

EPISODE 267

[INTRODUCTION]

Tyler Chesser (TC): Elevate Nation, welcome back. This is Tyler Chesser. I'm so thankful to have you here, and I'm blessed and grateful to be sitting with the man, the myth, the legend, Tom Burns, again today. And today, you are going to learn about how to navigate this next market cycle. You're also going to learn about the mindset required to navigating market cycles. Why fear is a major component to what's happening right now, how you can leverage your own fear, and how you can better understand the market-level fear. And how that can create opportunities for you. You're also going to learn about timeless principles, key principles that can create and give you the opportunity to create a 500-million real estate portfolio like Tom has. And you're also gonna learn about a reassessment of a pipeline today. How that may apply to your own pipeline, how that may apply to the own adjustments that you're making in today's environment as we proceed forward.

TC: And you're also gonna learn about some really, really interesting lessons and an amazing story about how Tom stumbled back into tennis after a 30-year hiatus. And why that's important and why that's applicable to being a higher performing real estate investor and living a life without limits. Today is a day filled with abundance. And man, are you ready to take it to another level? Today is the day.

TC: Elevate Podcast is all about mindset, mind expansion, and personal development for high-performing real estate investors. I'm your host, Tyler Chesser, and I'm a professional real estate investor and entrepreneur. It is my job to decode the stories, habits, and multifaceted expertise of world-class investors and other experts that help you Elevate your performance and lifestyle. And I want to dive into this episode. I want to ask you to pay the fee. All you have to do is pay it forward. Share this episode with a friend and tell 'em what you love about this podcast. Just send it in a text message, send it in an email. Whatever, social media post, tell 'em about it. That's all we do is we ask you to pay it forward. If you've done that in the past. Thank you so much. We ask you to do that again. If it's your first time listening, welcome to Elevate, we are here to pour massive value into your cup.

TC: And so we're just so thankful. I respect all of you. And hopefully, you see the respect that comes out in the level of preparation in the way that we provide value, the way that we design these discussions to create massive value, you'll find that a lot of this is about being nimble. It's about being flexible and saying, well, here's my plan. Here's my preparation. But the conversation went in this direction, so let's follow that. Let's follow that curiosity. So hopefully you see that I'm showing you major respect in all of these conversations because I do truly respect, appreciate, admire, and love all of you. So I'm so thankful that you're here.

TC: And I also wanna invite you to give us a rating, review, and subscribe or follow Elevate Podcasts, or wherever you listen or watch podcasts. By the way, you can find us on YouTube, Apple, Spotify, anything you name it; we're there. So let's buckle up. Let's dive in. I wanna introduce you again to Tom Burns, by the way, who was here one time, and this is now his second appearance on Elevate Podcast. If you would love to hear his first conversation, if you haven't listened to that already, just go check out Elevate Podcast, episode 219, *Why Doctors Don't Get Rich Understanding Hud Loans For Multifamily Acquisitions And Development and Traits of the Wealthy-Minded*. That was a phenomenal conversation. Today, this is no different.

TC: I wanna invite you to check that out, but I also wanna introduce you to Tom Burns, who is an entrepreneur, retired orthopedic surgeon and a physician for the United States ski team. He has over 25 years of real estate experience and has acquired or developed over 500 million of real estate locally and internationally. He is the co-founder and principal of Presario Ventures, a private real estate company, focused on apartment development and private equity in Texas and the Sunbelt. Dr Burns is the author of *Why Doctors Don't Get Rich*, a best-selling personal finance book for those who want to live life to the fullest. He is a sought-after speaker and mentor and has been financially independent for over a decade. His mission is to help people create financial independence so that they can control their future and pursue their passion. Without further ado, please enjoy this fantastic conversation with the great, the wise, the humble, Tom Burns.

[INTERVIEW]

TC: Tom Burns. Welcome back to Elevate, my friend. How are you?

Tom Burns (TB): Tyler, I'm awesome. I'm always great to talk to you. We've had such a good time, just the five minutes before this.

TC: I know. And we both just got done with our workouts. So, we've got more energy. I actually learned that recently. It's like, if you leave a workout and you're like completely depleted that you may be defeating the purpose, you should be leaving a workout with more energy. And I feel like you're bringing that today, what do you think?

Tom Burns (TB): Yeah. Well, I appreciate that. I was pretty wiped out after the workout today.

TC: No, I know.

TB: It's conditioning day.

TC: Okay. All right. There you go. Well, thank you for showing up and being willing to spend more time with us. I really enjoyed our first conversation, and it really, you just blew me away with your humility, you're really abundance mentality of sharing your wisdom that you've been able to accumulate over the years and that you've been able to take from others, and you've been able to apply, you've been able to fail, you've been able to grow and learn, and really create some amazing accomplishments in your life. Not only in the real estate business, as a physician, as a father, as a husband, as a friend to many. So I just want to thank you again for being on the show.

TC: But man, as we dive into this, we are living in different times. We're living in crazy times. We're living in times of rapid change. One of the things that I think we're seeing right now is that we're moving into the next part of the market cycle. We are navigating perhaps a recession. Maybe we're in the beginning stages of a recession. So I'd love to hear from you. What are you seeing this time around versus 14 years ago, maybe in 2009, 12, 13 years ago, 2009. What are you seeing differently now versus then?

TB: So history does rhyme, right? Mark Twain said it rhymes, and these things have similar characteristics, but there's always differences. So right now, that was such a long run from 2010 to now. I think, as always, there's a lot of people that are expecting, ah, it's always been like this, it can't go that bad. But does that wall street, turn the bulls go up by the stairs, and the bears go out the windows. So things can change pretty quickly. What I'm seeing now is kind of interesting is that there's fear out there. Things are changing; supply chains, cap rates, your right. Cap rates are finally slightly rising, slightly. But lagging interest rates. So there was at first a bit of a disconnect between the rise in interest rates and the cap rates that kind of stay compressed. We're seeing that loosen up a little bit in some areas. And in some areas, we're seeing a bit of fear. And that fear is not commensurate with the fundamentals. So that's where we're finding deals.

TB: There is fear out there from some sellers. Fear that doesn't necessarily match the fundamentals of the property. So there are still deals out there. So, as in all of them, it's you wanna not shake your neck out too far. I learned lessons on every single one of these recessions and I'm waiting to find out which lesson I don't know I'm gonna learn on this one. But the risk tolerance goes down a little bit. So, but there's still deals. There are deals out there.

TC: So obviously, cap rates rising is something that's maybe a welcomes development from both your side of the fence, my side of the fence for our companies and looking for more acquisitions, looking for growth. At the same time, the way that we're financing these deals has changed pretty rapidly here over the last few months. The requirement of equity and sort of the loan-to-value metrics that we're looking at today are much different than they were a few months ago for value add deals. I know a lot of the stuff that you're doing is new development class A stuff, obviously in your markets as well.

TC: When you think of Arizona, you think of Texas, and the way that those markets have really run up over the past 13 years or so has been different than some other markets. I'd be curious, what type of correction in terms of pricing have you seen over the past few months? I mean, in our markets, we've seen maybe somewhere between five and 10% on some of the multifamily acquisitions that we've looked at, over the past couple months in particular, with regard to the changing debt metrics, obviously, interest rates have risen, significantly. There is an anticipation that those interest rates will continue to rise. Obviously, CPI came out yesterday as we record this here in the middle of September. Inflation continues to be elevated. As we're looking across the landscape, we would imagine the fed is going to continue. It's hiking. And at some point, perhaps, they'll change course. But who knows? I mean, I think where we stand right now, we would anticipate interest rates continue to rise. Perhaps, cap rates continue to rise. But I'd love to know. I mean, in your markets, when you're looking at some of these markets in Texas and Arizona and so forth, what type of pricing correction have you seen in particular?

TB: So we've got two arms. We do have the development arm. We now have a value add arm on the company. And on the development side, not much of any correction which is as you and I talked before. That's why we kind of trimmed up our pipeline a little bit because ours is a little bit on land sales, there's a little bit of wiggle room on negotiation. But the rest is lumber, concrete, and gypsum. That stuff's priced at whatever it's priced. So that has there's not been much of a discount, much of a correction there, to be honest with you.

TC: But that's been going up though, right? I mean, still construction costs are still going up.

TB: It blows my mind what it costs to build a unit. So to speak, you can look at it as square foot or however you wanna look at but per unit. I remember not long ago; we were building for a hundred, a hundred, 5,000 a unit. Now we're building for quarter million units, stuff like that. So--

TC: Unbelievable. Yeah.

TB: And you wonder where the cap is, right? There's always gotta be a Delta there. There's always gotta be a yield to cost. That's gonna cause that gap to give you your profit. So we're very careful with development because you've gotta look into that crystal ball and project forward. But I will tell you on the value add side, that's where I was mentioning the little bit of a disconnect on some sellers in the fear and will we be able to sell our price? Trying to take their money off the table, wondering if they'll sell it. So we find there's room for negotiation. Certainly, after due diligence and it's been up to 5 and 10%, as you mentioned. So it's there, it's not with everybody, and it's not like these are screaming high cap rates. We're buying these things at, but there's wiggle room out there. That's looking at 200; that's underwriting 200 properties a month. So to find one every quarter.

TC: Absolutely. Let's talk a little bit more about that fear component because I think that that's how you let off this discussion. I think it's so wise because ultimately, it does come down to a market mentality or market mood in terms of why things, you mentioned fear from the seller's perspective, the reason why they're willing to take price reductions versus what they did a few months ago is, well, maybe they're anticipating something. Could you talk a little bit more about that fear component?

TB: Yeah. Geez, we buy on emotion and back it up with numbers, right? That's how we buy everything. And so, some of these owners are looking at refinances coming up soon. They're worried about interest rate bump. That's where you get your deals, you know? I mean, that's where you get, when you mismatch motion with fundamentals. And so fear is a big deal. We all have it. I mean, I can tell you every deal I've ever bought. Soon as I sign the contract, blood pressure goes up. There's always that every time, and that's after 30 years. So, on the buyer side, on your side as an investor, you just have to learn to live with it, conquer it, back it up with your fundamentals, with the data that you've used, try to use your system

TB: They always say don't fall in love with your building. There's no emotion in investment real estate. It's not supposed to be any emotion, but it's there, right? We've all got it.

TC: No question.

TB: On the fear side, we have to try to tamp that down. When we're buying from somebody else, we can take advantage of it. And not everybody's gonna be able to manage that fear, and that's where your Delta's gonna come. And that's where you maybe find some deals in any market-- rising or falling market. I think there's always options.

TC: I think about fear, and I always think about what Tony Robbins talked about fear. If you've ever been to unleash a power within conference or seminar, he does this little dance on stage with someone else who brings someone from the audience and brings him on stage. And he's basically dancing with them. Like he's a gorilla, he's a wrestler, and he is like pulling him around. And if you try to let go, you're gonna fall down. If you try to get rid of that fear, he's being fear is like, if you try to let go of his hand, you're gonna fall on the ground. But if you dance with him, then wait a minute. Something can happen. And maybe you can leverage that energy into a movement into forward progress.

TC: And I think that that's an interesting component because when I think of fear if I'm going to speak at a conference, you and I are both speaking at different conferences next week, you're going to California. I'm gonna be in your home city in Austin. And I'm gonna be speaking at a panel. And I think about it, and it's like, well, I always have a little bit of fear because it's like, well, I don't wanna go up there and sound like a bozo. I wanna go up there and add value. And that fear pushes me into action into preparation and to think about, well, who am I speaking to? And how am I going to add value to that audience? That's just

one component of it. The other factor is when you think about fear, you were talking about when I sign a contract over 30 years; you're like anytime I signed a contract in an agreement to purchase a piece of property, the blood pressure rises. Maybe that's giving you the opportunity to focus and to perform a comprehensive set of due diligence, to make sure that you're doing the right thing, make sure that you are being a steward of capital of investor capital, but does that resonate with you? And what else would you say about them?

TB: Yeah, absolutely. Courage is just fear overcome, right? So that's your protective mechanism. So you go back, you look at your due diligence. I'm certainly much more fearful when I'm investing somebody else's money as opposed to mine. And so that puts another layer on it. So, yeah, fear's not a bad thing. It's always present, and it's, as you said, it's a great catalyst, and if you lean into it can work for. It can compound. We're never gonna get rid of fear. We just manage it, overcome it, use it, use it as a tool.

TC: Yeah, it's just interesting to observe that thought process within ourselves, but then also see how the macro is playing out from a sort of a market dynamic to say. Well, the mood of the market is one of fear or exuberance, or perhaps, somewhere irrational exuberance where we've seen over the past few years, perhaps in many regards, it's like, I've been scratching my head. It's like, how are these deals getting done? Maybe there's not enough fear in the marketplace.

TB: Right.

TC: And perhaps, we get to the point where the pendulum swings, and there's almost too much fear, which then creates those opportunities. But thinking about navigating these market cycles, I mean, how do you anticipate navigating this go around, and what sort of mindset do you try to embody when it comes to navigating a market cycle?

TB: So, always people always ask, what do I do? Do I sit back and wait until we hit the bottom? And like time in the stock market. It's really hard, and real estate moves slow. So always wanna be in the market. Because again, as we talked about before, there is always a deal out there. It may take forever to find it, but there's always a deal and up markets, down markets. So one, we try to stay in, but we also try to step back, and we did this in our company recently. We had a pipeline of projects that we were gonna do through the year. And as interest rates were rising, we stepped back and looked and tried to think, what's worst case for each? And those that had thinner margins or more chance for greater upheaval. We got rid of them. So you, you get a little more conservative. You try to widen your margins. Double down on your due diligence. You can do diligence stuff to death, but eventually, you gotta step up and take a swing. So we, and I try to back off little lower, leverage higher margin of success, less deals, more quality things like that. I had a chance the other day. Bump my cash flow. I'm not a big net worth guy who would've bumped, net worth and all stuff. I had a chance to do that versus park my money in something that I

know is gonna be safe and is also gonna be fun for us to use. So, I kind of chose that rather than the growth model. So it's more so somewhat security with continued growth talking out of both sides of my mouth.

TC: Mm. Yeah. It was a month ago. You and I were communicating via email. And you were talking about a few of the things that you've been doing. And just from a high level, you mentioned sort of reassessing that pipeline trimming some of those opportunities. Were those active opportunities that you had under control, or were those considerations for acquisitions for new development? Talk a little bit more in detail about what that looked like.

TB: Yeah, these were new developments, and we have sort of a hotspot. We'll often own the land. Sometimes, we'll join venture with somebody, and rarely, and occasionally our company will do an LP Tranch with somebody. And so, and they all have their various reasons. And we looked at each one, and there's various equity tranches. That can be very large, sometimes. Sometimes just a small one. And so we looked at the level of control we had on the projects, or if we didn't have control the quality of the joint venture partner. And we also timed it out as to when we had to have that equity. We have our whole year lined out, and I think rather had like a hundred million dollars we were supposed to deploy this year. And so we backed it off from a security standpoint. From growth and security, we because once we say yes, that's three years. It's two years to build this stuff and three years to stabilize. So we've really gotta look far out. And we thought some of them were just probably good deals and good times, but with interest rates rising and other factors that we thought of, maybe this is where we'd let go. So if it's land, we just hold on, or we flip it if somebody else feels they can make their money now. And so, case by case, that's how we did it. And we held onto some and that as you and I talked now that we trimmed it, it seems to be ballooning again.

TC: In what way? What does it look? What does it ballooning with regard to now?

TB: Well, it's nothing that we planned. We're always doing our same thing, always out there looking for deals. And we have various methods we do that. And the most recent was somebody had spent a year and a half doing a development, apartment development and a mixed-use property. And it's just about shovel ready and it fell apart for them. And so they came to us cuz they knew that's what we did. We could close. We knew the people. And so we save a year and a half of development, cost, and time. And in 60 to 90 days can put a shovel on the ground and start a development on 300 units with a phase two with another 300 units. So things like that. And the deals keep coming, and I think maybe they're coming because of some of that fear, some of that interest rate fear, we collectively believe that if you look at the fed graph, typical time to start decreasing interest rates is, you know, roughly year and a half to two years if you look at the graph. So we're hoping it falls somewhere within a standard deviation of that average. And soon that rates will come down again, give some refile opportunities. So that was tangential. I apologize.

TB: We think there's always opportunities. So that's what's happening. More stuff keeps coming. We've just been in it such a long time that they're coming to us, and we get a chance to evaluate. And you know, we're not even sure that that great deal, I just told you about's gonna go. Cuz they all grow warts once you start going to diligence.

TC: Yeah. Well, first of all, I love tangents, and that's what tangent, you know, this podcast is all about taking a tangent. So thank you for letting us follow that path in your mind. Cause I think it's a beautiful one. But it also allows us to understand sort of the nimble nature of your firm, because what you're talking about is, one month ago, it stepping back and saying, all right, well, how do we evaluate this three-year time horizon for some of these potential development opportunities? Because, yes, we need to understand where we are in the current quarter, zoom in on the market today. But then we need to look up and say, well, where do we anticipate things moving forward? So I'm thinking about this standard deviation that you just talked about with the federal reserve sort of interest rate hikes and your projections moving forward. So I guess that would leave us at what Q4 2023, perhaps. Because I think they started rate hiking.

TB: Yeah.

TC: In what was it Q2. So perhaps, maybe a couple quarters beyond that, maybe a couple quarters before that. Is that kind of what you're thinking?

TB: Yeah. And you know, we're not counting on it. But we're hoping it would be really nice if that happened. Cuz then you end up blocking in or refinancing at lower rates, and life is good again, which is kind of what we had over these last ten years. It's really hard to refinance in a rising interest rate market. So yeah, but our plan, obviously, the proforma is worked out at current interest rates, whatever we can lock at. So we're not counting on that. But boy, that would be a nice benefit. So if we know the project's gonna whatever 6% or whatever we're locked in at, then it's a go. And anything beyond that's gravy. So yeah, I think, there's gonna be opportunity, and I think there's gonna be recession, which is gonna provide pain or opportunity for various parties.

TC: It almost seems like the component for your company is being nimble. It's being ready to take on those opportunities that come. Maybe there's some distressed opportunity. Maybe there's a fearful seller. Who's, you know, a development opportunity that's halfway done, or three quarters away done, and you can kind of take over and solve some of those problems. But it almost seems like it's that nimble nature in talking about sort of a month ago saying, well, wait a minute, we've got these deals, but we don't have to develop, but we don't have to deploy that capital. Let's see how this plays out. Could you talk about some of the components that allow you to be nimble to take advantage of those opportunities and to make sure that you're not taking inappropriate risk?

TB: Yeah. We're small. My partner hates when I use the word small we're boutique. But we don't have, yeah. We have a really shallow management structure. Yeah. It's my partner and I, and we may have a third one shortly, but we can make quick decisions. We never get once we get, if we get deep into a deal and if we made a mistake, we're in it and we go and do it. But decision-wise, it's fairly easy. And equity-wise, it's, we've been at, it's getting easier. We certainly have access to some large equity checks now. We have the equity to do these deals and at higher equity amounts, so lower leverage, which is a nice component when you think you're going into a recession. Lower leverage gives you some breathing room if things go weird. And it has been a good several years. Well, I'll tell you rising market makes you look like you're smart. And we've had some really killer deals and it's not, cuz we're that smart. It's just cuz we got lucky. Elon Musk builds 20 miles from one of our places and Samsung builds next to another one and the market goes nuts. So we got a pretty good war chest, right now. So we can hold things. We have very patient investors. And if we need to hold something, we've got the leeway to do that. And having made my mistakes in 2001 and 2008. Again, like I said, I'm waiting to see what mistakes we make now, but we are trying to be conservative yet continue to move forward.

TC: You know what I actually love? And one of the things that I love about you is that you're a humble guy. Like, you're just a humble guy, and I really do appreciate that. Again, I'm not trying to blow smoke, but I think that's a component that creates a successful long-term investor, because you just mentioned one thing is like, we've been lucky in some capacities, realizing that sometimes we have, and I think Annie Duke talks about this. She's a professional poker player, world series of poker champion, former Elevate guest. She talks about this concept called 'resulting'. And this happens to poker players that happens to investors, entrepreneurs, people in life, wherever you are. Sometimes we look at the result and say, well, because of my great decisions because of my prowess as an investor, because of my market selection, I created this 35% IRR. I created these three X equity multiple-- all these different things. But what we've failed to realize is that there are many components of luck and that just because the result was good doesn't mean that all of our decisions along the way we're optimal, and recognizing that there's so many components of luck involved in this game and saying, well, wait a minute. You know what? I still have room for improvement. I could have done this better. This could have led to a bad outcome, a bad result. If I didn't have this luck. So what could I do better? And always looking for that room for improvement. Does that resonate with you?

TB: Oh, absolutely. I saw a quote the other day. I hope I can say this. Basically, it said, never believe your own bullshit and never be the main character in the sport. And that's true. Because we're always you and I are learning every day. Hopefully, we learn something today. We're a little better for it tomorrow, whatever it is, you know, grow a little bit in the workout that we both did or learn a little bit about your business. So we're always growing cuz we're rotting and falling off the vine if we're not getting better. So yeah, there's always room for improvement. None of us know everything; everybody you meet has got something to teach you, whether they're a bum on the street or the leader of a country.

TB: So yeah, we're all learning. And I just been around so much. I just not, I ain't that good. I've just surround myself with good people.

TC: Yeah. I just think about, it's almost refined, strengthen, and optimize. And even if you got a good result, there are still opportunities for you to refine, strengthen, and optimize. And to your point, it's either we're either growing or dying.

TB: Right. Always, always.

TC: So talk to me about one of the things that I'm so fond of is just thinking about developing those principles over time. Because you know, the market dynamics are constantly changing. Yesterday was different than today. Of course, this year is different than last year. Next year will be different than this year, so on and so forth. But it's those principles and that timeless wisdom that remains. And you've built a 500 million portfolio with this type of philosophy and these key principles. Could you talk a little bit about maybe some of those key components that have allowed you to be successful in during over time?

TB: Yeah. Kind of besides the underlying always be learning, always try to be better the next day. I kind of ended up kind of looking back at stuff and to grow your financial world and which in turn buys your time, get your freedom, let you do what you want. We all have why we wanna do this. It kind of ended up breaking into about five things. To grow your life, you need the right people; you need deals, need money, structure and rules. I ended up kind of coalescing that, realizing that you look at all that stuff. I ended up looking at kind of every deal sort of through that filter. Am I doing it with the right people? Where am I gonna get the money? Where's it gonna come from? Am I gonna make money? Is it the kind of deal that I understand and can be in the leadership role? Or is it something I don't understand, but I really like the guy. If Tyler, if you called me up and said, I got this bizarre thing, that is just gonna be awesome. I might just invest with the person cause we do that, right? We invest with people or in stuff that we understand. And then structure is important in a number of ways. Who's gonna do what? Who's gonna deal with the investors, asset management, get the money, get the debt, that sort of thing. And also, on the other end structure, how are we gonna protect ourselves? Because it's a litigious kind of world, et cetera. We wanna make sure we have the proper structure so that if things go wrong, which they do that you don't have a single point of failure. You're not losing everything and putting your family on the street for making a goofy decision. And then, it's sort of rules and lessons. You know, there's rules. Everything we do has its rules. I believe I'm not a giant stock market fan, but a lot of people have made money in the stock market. And if you have too much money, you gotta have a place to put it, I think. I think it's a great place for a lot of people. I'm pretty confident that the rules are more in favor, the folks on wall street than it does for you and I if we're buying a retail stock. Rules in the real estate world, they matter. You know tenant rules, tenant law, and Texas is nice as is strong for the landlords, Texas, Florida. Good strong landlord law, not so strong in the state of California. Something you need to think of. But on the flip side, less taxes, lower taxes in California than there are in

taxes. So point being, you gotta know the rules of the game that you're in because if you don't know the rules you know, you might not win. Then you'll get to the other half of rules, which is you'll learn some lessons. So I try to filter through all those and see if I'm with good people, et cetera, things work out. Then I start with my due diligence. So that has become an unconscious filter. That's really become a conscious sort of five-part. Evaluation tool for me.

TC: I love that, man. And I just wanna encourage the listener to re-listen to that entire section because that is just absolute decades into day's wisdom that you just compressed for us. And you just shared that with us. That's the beauty of this type of conversation is your gift to us. So I wanna dive into some of these components, and you're actually parsing this out by the way. And I'll give you a big shout-out because you're not only giving this away here, but you've put together a mastermind called rich life. And I want to give you an opportunity to talk a little bit about that. But before we do that, I mean, I know that some of these components and these principles that have allowed you to be so successful your partners to be so successful. You're now giving, and you're allowing others to kind of step into themselves. And these are the success categories that you've integrated within the rich life system as well. So let's start with the finding those right people. And you've actually even kind of gone a step further and you mentioned this on some of your materials, is that finding the right people with the right mindset and habits. That's the critical component. So could you expand upon that a bit?

TB: Yeah. We all connect with certain types of people, right? And just at a high level, you want to work with somebody with ethics and discipline and patience, et cetera. You want somebody to turn your back on and know that the deal's still gonna go through. Now, your checkbook is safe, that sort of thing. And golly, money does some weird stuff. What is it Will Smith said money doesn't change as its amplifies who we really are?

TC: Mm-hmm.

TB: And the drill you've seen givers just become bigger givers, and you see takers become bigger takers. And so, oh, you can't get it right all the time. And I actually have some stuff that I hand out to folks showing where we thought we had the right people, but their stripes changed when the deal was in progress. And once that happens, you have to just navigate and work through. Keep your ethics, but work for your investors or work for yourself, whatever it is to try to get that deal over the goal line. Or, in our case, we sold some stuff just to kind of remove ourselves from those people. But the flip side is you find good people and. It's just a joy. You just work is if you call this work is just fun. You're with a competent friend, and everybody's making money, and you're making money for your investors. So it's, it's a joy to work with good people.

TC: Yeah. I love that. Yeah. And I've experienced that myself. I mean, I've had partners that are, you know, more takers. I've also had partners that are much more givers. And I'll say that that's been much more of the experience that I've had to a larger degree is the givers

and the folks that are willing to do the right thing, have integrity behind closed doors and so forth. And to your point, that is a joy. But we're going to run into those takers. And to your point, it's sort of honest yourself and remain true to your core, principles and morals and so forth. Is there anything else that you would add to that?

TB: And we've had 'em. I tell you we've had 'em and sometimes, and you never wanna use the revenge thing. Revenge is just an empty box. But you wanna move forward. And moving forward sometimes has required us to swallow our pride and just move on. Let them win whatever they took, whatever it would be, reputation or money or whatever, just moving on. It's the bigger fish to fry thing. We've got bigger things to do. They're time bandits. They are time bandits, and we've run into it, it might be a single person. It might be a city. We've had both of those, and you know, sometimes they'll take a year or two of your time, and that's very valuable.

TC: Mm-hmm.

TB: Just move on, try to move on to the better thing. There's no way to make 'em pay for what they did. You just want to get away from 'em. Move on.

TC: Yeah. There are also energy bandits. And as far as I'm concerned, energy is critical for the long-term success in this business. And keeping and maintaining, and protecting your energy is a core component of what you just described. The other thing, just kind of dovetailing from that it's finding and creating deals, perfect partners. Could you expand upon what a perfect partner would be, and maybe that's different for everybody, but is how would you expand upon that?

TB: You know, and I've got some of those and I attribute a lot of my success to the some of the partners I've had. Again, just to somebody, you know, you can turn your back on, you can leave your family and your checkbook with 'em, and life will be good. But also somebody that's not afraid to come up and say, Tom, I don't agree with what you're doing. And you sit, and you talk it out. And my 20-plus-year partner, you don't always agree. None, Tyler. You and I would never agree on everything going forward for the next 10 years. But you sit down, you listen, somebody gives, and I can tell you. A perfect partner is one that I've got. One of us gives every time, and it's never lopsided. It's just you respect each other's opinions, and you move on, never grudge; it's all about business. And. So, yeah, perfect partner that you can count on, you can trust and becomes a friend and ain't as competent is just wonderful.

TC: Mm-hmm.

TB: You feel like you're along for a ride, but you know, you of course you gotta do your thing, you gotta be, you gotta be that partner as well.

TC: Yeah, there's parallels in everything. And I was listening to a podcast recently on marriage, my wife and I were going on our anniversary trip and we were listening to it in the car. And he talked about, he said, if your marriage, you have no fights. That is probably a red flag. And if there's no disagreement, there's probably a red flag. And it almost makes me think of what you just shared. If your partner is disagreeing with you and sharing with you, hey, here's why you're wrong. Perhaps in the long run, that's a very healthy type of conversation.

TB: A hundred percent. That signals respect and love if it's a marriage. So, absolutely. Absolutely.

TC: Yeah. I love that. So attracting here's another one, man. This is so big. And this is one that I've realized over the past few years and sounds like you did, you've done this, and I've done this. When I got started as a real estate investor, I was putting my own money into the deals. And then I got to a point where I started inviting other people's money into the deals. And you've done the same, obviously for many years, yourself. One of the success categories of the rich life system is attracting the right money from the right people, with the right people. Talk about that. What does that mean? What's the right money and the right people mean?

TB: You bet. So, and there's probably a couple answers for the right money. Everybody has a first day, right? And so we start as you and I did. We find some stuff and buy it and then we run outta money or decide to go bigger and we start getting investors. So I get asked a lot, how do I start? And Bill Gates says we overestimate what we can do in a year. We underestimate what we can do in 10 years and they wanna get started right away with how do I grow a big group to raise money. And I think it's sort of a patience in compounding thing that you just, you do what you do. You tailor your money raises to the size of your network. But you let your network know, you know, you let 'em know what you're doing, you know, what do you do? I raise money for real estate deals, or I raise money for whatever. Oh, that's cool. Thanks. Some people will ask about it. It grows: as you get more experience, it gets you get more people, it just grows upon itself, and it compounds as you have a success. You get more people. And so that's sort of the how portion, as you asked the right money. Right money is- well, the perfect money for somebody that's raising money is somebody that gives you a check and never asks another question until he's sending their money. They're perfect. But our job is to answer questions. All raising money is telling a story, is education and telling a story you believe in; it's all it is. And so you want questions, and you should have the answers because when somebody calls and says what's X, Y, or Z, you should know the project. So sometimes that money will push you some good money will push. You those, Tom, what's the unlevered IRR or why are you, why are you doing X? Why are you raising rents by X amount? That kind of money makes you think. And that only makes you better. It makes you a better sponsor, a better investor. So again, we can only see the blinders are on. We can only see so much of what we do. You will ask me a question. I wouldn't have thought. You just broadened by experience. You just

opened up the blinders a little bit. So the next deal I do, I'm gonna know to think about that question that you asked. So you get enough of those questions from your investors. It just makes you better for yourself. It makes you better for the next group of investors.

TC: That is so good. And I do think it almost makes you start to anticipate those questions as well. As more that you get these questions, you do start to appreciate 'em because it helps you refine your business plan. It helps you hedge your bets. It helps you plan for risk mitigation, all of these things. And you say, well, wait a minute, that's a great question. Let's implement that strategy into our business plan, or let me help clarify that question. And when I think about that, going back to just kind of raising capital when we started and I'd love to hear your experience when we started was like, hey, if you wanna invest in our deal, whoever you are, if you got the money, if it's green, if it spins, let's do it because we, we, we gotta buy this deal and we believe in the deal and all this stuff, and we have integrity and we truly you know, we put our own skin in the game and all that kind of stuff. But we think about it and it's like, well, that's where we started. But then over time, it's like, you have more demand perhaps than you have supply of opportunities for investment. And then it comes down to, well, what is the right money? And I think it is to your point. It's those people who have respect for you but also push you. You know, you almost come to find that, you know, it's like, well, wait a minute. These good questions are valuable for all of us. It helps us win to a larger degree, and it actually makes you better. I really think that it put, like you said, good money pushes good money. Good money pushes you, and it makes you better. So just interesting how that dynamic grows and expands over time.

TB: It really does. It just improves you. I mean, we have people that'll- we can whisper that we have a deal coming up, and people will put in a commitment. But then on the other hand, some of those people that might have invested with us for 15 years, they may come up with a great question. Hey, I've never, I've not seen this from y'all before. Did you think of X, Y, Z. It's like, ah, wow. Good question. Cause those are pretty sophisticated investors. These passive investors, some of them are very sophisticated. You can get some that are kind of early in their game and sort of overly have they have a lot of questions. And you try to answer if you do it enough. A lot of times, you can answer those questions in the PPM, but there are those, and then there's some. It's an 80-20 rule, right? Maybe 95-5, but there's always a certain group of people. And it's typically your smaller investors that have the most questions and sometimes can cause you more trouble, but that's just a rule. It's just part of the game.

TC: It is so true. In fact, we've got one example right now, literally our smallest investor. And we appreciate all of our investors is the one who has the most requests and challenges and those kind of things. And it is what it is. It's just interesting to observe and to look at. But to your point, you know, raising capital is not a sale. It's offering an opportunity, and it's educating an investor on an opportunity. One thing that I've learned is that if there are particular questions that feels like an investor is very concerned about certain things that we feel like are less significant for a particular investment, there may be a point in time

where we say, you know what, just based on our conversations, it seems like this may not be the best opportunity for us to partner up. And I always find that that's kind of a relieving conversation to have. And sometimes an investor will say, well, maybe you're right. Or they may say, well, actually, no, I think that I would love to participate here. But I think it is reading into the situation and say, hey, is this a right deal for you for your goals? For your understanding? For your sophistication level. But also saying, look, there's no pressure for you to participate here. We don't have to have your dollar. We'd love for you to participate if it makes sense. But to me, that it's like separating this like need and like we must close the deal with you is such a big game changer.

TB: That's a beautiful explanation of the proper sponsor. Your job is to make money for your investors, by extension educate them. So often, when you say this might not be the right one for you, sometimes get an investor for life, and that's how you really grow. You do a nice little deal today. And then ten years from now, you're doing bigger deals, but you've added lots of investors that now trust you, that will just say, yeah, Tyler, whatever you do, I'll give you some money.

TB: So, and that's a good feeling, always, still a heady feeling. Our job is to educate and make money for our investors. And by extension, we prosper from that. So it's a, you know, there's some responsibility there, but it's a fun game. It's really fun because it gives you a chance to meet new people, which is one of my favorite things.

TC: Me too. And in fact, I met an investor actually from having you on the podcast. Last time when you were on the podcast in another individual, in your city, in Austin. And she's an amazing individual, and big shoutout to her. She knows exactly who she is. Though she knows who I'm thinking about. And I just think it's great. You meet these amazing people through this process. And to your point, it's when you continue to stack on it's a compound interest over time; you grow more deeper relationships. And man, these are some of the most amazing people in the world. And I just love that so much

TC: So Tom, thank you so much for talking about your principles and going in-depth on some of those. Talk a little bit more about this rich life mastermind because it's something that you've launched recently. And I know you've got some exciting things happening there. So tell us a little bit about the mastermind.

TB: Yeah. I think for a good ten years, I think I was just Mr Complacent. I was doing the real estate, life was good. And Kiyosaki suggests I write a book; I wrote a book. And that kind of started changing things. As I did research for that, I found there were a lot of people out there that had questions. I've been teaching for 30 years, whether it's finance or medicine, I was a doctor and I like to teach. And so it ended up so many people were asking, hey, can you fill me out on how you did what you did that? I finally put together a tester. First, I put together a mastermind, and it has now grown to something we just love. And so it's really centered around people, deals, and adventure. I like travel and adventure. And so what we

do, we've got our second summit coming up and, I've got 'em throwing axes and riding horses and shooting shotguns. So kind of Texas stuff. So—

TC: Yes, that's awesome.

TB: Be a little competition there. But the day before, we're all gonna gather, and I bring in experts to talk to 'em. I've got a lot of friends, I'm in a lot of groups, I'm in the tiger, 21 and R 360, and things like that. And so I filter a lot of deals to the group. And that was their main request was we want deal flow, and it's not just real estate. And my job is to kind of get out in the world properly vet deals. Typically it's ones that I've either invested in or known the person for a long time. And so I'm bringing them deal flow, and then we educate. And we've got some folks that are just starting their real estate journey. We've got some folks that have exited their companies, but they're great company operators, but now they're sitting on 50 million, and they're supposed to be a good investor that doesn't come overnight.

TB: And so it's just been a blast. I love hanging around folks. And so it's really fun and I'm not the—it's not a guru thing. It's a we all learn from each other, and I try to teach what I can and bring in smart people like you to talk when I wanna talk when somebody wants to learn about something I don't know about.

TC: Absolutely. So what's your favorite part of that? I mean, you know, you got the adventure, you got the deals, you got the people. I mean, what is it that you feel like fills up your cup the most? And what do you think is the most exciting part of that for folks who are coming in? I mean, maybe it's different for everyone, but I'd love to hear your thoughts.

TB: For personally, for Tom Burns, it's the people. I love it. And cuz they'll call, hey, I got this deal. What do you think? And we talk, we go through it, and I help. And some people, sometimes we kill the deal. Sometimes it goes, I've had some folks that came in. I had one was just a scared little rabbit. And I don't mean that in an integrating way, just really terrified. And by the time she had kind of been through the program, she's now bought three properties. She went on some trip to chiro with a group she didn't know. She said it just opened up her mind that people really could be fun and friendly and you could make money while having good friends, meeting a lot of people. Cuz that's what it's all about, right? We could make a bunch of money and stuck in a cave, and life is just not worth it. So it's all about getting out, seeing the world. So that's what I learned from them we're gonna travel the world and have our meetings in some, kind of pretty bizarre places. That's our plan. I just love the people we're just about to launch. We kind of haven't let the world know that it exists, but we're about to let the world know. And I think we're gonna have a great group of people and have a lot of—

TC: That's awesome. Yeah. You know, that's what it's all about. I think it's, you know, the cool thing about this business is we can have fun and meet great people and build great

relationships and scratch that almost primal itch that we all have it's to be in a community and to be in a tribe, but it's also, hey, at the same time we can make great money. And we can create abundance in our own financial life and beyond and have that adventure as well. I mean, that really resonates with me. So if the listeners wanna learn more about rich life, they just go to rich.life. Is that correct? Or where else would you point them?

TB: Yeah, they can go to, they go to rich.life or go to rich.life/toolkit, and there's some free stuff. They can use some of the stuff that we talked about today, some of the deals we've done. I go through some of that people deals, money, structure, rules. They're not all successes. I go through some of the boneheaded stuff I did back in the past. Cause that's how you learn lessons. So it's all free, and they're welcome to go to that, and I hope it's useful for your listeners.

TC: Absolutely. And again, beyond rich.life, if the folks wanna learn more about you and your company, Presario Ventures, they just go to presarioventures.com. Is that correct as well?

TB: Absolutely. You betcha.

TC: So Tom, before we wrap today, tell me a little bit about this return from a 30-year hiatus. You were not playing tennis for 30 years, but now you're back. You talked about being complacent perhaps for ten years, and maybe in the professional life. And then Robert Kiyosaki said, hey, you need to write a book. And that kinda scratch and itch had opened up a whole new world. But tell me about this and the endeavor now for tennis and coming back after 30 years.

TB: So yeah, I was pretty good back in the day, but I always tell people there's levels of good, you know, I certainly would've got my college paid for, but weren't gonna see me on TV. And so played a bit of tennis, got married, went to medical school and did all that and came back and played just a little bit of tennis. When I got back to Austin, cuz everybody said, hey, you're back. Will you play with us? Well, I had young kids. And, you think golf takes a long time. It's still four hours to go play a tennis match.

TB: Cuz you get ready, you drive that sort of thing. You gotta have a beer after you play, right? But so I ended up stopping that, cuz family was number one prime, right? So I wanted to be with the family, so it just kind of faded away. And I maybe did a little bit for the next ten years; I once in a while somebody had asked to play and then, but I hadn't touched a racket in like 20 years.

TB: So I go on this trip, I'm on an island, my stuff doesn't, this was last year. My bag doesn't show up. I don't have any clothes. I'm borrowing clothes from the people on the island. I got this, you know, muscle shirt on running shorts and flip flops, and I'm walking the island with this guy, and I hear the sound of tennis balls. We go over there and, and we

go, and our host was Richard Branson, and it's his house, right? And so they're playing bevels, and they're playing a little bit. The pro goes, hey, do you play tennis? I said, ah, I did, but it's been a long time. And plus I don't, don't have any gear and she goes, we got shoes, socks, and rackets. You don't have an excuse. So I go bang around with her, and she was good. She had played at Wimbledon and had like a top hundred ranking, and wow. We start playing. She says, hey, it's obviously you've played. And then Richard comes by and sees me play and he goes, look, will you play with me? I said I don't know. You know, it depends. So I ended up having to play with Richard twice a day cuz that's his routine, and it got me back to it. It was really fun. And what was most fun was that I played a certain way 30 years ago. Now the game's changed. So new challenges for me to change my grip.

TB: So we're talking right, a 45-year-old grip. And so I'm not very good right now. I bought some rackets off of eBay. Now I finally bought a new, I found a racket I like. So just in the last four or five months, I have changed my grip, took lessons and turns out the guy took lessons from is the guy that, when I was a kid, he beat me for the adult city championship when I was a kid.

TB: And it all comes back. So it's actually very interesting. Getting better, but not good yet because it's a new swing and he's actually enjoying teaching me cuz he goes, man, you're excited about tennis. Most guys your age are burned out. So it's a blast. I'm having fun. I'm losing here and there actually losing more than winning but getting better each time compound effect. Darren Hardy would be happy, would be proud of me, but it is so much fun it's and I'm getting kind of obsessive about it. So you know, next time we talk, we'll see if my wife is still happy with me.

TC: See, this is why I love having conversations with you cuz I never know what epic story you're gonna bring me like you you're playing. Oh, well yeah. Then I stumbled upon Richard Branson and this top 100 player who played in Wimbledon, and then we got back into it. It's like what a story. But what are the top one, two or three lessons that you've learned since you've gotten back into the sport?

TB: It takes longer than you think. I gave myself a year, but my brain's still think and I should be better than this. So patience is really hard to use, but I'm having to use it. And it is refreshing and invigorating to have something that you're a little bit obsessive about. You know, I love what we do in real estate. It's great. I love, but it's not the real estate I love so much. I like the money. I like what the money does for me. It buys me my time, gives me a chance to go out at nine o'clock in the morning and play tennis, cuz I don't have a job. And it is really, really fun to have a quest. I know where I am. I know I should be beating these folks, but I've gotta be disciplined to get the game back, and I'm having fun losing. I know that sounds goofy, but I'm not having a lot of fun. Now I'm getting to where. But it is a part of the process, and that's the thing we gotta realize.

TB: We gotta go through the process. Your investors are gonna lose money sometime. I have lost money. I'm gonna lose tennis matches. Just keep pressing forward. Keep your knees high. Keep moving forward. Each time you grow each day and I can see it happening in my tennis. And it's a real big parallel to the investing.

TC: Man, I enjoy the process of having a conversation with the great Tom Burns, every time. Because I learn so much and I have so much fun. And I just know that if I trust this process, it's all gonna play out just the way that we just described it there. So Tom Burns, man. Thank you so much again for being on the podcast part two. I hope we have an opportunity to do part three and so on and so forth. But Tom, again, is there anywhere else where the listeners can find you or learn more about what you do?

TB: Nah, I think we got it with rich.life and Presario. So we'd love to talk to any of you. There's emails there and gimme a holler if you need me.

TC: Outstanding. Well, Tom, any parting thoughts or words of wisdom before we wrap today?

TB: I love your podcast. I'd encourage your listeners to keep listening to you. I love the combination of mindset and mindset and money cuz the two have to go together.

TC: Outstanding, Tom. Until next time, my friend. Thanks so much for the kind words, and we'll see you next time.

TB: All right, buddy. Thanks.

[END OF INTERVIEW]

[OUTRO]

TC: Elevate Nation, Tom Burns bringing the heat, bringing the joy, bringing the wisdom, bringing the timeless principles for us today. I just wanna thank Tom Burns again. I mean, one of the greatest people in this business in this world and just somebody that is so true, so honest, so forthright, and so abundant. So I just want you to recognize how much value that you just received. I wanna invite you to jot down what are your top one, two or three key takeaways or distinctions from this episode. Again, knowledge is not power, but it is potential power. It is the potential to take action on that power.

TC: So what is it that you learn today that you want to take action on? Make a commitment to taking on that knowledge and on those insights. Also wanna invite you to re-listen its episode. Because when we listen twice or three times, we learn two or three times as much, or even more. By the way, sometimes, it can be exponential. And as we typically say, when

the student is ready, the teacher will appear. What teacher appeared for you today? What student within you is ready? And by the way, we all have multiple interior students within us. And I just think that today's episode was so valuable from so many different aspects when it comes down to navigating the market cycle when it comes down to making effective decisions with regard to growing your investment portfolio or being nimble in the current environment or over the next few years, as we navigate perhaps the next market cycle thinking about timeless wisdom and principles.

TC: Maybe there's some that you could steal shamelessly and improve upon for yourself and for your business, or maybe there's other ideas that you got from this episode in terms of creating, designing, optimizing your own principles. I want to encourage you to have a discussion with someone else. Of course, share this episode with a friend, but have a discussion on some of the things that you learned.

TC: Here's what I took away. Here's what I learned. Here's why I think that this is important. Here's something that was not said. And here's why I think it should have been a part of that conversation. By the way, guess what? This can be fodder for your own expansion, your own mindset, your own mind expansion, your own personal development to becoming even higher-performing real estate investor. If you enjoy this episode, please give us a rating review, share this with a friend. Until next time, Elevate Nation. Thank you so much for tuning in, and we will see you next time.

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