you seeing?

Robert: Well, we're seeing that exact thing everywhere. So prices are up, and people are like, "Wow, look how much my house is worth." Well, as we all know, the house isn't worth any more. The dollar is worth less, and as we continue to print trillions and trillions of dollars, it shows up somewhere. And right now, one of the bubbles...

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Robert: Millions of dollars it shows up somewhere, and right now one of the bubbles we see it showing up in is real estate prices everywhere. And yet we do have legitimate demand.

Robert: What's happening this time around is we don't see a lot of speculators buying a house hoping it will go up in value. Instead we see owner occupants buying. We see people buying because there's a job there. And not the jobs that people won't take, the real jobs. And so will it end well? Well, experts predict that prices will either rise or decline in the future. But what we are seeing is that there is a real sustainable level under the purchases.

Robert: Now, having said that, now's a great time to consider getting out of some real estate in some of these overheated markets. Especially for reasons like you just mentioned.

Russell: Well, I think the thing is real estate is-

Robert: Wait one more second. I met you in California. Where do you live now?

- Robert: In the great state of Texas.
- Robert: Okay, so that's what's going on also is that where your father is an Okie, John Steinbeck, *The Grapes of Wrath*, moved in to California, there's a migration out. And a big opportunity is where are they migrating to?
- Russell: Well, that's exactly the point. That's where I was going to go is that real estate is not an asset class. It's not a market. Every market is unique. Every property is unique. All the way down to the property, all the way to the ownership structure. And so because it's a highly inefficient market if you know what you're doing then you can identify those trends, find out where the people are going, where the people are leaving, and then you can identify supply and demand imbalances that exist at a micro level. Not at a macro level. Because a macro doesn't mean anything.
- Russell: Robert jokes all the time about the idea that if you have one foot in a pot of boiling water and one foot in a bucket of ice water, on average you're comfortable. But in the real world you're in trouble, right? So, you can't look at real estate the way you do gold or stocks or bonds because those are commodity investments that are priced the same all around the world and very efficient markets.
- Russell: Real estate is not a commodity and it's very local. And there's all kinds of nuances and inefficiencies which make it messy, which is why guys like Warren Buffett don't like it because they can't just move it around the way they'd like to. But for street rats that are willing to go out in the street and look at deals, there's all kinds of stuff out there in any market, even today's market where the prices are quite bubbly in some areas.
- Robert: Right. And number one key, as Kenny always says, is jobs. Real estate is a function of jobs and when jobs move, when people move, well, real estate goes with it. So, there's so much to learn. Exactly what Russell is saying, it's not just you buy a 401K. That's-
- Kim: That's a really great point, Robert, because given what's happening today with jobs, people aren't working. Hard to find workers today. So, is that a contributing factor?
- Robert: You bet it is. Yeah, and especially in markets and neighborhoods where the people that would normally occupy, say, those apartments and small houses have those very jobs. With the eviction moratoriums, which aren't all over by the way, we're certainly seeing that let up a little bit in some places, but in other places, even on the local level, there's still refusing to get tenants that haven't paid in months to get out of units. And you can support that or not, but for the individual entrepreneur, the real estate owner, the capitalist, to take the risk and now be the sole person who is taking the hit for the fact that the tenant doesn't have a job, that doesn't sit well with real estate investors. And so it's critical always, as you mentioned Robert, that you take a look at jobs. Always.

- Robert: Real estate investors are capitalists. If you're a socialist or communist then you should live in California.
- Robert: And it is harder today I would say because you have to watch that. It makes no sense that someone would sit home and not work instead of getting a check to us. But to a lot of tenants, they're like, "Hey, why would I go to work if I can just get the money?" Now, if they take that money and spend it on rent, okay. But if they don't, that's when you got to watch out.
- Robert: So, let's talk about education because that's really ... Rich Dad, we don't make any money selling gold or bitcoin or real estate and all that stuff. We're purely educational and want people to make educated decisions. But the thing I loved about the cruises and I loved about Belize this year ... Folks that haven't been to Belize, it's more than a swamp now. It is a beautiful, beautiful ... You guys have really turned it, and that takes guts, money, and ulcers. But you guys did a good job of it. But the thing that I love about it is when Robert and Russell and your team teach, they teach from experience. Not this theoretical crap like the Fed is doing right now.
- Robert: So, anyway, and real estate is such a ... It is volatile. It's like a gun. It can either make you very rich or it can kill you. And so that's why we support the real estate guys cruises and all this stuff. And your cruises are magical simply because of the spirit. You guys have always done a spiritual job. You're there to support and educate, not sell. And your team is fantastic. You have your hardcore Beth, she is hardcore as they come. Man, I tell you I wouldn't cross her path with a Sherman tank. She'd kill me. But anyway, you get real teachers. That's what I'm trying to say.
- Robert: There are so many lessons in life, but they come from when things go bad. So, people want to not focus on their mistakes, and I get that, but at the same time that's when we learn the most. And, as you said, having been friends all these years, we've seen lots of ups and downs, right?
- Robert: I thought you guys were gone with the mortgage crisis. I thought they're gone.
- Robert: We were gone for a little while.
- Russell: We were. We were pretty close to gone, but you find out who you are when the crap hits the fan at that level.
- Robert: But that's what Kim was saying. You guys came roaring back and you turned a swamp into this resort. I'm going, "How the shit they do that?"
- Russell: Yeah, and the lesson was something that we instinctively did, but Chris Martinson really explained in his book, Prosper. And we realized that what was really most important was social capital. And that we really went to work on our brand. We really went to

work on our network. And rather than being the smartest guys in the room and being the teachers, we started assembling people who were much smarter than us. And then we also got out of the weeds and we realized that teaching people how to invest meant they had to first get inside their own head and figure out who they were as an investor.

Russell: You talk in Rich Dad, Poor Dad, there's two different mentalities. Somebody in the ES side really can't be in the BI side. They have to change who they are in order to get there. So, that's number one.

Robert: Well, let me tell you one more story, okay? Waikiki was a swamp. [inaudible 00:17:46] Shopping Center, which is now ... It used to be, but was the most prosperous shopping center in the world. It was a swamp. And my Poor Dad came up to me and he said, "It's a swamp."

Robert: And you look at Waikiki today, you go, "It was a swamp?" It took somebody going in there to drain the fucking swamp. And then the shopping center is built in swamp in Waikiki. But that was my Poor Dad, he couldn't see it. That's what you're talking about, right?

Russell: Yeah.

Robert: They can't see it.

Russell: Vision. So, the first thing you talk about is just getting a vision. You have to get a lay of the land and understand what's really going on so you can see the nuances and the opportunity. You've got to get a vision for yourself. We teach it as personal investment philosophy. Figure out who you are and then you look for markets and team who can help you in that regard that fit and align with who you are and what you're trying to do. And once you do that the technical side is really easy.

Russell: And a lot of people who teach real estate focus on the technical side of real estate. And we think that's a big mistake because it's easy to buy something that looks like a good deal on a piece of paper based on a picture on the internet or looking up on a map where it is and the geography and all that. But without the relationships, and ultimately I think what we're talking about, this decades long friendship, the networks that we travel in, the people we hang out with, the ecosystem that we do business in, it's [crosstalk 00:19:12]-

Robert: And we've all gone through hell with.

Russell: Exactly. But that's what happens.

Robert: Multiple times.

- Russell: I never served in the military, but I played some football and those two weeks, hell week, every summer is where the guys became a team. It's where we bonded going through all that crap together and just throwing up together and hurting together.
- Robert: If I could give you guys a plug, you guys could make the real estate guys real estate ... What do you have now, a summit and all this other stuff?
- Robert: Yeah, so today we still educate. That's our primary thing.
- Robert: I show up because they're magical. The reason they're magical is because they're spiritual. They're not here to hustle you to buy a 401K or something like this and all this. They really are there to teach. Your teachers are teachers.
- Robert: Yeah, it's such a key distinction because the typical academic world is someone who learns something and then teaches what they learn from books. We just teach the stuff we've been through that put us through the ringer and we lived through. And there's just so much gold in that.
- Kim: I want to get back to what Russell was saying too because I thought it was a really, really important point is that the mindset of a real estate investor, real estate investor is an entrepreneur basically. It's the same mindset. And not everybody is cracked up to be an entrepreneur. But that's so much a part of it because as we all know our first property and to this day our last properties, we all make a ton of mistakes and we all have problems every day. And if we don't have that mindset of this mistake or this problem is something I'm going to learn from and make me smarter and you got to pick yourself up off the ground when the mortgage thing collapses and when markets go south. So, that personal development piece, I think, is crucial and that mindset is such a crucial piece of the puzzle. I didn't want to overlook that because I thought what Russell said was critical.
- Robert: When you get together on your cruise or now in Belize, wherever you guys are going will go, it's a team teaching. When somebody talks about collecting rent we have Kenny McIlroy. When you think about debt, we have Kenny. When you have taxes, we have Tom Wheelwright. So, everybody's a real teacher. And someone said, "Well, what should I do to invest in real estate?" I'm glad you guys are on the Rich Dad radio show because I can highly endorse what you guys do. After 25 years I go there. You let me curse and swear which I appreciate.
- Robert: Anyway, I go to learn. Every time I sit there, these guys are in the trenches every day. They're not some academic panty waste at the Federal Reserve making decisions that they'll never pay for. We'll pay for it. And so that's why the real estate guys, they're education people like us, but their teachers are spectacular because they're in the trenches every single day.

Robert: And real estate is not a 401K. If a 401K is-

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Robert: Not a 401(k). If a 401(k) is too tough for you, then join the Boy Scouts. But if you want to come onto the real team, it's The Real Estate Guys.

Robert: When we come back, we'll be talking more about what does it take to be a real estate investor? Because everybody says, "Well, what should I do about being in real estate?" I go, "God, pray. Tonight, pray." We'll be right back.

Robert: Welcome back. Robert Kiyosaki, The Rich Dad Radio Show, the good news and bad news about money. And today we have dear, dear friends. Like I said, The Real Estate Guys. Have been our friends since the start of Rich Dad. And we're talking about the good news about real estate. And I'm going to say this once because I get sick and tired of saying it every single time.

Robert: When some moron comes to me, "Should I invest in real estate?" I said, "This is not a 401(k) idiot." You know, when you go into real estate, you're wading into the swamp. And Sara and I were just on with this real estate teacher the other day and he wanted me to debate Dave Ramsey. I mean, Dave Ramsey is a friend of mine and Dave Ramsey says, "Live debt free." And for 99% of the idiots out there, live debt free. I mean, because you don't understand debt. But if you're going to use debt as capital, as money, you've got to study 10 times more. If you think a 401(k) is tough, I mean, I'll pray for you tonight. I'll take laps around the rosary beads. But if you're going to play the game of real estate, you've got to have more education. Much, much more because you're in the swamp and it's a frightening thing.

Robert: So we have The Real Estate Guys here. We're going to talk about education, where it's going, but where the money is really made. Now, because I love Dave Ramsey, 99% of you should follow him, because you have no idea what debt is and it's the most dangerous thing you can use. But if you like being billions in debt, we're your people here.

Robert: So we have Russell Gray and Robert Helms, been friends for over 25 years. They put on the, they used to have a Real Estate Guys cruise, then COVID shut them down. But now we go to their swamp that they drain, which is like Waikiki now. And I can't believe, they just keep going. This is not 401(k) game, yo-yo's out there. You think a 401(k) is interesting? Wake up, smell some coffee. So with that said, the biggest opportunities are in more education, but who do you get your education from? Not from Jay Powell of the Fed because those guys are criminals right now, as far as I'm concerned. What they're doing with our money supply. But interest rates are zero bound. This is really good news for The Real Estate Guys, right?

- Robert: Oh, it's such good news. You know, debt is a two-edged sword. It's like a chainsaw. It's a great tool, but it also can cut out your hand. With debt, if you study it, it is the key to getting wealthy.
- Robert: It is.
- Robert: You know that. Debt and taxes, things people avoid and hate, we love. And you know, Russ is our financial strategist, points this out all the time.
- Russell: Yeah, absolutely. I mean, you have to understand the environment we work in. In 1913, we got the Federal Reserve, the Federal income tax. We got the IRS and it really changed the game. It was the beginning of a descent into a shift from real money, asset based money, to debt. And if you look at the greenbacks that you carry around in your wallet, they say Federal Reserve note. Well anybody that understands business knows that a note is an IOU.
- Russell: This is an irredeemable IOU because there's no way to cash it in for real money. You used to be able to do that. So when you understand that we live in a system of debt, it's like being a fish in an aquarium saying, "You know, you should breathe oxygen." Well, there's no oxygen in the tank. The entire thing is debt. When you understand that basic concept and that the printing, all this expansion of the money supply is diluting the value of each individual dollar you own, then you have to find a way to go short. You have to find a way to buy things today while the dollar has value.
- Kim: Let me jump in here for a second. Let me jump in. Because you're talking about education? You're talking about education. So, okay. So when we started, when I started in real estate, 1989, there were no financials. There were no real estate seminars. They were far and few between, but now there's so many. And that's why I want to just give a plug to Robert and Russell, is you got to find the educators that are really doing the real thing and learn from them. And that is if there's any shortcut, because there's so many components to real estate that you've got to get financially educated on real estate before you get into the game.
- Robert: And the beauty of Robert and Russell, and your father, Bob Elms, was they brought real teachers together. They compressed them into a room. We'd sit there and magic would happen. People would see Jesus, Buddha, Muhammad. They find the religion of debt and taxes and realize, thank you Fed. You screw everybody else, but you're making real estate guys rich. But you have got to do your part. You've got to get educated. I love debt. I love not paying taxes. And if you love paying taxes and you don't love debt, then who is that guy? Dave Ramsey. He's a good friend of mine. Live debt free. But if you're going to go to the other side, you're going to the dark side, that's The Real Estate Guys.
- Russell: Well, real estate provides the asset and the cashflow and the tax write-offs that allow you to control the debt. And then when you can control the debt for a long period of

time, over time, the inflation reduces the cost of the debt. And that's where the wealth is. We wrote a book called, *Equity Happens* because the thesis is that over time, real assets, real estate, gold, oil, anything denominated in dollars that are going down in value systematically over time are going to appreciate in price. But it's not real wealth unless you have secured it with debt because as the debt shrinks now you end up getting a discount on that asset that you purchased.

Robert: The economic model for real estate is so simple. Someone lives in the house I own, they pay rent, which is derived from their job. And I take that rent check and I pay my mortgage and I pay my taxes and the rest goes to me. And over time, the loan gets paid down by the tenant. And that's the great part about debt. The challenge is when someone gets all enamored, or they get talked into some-

Robert: They want to flip a house or something.

Robert: Exactly. And they get sold a big seminar package or something and now they don't understand.

Robert: No, but the point here is this you guys. The reason you have on here, we're an education program, don't invest in real estate unless you want to get educated first. Don't be fricking stupid. I've met so many stupid people. Like that guy wanted me to debate Dave Ramsey. He's a good guy, but he doesn't understand what he's teaching people. The reason we're in real estate is debt, taxes and lawsuits. So that's why what Russell and Robert are talking about here is they are the guys with the scars on their backs. Okay, please hear what I'm saying. We just keep it simple here. It's get educated because you're now playing with fire. You're going into debt, taxes and lawsuits. And it's going to get worse. And exactly as you guys were saying, real estate is migratory. You know what I mean?

Robert: Robert's not living in California and I'm flying to Hawaii this weekend. I'm going to sell Hawaii. Because Hawaii has gone Marxists, it's communist. Why would I want to live in a state where they want to take my real? What is the theme of the communist manifesto? The abolition of private property. And that's Hawaii, that's California, that's New York, that's Oregon, that's Seattle, or Washington. Why would I want to live in a communist place? It's that simple. But if you're going to use debt, you better get educated. Because that's the most dangerous thing you can play with. It's also the best thing. You don't want to pay your taxes, it's fabulous, but do it legally. Because you don't want to go off to jail with your hands behind your back. So that's why we invest in real estate.

Robert: But people, I just want to flip this house. And I just take laps around the rosary bead. I'm going, "You're a fucking idiot. You don't know what you're playing with." And when that guy wanted me to debate Dave Ramsey on debt, I'm saying, "And you're a real estate advisor? You are a real estate advisor?" You don't know why I'm in real estate. It's called debt, taxes and lawsuits. It's that simple. So you'd better learn from real teachers.

- Robert: And that's what you guys teach. So you have a program teaching syndications.
- Robert: Right.
- Robert: This is what I want to say. Kim and I, once we graduated and we made enough money, we went into syndications. That's with Kenny. And Kenny McElroy, when he teaches property and management real estate, and Tom Wheelright talks about taxes, well it's syndications, we just call it the fast track on the cashflow board game. Kim and I are on the fast track. We don't flip houses, do we, Kim?
- Kim: No, we don't.
- Robert: So it's a matter of graduation. So the reason I love you guys is in the syndication classes people can understand more what you're talking about, the repo, reverse repo, risk ratios and all that stuff. But the average guy right now has got to understand how he manages debt, and how do you not pay taxes. So what about how your syndication class is doing?
- Kim: And would you define what syndication is please?
- Robert: Yeah, so it's a pretty simple concept. The idea is most big real estate developments and projects and apartment buildings aren't owned by a single person. You have a general partner or promoter or syndicator who finds the deal and puts together the financing. And then you have passive investors who fund it. So certainly you still get bank debt. We love that. Some of the best debt available is on these larger assets. And then you bring private investors along. So two sides to play.
- Robert: The passive end side, where I'm just going to put 100,000 or \$50,000 with someone who has experience and track record and good relationships and market knowledge, or I'm going to be that person. And maybe I've done well in real estate. And the next level for me is I've deployed all my own personal resources so I'm going to go find other deals and get participants. It's team investing, is the way we look at it. And even though it is more complex, it's the natural evolution for many real estate investors.
- Robert: Correct. And what Kim and I did is this, is that we need debt. As crazy as that sounds, because Kim and I make so much freaking money that if we just hold cash, we pay taxes. So I got to call guys, like you guys, up, or Kenny up, and say, "What have you got?" So if I give you guys a million bucks, I need you to marry the million dollars with another 4 million in debt. And from that 4 million in marriage and debt, through the syndication, I got the pass through a \$5 million tax depreciation. So the reason people, like Kim and I, get richer is because we look for guys who are syndicators like Kenny, like you guys, who will have so much money our job is to place the money with somebody who understands debt and taxes, and management and lawsuits. So that's how the rich are

getting richer. When these guys are out there, Armando flipping houses, I'm going, "Well that's a good start." I would never touch those.

PART 3 OF 4 ENDS [00:33:04]

Robert: [Mondo 00:33:00], one of their flipping houses, and going, "Well, it's a good start." But I would never touch their stuff. And so the reason I support the Real Estate Guys is if you want to get started understanding that real estate is not a 401k, or an IRA, or an RRSP or an REIT. So the reason I want to support these guys here is that they have the package from beginner to syndicator. So what does a syndicator do?

Robert: So a syndicator spends their time looking for markets that make sense. And like we brought up, and I think this is an important point, every market is different. So you mentioned, Robert, some of the markets are friendly-

Robert: So the syndicator brings the property and the investor together.

Robert: They do. They find a great market where it's landlord-friendly. They look for returns, they look for the tax benefits, and then they package it up in a way that is simple for people. And it doesn't mean you're abdicated from education. Even if I'm a passive investor, I still better get educated about the market, about the debt.

Robert: You've got to know who the syndicator is. You got to know who that syndicate is. That's like yesterday, Kim and I were investing in this project and we're talking to the company about... The problem with the project, because we're going to make a lot of money, there's no tax advantages to it. But immediately, now, I'm looking for a syndicator. I've got to find a guy who is going to package a bigger real estate deal. If you understand that, then you'll understand why I didn't want to get into a debate with Dave Ramsey and about debt.

Robert: So the reason I love the Real Estate Guys is you can start with nothing, come to their program, sit there, learn from [inaudible 00:34:30], meet some other beginners, learn from other people in different evolutions. It's pressure cooked. I mean, you guys are isolated and it's a great way to learn. I see magic happen. People's lives get transformed. But you have the package to go from beginner to syndicator. And please understand, Kim and I are looking for syndicators all the time because we make too much money. And if we don't look for the proper syndicator, we pay more taxes. Right, Kim?

Kim: Yeah, we do. Yeah, we do. That was one of the reasons we were hesitant on this deal is because it's just an investment. We don't get any tax benefits, and we're-

Robert: We can make a lot of money.

- Kim: We'll make money. But then the question is where do we put it? And we put it in real estate because of debt and taxes.
- Robert: And, it's a syndicator, like Kenny. So the moment they were telling me how much money has already been made on the spec and it's listing, I think, on NASDAQ. But anyway, we're going to make a fricking lot of money and immediately I've got to find a syndicator. That is how the rich think.
- Russell: And it's interesting because the syndicators that we know of that have the greatest success attracting capital are leading with tax advantages to wealthy people that have either sold their business, or have super-high incomes and they're realizing a big capital gain or they have a big tax problem they're trying to mitigate. And that's a big part of the ROI that a lot of people who don't understand tax problems, because they don't have tax problems yet, and they're putting deals together and they're not pitching the tax component to the prospective investor.
- Robert: That's exactly right, Russell. So the thing I love about you guys is you take a beginner and you can take them through a syndication package and then they access what I call infinite money. There is so much money floating out there right now, but in the meantime, why the Rich Dad Company was formed was if you want to get rich, you'd better invest in your financial education first, and it's debt and taxes. And that's where the Real Estate Guys, when I ran into, I said, "I'm at home. I understand this stuff because my poor dad wanted a job and rich dad wanted debt." And he understood the swamp, because Rich Dad started with nothing and he owns the Hyatt Regency on Waikiki beach, which was a swamp.
- Robert: So that's how real estate guys think. And my poor dad wanted me to become a pilot so I can get a high-paying job. I'm going, "Jesus. Why would I do that?" So the reason the Real Estate Guys are fantastic and as I love your syndication program, not that I would ever enroll in it because I don't want to do with that stuff, but they have the whole package. You guys have the package, that's why so many people come back to your programs. Am I correct?
- Russell: Absolutely. I mean, we have people that come and take our kind of primary class, which is called Secrets of Successful Syndication, over and over and over again because as they evolve, they pick up new nuances. And it's all also not just education but it's part of being a community. It's community and content or tribe and training. And you have Rich Dad advisors, and that's the other component. You have your education, but you have to have great advisors. Because the business does get technical and you have to have technical advisors but if you get lost in the weeds yourself, then there's nobody who's seeing the big picture. And somebody has to see the big picture.
- Robert: That's like when Kim and I were on this investment pitch last night, and my brain is running. I'm going "Okay, who's their advisor, who's the sales, who's [inaudible

00:37:48]? There's specific checklists, that as you get smarter and wiser with enough whiplashes across your back, enough failures and real life experiences, you can make checklists of what's important.

- Kim: And to that point, I have a question on the syndication, because I think this is a crucial part of the education is people think, "Oh, I'm going to find a property and I'm going to find investors." But I would like you to address that taking somebody's money, and investing somebody else's money, is a huge responsibility. And if you don't know what you're doing and you don't have the education, that could put you in a world of hurt. So would you guys just address that importance of understanding, taking somebody else's money to invest?
- Robert: Well, there's two sides of it. There's the moral side, which is the part we always talk with Kenny about, is that the people who are desperately worried about losing somebody's money are the right people to be in the business. People that don't care about that shouldn't be. And then there's the legal side of it. And the minute you cross the line from investing in your own account to raising money, everything changes. You have to treat the money better than your own money. People say, "Well, I'll treat it like my money." No, because you're stupid with your money. It's reverent. You have to be so careful.
- Robert: It's not to scare people away. It's just a huge burden, and to deliver tax benefits in return is the upside, but you're also dividing the risk. And so that's why there's risk factors and those things, and you have to let everybody know. Not just be, "Oh, here's how we're going to make money," "Hey, here's where it could go wrong. Here's where you may have challenges." Everyone has to go in fully eyes open.
- Robert: And the moment you play with taxes, you're playing with the federal government and you better know what you want to do unless you want to go up with handcuffs behind your back. I go to pitches, I sit there going, "Oh my God. This is a felony bust coming." They're talking about stuff that's illegal. They say, "Oh, we can get away with it." I'm going, "I don't want to get away with anything." Am I correct Mr. Russell there?
- Russell: Absolutely. I mean, if you're well advised, then you know what you need to do and what you don't need to do, and then you just need do it. There's plenty of ways to make money in the system. You don't have to go outside of it. It's not necessary.
- Robert: So how do they get in touch with you guys?
- Robert: So we're easy to find, realestateguysradio.com or, of course, find our podcast in real estate anywhere that you listen to your podcasts. We're available every week with the good ideas. If you go to the website at realestateguysradio.com you'll see all, all the events that either we speak at or that we promote. And it's everything from soup to nuts, beginning investors all the way up to folks that want to do bigger deals.

- Robert: Yeah. And always be a beginner because you'll learn more that way.
- Robert: So true.
- Robert: I mean, this morning we had a whole discussion on the repo and reverse repo market and Lacy Hunt. Is there inflation, or deflation and all this, and our company's understanding it a little bit but you can always learn more. And that's why it's always best to be a beginner. Final words, Mr. Russell?
- Russell: So I just appreciate the way you always force everybody around you to keep it simple and relatable. I think-
- Robert: That's for me.
- Russell: Well, it's the magic of Rich Dad Poor Dad because people can relate to it and they can see themselves and they're like, "Okay. I kind of get it. I need to change who I am, and how I think, and who I hang around with. And then little by little, I learn what I'm doing." But people get lost in the technical weeds and really it's just about getting on the right team and in the right ecosystem and letting that pull you along.
- Robert: Anyway, if you guys really want to understand real estate, because it is a different asset class. It's a very, very specific asset class. It's not like your little 401k, or a stock, or Amazon, or apple. It is a very sophisticated asset class. So please check out the Real Estate Guys, start with them from the bottom and go to the top, because people like Kim and I are always looking for that syndicator. Thank you all for listening to Rich Dad and we'll see you next time. Thank you.