

EPISODE 997

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[INTRODUCTION]

[00:01:01]

FT: My guest today has bought and sold over 4,000 pieces of real estate and built the third largest land investment and auction company in the country. Welcome to So Money, everybody. I’m your host, Farnoosh Torabi.

Michelle Bosch first got interested in real estate investing when her father passed away at a young age, and she saw firsthand how real estate was able to build generational wealth and create passive income for the family, even during times of tragedy. With that appreciation of how powerful real estate investing can be, she and her husband went on to build an eight-figure land investment and auction company with not that much experience. Now, she's teaching others how to do the same and create financial security for their family.

Here’s Michelle Bosch.

[INTERVIEW]

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FT: Michelle Bosch, welcome to So Money.

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MB: Thank you so much for having me, Farnoosh. I am so excited and very honored to be here.

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FT: This is going to be really, really fun. I know a lot of my listeners care about investing and building wealth, and you have done such a tremendous job of doing that through real estate. We're not talking like Airbnb is here. We're talking land. We're talking commercial properties. We're talking big buildings, multifamily, and you did all of this as an immigrant.

So let's go to the beginning of your story. I know that your father was a huge influence on your trajectory as you came to the United States, kind of thinking about how are you going to build a life here. So take us back to when you were a young girl, living in Honduras. Tell us about that.

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MB: Yes. I was born in Honduras and I was born into a wonderful – It would be called a middleclass family. My father was an attorney. My mother was an elementary school teacher. At a very young age, my father passed away. But I think probably a year before passing away, he had made an investment. He had sold some land that he owned in rural parts of the country and invested that money into commercial property in the city.

That decision of investing really was pivotal I think for how my life journey has turned out in that that investment produce cash flow. Whether he was there or not, he was able to take care of my mother and I financially, even though he was physically not there. His last for us was as big as the sky. But from a financial standpoint, I feel that that investment decision that he did really, really helped us out and afforded a great private education for myself to attend a bilingual school to learn English. Something that my mother, a 30-something-year-old mother with an elementary school teacher salary, would have not been able to afford.

That's kind of like the back story back home. I come to the US also as a result of having that financial cushion of being able to afford a university here in the US. I come here in 1997 to college, to get a degree in finance. I meet my husband there who is also an immigrant. Once we graduated, we did what everyone else does. We got a job in corporate America. We were

earning well but we hated it. We realized that we didn't have the freedom of time, the freedom of money, the freedom of purpose. Yes, we were “living the American dream” but we were living paycheck to paycheck, working 60, 70, 80-hour weeks.

We quickly realized that we needed to shift from being what I call income statement earners basically exchanging hours for dollars from a job to being balance sheet earners. What I mean by that is basically owning assets or creating an asset-based business that spits out cash flow and that can really pay for your lifestyle and that can give you that freedom, because this myth of passive cash flow, it is possible. It is – I experienced it firsthand from someone that made a decision before they passed away. It cannot get us more passive than that than being physically gone and still providing and taking care for your family. That's kind of how we started, yeah.

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FT: How you guys started was through flipping lands, as I've heard you talk about this, like flipping dirt. I think it should be the title of your book. We'll talk about that later. How did you learn about this? I mean, I know that you had this amazing legacy of your father driving you, perhaps fueling your confidence in knowing that this is like a risk worth taking. But there's – I'm sure people listening are being like, “Where do you even begin with this? How did you actually do this, and then not only do it once but do it so many times and successfully?”

[00:06:13]

MB: Yeah. I had experienced in the firsthand what passive cash flow was, but that doesn't mean that I entirely own that confidence. I was [inaudible 00:06:22] standing on the shoulders of his confidence in making that investment but I kind of had to figure that out for myself. When we started looking at real estate, it was daunting. There are so many – You could be rehabbing. You can be doing fix and flips. You can be doing long-term holds. You can be doing multifamily. You could be doing note investing. There are so many ways to kind of like skin the cat when it comes to real estate.

A lot of those for us, to be frank, Farnoosh, because we were both not from here, they seemed complicated for us. We didn't have any credit. It's not that we have bad credit but because we

were fresh in the country. We just didn't have any. We had no idea how stuff was built here. So trying to go and buy a home, repair it, and then flip it again was a daunting task for us. We didn't know how to estimate repairs, anything about roofs, about foundations, about mortgages, dealing with tenants. All of that seemed a lot for us.

We kind of stumbled into this asset class of land, because I found out here in the US that there is something called tax lien and tax deed auctions, and that means that sometimes when people don't pay their property taxes over a course of years, that property can go to an auction. That was a concept that was so foreign for me that you're going to lose your property over property taxes that I couldn't fathom. I'm like, "I got to go check it out."

Very quickly, I realized there that a lot of the properties that were coming up for auction were actually pieces of land. I'm like, "Well, if people are letting go of their properties at auction, because the owners weren't there to really bid on those properties or anything, other investors were there." I'm like, "Maybe we can start contacting these owners way in advance and see if they would want to directly sell the property to us way before they go to auction."

Through a lot of trial and error over a course of a few years, we developed the methodology where we would send direct mail to lists of property owners of vacant land. To this day, we're able to acquire land for anywhere between 5 to 25 cents on the dollar and then sell it at 60 or 80% of market value. We sell it in two ways. We sell it either for cash or we can sell it by somebody giving us a down payment and then making payments over the course of the next 5, 10, 15 years.

That's where, for us, we were able to start kind of like replicating what my experience had been back home of passive cash flow by basically offering and extending seller financing to people, where if I was selling a property for, say, \$20,000, they would give me a down payment of \$2,000 and then make monthly payments of 300, 400, 500. Since 2003, now for almost 18 years, we flipped over 4,000 pieces of property. We've been able to create about \$70,000 of passive cash flow just from the land and over \$12 million in notes just on land.

That kind of was like the cornerstone for us to really kind of like gain the confidence, the courage, the capability, the cash flow to then start moving to other asset classes like single-

family homes like we did back in 2009. Eventually, in 2016, we wanted to turbo-charge the passive cash flow and started investing, like you mentioned earlier, in large multifamily like apartment buildings of 100+ units and so on.

But it was a result of we realizing that a lot of the other asset classes out there were complicated. We didn't have the capability, the confidence, and the skills, and so we needed to really start with a class where we could really wrap our head around it, our arms around it. Really master, focus, and rinse and repeat one deal, two deals, three deals, four deals, five deals. That repetition eventually creates mastery and win with mastery. In my opinion, that land business became almost like a PhD in making money.

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FT: You have an MBA in finance. It's clear you are not afraid of numbers, and you did just highlight the four Cs of what you call unlocking purpose and prosperity. This you teach to thousands of people; confidence, courage, capability, cash flow. I'd love to zero in on the capability part of this because I think you can have confidence. You can be courageous. Then sometimes, the next roadblock is your capability. That's the next step before cash flow.

Whether it's flipping real estate, land, or some other sort of passive income, can you talk a little bit about strategically or tactically how to find that capability in your life, especially because you're talking to a lot of people now who – We are spent. We're working day jobs. We have families. We have to find the capacity to do this and then the capability. So how do we do that? What do you teach?

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MB: For us, in the land space, it took us about three years and a lot of hard work and drive and perseverance to like stick with it. Ever since then though, we have quickly realized that sometimes it is important the what and the how. But in order to get to those, it doesn't entirely have to depend on you that you can really start focusing on who's in your life and people that you can model that you can invest in education. Ever since, when we wanted to start investing

in the next asset class, which was single-family homes, we went out there and invested in ourselves and in educating ourselves.

The next time we moved up the asset class to multifamily, we did the same. We actually team and partner with someone that had done it before that not had just acquired the asset but had efficiently operated the asset and then had sold it for much more. So you want to start thinking about who's, because who's I think are the key to collapsing time in terms of learning curve and you being able to borrow from their confidence and stand on the shoulders of their confidence and capability. Then as you do it alongside them, you start developing that for yourself as well. It's just something that will come.

But a key ingredient I think is recognizing that sometimes we always want to wait for the right time for things. We want to wait until we get the promotion, until we have more time or until our kids start school. I just want to say that sometimes if you want to make a change and start shifting from you earning in a job that you might not even like to start moving some of your effort and energy into investing in assets, in my case, real estate that you need to not wait.

I always say courage loves speed, and fear loves time. Fear wants you to overanalyze, to be paralyzed. So I would say just take baby steps, and maybe the first step is education, finding someone, a who, that aligns with your core values, that aligns in terms of not just building wealth, which is the hard cash and so on also. But also, that is about whole life leadership, that is about prosperity, that is purpose-driven and learn from that person.

Our very first apartment building, we could have not taken that on by ourselves. It was a \$4 million purchase on 96 units out of North Carolina. We knew that we could help do fund raising but we had no idea on how to procure the deal, how to operate the deal once we had purchased the property, how to even put a financing package.

Yes, I might have the education and MBA, like you said. But that's not necessarily something that you get out of an MBA degree. I mean, like how to talk to a bank, to a lending institution, how to present your numbers and so on and so forth. It comes with just you doing the work. If you don't know any of it, maybe partnering with someone or investing in education with someone in terms of – So that you can really borrow from their confidence, from their capability.

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FT: You're obviously really bullish on real estate and you call it a simple, safe, and predictable investment. But some people would not characterize it as that, especially if you talk to people who lost their homes in the housing crisis, right?

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MB: Yeah.

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FT: Or who've gone through foreclosure or didn't have success. What are the truths that you hold onto when it comes to real estate over the long term that keeps you continuing to invest?

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MB: Yeah. I think it's like any other investment in that you need to know the timing of the market and you need to understand what side to play, depending on the timing of the market.

From 2003 to 2008, we did not look at any property that had improvements on it, at least here in the City of Phoenix where I was from, where I still live. It didn't make sense for us to buy any rental properties, because the free cash flow just wasn't there. So we put our blinders on and we focused only on land.

Then Phoenix was for sale at the beginning of 2009, and that's when we recognized, "Okay. Now is the time for us to go and start investing." We were able to purchase houses, workforce housing, \$40, \$50,000 homes. Put in maybe \$10,000 worth of repairs and rent them for \$900 or \$1,100 and kind of allocate some of the cash flow from the land into houses.

But what I would say is that even in the land space, we continued doing it through the recession and now in an upswing again. What I think is that in my experience, land at least, people that

invest in land have a much more long-term horizon, long-term thinking. Even though I had a bunch of people owing me money, because we were extending loans, we saw at the end of the day, after us being proactive about it, maybe a 10% default rate from people that were –

If I would see that somebody was getting behind 30 or 60 days, we would just like the bankers were extending loan modifications to people that were losing their homes. We extended the same to customers, to our clients that were making monthly installments on the land. From a default standpoint, in terms of our notes not performing even in a recession, it was minimal compared to hundreds of people, like you said, that completely lost their shirts during that downturn.

I think it's important to recognize where you are in the market. Not just the market in general, macro as a country, because there's different within the macro environment. There's microenvironment in different cities or sub markets where maybe they are on the upswing when everyone else is coming down. It's preparing yourself. I know from 2008 and 2009 that cash is king, because it was king back then. So as I prepare right now for the future again, now in the multifamily space, being as liquid as I can is a great strategy to really be a contrarian.

When everyone else is selling and losing their shirt, kind of like have the stomach to march to your own beat and buy when everyone else is selling. It requires a contrarian kind of thinking and being okay with that. I think I can rest in the strength that we've done it once. The first time, it kind of like happened to us, just because, like I said, we couldn't get into the housing market in the beginning because it was too complex for us. But because I have, I rest in the strength of that capability, of that experience to now go prepare for whatever might come in 2020, 2021, and 2022, who knows.

We've had one of the – A 10-year run in terms of bullish marketing when it comes to real estate. So, yeah, correction will happen, and I hope to be prepared and to be on the right side pretty much.

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FT: Let's hope. Let's hope. I'm sure you've had a lot of lessons learned, hard lesson learned along the way. What would you say was your biggest financial failure and what did you learn?

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MB: Yeah. I think the biggest financial failure I think came actually from teambuilding, because like I said, we've – Instead of – We've been entrepreneurs since we decided to leave our corporate jobs. With entrepreneurship comes you having to actually build the team, and with that comes investing in their development. Not just in recruiting but in developing them from a whole life leadership standpoint and really honing in on core values on a vision, on a mission.

I had a time in that entrepreneurial journey as investors where that wasn't our focus. Our focus was the what and the how. Core values, I'm like, "I don't know." That didn't seem to me like it was something that was going to like black and white show me how that affects my P&L, and I had a lot of turnover from employee, from staff, and HR headaches, and so on and so forth.

One of the biggest mistakes I think now that I have created a team that does align with core values, that does talk about vision, that does talk about mission, that is really like this beautiful, well-oiled machine. I know that the ease, the adaptability for us to go and capture an opportunity, a market is so much easier because I'm not having to deal with those headaches. The right team in the bus on the right seats, going and knowing where the bus is heading.

I know now that costed me a lot of money. I couldn't probably quantify it in a dollar amount but I would say that if I would've recognized that sooner, it would've been a different story. This is something, a recognition that only came – Popped up maybe six, seven years ago. Ever since then, how we go about team building has been completely different.

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FT: It's the hiring that was the big problem. Yeah. I mean, they say take your time hiring, because it's hard to fire. It's costly. It's costly to fire. What was your biggest win? What was one of your earliest biggest financial wins that you felt, "Okay. This – I'm on the right track."? What

was the financial evidence to you? That moment that you're like, "Okay. We need to double down on this."?

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MB: It was actually not a big dollar amount. We had purchased our first piece of land for about 600 bucks here in Northern Arizona, close to the White Mountain Lake area. We had purchased the property we found through the methodology that I explained to you earlier. Somebody that didn't want their property, they're like, "You can have it." I'm like, "Well, what do you want for it?" I'm like, "Just send me an offer."

We extended an offer for like \$600 because we didn't have a lot to our name back then when we started. We had great corporate jobs, so we still live paycheck to paycheck. We had payments on our car, on our sofa, on our laundry machine, on our bed, on everything. So I'm like, "Well, I'd be willing to offer like about \$600." The family took it. I still remember their last name, the Coronas, up here in Northern Arizona.

We go and put stakes on the ground, find our piece of land and the for sale sign. Put ads on the newspaper because back then I didn't know anything about online marketing. Everything was all news. Plus I'm dating myself. I'm a little bit older. I'm in my 40s, so it was newspapers were the way back then when we first started. As we are staking that piece of land, the neighbors from next door come on over and say, "Hey! Are you guys the owners of this property?" We're like, "Yeah." "Well, we would love to buy it. We've been trying to get a hold of the seller for years, and for some reason we have not been able to."

Sure enough, we ourselves had to find the new address of the seller, because the address was records, and county records was not the correct one. But we were able to find them, just being resourceful. They're like, "We would like to buy it," We're like, "Well, of course. It's for sale," We're like, "What would you like to pay?" Since we had zero negotiation skills, Farnoosh, like zero, and Jack being from Germany, like Germans do not negotiate. If anything, I come from the side of the world where more of the negotiation is happening. They said, "I'd be willing to pay \$4,000." We're like, "Well, we paid 600 bucks for it." We didn't negotiate at all. We're like, "We'll take it."

They invited us for lunch even. A couple weeks later, after title had come out clean and everything was okay, we closed on that property. All of a sudden, we had a beautiful profit of \$3,400. Even though that was a small deal, it wasn't like this crazy amount of money, it really sculpted my spirit and Jack's spirit as well and that, "Wow! Yes, we can do this." It's that slow buildup of confidence from knowing that you've done it. Then if you've done it once, I can probably do it again and again and again and again."

Yeah, it wasn't necessarily a big one. But for me, that was the most transformational one, because like you said, that gave me concrete evidence that there was going to be real money in my bank account from flipping land.

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FT: My gosh! \$3,400 profit coming from 600, that's, what, more than five – It's almost like 6X-ing.

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MB: Yes.

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FT: Great story.

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MB: Sometimes, it doesn't have to be I think at the beginning a big windfall. Now, we are actually only flipping property where we have splits of 30, 40, 50, 100, 150,00 dollars. But we had to start with the little ones, and those little ones, in my opinion, are just as important in really sculpting your spirit than the big ones. It can be. Sometimes, the big one, they're not as easily replicatable, and the little ones are. You can really build confidence in sheer volume of those smaller transactions, yeah.

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FT: Do you feel like you've made it or you feel like there's so much more left to accomplish? I know you have big visions for 2020. But for many of your accomplishments, they'd be like, "Okay. I'm retiring early."

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MB: Well, we have been now really since 2007, we feel like we were there. We were completely out of the rat race. Our entire lifestyle has been paid from passive cash flow, and I think I am a person that always believes in being in a constant state of becoming. So what I have learned now is that, yeah, I might have the wealth creation down, and there's many more things to learn even in the commercial space, higher properties, high-value properties, different ways to really fund those transactions. We're looking into creating a fund in Germany.

There's always things to learn, and I think the most important thing for me that I've come to realize over the last, I would say, several two, three years at least for me, I think Jack found this much more often or much sooner I should say, is that there are two aspects that people confuse. We've always set up to create what we call generational legacy and generational legacy wealth.

But that is not enough. The hard cash assets that produce cash flow are not enough if you don't also have prosperity. What I mean by that is prosperity has to do with purpose. It has to do with passion. It has to do with health, with vitality, with continuing to increase their capabilities to continue to refine your genius, your strengths, and offer them, some of those to the world. In a way, give back.

I'm really passionate now about getting more women to invest in real estate as women, not just in this country, Farnoosh. We have come from being really property to now owning property.

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FT: Oh, my gosh!

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MB: We've gone a long way from being the property.

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FT: It's quite the statement, right?

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MB: Yeah.

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FT: Wow!

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MB: To owning property. I want to see more women investing in real estate. A lot of the advice that I see and I hear out there is very defensive type of advice; cut coupons, reduce your – Which was completely valid. Those are very valid. As a CFO of my own conglomerate and my investing companies, I look at that as well, things that we need to cut, unnecessary expenses, shifting from fixed cost to variable cost, and so on and so forth. All those defensive strategies are right, but I don't see a lot of.

At least for women, when I go to a lot of the real estate spaces in advance, we're always talking mainly men being there. I was at a meeting, 60 men, six women. That's 10% of the women. Not very many women are being given advice on the offensive side on how can I go and start even with a small deal and start investing in something that can – In an asset where I can slowly start shifting from paying for my lifestyle from my job or for whatever you're doing right now, whatever

your cash machine is right now to assets becoming your cash machine basically that fuel that income.

I'm really passionate about that. I want my own daughter to also be involved in real estate. She hears us now talk about the million-dollar decisions and she's going to be standing on the shoulders of my confidence. So I'm hoping to bring more women to invest in real estate. That's why I'm seeing you next week in your book to brand workshop. I started a podcast.

We were teaching now land flipping as well for several years now, and I am much more vocal and much more front stage in that educational business because I see more women as well, either if they're beginning investors and want to become active investors in real estate. I'd love to pass as much as my knowledge as I can through our land profit generator methodology.

Or if women have an amazing cash machine that they love, because there's – If you're a doctor and this is your life and you love it day in and day out, there's nothing wrong with you continuing to use that as your cash machine but start to funnel some of that cash into assets. That if for any reason, God forbid, you weren't there and you're the breadwinner, that your family will have something that they can rely on. Just like you somebody had had that foresight for me.

Yeah, I definitely want that incredibly badly for women. I think we're at a pivotal moment right now in terms of women coming or being much more wealthy, having access to much more wealth. I'm excited about helping them, educate them on being great stewards of that wealth and not just maintaining it, which is defensive, but actually growing it.

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FT: I mean, I can't support that enough and I really appreciate and thank you for elevating the discourse that we need to be having around money, especially women and money. You're right. Too much is about being on the defensive and budgeting and cutting coupons and just kind of keeping head above water. Well, what about generational wealth? What about becoming an entrepreneur? What about investing?

I am there with your, sister. I think it's so important and it is inevitable that this is where the conversation has to shift, because there is this transference of wealth. In case people were unaware, that's like billions and billions and billions of dollars from the boomers to the generation after them. The recipients of that wealth largely will be women.

That's the good news I guess, but we really need this education and this mindset shift so that we don't just take care of today but that we're really creating a wealth that lasts.

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MB: Yeah, absolutely. Yeah. I'm all about that as well. I'm like, "You're preaching to the choir there."

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FT: I know. I know. But I want to give a shout out to your programs, and we'll put this on the website. But it's landprofitgenerator.com. You got the podcast, which is called Forever Cash Podcast.

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MB: Yeah, and the InFLOW Podcast, which is specifically for women. If you want to just check also, we have a free Facebook group, a community of incredibly generous people with their time, with their knowledge. It's called also Land Profit Generator Real Estate Investing Group. That's a free group on Facebook, and you can just come and check it out. See what's going on.

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FT: I love it. Thank you so much, Michelle, and I look forward to seeing you again.

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MB: Thank you so much, Farnoosh. It was an honor to be here with you.

[END OF INTERVIEW]

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FT: Learn more about Michelle on her website, michellebosch.com. You can connect with her on Facebook and Instagram, [@michelleboschofficial](https://www.instagram.com/michelleboschofficial). Here podcast is called InFLOW Podcast. It's for women granting you access to prosperity through the world of passive cash flow, real estate investing, and spirituality to live a life in flow.

All this information is on somoneypodcast.com. While you're there, click on Ask Farnoosh and send me your questions for our Friday episodes. Thanks for tuning in, everybody. I hope your day is So Money.

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