Ep #78: Interview with Dave Stech

Full Episode Transcript

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Dr. David Phelps and Evan Harris

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You are listening to the *Dentist Freedom Blueprint* podcast, with David Phelps and Evan Harris. Navigating you through the uncharted waters of a turbulent economy with straight-forward advice to transform your practice into a self-sufficient cash machine, compound your net worth assets, and multiply, multiply, multiply your passive cash flow streams.

David Phelps: Good day, everyone. This is Dr. David Phelps, founder and CEO of the Freedom Founders mastermind community and host of the *Dentist Freedom Blueprint* podcast.

Today, because we have a really very volatile economy, both nationally and globally, I thought it would be really fun and an opportune time to speak with somebody who I have a great deal of admiration for. Somebody who in a moment you're going to hear more about, where they come from, but why I wanted to have this particular person on our call today.

Let me tell you a little bit about my friend and our guest expert today, Mr. Dave Stech. First, let me just say, Dave, thanks for being on the call. How are you doing today, sir?

Dave Stech: I'm doing great. How about you?

David Phelps: Super, Dave. Let me tell our folks a little bit about you. We know that people don't really hear us until they know us. I think your background, like so many entrepreneurs, was never a straight shot. You had twists and turns through your life. You persisted through what it took and today you're someone who's recognized, in my opinion, someone who's really the top of the game in both economics and real estate. So let me give folks a little bit of your background.

Dave is the founder and CEO of Purpose Built Investments. We'll just use the acronym PBI, Purpose Built Investments, a boutique real estate private equity firm with a proven track record for producing exceptional double-digit results by mirroring private investor capital, typically from high net worth individuals and self-directed IRA folders, with high profitable deals in private lending and investing in short-term residential real estate deals.

Over the past six years, PBI has invested in and exited from 3,524 deals and posted a scorecard of 3,523 wins. Now let me just back that up. That's 3,524 deals with a scorecard of 3,523 wins. So there's a number missing there and that one number is one loss out of all those wins. Dave personally ate that loss. His investors never lost a penny. That's what makes somebody that I like to do business with because they stand behind their track record.

In 2005, Dave spoke at Harvard and he forecasted at that time that the real estate market was about to implode. Dave, as I recall, they didn't like that message at that time, did they?

Dave Stech: No, they thought I was completely nuts.

David Phelps: Let's fast forward two years later. At that time, Dave liquidated all of PBI's real estate holdings and he alerted his investors to do the same. PBI then sat on the sidelines from 2006-2008 while all of the recession played out. In 2008, they went back and spoke again at Harvard and predicted that the number one buy market in the US would be Las Vegas by 2011.

Who would guess? Who would know? Dave Stech knew and PBI amassed a portfolio in Vegas from 2009 to 2012 and eventually sold all of its holdings by 2014. In retrospect, Dave, you guys hit that just right. Maybe we'll learn a little bit more from you, some of the magic there and how you figured that out. I know you're data-driven, big time. Let me finish up here and then we'll jump into it.

PBI's primary business focus since 2012 has been private lending on short-term, residential real estate deals. Dave's other focus is managing the four strategic mastermind and investor groups he organized that cover PBI's target real estate markets in order to leverage PBI's research and capitalize on the best and quickest deals available. By the way, I'd like to say, I'm honored to be a participant in one of the masterminds that Dave runs.

Dave is a proud resident of Puerto Rico for both lifestyle and tax reasons. He grew up in a trailer park for the first 12 years of his life and has since early retired three times as CEO and president of early-stage technology companies. Dave served in senior management with Kodak where he launched the first disposable camera for Kodak—that's awesome, and the first digital postcard with Disney.

He graduated with distinction from Purdue University as an undergrad and the London School of Economics as a graduate student. Dave's passion is rescuing dogs. He's a strong supporter of the Puerto Rico Alliance for Companion Animals, Inc.

Dave, I know you also have two amazing sons that are just past the millennial age. So, Dave, you've done so much in your life. You have obviously a background of someone who started with you could say nothing and you didn't end up, but you took your formal education all the way through the London School of Economics, that's really why I wanted to have you on the call here today.

With that being said, Dave, let me just jump right in and say what's topical today is what's happened with England in the last two weeks. Actually, I think it was June 23. A big vote came, the Brexit vote, everybody knows it as Brexit. What do you think Dave is the likely impact on those of us who are investing in real estate, here, primarily in the US?

Dave Stech: Let me answer it this way. As with anything that has a global impact, there are what I call expected and unexpected outcomes. There are intended and unintended consequences and there are direct and indirect effects. If I'm looking at the whole Brexit thing and having gone to school in London and having lived in London for three years, I would tell you the direct effect on us and in the US in negligible.

If you look at the UK, it accounted for less than four percent of American exports of goods. That's really the equivalent to about .4 of one percent of US GDP. So the direct economic impact on the US is really small. Even if the UK slipped into some sort of a recession as a result of it. So, I don't there's much of a direct effect, but there is an indirect impact. It's actually more significant. As we've all seen, you look at the financial market meltdown after the Brexit vote and the S&P hit that it took. But, with the bad comes the good.

The good news is that there's a silver lining when there's economic weakness and uncertainty in any market. The treasury yield dropped to a fresh low amid a global bond rally. The fed may raise interest rates once or twice in the second half of the year but long-term rates are going to remain low because there's this flood of foreign cash that's coming into US bonds.

So on balance, I think for those of you who are listening, I don't see much of an impact on us. But I would say this too, and this is probably more important. The bottom line, my advice is really twofold, because I get this question all the time because of where I went to school. If you're going to focus on the global economy versus the US economy, focus on the US.

Second, if you're smart, you'll focus on your economy, not the economy. My philosophy has always been real simple. I take what the market gives me. I'm really focused on your economy, David, those that are on this call, and my economy. Frankly, it doesn't matter to me what's happening in the economy, I just want to capitalize on whatever is happening.

David Phelps: Yeah, that's good advice, Dave, because I think you're right. We tend to watch the media. We read *The Wall Street Journal* or whatever we happen to take for our economic news and it does create a lot of sometimes panic and fear. How much of that can we control except as you said to have a finger on the pulse of the market or through people that we know and then find those opportunities and the niche opportunities that always come up. I think again, that's what you've proven to be able to do so well. That's what I think makes you fascinating. Good response on that. I appreciate that. I know our listeners will as well.

Dave, I also heard you speak not too many months ago. You were talking about what you call winning the money game and turning on the money faucet. Can you explain a little bit more to our listeners what you mean by those terms?

Dave Stech: I guess the best way to put it is this: I always stop and think to myself, what am I really trying to accomplish and what is everybody on this call trying to accomplish? I think the number one thing that we want, all of us, is to be happy. We want to be happier tomorrow than we were today and how do we become happier? I think we make money, we do good, and we have fun. Those are the three things I do every day. If it doesn't fit in one of those buckets, my assistant, Kathy, won't let me do it.

If you think about money and making money, the whole key is trying to win the money game. I'll be completely honest and tell you, for 90 percent of my life I had no clue what I was really doing, maybe 80 percent. The bottom line is, it's really been the last 10 or 20 percent of my life where I figured this and now I've really got it down.

There's only three things that I do when it comes to money. I try to generate cash, otherwise known as income. Income comes in two forms. It's either active or passive. The second thing I try to do is accumulate wealth. That comes as a result of assets. So if you accumulate assets, you're able to actually generate cash flow and you're actually able to increase the value of those assets.

The third thing I do, in addition to generating cash and accumulating wealth, is keep it. To try to keep both of those things. That's actually the most important part of the whole puzzle and I didn't realize it early enough. I paid, as most of you have, a fortune in taxes and I now live in Puerto Rico for a reason. I used to pay well over 50 percent between federal and state and self-employment and Obamacare and all of that, not including state tax or property tax or anything of that. Now I pay four percent for my qualified income over here.

So the bottom line is, if you can master those three things, you can learn to turn on the money faucet and you can also learn how to keep as much as possible. Then you win the game. Then you become financial independent on your way to financial freedom. So that's really what I was referring to.

David Phelps: Dave, most of the people on this call are professional practice owners, a great number of them are dentists, doctors, chiropractors, veterinarians. They're all pretty good at generating active income, but that's the problem because the active income requires them to be there actively producing it. They can't really have freedom. It doesn't make them happy if they're tied to that office or tied to that chairside day in and day out and they can't get away.

The problem for most of my colleagues, and I would be in their same place had I not surrounded myself with some really intelligent people early on in my life that showed me a little bit about what this money game is about. But do you find the same thing is that doctors, dentists, chiropractors, that typically they're not very good at the generation of assets and creating that equity wealth and passive income through the assets? What have you found?

Dave Stech: Yeah, it's not just dentists. It's not just doctors. It's not just professional. It's everyone. We're so consumed with working that we have so little time to think strategically about how to get wealthy. People always say, "Hey, if I could double my income, I would be so happy." I say, "Well, here's a plan. Why don't you get another job just like the one you've got? How's that work for you?" So that doesn't work. You've got to figure out some other way to do it.

Fortunately, I was successful in corporate America and I made six figures a year, but I could never get financially free. I did as an entrepreneur and had the good fortune of early retiring three times. But now, I'm actually making more money and keeping it than I ever had in my life because I finally figured it out. It just didn't come with an instruction manual.

As you well know, I'm big on masterminds like yours because that's what changed my life. I started dealing with fewer, better people instead of what I call the masses of asses. I ultimately got to the point where I realized I can't double my income by doing two jobs just like the one I've got, I've got to figure out a better alternative. I know you have helped other people accomplish the same thing that you have. You and I are a very fortunate group of people.

David Phelps: I agree. Dave, why real estate versus maybe making it, that is your wealth and your long-term passive cash flow, in business? You're obviously very innovative. You were with innovative companies. You produced Kodak digital camera, the disposable. The Disney digital postcard, things of that nature. Why did you settle on real estate as opposed to other things that obviously you probably could have done well too?

Dave Stech: You know, I actually had sort of what I'll call three chapters in my life. The first was, and this is post trailer park days, I ended up going to college. I started working in corporate America. Of course, your parents and my parents all told us if you can get a job with Kodak or Disney, it's like the be-all end-all. Well, it is pretty good and especially when I was working there because it allowed me to create, etc. You talked about I launched the first digital postcard and I launched the first disposable camera. My collective bonus for all the years on both of those projects was less than $10,000. I mean, how are you going to get rich like that? Six figures allows you to be comfortable but it doesn't allow you to be successful.

One of the things I realized when I was in corporate America, which is why I left, is that comfort is the silent thief. When you get comfortable in your career or your job, it's the time when all your dreams seem to slip away.

So I left corporate America because I needed to become filthy stinking rich. I grew up in a trailer eating mayonnaise sandwiches every day. I had to get filthy stinking rich. The way I did it was I launched my own company and some venture capitalists backed me. Literally a year later, I made more money than I had in the previous 20 years combined. I did that two other times. So that was my entrepreneurial chapter. I went from corporate America to entrepreneurial chapter in technology pursuits.

Then I got into real estate, which is still an entrepreneurial venture, but I love the leverage that I get in real estate and the fact that my research allows me to understand it so well. I don't know anything about the stock market. I don't know anything about precious metals. I don't know anything about commodities. But I really get this real estate thing and as a result, our track record is as good as it is. It has allowed me the flexibility to do the things I couldn't ever do working for someone else and I'm sure many people, including you, understand that story.

David Phelps: Absolutely. "Comfort is the silent thief." I really like that, Dave. I'm going to steal it but I'm going to always give you the attribution for it. I really like that. Excellent quote.

Dave, what would you say is the one thing that's most important in real estate investing?

Dave Stech: If I had to say one thing, and you know what I always think of is I think of keyword. If you type a keyword into the internet, you get search results. So if I was trying to figure out what is the one thing I want to search for to be successful in real estate? I can tell you for me it's been timing.

I'd rather know when to than how to. Timing has made me a lot more money than cash flow. I know that's completely contrarian because everybody else preaches about cash flow, but I'm not nearly the fan of cash flow as I am of equity appreciation. Cash flow, to me, is the glue that holds steals together long enough to make really serious money.

So when you look at the markets I've invested in and where I've made most of my money, it's been in equity gains and it's been in volatile markets. I never get involved in stable markets. I know that's contrarian but I'm typically invested in California, Nevada, Arizona, or Florida because they're volatile. And volatility equals opportunity. But, you need to know when and that's what timing is all about.

It's pretty well documented and you referenced it before but people can find it on the internet. I got into the real estate market the first time in 2001 and 2002. I got out in 2005, that speech that you mentioned at Harvard. I ended up getting back in the market in 2009 after everything had pretty well imploded. I started selling assets again in 2014 and people would tell you know is the time to get in. Well, I'm not saying it's not, because you can always make money in real estate at any time in the market cycle, but I love to take chips on the table, especially when they're other people's chips. So that's really what I've been focusing on and that's why I think timing is probably the most important thing in my mind.

David Phelps: Dave, it makes total sense to me. You know, the first time I heard you talk about it, it was contrarian. But I listened and it makes total sense. I think the problem, or why it is a contrarian philosophy is that most truly passive investors, the people that are on our call today, don't have the ability, don't have the data, the experience, to time the market, right? The timing the market, the arbitrage plays that you're able to make, is not for the faint of heart or someone who just wants to dabble. So how does a more passive investor play in that arena?

Dave Stech: Yeah, it's a great question. I get this all the time and you probably remember the state of the union for real estate investors address that I did when you were in the audience. In fact, you were speaking at the same event. People say, "Well how do I get this research and how do I do it myself?" My answer is you don't. Unless you've got the time to dedicate and the staff.

I spend six figures a year on data and seven figures a year on staff just so that our investors are making better informed decisions. Most of them want me to make them for them. I don't want them to be naïve. I don't want them to be oblivious, which is why every one of our quarterly investor calls we talk about where we've been, where we are, and where we're heading because it's so important to learn from the past but it's critically important that you have great research.

I know I'm going to be presenting some of that at your mastermind next month, or a lot of it, actually. But I can tell you this: everything in life fits in kind of one of three buckets. It's either necessary, it's nice, or it's neither. Well, research isn't nice and it's not neither. It's necessary if you want to make better informed decisions. I don't do research for other people. I do it for me. But by extension, because I've already done it, I'm able to offer it to you and to others who want to listen. I don't charge them for it. I'm just trying to help people make a better informed decision about whatever they're going to do.

I always admit, I don't know anything about most of stuff in the world. 99 percent of everything in the world I don't know anything about. But the real estate stuff, I focused my attention and my resources and it's worked. It's worked really well. I don't know if that answers your question but that would be mine.

David Phelps: That's good. I know that people will be thinking that same thing and I wanted to make sure they were clear that it was based on, as you said, the data that you have and how much you put into that that allows you to do that. So teaming up with somebody that has that at their fingertips is the key there.

With the volatility in the markets, I'm talking about today the stock market and the real estate markets, the upside potential, the downside risk being so great on both spectrums, Dave, why is that? Why is it we've seen so much of that today?

Dave Stech: I'm going to try to explain it the simplest way I know how. That is this: if something, David, is at its peak, let's say the stock market is its historical peak, it's never been higher. Does it likely have more upside potential or downside risk?

David Phelps: Sure, downside risk.

Dave Stech: Well that's where we are. I mean the stock market is at a historical peak. In 2005, I was giving that state of the union address at Harvard and I had a question from the audience which is, "Well, why now?" I said, "Let's just think of it this way. We are at the peak of the real estate market. Prices have never been higher and growth has never been faster."

Let's just take the Pareto principle, or the 80/20 rule, and apply it to that. My belief in 2005, forget all the empirical data that I've supported this with, just the logical thought process would tell you that the market must have probably 80 percent downside risk and 20 percent upside potential because it's at its peak. Could it go up further? Of course it could go up further. And guess what? It did. I got out in 2005 and 2006 and the market didn't peak until 2007. So I got out too early.

But why do I get out early? Simple. There's buyers. When you're trying to sell at the peak of the market, people are starting to get anxious. They start going through denial. They start going through all kinds of issues and you can't sell it. But you can sell it when there's a lot of people who want what you have. Why did I get out of Vegas in 2014? Because everybody wanted in. So I've been able in 10 or 11 markets to average about 72 percent of the run ups during those peaks and valleys. That's enough.

People get slaughtered when they try to be greedy. I'm just not going to go there because my game is all about risk mitigation and risk elimination. So I believe that the stock market right now has more downside risk than upside potential. The real estate market is not at a historical peak but it's climbing toward it. In some markets, it's already there.

San Francisco for example where the median residential home price in San Francisco now is 1.4 million. Now, there's no way in the world that people can afford that. So the affordability index there has dropped to 23 percent which means 77 percent of the buyers can't afford it. So I would never invest in that market even though it's a hot market right now. I want to get in at the right time and get out way before the wrong time.

David Phelps: Totally agree. Based on your model, which we'll talk a little bit about in a moment, but based on your model then I would say you're in a more liquid position today and waiting for the next reset. Is that correct?

Dave Stech: I am. It's partly why I'm in the private lending space because it allows me the option to do short-term deals instead of long-term holds. Of course, one of the philosophies is to buy to hold and be in long. The long term takes care of all the bumps and valleys and blah, blah, blah. My whole perspective is I love the short term because it allows me to get in quickly and get out quickly. So anyway, that's why I happen to be a private lender as you know.

David Phelps: Just as an offshoot from that, what would you say to people who can utilize their credit score and access to credit in leveraging long-term fixed rate 30-year mortgages on cash flowing equity properties? Do you like that play at all or are you still a little bit averse to the equity?

Dave Stech: Well, I like making money. People who are able to utilize leverage, that is financing, to be able to do so at inexpensive rates, I'm a big supporter of that. But I'm only a supporter of that in markets that not just offer cash flow but offer appreciation. We'll talk more about that at your event next month because I want to show some comparisons of how maximizing appreciation with cash flow provides you a ridiculous return.

I understand equity ownership and I get it, I'm just personally not a fan of it right now because success in life is about having great options. When you have one option, then you don't have any other choices. So you do that. It's like being a dentist. If that's your only option for making income, then someone else has leverage.

For me, I have multiple options. I always tell people the good news about real estate is there's lots of way to make money. The bad news with real estate is that there's lots of ways to make money. You can literally get yourself chasing too many shiny objects. I've evaluated all the shiny objects. I think I've done them all now in the last decade, in my last 15 years really. My favorite is private lending.

I think you know this but in the first year that I got into the flipping business we did 31 transactions in 2011. In 2012, we did 43 transactions. So in the course of two years did 74 deals. Most people would say, "Oh my god, how did you do all of those deals?" We sat down one time, my sons and I, because I had the good fortunate of working with my sons. One graduated from Stanford and the other from Berkley and I was trying to keep them from being in corporate America.

We sat down one day and I just said, "We've really got three options, guys. We can stay small and keep it all, which is what I'm more inclined to do. We can go big or go big home, which is what you're logically more inclined to do at your age. Or we can compromise and just add a zero." Just add a zero, in fact, I trademarked it. I own that.

I’ve never developed a website, I just have this philosophy that for everybody who is listening, what if you could just add a zero? I mean that’s really what we all ought to be trying to do.

If you’ve got a net worth of $50,000, what if you could make it $500,000? Or what if you could make it $5,000,000? I mean, if you just focus on just adding a zero, then we have the same thing in common. So for me, I said, “Would you guys be up for just adding a zero?” They said yes.

So we got into private lending and we went from 31 deals to 43 deals, where we had to do the work—to 301 deals the next year where everyone else did the work and we wrote the check and got a bigger one back. The next year we did 607 deals. The next year a little over 1,000. The last year, I think we did 1,500. This year we’ll do more. It’s a scalable business. It has allowed me what I call a backpack business. I've been traveling for the last four weeks. I just got back to Puerto Rico last night and I’ve not skipped a beat. I can run it from a laptop and my cell phone from anywhere in the world.

I get to leverage the three Os as I call them: other people’s money, other people’s time, and other people’s effort. I get to minimize risk by being involved short term. Because I’m lending at 70 percent or less of LTV, there’s someone else who is going to absorb the first 30 percent of cushion if it does fall in price. My whole goal is to be in and out of deals in between 60 and 180 days.

So how much can real estate really fall? The worst case scenario is it falls one to two percent per month. It’s not like the stock market, like when Brexit came out all of a sudden we see a 3.6 percent correction in one day. That doesn't happen in real estate. It's maybe one to two percent a month and it leaves clues before it happens.

For me, I just like private lending because on short-term, I'm loaning at 70 percent or less of LTV. It can scale as big as I want. I'm leveraging the three Os. And, I got a backpack business that I always wanted. It's the most profitable business and the most successful business in terms of net profit that I've ever had in my life. So that's a longwinded answer to I think a simple question.

David Phelps: It's a great answer. I love the fact that you also made sure that our listeners understand that you still incorporate another form of leverage: other people's money, time and effort. So you're still leveraging. As you said early, that's one of the keys to real estate. So different ways to utilize leverage through private lending. That's a great way to do it, Dave.

We know in real estate investment there are multiple different asset classes that one can invest in. You've chosen and really focused on single family residential as opposed to maybe commercial or multifamily. Why single family residential? Why don't you go big, Dave, and do it big? I'm being facetious there but I know you've got a good answer.

Dave Stech: Sure. I like residential because number one I understand it. When I do research, I really understand the residential space because buying a home is like buying anything else that any of us buy. It's a consumer purchase. I understand consumers based on my background with Disney and Kodak, my background in other entrepreneurial ventures. I really understand consumers.

Second, think of how many homes there are in the US. Tens of millions of homes. Arguably, a hundred million.

There are so many different opportunities. There's got to be one deal out there in a hundred million. It's better for me, from a risk mitigation strategy. So let's think about commercial or multifamily for a minute. The only person that's going to buy that is an investor.

David Phelps: Right.

Dave Stech: Well a single family home, between 90 and 95 percent of all single family homes are bought from homeowners. They're bought by homeowners. So that's a market when I want to sell it. Secondly, I don't even invest in two to fourplexes, even though I realize that I can make money, because my buyer pool, that is when my borrowers borrow money from me for a two to four unit, they only have one buyer pool and that's investors. All of a sudden, they lost the other 90 percent of the buyer pool, which were the homeowners. So that's why I like single family homes.

At the end of the day, I love being able to buy a lot of homes at once, which I do from time to time. Then buy them by the pie and sell them by the slice. Occasionally I'll take down a portfolio of 20 or 30 homes and put crews on them or give them to my strategic investors and let them buy them from me and rehab them. I'll just do the lending on it. So it allows me to buy things by the pie and sell them buy the slice.

If I have an apartment building, the only way I can do that is if it's configured in a way that allows me to subdivide it into condos, map it, and then sell it by the slice. I've done that before. I've bought apartment buildings and condos and I've sold them as apartment buildings and sold them as either condos or duplexes when they were two-unit buildings in a 64-unit apartment complex. So I think I've done it all. I just like residential because I get it. I can get out of it so quickly.

David Phelps: Yeah, you named the reasons that I like it as well, Dave. It makes total sense. You've got some secret weapons in real estate investing. Do you want to name a few of those?

Dave Stech: I like to think that all of us kind of have secret weapons. Mine are number one my Roth self-directed IRA. It's the last tax free alternative. When we think about what I talked about earlier, winning the money game, just think of it this way. I've got three buckets of income. One is the income that's generated from private lending through my self-directed Roth IRA. It's all tax free.

I manage a fund that has over 100 investors in it and that is considered consulting income and therefore, it is a management fee that's qualified as service income in Puerto Rico and that's taxed at four percent. Everything else that I have, which is not a lot, is taxed at US rates.

So when you think about what my secret weapons are, they're really weapons designed around keeping what I make because I spent most of my money over the course of my life handing it over to somebody I didn't even understand. I don't even know who is getting my tax dollars, all I know is that I'd rather it be me.

I don't mind paying my fair share but when you start paying a maximum federal tax bracket of 39.6, the maximum state tax bracket when I was in San Diego and California 13.3, self-employment 15.3, Obamacare 3.8. If you add those four things up, that 72 percent. It doesn't include 8 percent sales tax in San Diego or 6 percent property tax. Property tax isn't 6 percent but it's the equivalent of 6 percent of income at 1.25 percent.

So, at the risk of boring everyone, the bottom line is doing those things that allow me to keep what I make is a wonderful thing. Then the other things are I only work with fewer, better people who meet six filters. I'm contrarian. I'm not anything other than that. I figure that, I think the Social Security Administration came out with some statistics that out of every 100 people who currently reach the age of 65, 38 are dead, 53 are dead broke. The other 9 are either working as a Walmart greeter, that's about 4 or 5 of them. 3 of them are financially independent and only 1 is financially wealthy. I know that you're in that one percent and I got the good fortune of getting there but I started in the bottom one percent. So I had to have some secret weapons to get there.

The last one is just my research. I just know what's coming before it happens. Again, it's only about real estate and residential that I understand. I don't understand anything else but I got that figured out.

David Phelps: Those are some huge nuggets. Huge nuggets that I wrote down and I assume most people that have the opportunity to do so would do the same.

We're really honored and glad to have you come out to our mastermind in Dallas next month in August. I know that you are currently working on your state of the union for real estate investors for 2016-2017. Can you give us a little bit of an idea of what additional information and insights you may be giving our group next month?

Dave Stech: Yeah, I'll be honest. I haven't nailed it all down because I know I'm limited in terms of time but we're going to cover a lot of good stuff. First, I'm going to give everyone sort of the real economic outlook. Not the one that they get from Washington but the real economic outlook and the real housing market update. I'm not going to try to tell people what they want to hear. I'm going to tell them actually what's going to be happening because it's based on research that I'm going to share with them as to why it's happening.

I'll talk about the approach that I think people ought to consider taking to real estate investing in the next 12 to 18 months and why. When you think about it, all of us are probably sitting on this call asking, "Should we buy real estate? Should we hold real estate? Should we sell it? Is there more downside risk or upside potential in my market? What should I be looking for in a deal? And by what order of priority?"

The truth is that everyone's plan should be different. It's really based on so many different things. I want to talk about what those things are because everyone is going to resonate with some things and then some things aren't going to apply to them but it will help them create a roadmap for what they should do and what they shouldn't do. Because as I said, there's so many shiny objects in real estate. You really got to get it right.

I'd be happy if people are interested and if time permits to talk about the lessons that I've learned in real estate that have both made and saved me a fortune. I can tell you that I've got a philosophy about owning real estate that I'm going to share with people. It's going to be very contrarian. So I think people will find a lot of value in that and when they hear they're going to say, "Why didn't I think of that?" because it took me my whole life to figure it out.

Then I'll talk about some insider tips that I'd recommend that people consider. If you just implement one of these, any one of you on this call is going to find value in it. So that's probably more than you needed to hear, but suffice to say it's going to be an action-packed presentation. I'll spend a few days, as you know, with you and with others, so they're welcome to, as I call it, you can either pick my brain or suck my skull, whichever you choose. So hopefully that will be a benefit.

I also want everyone to know, I don't have anything for sale. I'll be at the event for one reason and one reason only. Dave is in one of my masterminds and I want to support him and by extension everyone that will be there. So this isn't self-serving. It's purely to serve him and by extension, you. I hope that it's going to be valuable for everyone.

David Phelps: It absolutely will, Dave. Again, thank you so much for your time today with great nuggets, great insights, that you've delivered. We certainly look forward to seeing you next month.

Everybody, I hope you enjoyed this interview with Mr. Dave Stech. Dave, again, thank you so much.

Dave Stech: My pleasure. You take care, Dave. Thanks again.

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