

Ep #168: Jack Bosch - Creating Forever Passive Cash Flow for a Freedom Lifestyle



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Dr. David Phelps

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Jack Bosch: It's a perfect vehicle, really, it has the tax benefits, there's cash flow, there's appreciation, you can actually influence it versus on the stock market you can't influence the valuation of IBM. But, you can influence the evaluation of a, let's say, multi-family property, or of a property that you rehab and so on. So, it just makes sense on so many angles and once I realized that I was hooked.

You are listening to the *Dentist Freedom Blueprint* podcast, with David Phelps. 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.

Dr. David Phelps: Good day everyone, this is Dr. David Phelps of The Freedom Founders Mastermind Community, and Dentist Freedom Blueprint Podcast, thanks for being with us today. Today I've got one of my good friends from one of my other masterminds, you all know that I'm a huge believer in being a part of some kind of a group, a mastermind where you have high thought leaders. A think tank, a place where you can have kind of a board room, but doesn't have an agenda on you.

People that are there to really provide you feedback, give you perspective on your challenges, you're opportunities. It's really a place to get clarity and a focus. So, I'm really honored to have my good friend Jack Bosch with us today. Jack, how are you doing sir?

Jack Bosch: I'm doing excellent. How are you David?

Dr David Phelps: Good. Good. Jack, I took some German in junior high and I guess a couple years in high school, so I got a little bit of

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a vernacular. So, from Germany obviously our mastermind at work we're mutually members of is the Collector Genius, and a lot of people heard we talk about Collector Genius. It's one of the highest caliber mastermind I know of in the real estate space with the people that come from all over the country, they've been vetted, it's by application only.

I mean, that's the kind of group I think everybody should aspire to be in. Some kind of group where it's vetted, and maybe you'll get a chance to start there when you're just coming up the ranks. But, you need to be a part of some kind of community that lets you be in a place where you can be transparent, you can be a little bit vulnerable, you don't have to wear the ego on your chest because that's the rule and the only way we can get help, and we get clarity is to really calm and just lay it all out.

Because, hey, we all have baggage, we all have weaknesses, we all have blind spots in our lives. I don't care how hard of a driver you are, how successful you are, we all have that stuff that we worry about, or we know have those flaws. And to be able to lay it out and find other people who are just like you, it's just like, "Ugh, that's refreshing, isn't it?"

Jack Bosch: Right. Absolutely. A hundred percent. I'm a huge fan of mastermind still, the most I've ever been part of I think in one year was three or four. So, I'm still right now we even have our own mastermind now, but it's in a different area. And, yeah, I'm still a member of a Collector Genius have been for probably six or seven years. And it's great to be able to be with people that are somewhat in the same industry, but do things differently than you.

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Some of them are ahead of you, and some of them are behind you, but you know what everyone has a little bit of a different angle on how they look at what they do, and their goals, and their way about going about their day, and about their goals, and about their missions. And you can always learn something from almost everyone there.

Dr David Phelps: Yeah. I think the inspiration that we all get, everybody that's a part of the group has reach some level of "success"; however you wanna define success in their business. But, we all have things in our life that we're still trying to not necessarily accomplish, but I think get to really ... Really it's about a lifestyle and that again can mean lots of things to different people.

A lifestyle means if you're spend more time with your family. I mean, that's I think what everybody really aspires to do, but so hard to do when you're trying to drive and build something, and reach some kind of financial success level where you don't have stress and concern about finances. Then, there is the part of all of this that I think wants to be able to give back at some point 'cause all the things that we learn in life you wanna give back, you wanna mentor, teach, you might wanna just give to charitable organizations your time, your money.

There's so many more things in life and I think a lot of people ... I'm speaking for myself as well here Jack that in that drive to climb in ways it's kind of a false pinnacle because, again, I think when we're early in life we come out of school with debt, and we'll talk about your story in a minute.

But, we come out of school or where we came from usually with some amount of debt and we're trying to get

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to that level of just survival, just paying some bills, and maybe you're starting a family and you got all those concerns. And we think, "Well, if I just make enough money it'll all be good." Then they get the question, "Well, how much is enough?" Well, it's never enough if you don't have some framework figured out, what is in life that I really want? Money is not it, right? Well, I mean, money is a majoring stick, it's a metric-

Jack Bosch: It's a tool and so on, yes.

Dr David Phelps: Yeah. So, we have to be around ... So, the point is when you get around other people that have reach some level of success like you said, some are ahead, some are a little bit behind. But, when you start to get real in a group like that where you can really talk about what's really real life ... And then the parts of your life or your business that need to be ... That are optimized, yeah, that's where you have the inspiration to figure out how to do that without doing it all yourself, without reinventing the wheel.

You get resources, you get people that could weigh in on those blind spots that we all have, that we can't see the forest or the trees. That we're so down in the weeds of our own business and life, we can't see some of the other opportunities that we can leverage to get to the life we're really looking for.

Jack Bosch: A hundred percent, I couldn't agree more. And particularly when I go the masterminds, if I see somebody that has something figured out in their life, in their business, whatever it may be, or in their family that I haven't figured out yet, then this is a great opportunity to sit next to that person during dinner, to grab him for lunch and basically say like ... In this trusted environment that is pre-vetted

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then basically you say like, "Listen, how are you doing this? What are you doing there?" And if it's done right like your mastermind for example, and collective genius, and others then you can literally have some tremendous breakthroughs that might come in areas that you didn't even expect.

They'll certainly come in the areas that were promise like business, and whatever it is. But, it might also come in areas that are completely unrelated but just as important.

Dr David Phelps: Yeah, a hundred percent. A hundred percent. All right. So, let's talk about from whence you came, where did you come from? So, you're an immigrant from Germany, so take us back. So you came over here in was it late '90s?

Jack Bosch: Yeah. 1997, I came over from Germany, I have never been to the United States. But, I came over to basically finish my college degree and get a master's. And came to university, it was a partner university of my university in Germany. Came to finish one year of college degree, get an MBA, and as faith does I met my wife there.

So, I come over here three weeks into it met this wonderful young lady from central america, from Honduras, she was here to do here undergrad. So, we met, we fell in love, we fell in love also with the United States and after a year was over it was like, "What do we do now? Let's give this thing a chance." And we decided to both state here.

So, when you work in the current political situation kind of, our economy ... Or not situation but environment I wanna say. If you come here ... If you get a college visa for one year, then you automatically get a work visa for one year afterwards. So, I got a work visa for one year but then

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that's it you kind of have to leave, unless you find a company that's willing to sponsor your visa then.

Then, when they sponsor the visa this H1B status, it has recently been in the news and so on, or keeps being in the news. Then after that it takes about three to five years to get your green card, and during those three to five years you can't really go anywhere. You have to ... You stick with that company because the moment you lose your job, or you quit you have 60 days to find another job or you leave the country.

So, I came over with literally just enough money for just barely scraping by, knowing that year I had a loan from my parents to ... Well, not loan my parents says like, "If you need a loan you might possibly come to us. But, other than that try to stand on your own feet." And I was like "Yes, I will."

So, I got a job at the university, I made my way through, same with my wife we're both working all kinds of odd jobs on campus where we're allowed to work based on our visa. Then, we both got jobs, made it work, and then she wanted to do her master's. You know Michelle she went into a very good university here in Phoenix, and I moved with her and ever since we didn't move away from Phoenix.

So, I ended working in a software company, hated it, really didn't like it at all because I'm not a software person. But, I had a little experience in that as kind of a student worker in Germany, so I was able to parlay that into a job offer. And once I got that I basically ... I worked as hard as I could to keep that job and to make it through that green card.

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But, a few years into it I realize this is not what I want to do forever. So, I started looking around and I ended up finding real estate, so both my wife and I started educating ourselves on real estate. Took us a couple of years to really get the grasp of it but end of 2002, I started working and we started doing something that's called land flipping.

So, we buy cheap pieces of land in the outskirts of town that we can pick up for five to 25 cents in a dollar, and go flip them for a nice profit. And that's how we build up, got off that, build up some cash, and then once the green card came five and a half years later after getting that job I was able to quit the job.

Dr David Phelps: So, where was your first connection to real estate? You and Michelle when you first said, "Okay." This real estate thing what was it that attracted you, was it a person? Was it a book? What was your entrée?

Jack Bosch: Two things, an infomercial, literally-

Dr David Phelps: Yeah.

Jack Bosch: ... like in the middle of the night I was like ... I didn't buy their stuff, but I was like ... I was looking, I was looking for something that I could do and I was like there's got to be something. And all of a sudden I see this infomercial where people show checks and stuff like that as they do-

Dr David Phelps: Yeah.

Jack Bosch: And I was like, "Well, I mean there's got to be something to that." Then, shortly afterwards I got my hands on Rich Dad, Poor Dad, the famous book by Robert Kiyosaki. Then, it started explaining certain things around it, but I ...

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That was my first ever contact with real estate because no one in my family in Germany is in real estate.

My parents own a small house or now a down size to a condo, my grandparents owned a small house, and my uncles own a small but nobody has any rental property. Nobody has anything to do with real estate, except for my grandfather who back after the second World War, he was able to flip a couple of things, make some money, and I always wondered why a man who worked his entirely life and like the equivalent of a Wall Mart would have a multi-family, a small multi-family property of five units, and the ... cash flow. And every member plus my grandfather and I were very close how he always told me about, "You know what, I'm now retired and I'm making more money than I actually made when I had a job." And I was like "How is that possible?"

And it just went in through one ear and went out the other ear. And only after I started in real estate one day and he had passed away already, that memory came up and I realized "Uh, there was something in my history about it." But, that's the only little piece that was there, otherwise, I was not having to do with real estate at all. It's zero knowledge of real estate, heck, I didn't even know the language of real estate. I mean, all these different terms like dry wall, and two by fours, and there's so many words that I was like, "What? What does that even mean? What's a deed?" I don't even know what the deed was and those kind of things.

Dr David Phelps: Yeah. That's a very cool story about what your grandfather show you, but you weren't ready at the time to really top that thinking-

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Jack Bosch: Right. No.

Dr David Phelps: But, it came back later and you tied you couldn't figure out "Uh huh", that's what grandfather was talking about. He got it, on some scale he'd already figured that out and you just went next level.

So, what I tell my listeners, my people, and freedom founders of course they already have businesses, they've gone through all the traditional training in school, and have a professional degree, clinical skill set, which they should be using, leveraging, right? But, the ones that come to us realize that alternative investments, which in this case we're talking about real estate, is one of the best wealth builders and passive cash flow generators that one can have. Of course, you and I and others that deal in real estate a lot, we see real estate as that kind of optimum or ideal vehicle. It's a vehicle, is it not?

Jack Bosch: Right. Absolutely, it's a vehicle. Now, to me it's ... As you said it's the perfect vehicle because I love looking at some of these analyzing deals. I mean, I love looking at different things. Now, literally 10 minutes before I got on the podcast we submitted a 25 million dollar offer on three apartment complexes. So, I mean, it gives you that adrenaline because it a chase of a big deal, it's cash flow at the same time, it's learning; I love learning.

I mean, I spent seven years in college going to the different programs with two master's and stuff like that and I love learning. So, for a while I had my job I really didn't learn, or I had to earn something I didn't really enjoy learning. But, now I get to learn every day about something that is exciting, and then from a financial point of view real estate has all the benefits that ... I mean, it's a

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perfect vehicle really because it has the tax benefits, it has cash flow, it has appreciation, you can actually influence it versus on the stock market you can't influence the valuation of IBM.

But, you can influence the valuation of a, let's say, a multi-family property or of a property that you rehab and so on. So, it just makes sense on so many angles and once I realize that I was hooked, and that was back 2002, and I'm still hooked today.

Dr David Phelps: It is fabulous. And the one additional benefit that you don't have in most other investment vehicles, or asset classes would be the leverage, the ability to control-

Jack Bosch: Absolutely. Sure,

Dr David Phelps: Yeah, control more real estate with less of your own skin in the game, with less of your own hard money in the deal. So, leverage because real estates traditionally always been so financeable and that's another reason why it's such a great vehicle. So, again, within the realm of real estate, I mean, as you know we both thought it's a huge universe real estate. I mean, all the asset classes and the ways to break it down, slice and dice it.

And you started with land flipping, I mean, you took a big broad thing called real estate and you went and found a pretty unique niche. I mean, there's not a whole lot of people, I believe there's some others out there to try to be copy cats, but you are really the guy. In the early 2000, says started with land flipping taking these, as you said, these lots, these vacant empty lots that nobody seemed to want and you found a way to; number one, locate, negotiate, contract, get them under your control.

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Then, you found buyers for them. So, you became an orchestrator and that's where you created your transactional income, right?

Jack Bosch: That's correct. So, Michelle's an integral part of that she is my wife, she came up with just as many things as I did about that if not more like all the process and stuff like that she came up with. And you know her she's a brilliant-

Dr David Phelps: Yeah.

Jack Bosch: ... business lady. So, we came up with this concept that there is properties out there that people don't want. Now, we were scared of real estate at the beginning because we knew nothing about it. And we knew nothing about how much would it take to rehab a kitchen, I didn't know if cost \$2,000 or \$20,000. So, I know I would have lost my shirt on a rehab deal, so I need it and that's because I didn't have the guidance, I didn't belong to a mastermind, I didn't belong to a group that was teaching me and there were very few around back then.

So, I only knew what I knew and what I ... And one day we came across these while experimenting in real estate. We came across some people that wanted to sell a piece of land, a lot right next to a house and they wanted to literally get rid of it for almost nothing. So, we offered them \$400 and they took it, so we went up there put the sign on the property, and the neighbor across the street bought it on the spot for \$4,000.

So, I was like this was the most amazing thing to me that ... And then we started doing more, and more and you realize that at that point of time in order to make transactional income we didn't really need to know a lot about real estate because when you ... 'cause you didn't

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have to deal with mold, with contractors, with roofs, with all these different terminology on top of it that, I didn't know.

So, we just started flipping lands, so developed this method that we find people that don't like these properties anymore, and they're willing to let them go on average between like five to 25 cents on the dollar. Now, these are not million dollar lots, these are perhaps 10, 20, \$30,000 lots that we pick up for one to \$4,000 and go flip them with a five to \$15,000, or five to \$20,000 profit on average.

Hey, but you don't need to do that many of them to be debt free again, I had student debt, I had credit card debt and so on. So, within a 10 month period we were able to generate enough to pay off all our debt except for the house, and build up one year's worth of life savings, and then also what came of us we started selling these properties with seller financing. So, we started venturing out, we started saying like, "Well, you don't have \$20,000 for this property that we just bought for 3,000."

Now, we didn't tell them that part, but, so it's like for the property you don't have to 3,000 how about you give us a \$5,000 down payment, or 20% \$4,000 down payment and you make monthly payments of \$400 and they're like, "Well, I can do that." So, now we got our money back, we got cash flow going, and with that some more stability on it because once it's transactional cash where you just make a buck and then we move on to the next deal. With the cash flow deals now you have cash flow coming in for five, seven, 10 years and once that had reached to certain level that was just above what I was making in my own job, I was then ... The moment that green card hit I

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was able to quit my job, Michelle was able to quit her job, and we were able to go full-time and then everything went very, very quickly.

Dr David Phelps: You just said something that's the key that I try to get doctors, professionals to understand. The biggest problems that most of them have today Jack is they're not starting from ground zero, or nothing like when you started. The problem is that when people come out of school today they've already got this big anchor called debt, the ball and chain is this big debt load. I mean, graduates from any higher education institution today are coming out with big debt.

Then, to top that off they've been going to school so long, and some of them are just starting to get married, or maybe already married they're kind of tired of living on a student income; waiting tables like I did. It's like, "Okay, honey it's time to start living. You are the doctor now so ..." Of course, they can access credit to a certain level, so problem is they start ramping up thinking, "Well, everybody else is doing it and so I deserve it. I've been going to school for like ever, like eight years plus residency and it's just time to live a little, breathe." And add to the debt.

Then, they get out there in the real world and find out it's pretty tough out there because nothing about business is ever taught in professional school. And you're just given the clinical skills to be the technician, but running a business, learning how to market, lead generate, provide service, fulfillment, systems, no. So, when they go out there and find, wow, it's a smack in the face ... I tell the doctors the best thing you can do is focus and keep that lifestyle overhead low as possible, focus for the next five

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years, figure out the best plan for obviously paying down the right debt, but not all debt.

There might be some debt to get rid of, but then start focusing on how to start leveraging into either and/or your practice. So, optimizing your practice, your business, your transactional income; that's a key. But, as soon as you can create enough passive income to replace that lifestyle incumbent that is created by your labor, you're free. And then tell me if I'm wrong here Jack, but as soon as you're free ... And I think you were just getting there, everything changes.

Jack Bosch: Absolutely, yeah. Completely. It completely changes, I mean, you don't ... We started taking weeks off, I mean, last year we took our daughter out of her school and traveled for three out of the six months of the second half of the year. We took her out of school for half a year only, arranged it with the school, paid her tuition and so on in a private school, and then we literally went to ... Went four weeks, we kind of went and came back so a total of three months.

We went for a month to Europe, went for a month to Asia, went to South America, went to other places and now this summer we're going to, again, Europe and Egypt. And we just take ... Usually we take a month and go traveling. Now, we still run an active business, we still run an investment business, we also had an educational business where we teach other people how to do these land deals, and we also added then rental houses and our apartment complexes to it because now I do understand real estate.

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Back then I didn't know the language of real estate, with time you start learning it and you start living it, but I couldn't agree with you more on that thing. As a matter of fact, I even wrote a book about just exactly that model basically it's called Forever Cash, and you can probably get it on Amazon or somewhere like that on second hand because it's I think out of print now.

But, that book describes exactly what you described, the process that got us financially free was not increasing our private expenses like crazy, but to keep them as low as possible, and then build that passive income. The only thing I might wanna add to that is that once ... We added passive income in a form of these land notes, and these seller financing deals where we allow people to pay them off over time.

And one thing we realize though after several years was that if we truly want to retire, we really need to kind of roll that over one more time into what we call Forever Cash, and that's by the way the title of the book. And forever cash is truly the best, the forever cash that I could find is basically long term hold real estate. So, not notes, notes are great but they will be paid off at some point of time so you then gather where you do it.

And that's fun too, if you can do that and this is a side business, and it's a side thing you do that again, and again. But, at some point of time if I just want to take off for several years at the time, which I'm 47 right now. By my 50th birthday we're planning to be just like, let's say, just take some real ... Just do something crazy like not just half a year, but just go around the world a few times and just not come back for a while or something like that. I don't know yet, it's my idea of doing something crazy.

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But, the one thing was to actually just take that and roll it one more time into longterm real estate. And what happened with us we were just at that point when we realize when the market crashed in 2008. Now, our land flipping because we buy them so cheap keeps working and kept working, but all of a sudden all these houses were on sale so we started rolling them over into single family homes, and now into multi-family homes and build more cash flow with that.

And the cash flow exceeds a multiple times but we ... What I made back there is a job and it provides true freedom because the nice part about the bigger kind of things with larger apartments is this, that you have a management company in place. So, that's obviously ... It just adds it all but overall it's the same model we did when we first quit our jobs just that at a higher level. You just grow, I love learning so I love ... Keep challenging myself and Michelle the same thing we keep challenging ourselves, and just do the same thing just in a higher and higher level. But, at any point we wanna stop we can, that's the thing once you reach that freedom point you can completely just stop if that's what you wanna do.

Dr David Phelps: Yeah. Jack you can make money in real estate certainly in any market cycle, right?

Jack Bosch: Absolutely, yes.

Dr David Phelps: So, a key thing for people that are looking from the outside in and remembering just the most recent ... 10 years ago when you just talked about the down turn, when the market got shaken up quite a bit and all the models that were working, all the no dog financing, the supreme stop, all that fell a part.

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So, if you're positioned and positioning can mean different things to different people because there's active boots on the ground investors like you, like your company what you do, you're active but you're also gone into passing. So, you're kind of holding both markets. People I'm talking to, professionals, they're not gonna be positioned actively like you are, but they can still position themselves can they not by being connected to other like you-

Jack Bosch: Yeah.

Dr David Phelps: ... and that's how you position yourself so that you can make money when the market's going up, or if it's even staying relatively level for a while. Then, if we have another reset that's kind of a time just to go in and buy low again, right?

Jack Bosch: Exactly. I mean, that's the thing when everyone ran away ... And that's perhaps one of the things that I, I don't know, I don't consider myself to be like the smartest person in the world, but there is one thing that I'm always do is that I think contrarian. So, it's like if everyone goes in one direction, I look like, "What's the risk? And whether I can money ... What can I do in the other direction?"

So, when everyone was running away from real estate I looked at the numbers and the numbers said, "Buy."

Dr David Phelps: Yes.

Jack Bosch: The numbers just said buy and I like numbers so therefore I looked at it, and I was like there's now ... If you can buy a house for \$40,000 that spits out \$900 in rent. Then, there's just no way you can lose so we started buying, and then we kept buying and so ... Yes, when everyone else likes, "Oh my god, real estate ..." No,

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because everyone else was hoping, buying and waiting for appreciate is buy and pray-

Dr David Phelps: Right.

Jack Bosch: ... never subscribed to buy and pray. Everything we do we either buy at a discount, or we buy in a way that we know that we are in control of our future, and we are in control of our results of it. Then, the risk is actually minimal involved and, yes, if somebody ... The very least somebody wants to do in that is get plugged in, be plugged in, be part of a group like yours and learn about this. Because risk is only exist when you don't know what you're doing because then you're kind of guessing, and you're just gambling.

But, if you understand how this works ... So, like our investors we tell them right now that we're treading very carefully, we're only buying what totally makes sense, and that we fully expect the market correction to come. And when that market correction come they should be ready to really go deep. So, we're trying to educate them that when a market correction is not a place of fear it's a place of opportunity. Does that make sense?

Dr David Phelps: Yeah. No, that's what Maywell said. So, let me just pick up on one last thing that you said that I think will help sharpen the discernment for our listeners. So, you just said that you tell your investors today because of what we see as nearing at close to the top of the current market how long we sit where we are right now, who knows.

But, we know it's not gonna last, we don't know what kind of a reset we'll have, we just know there's gonna be one because historically there always is one. So, you just said you're telling your investors, "We only buy what makes

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sense." Give me a little context there Jack, you're into multi-family, and rental properties and a little of everything.

So, when you talk to your investors about what makes sense, what does make sense today when a lot of people are paying full retail maybe more because of their maybe lack of position, lack of access to the best deals.

Obviously, your big part is you're connected, you put the dues in, you have a network, you lead generate, you know how to market, you know how to find those deals, a lot of people don't.

So, for your investors what makes them sleep at night even in a market where we are right now?

Jack Bosch: Yeah. We spend a lot of time building up that so-called deal flow, so now sometimes we get deals three, four weeks before the other investors go see it, we get to see it. Then, we get to put an offer and perhaps that deal never makes it on the market-

Dr David Phelps: Right.

Jack Bosch: ... because of that. But, deals that we like are deals that in a conservative almost worst case scenario spit out constant cash flow and even in an extreme high cap, or extreme low in a sense purchase sale price when we're selling, for example, we estimate that we ... I don't know if everyone understands cap rights, but if we buy something at a six and a half cap and then we, let's say, we double the income of the property because it has problems in it. If we end up selling it at a seven and a half or eight cap, let's say, an eight cap at the end that's a valuation or that's a price that we should be getting even in a recession.

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Dr David Phelps: Yes.

Jack Bosch: So, basically if you're modeling our deal such that even if we sell them in a worst case scenario in a recession, our target numbers for our returns of our investors, which is around 14, 15, 16% a year depending on the deal target overall average return will be hit. So, we're looking at reasons for that, well, what we don't buy is a property that we buy at market value because we expect market rates to keep going up over time.

We have expectation sometimes that our rental rates are going up by 2% a year, not three, or four, or 5% like some people estimate. Even in areas where we actually do think they will go up by four or 5%, or 3% we'll estimate them at 2% and the deal still needs to make sense at those 2% and everything else is gravy, everything else is bonus.

So, we're almost like hyper-conservative by saying, "Well, if we only get a minimal rent increase, and we only get ... If we keep the property management company we work have a track record of having a 97% occupancy in their apartment complexes." Well, we estimating a 6% vacancy, which is twice as much as they have traditionally run.

Well, it builds offer, so we have all these levers as we call them. There is five, six different levers each of these levers we've dialed down so conservatively that at the end of the day it's almost impossible that all of them end up that conservatively. But, if they do we still hit our target rate basically.

Dr David Phelps: Yeah. But, the people who get hurt in the real estate cycles are those who speculate, like you said, they buy

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and see if the prices would go up forever, and they're buying for the appreciation in the greater pool theory. There is always someone who's gonna take them out, and when the market changes there is no one to take them out, they get stuck, they got bad financing typically, they are over-leveraged and that's where you hear all the horror stories, which is what the media feeds on, so people think, "Oh, well this real estate stuff it's risky."

Well, like you said, it's only risky if you don't know what you're doing. It's only risky if you're playing the fool's game, just like anything in life and really there's no difference it's just understanding. Or better yet you don't have to have no PhD or an MBA in real estate or finance, you just got to be connected to people who have been down the path, who have meant for the cycles there are the ones who-

Jack Bosch: Exactly.

Dr David Phelps: ... grew and connect you to the good deals. You don't have to be in the game per se getting your hands dirty so to speak, you just gotta be connected.

We talked about your relationships and how you get pocket listings before they ever go to market. Well, that's because pay the dues, you spent the time, you created those networks, people trust you and know that you'll perform. Jack Bosch doesn't just doesn't write a contract and then right before closing, "Oh no, I'm gonna pass on that."

No, you don't run through them, you don't just quickly get it down and then go, "Bam, I'm closing." And you close, and they go, "I'm gonna give it to Jack because he'll close. I don't wanna hang this thing out here for two

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months and have a bunch of tired kickers mess around with me." People wanna get deals done and that where you come into play.

My last question of you then has to do with financing, and I believe as you do a big piece of real estate value is in the financing. You talked about financing from a seller's standpoint creating cash flow from seller financing properties that's one way to create cash flow. Financing on the other side from a buyer acquisition standpoint just as lucrative.

So, we're historically sitting still and some of the lowest interest rates we've seen forever. I mean, they're going up and they're bumping a little bit but right now they're still historically very, very low. So, what would you say to our audience about the ability to utilize leverage with longterm 25, 30 year fixed rate at under five and a half percent on really solid cash flow producing equity properties. Is there a discount even if you're buying it retail? But, with good cash flow are we getting some kind of a discount, how does that work out?

Jack Bosch: Well, I mean, first of all would say yes absolutely go ahead but right now if you are using leverage and when you're using leverage we are going longterm leverage. We're going sometimes 10, 20 ... All right. Now, the multi-family typically they're holding a rise in price is five years, but we're still taking loans out for 20 years. Because, again, I don't know what's gonna happen five years from now, I don't know which environment the situation we're going to be.

The only people who lost their multi-family, or lost their commercial properties, or their properties in the down turn

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where the people that were on negative cash flow, or had to go refinance but no bank would give him a loan. So, we're avoiding ... You wanna avoid these two situations very simply by; number one, have a longterm loan and number two, have a situation where we have positive cash flow.

If you have positive cash flow and you're lock in a low rate and now interest rates go up, I mean, it's beautiful. I mean, you're just taking that spread and you're keeping it while everyone else is having a pain. And the other thing is it creates opportunity too because when those people who didn't look forward, and didn't look ahead they're now running into a refinancing situation, and they're just miscalculated their deal.

Let's say they're having a 5% loan right now, but the asset only produces 6% and interest rates go up to 7%. Well, guess what? If they refinance 7% they're losing money now. So, they can't afford that for very long so soon enough this asset's gonna be dumped and you can come in and buy it at a discount. Yes, you'll have to pay down a bigger interest rate, but at the same time you also got it at the lower basis so it makes sense again. So, I don't know if you get a discount from it, but you get that spread when the market goes up you're lock in that spread that otherwise you would lose over time.

Dr David Phelps: You're right, and I think the spread too that we get is assuming and I think you believe as I do that-

Jack Bosch: Absolutely.

Dr David Phelps: ... we're probably gonna see ... We'll see some serious inflation down the road. So, now you're paying back that low fixed rate debt with dollars that they're devalued. So, I

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think to me that is when you get the discount down the road with-

Jack Bosch: Yeah.

Dr David Phelps: [crosstalk 00:33:32].

Jack Bosch: That's thinking ... That's David in action thinking a level further, yes. Absolutely, you're right. That is something if you're looking from inflationary part, if inflation hits 10% then you have a 5% loan, well, awesome. You just paid off with devaluing money just like you said it's-

Dr David Phelps: But, just like you said I'm not banking on that I'm saying if that happens then I've got that hedge, we gotta have protection. If we don't have inflation, just as you say, if prices don't go up, hey, we're still good because we bought with perimeters that allow for the cash flow and sustainability. I think the key to everything in life Jack is you got to position yourself in life, business, real estate, finance, whatever it is to be able to live to fight another day.

Because the markets will always cycle and if you're reactive ... You're living high on the hog when the market's up, and then you just get smashed when the markets go down because you have no clue, that's where you get pummeled. And those two things kind of surfed the waves and understand that the waves keep coming and you just gotta look ... Kinda spot them on this horizon, kinda know what the look like in general.

Then they have perfect timing 'cause no one does, but you hedge by using the perimeters that we've just talked about right here on this podcast. You use those

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perimeters and you're gonna do just fine in any market whether it's up and down.

Jack Bosch: And it all comes with knowledge, it all comes with information of education you got to be around to people who have seen it, or have done it, who perhaps have suffered on it and have learned their lessons from it. Luckily, we didn't lose much during the down turn as a matter of fact, we were able to ride the next wave 'cause we had a lot of cash flow come in, and now we're preparing ourselves for the next wave. Because once with botch one and saw how lucrative it can be to actually ride the next wave, we can't wait for the next one to come really from that point of view.

But, of course, not for the sake of other people that gonna lose their stuff. I hope nobody does but just pure financially speaking and that comes just with education, and that education as you said you don't get in university, you don't even get in business school. You get it in environments like yours, you get in environments like collective genius, you get it in environments like masterminds that you can join where somebody ask the question, What do you see? What's gonna happen? And how do we take advantage of that? How do we position ourselves today to be in a position to really be in a ... Well, to take advantage to be ahead of the game then and hatch yourselves that. Not just hatch but get ahead with the hatch.

Dr David Phelps: Brilliantly said, you know Jack I'm so glad we record this because it's a sage wisdom there sir, thank you. Thank you so much for doing this today, it's always fun to talk to you and I knew our conversation ... Even though we don't

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even pre-plan anything, I knew our conversation would be like getting up there.

So, thanks for doing this with me today, it's a lot of fun. I know our listeners will find this interesting, and hopefully we can help more people with their lifestyle, helping them provide for alternative investments and cash flow outside their private business. It's what I call having a plan B, real estate maybe is not your primary focus but gosh make it your plan B, connect with other people who know how to do it, and there's nothing better, there's nothing better.

Jack Bosch: I a hundred percent agree.

Dr David Phelps: Thank you Jack, I'll talk to you soon all right?

Jack Bosch: Thank you very much.

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