

\$800K in Profit on One Flip – Tucker Merrihew Shares How He’s Flipped 100s of High Profit Deals

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Steve Trang

Hey everybody. Thank you for joining us for today's episode of Real Estate Disruptors today we have Tucker Merrihew with TTM Development, and he flew in from Portland, Oregon, talking about how he's done hundreds of flips in new construction, including making just \$800K on one property last year. If this is your first time tuning in, I'm Steve Trang, founder of the OfferFast Homes app, the only MLS for off market wholesale properties. And I'm on a mission to create 100 millionaires. If you guys have been following me on social media, then you know that we just finished building out a classroom. We're holding sales training and masterminds there. If you want to close more deals, please apply at disruptors.com to see if the class would be a good fit for you. If you get value today, please tag a friend below, share this episode right now, that way we can all grow together. And this is a live show. So please ask your questions for Tucker to answer. You ready?

Tucker Merrihew

Let's do it.

Steve Trang

Alright, so first question is, what got you into real estate?

Tucker Merrihew

Well, let's dial back that time machine, shall we? Because we just dated ourselves on our pre-conversation here. So let's wrap, let's pretend it was 2002. And if anybody remembers it was right after this thing called the Dot Com Bust, right? And there wasn't a whole lot of jobs available for people to get. And I had had an apparel company in college that I thought for a while that was going to be you know how I get rich, right? And this apparel company was going to take off and it was going to be the thing we did after college. Well, it didn't. It imploded. And it wasn't really profitable. So I had to figure out

Steve Trang

Imploded?.

Tucker Merrihew

Well, everybody kind of drifted away, right. And I was left with a bank account with a few hundred bucks in it and a little bit of leftover product. Okay, so what do you do? Right, [right]. So initially, I thought about maybe getting a job that didn't really pan out for various reasons. Then there was this thing called a newspaper that we used to have back then. And there was this guy named Robert Allen, I think that it was that had an ad in the paper. And I remember my mom sent it to me, she was like, you got to see this. The guy says, I'll make you a millionaire in a year. If you go to this, you know, training, right? And I was like, Well, I mean, sounds like a good idea. Right? [Right] I was 22 and broke and, you know, wanted to be a millionaire. So, that was really the beginning. I went to that. But at the same time that I didn't become a millionaire overnight. And I didn't do deals overnight. So I had to kind of fill the gap with how do I actually generate an income in real estate before this investing thing actually kicks off or works for me. And so, I ended up in the mortgage game from there. But ultimately, it started with a newspaper clipping that my mom sent me that ...

Steve Trang
So you went to his seminar?

Tucker Merrihew
I went to a seminar. Yeah.

Steve Trang
But then you went and became a loan officer.

Tucker Merrihew
Then I went and became a dirty, grimy loan officer back in the day.

Steve Trang
That's not what he taught at the seminar.

Tucker Merrihew
Yeah, yeah. That's not what they taught at the seminar. You know what I liked it summer, actually, that caught my attention, but then I realized I couldn't do it, were tax liens, right? But you need money to buy them, and so there was that whole money piece that I didn't have. But I remember that was the first thing I heard that was like, that's pretty cool. And of course, they they tell you the pie in the sky version, right? You know, you can make like 24% on like, you know, whatever the tax lien amount is you buy. And I was remember adding it up in my head. I was like, man, that seems like a good idea. But yeah, there was that whole money thing in between.

Steve Trang
So what compels you go into being a loan officer?

Tucker Merrihew
So the loan officer thing was also a, uh, an ad in the paper, right. And so there was a place -- I don't know if I should say the name, because it might get me, I don't wanna get sued, putting this out into the world -- but there was a place on the Boulevard, McGlothlin Boulevard in Portland, it was actually in Milwaukee, and it was a big black building for anybody that's familiar with that area that's watching the show. And they put an ad out, and they basically, their motto was recruit as many loan officers as they could, right. And so they thought that ... they basically ran a training facility in the back of their building, right. And so they'd train everybody up, and they thought that, you know, everybody would finance basically their friends and family before they failed out of the business. And so you get like, under five loans done, but they'd met they match you up with a mentor, that mentor would tell you you need to jack your fees up and then they get 50%. So it was like a 50% split for your first five deals.

Unknown Speaker
Sadly, that's a very still common business model.

Unknown Speaker
Yeah, yeah, it was. Except for this place was filled with pimps, felons, drugs, all kinds of, you know, early mortgage days stuff, right. So it was quite the learning experience on many fronts for me when I went there. But basically what happened is I responded to an ad, I went and

got trained there, but I stuck. I did my first five loans, and then I did a bunch more. And it was a challenging time because I was 22-23 and I was trying to get people to entrust me to basically finance their biggest assets, right? And so it was a bit of an uphill slog, but I got it to stick. And I kind of made it through there. And eventually, let's see, I stayed there for like a year and a half. And then one of the good friends that I made there started his own company, which he started, because we were kind of sick of what was going on there in terms of just all the extracurricular stuff.

Steve Trang

Kind of like a Wolf of Wall Street.

Tucker Merrihew

Yeah, it was very Wolf of Wall Street. I mean, there's so many stories like say, there was one time there was a guy whose wife was a processor for the company, right? And they were kind of on the fritz. So that processor decided to have a relationship with another loan officer there. And this guy named Larry Capri who was the soon to be ex-husband of the processor flipped out, and he got a gun and he sat across the street on this grassy knoll, and he had the high powered rifle pointed at the shop. And I remember walking up front and somebody grabbed me, they're like, "Larry's across the street with a rifle, dive!" And so we all dove on the ground, the cops came and Larry went to jail for a long time. But yeah, it was very Wolf of Wall Street. [yeah] That's just one of the stories, stuff, crazy that he did that. But there were a lot of other stuff, too, that was more, you know, drugs and party and all that. So it was, it was an interesting experience. So we let he, my buddy, John started his own company. And he wanted to kind of leave some of that behind. Unfortunately, his company ultimately turned into a smaller version of that. And so I was there for a while, and he was a good guy, and nothing bad to say about him, it just, you know, it was just kind of the nature of the beast back then for those companies, that's just what they were. [Yeah] So then I started my own company about a year and a half later. And so that was like 2006-ish. And so TTM Finance was my first real estate company that I had of my own. And that was a mortgage company, we were licensed in Oregon and Washington. And so I had, I don't know, maybe eight or 10 loan officers that worked for me. And I kind of ran this, this company. And that was my first adventure into the world of managing people right? Before it was just about sales and making money. And it was still about sales and making money, but now I had audits and license and management and overhead and all these things. And so, you know, I was in my mid to late 20s, and basically just kind of blind man in a dark room trying to figure out how to run this thing called a business while I was in this world of real estate. So that was, that was how I started. And then from there, I always had that, that draw towards the investing side. And when I first got into the mortgage business, I bought my first house within three months. And back then it was crazy to think about it, but you could get hundred percent financing if you had a 700 credit score, right? I was three months out of college working at a place for three months, didn't have to stay at length of employment.

Steve Trang

That was when a lot of people, don't, don't know now, but I mean, it wasn't till like 2008 or '09, you could get your down payment as a concession.

Tucker Merrihew

Yeah, you could. And there was even like, real crazy stuff going on where like, I won't go into it. But yeah, there was, you could do all kinds of things. And so I mean, now looking at it from

a developer perspective, it's like, man, if we could get loans like that now to buy stuff that then we sit on and hold at these, you know, relatively close to market rates before we develop it out. We need to be an amazing program. But they don't exist right now. [Right] So, but that was back then. So three months into getting into the mortgage game, I bought my first house. And that was kind of my first taste of like, the actual investment side and I ended up selling that house about two and a half years after buying it. And I made about \$200 grand, and that was just pure luck, really. I mean, I finished out the basement, I rented out a room down there, I rented out the main floor room. My mortgage fan was like \$1200 or \$1300 bucks a month, I was bringing in \$1000 bucks a month from rent, you know, living for virtually free. It was a great deal. [Yeah] But then I you know, the market went crazy, you know, end of '04-'05-'06. And so I sold that place, you know, in '06 before the market started to collapse...

Steve Trang
Great timing.

Tucker Merrihew
Very fortuitous timing. I got lucky there and made about \$200 grand, but that was and then that basically was kind of house money to kind of run with and kind of, you know, get into more flip stuff eventually moving forward. But that was kind of my my stash that I could work from.

Unknown Speaker
And you're ... I imagine you were killing it on the mortgage side.

Tucker Merrihew
Yeah, we were doing good in the mortgage side, too.

Steve Trang
And then ...

Tucker Merrihew
And then there was, let's see, a day August 2007 when...

Steve Trang
Oh, it's not traumatic at all, you know the exact day.

Tucker Merrihew
Yeah, I still remember the office I was sitting in, which had it was our at our old space and wood paneling all around it. I was talking to somebody like I was talking to this, and my phone kept ringing, kept ringing. And it was all the wholesale banks we were hooked up with. And it was like call after call. "We're freezing your pipeline. We can't fund these loans." Well do you know when you can? "Don't know." And then, you know, there used to be a site called I think was like mortgageimplosion.com, which showed like all the banks that were going out. Like once New Century went out of business, it was like, "Oh my God," because they own the subprime world and like they had so much money ...

Steve Trang
Before Lehman Brothers went down.

Tucker Merrihew

Before, yeah. Lehman was after that, I believe. And so anyway, that day in 2007, changed everything. And so I limped along until early 2008, just trying to pick up the pieces and figure out how you close these transactions that most of which couldn't be closed. But by the time early 2008 came around, I was like, man, this business is just not fun anymore. And for a variety of reasons. And so, ultimately, it was a blessing in disguise, because we were doing well on the mortgage side. And so it's, as you know, like running multiple businesses, it's hard to step away from one that's paying you to go full bore into another one that's not built out yet, right? And so it was I, although I wanted to, it was very difficult to step away from that and do it and change the heading of the ship and go purely into the house flipping world. Which back then I wasn't gonna be a developer and build houses, I just want to flip houses. But that meant that helped make the decision for me. And so by mid 2008, I just said, you know, what, I'm putting all my efforts into actually flipping houses as opposed to originating loans and dealing with you know, everything that has to do with owning a business in a loan shop. And so that was kind of the beginning of flipping houses. And back then, it was all REO, short sales, eventually foreclosure auction;, it was a very different world than it is now.

Steve Trang

Right? So a lot of people that listen to the show, they predominantly fall into one or two, I mean, you got you got your wholesalers, you got your flippers, and we got some people that are also lenders, but predominantly it's wholesalers and flippers. Now, we had talked about this beforehand. [Mm hmm] You didn't wholesale -- you won't explain why?

Tucker Merrihew

Yeah, so let's break down the first deal that I did in 2008 after we kind of changed the heading the ship and you'll understand completely, right? So it was a deal that your classic REO deal right? Been on the market 90 plus days. They had dropped the price a couple of times, it just looked like a squishy deal, right. It had checked all the boxes data-wise. It also had some water damage in the crawlspace, and there was some mold. And back then there was an ebook called Mold is Gold, you know and REO purchasing guide ebook, which I bought, by the way, and I you know, it did have some good information in it. But it was listed at like \$159,000 or something like that. And we made an offer at \$130,000. And they accepted the offer and I was like oh, okay. Then we did our inspection and we found a bunch of water under the house which kind of scared me at the time because...

Steve Trang

Water under the house.

Tucker Merrihew

Water under the house. Remember, we live in Portland, right, and rains a lot. There was ... it needed sump pumps under the house to pump water out, but there were no sump pumps. And so that water just sat and pooled under the house because we don't build on slab here, we have crawlspaces underneath. And so that water and moisture created mold under the house. So it was a big issue, witch kind of scared me a little bit back then. So what did I do during my inspection period? Well I lowered my offer price, I think it was down to like \$101,000 or something. So big reduction, which was kind of like my out to be like, I'm not gonna buy this house. And then I still remember I was walking out of Club Sport, which is where I'd go play hoops. And I got a text message back then, which was kind of new, but you could get text messages back then, from my agent, he was like, they took it. And I was like,

excited and kind of scared at the same time, right? Because it was like, Okay, I guess we're we're gonna do this one, right? And so the first thing that I did...

Steve Trang
This is the first flip?

Tucker Merrihew
The first flip post stepping away from the mortgage company, right. And so the first thing that I did was like, well, we got an amazing deal. I can wholesale it right. So I put up ads, I call it everybody I knew -- nobody was buying. Everybody was scared of real estate back then it was ... the bottom had yet to be found. We were in almost a freefall. And I know in Phoenix here, it fell for a while even after that. But we were in a freefall in terms of people's perception of the market. And even though in Portland, we didn't really fall much farther than where we were right then, people's perception was that they didn't know where the bottom was. And so nobody wanted to buy. And so that's what we found. It was like okay, we have a great product here at a great wholesale price, but the market disappeared. And so that forced us into -- or me -- into basically putting up my own money because -- by the way hard money companies weren't really around back then either, in Portland anyway, -- the first one in Portland is a good friend of mine now, but it didn't start till later in 2009. And so I was like, well, I got \$160 grand in the bank, um, I'm gonna fund it. Let's do it.

Steve Trang
You self-funded your own deal.

Tucker Merrihew
Yeah, I self funded of my own deal. And we ended up rehabbing it in about two months I think put it on the market at \$199,000, and we ended up selling it like a week later. And that was proof of concept that the retail market was actually fairly strong for entry level turn-key product when the wholesale market was non-existent.

Steve Trang
Yeah. Got it. So then after that deal then what?

Tucker Merrihew
So then after that, it was kind of a proof of concept of, Okay, we know how to buy REOs, right? And so we just started combing the RMLS (or the MLS, whatever you want to call it) and basically looking for REOs that were beat up, like the people left pissed right? Punched holes in the walls, ripped doors off, there was all kinds of stuff that happened back then, it was crazy right?

Steve Trang
Yeah, missing kitchen ...

Tucker Merrihew
Missing kitchens ...

Steve Trang
Hammer every inch throughout the house ...

Tucker Merrihew

Yeah, spray-painting lovely obscenities all over the walls on the way out. So we look for stuff on market that had been sitting for a while. And usually about 90 days was kind of the threshold that we determined where the banks would get pretty squishy. If you offered before that, you'd play a lot of back and forth and you'd never really get your price. So we scanned the MLS, and we offered on everything that looked beat up, been on the market 90 plus days. I also got to know every REO agent in town that was like a bigger player, there was some one-off people, but there was probably five or six that listed most of the inventory. They never picked up their phone, by the way, it was like getting a hold of them was the hardest thing ever. But like we're talking about before this, if you could sit down with them have a beer with them, you know, kind of bro down face to face. It was like Game Over, they'd call you on everyone moving forward. So we did a lot of that, and that served us well also. But that's where we started kind of going full steam into finding distressed inventory that we could buy, fix up and flip.

Steve Trang

Got it. At that time, did you enjoy flipping, are you ... you got good taste, the connections?

Tucker Merrihew

It was a it was rough. I mean, get it ... you ... we talked about it on the way over here. Get ... building out that side of your business is is not always enjoyable. Like it's it's like, it's herky jerky, it's back and forth, you're dealing with, you know, jerk-off contractors, you're dealing with dealing with GCs [general contractors] that maybe overcharged [and] under delivered, don't pick up their phone, tell you what you want to hear. I mean, there's a lot of that. So like, we went through a couple of GCs that kind of ran our jobs initially. And we had that same experience, that it just wasn't a great one. So that's when I decided to get my own GC license. Because at that point, we're just a manager of construction, right, we'd still call in subcontractors and bring them in to do a lot of the trade work. But I would hold the license. And then I had to hire like a couple of in-between labor guys to do all the in between labor stuff, cleanups, demo, things like that. And so you know, shortly thereafter, I hired my brother in law, who worked for me for a while, and a whole bunch of other people that just kind of cycled through that job. I mean, it's a low level, you know, job. So it didn't have a lot of longevity. But yeah, we hired a couple of in-between labor guys, and I got my GC license. And then that really allowed me to enjoy it more, because we then had control of the process. And we started to build the relationships with the subcontractors. And that just, it just made the business a lot easier. We weren't beholden or reliant on somebody else, and their numbers and their schedule to get deals done.

Steve Trang

For someone that's listening right now that's interested in in transitioning from wholesaling to flipping, what advice would you give them as far as, you know, getting the tradesman and so on?

Tucker Merrihew

I think, I mean, I think there are good GCs that you can find. I think the biggest hangup that investors have is that we're cheap, in by nature, right? It's just something in our DNA. We want to be a real estate investor. We're just cheapasses. That's just the way we are.

Steve Trang

Hm-mmm. Only on flips.

Unknown Speaker

Only on flips. Yeah. I mean, that's true.

Steve Trang

They're willing to spend whatever on marketing.

Tucker Merrihew

Yeah, yeah, that's true, but then flips they don't want... So like finding the cheapest GC, you're going to get cheapest GC problems, right? So I mean, but you also don't want the guy that's doing, you know, luxury homeowner remodels either. So I think finding kind of an in between guy, finding somebody that's younger, I think younger is key, because they they're still hungry, right? They're not burned out and crusty. But you don't want the cheapest guy; you don't want the oldest guy. There are guys out there like that. You know, one guy that ran project management for my company for years, he went out and started his own GC company, and like, you know, a guy like him would be a good fit for kind of a flipper starting out that maybe is going to segue from wholesaling to doing some flips. But you gotta find that relationship because then that gives you the confidence too, right? Because that's one of the main reasons people don't get into flipping from wholesaling is they just don't have the confidence in the support, the numbers, the timeline, it's just all kind of this big gray area, right?

Steve Trang

Well that's and that's exactly my experience right now. That's the, you know, we're flipping, I shared with you earlier. We're reluctant flippers. [Right] We're flipping because there's just more money there. I'd rather wholesale. [Yeah] But it's hard to say no to those margins.

Tucker Merrihew

It is. I think now, like, we're in such a hot time, right? Like what's your inventory here in Phoenix, like sub one month or, or?

Steve Trang

It's like 1.2 months of supply.

Tucker Merrihew

Yeah, it's crazy, right? So like, now there's this new market called wholesaling, right? There's like the in-between market, which also is very difficult to do in a down market by the way. You gotta go all the way or not at all, right? And not at all is hard sometimes too, but in a super-hot market we have 1.3 months of inventory in Portland right now. There is this thing where you can buy a dated, slightly, you know, beat-up looking house maybe just paint it carpet it put it back on the market and sell it at \$0.95-\$0.96 cents on the dollar. [Hm-mmm] That's kind of the path of least resistance I think for a lot of people that maybe want to make that jump. Not all product can go there, right? Like some product is just blown out. You can't do anything with it other than fully rehab it. But if it's livable with paint, carpet and cleaning, you know, maybe you just go light, right? And maybe that's the kind of bridge to flipping, right? You start there. Because the last thing you wanna do is get into like \$100k -- your first flip is \$100k remodel, right, where you're moving walls, repiping the whole house, new electrical, you got foundation issues, roof, you're resetting windows, maybe you got to move windows, you know. There's

just so much that can go wrong because you don't know what you don't know.

Steve Trang

Yeah. So you're flipping for a while. What was the first business you created in this journey?

Tucker Merrihew

The first business, I think the day that I opened, it was, I don't know, maybe like February 2008, something like that. And it was, I initially named it TTM Capital Funding, because I had visions of -- I was a money guy before, right, I was in the mortgage game. So I was gonna raise a bunch of money. And we were going to use that money to pool it to buy real estate. And so, you know, I was like, well, that name makes sense. But then we ended up being more in the, you know, sticks and bricks side than the money side. So eventually, I found a DBA. So it the company now is the same company, but we call it TTM Development. And that was the first company that I started post-mortgage company that still is around to this day. It's our flagship company [Yeah] that basically buys and sells houses.

Steve Trang

But then eventually branched off and built additional businesses.

Tucker Merrihew

I did.

Steve Trang

So what's the next business after that?

Tucker Merrihew

So next business after that, let's see. Well we started a podcast, that was probably the next thing, which, you know, bear in mind that was 2014.

Steve Trang

That's really early for a podcast.

Tucker Merrihew

It was like Sean Terry, Bigger Pockets. God who else? There was a couple other early adopter guys that have since gone, you know?

Steve Trang

Real estate guys, I think.

Tucker Merrihew

Yeah, real estate guys. Ther,. I mean, some of the flagships are still there. But like, I was, like, the 20th episode on BP or something like that. And I still remember recording that show with, you know, Josh, and Brandon. And they're like, I hope people are listening, you know. And so, it's funny, it's a trip kind of thinking back on all that. But, you know, we started a show then. And that was, initially it was just a show, right? It was kind of giving back. It costs us money. I hired Dan, who works in the office with me now, still does, seven years later. Because I needed somebody to produce it. Like, we're in the studio here. I was like, wow, I want a podcast, but I don't know how to produce it. Right? I was like, Dan, can you figure out this whole like, iTunes thing? And like how we, you know, how do we edit the sound and all

that?

Steve Trang

I imagine it would have been a lot harder back then, too.

Tucker Merrihew

It was. It was difficult. But he did a great job. And so that was not a business, initially. But it was us creating content, right. [Hm-mmm] And so we did that. And then it basically acted like a business because it costed money and, you know, needed human capital and needed skill sets. And then we created an online mastermind group that was attached to that. And that was our first business kind of attached to the, to the content education side. Which was nice, because it helped backfill a lot of the costs of production. But then we also, you know, we were able to build that, and it's still around today. And you know, it hovers around 125 members, something like that. So that was the next business attached to a business, right.

Steve Trang

It's kind of funny, because we were talking about earlier, three of your people in your program, are also in my program.

Tucker Merrihew

Yeah. There's a lot of cross-pollination as business. A lot.

Steve Trang

Yeah. Okay. So then after that...

Tucker Merrihew

Let's see, after that. So a lot of what we did to find deals, post, like REO world, was basically driving neighborhoods, right? And that was, you know, we basically drove specific neighborhoods that we wanted to be in, and we looked for investment grade product. And we had the yellow pad and the pen and paper, and it was super archaic, right? But it was normal in 2011-'12-'13. And then in '14, we came up with this idea, which seemed like crazy at the time, could you even do it? Which was building out what is now our driving for dollars out? Right, which, you know, there's obviously a lot of people in the marketplace that have similar technologies now, but that was '14. So I mean, we had the first idea, we did it. You know, there's obviously guys that you know, have done it as well, and props to them. But like that was us actually doing it. Like, this sucks. Like, I gotta hire somebody then to look up these properties and organize them after I do it. So that was a long process back then to figure out the tech side of it. The build out. I mean, we hired some really terrible developers that we paid a lot of money.

Steve Trang

So this was 2014, though?

Tucker Merrihew

'14 or '15? Yeah.

Steve Trang

Yeah. So it's crazy, so you had a drive for dollars app. [Yeah] In, wow.

Unknown Speaker

Yeah, we tested it within our mastermind in 2015. And it was like, herky-jerky, and like. I still remember like, whiteboarding out, okay, like, here's the API, here's the data place that we got to pull it from, here's the request, here's the calls. And we drew it all out. And they're like, that's pretty wild. But now it's like, nothing, right? Like, it's, it's crazy to see how much that data is, you know, or how that process and technologies change. So then, that was kind of a herky-jerky process, and eventually we got it to market in '16 for the masses, and then, you know, it's been kind of a you know, progress ever since just improving it and making it better and whatnot. But that was the next business on top of business on top of business.

Steve Trang

Yeah, I'm hoping the listeners are bear with me. I'm asked these questions selfishly, because I'm kind of going through the similar journey.

Tucker Merrihew

Yeah, it's, and it was challenging, right, because, you know, I've said this before, we were real estate guys entering a tech world. We weren't tech guys entering a real estate world. And everybody knows real estate guys are not tech savvy, right? I mean, we need help with everything. And we've gotten way better over the years, don't get me wrong. But it was really challenging to find the right help, the right people, the right developers, all those things. And so it's been a hell of a journey. I mean, building that from scratch multiple times over, to, you know, obviously having, you know, lots of people that use it all over the country now, today, and we still use it every month in our own business. I mean, during Corona when the initial lockdown, I was like, we got to redo all our lists, right? We got some idle time here, people were, you know, freaking out, nobody's letting us into their houses. So for a month, we re-drove all of our areas, re-did all our own lists. So...

Steve Trang

That's awesome. So then after the app...

Tucker Merrihew

After the app, the next thing that we started was our local show. So I was driving in my car one day, and I was listening to another podcast. And I don't know if many you guys listening, wherever you kind of have your like, flow moments, right? We're like, I don't usually have them in the office, right? Because you're dealing with putting out fires.

Steve Trang

Distractions...

Tucker Merrihew

Distractions, right? Nowadays, whatever it is, right? Social media, employees, whatever. And I was driving, and I listened to this guy. And he was like, you know, he was thinking about doing a local show, but I don't think he ever did it. And I was like, a local show. That's a good idea. And I was thinking myself, I was like, well, I could do it. But I'm already the host of one show, be pretty narcissistic of me to want to just host two shows completely. But it's also difficult, because then I'd be the only one marketing it. And I was like, who else is equally narcissistic, that could be good behind a microphone that I could get that I know well, right. And I was like, I got just the guy. And anyway, he's really nice guy, just playing. But he's been my co-host ever since. And he's one of the biggest realtors in Portland, and one of the owners

of the biggest brokerage there in town as well. And he's been a fantastic co-host. And so that was our next venture into that world where we basically built out a community; or better, brought the community together, of real estate investors, agents, title companies, lenders, everybody, right. And so that's been a really cool platform to do that. And then that, although it doesn't pay us to do the shows, it's furthered our brand similar to a lot of stuff that you do here. And so, you know, everybody knows who we are now, they know TTM in Portland. And they know me because of that. And obviously, the product that we put to market as well. But that's been a great connector.

Steve Trang

Before we continue. What are the names of those two podcasts?

Tucker Merrihew

The Portland Real Estate Podcast is the local show. And then the national show that we've had, you know, it's been our flagship show for seven years. It's called the Real Dealz Podcast, and it's Dealz with a Z.

Unknown Speaker

Yeah. So I think everyone is listening, there's plenty of opportunity, if you're not in Portland, to start your own real estate show in your market.

Unknown Speaker

I mean, when I had Brandon Turner on my show a few months ago, he was like, I'm starting a Maui one, right. So like, if it passes the sniff test with Brandon, it should pass sniff test for you guys. [Right] It's, it's a great ... but beyond that, yeah, it's fantastic. Because that's, in my opinion, you know, everybody wants to start a show, because they want it to be huge, right? They want the whole world to listen. And that's good. I mean, everybody wants to be the next Joe Rogan. But at the same time, there's a lot of value in the niches right? The niche shows can be very valuable in meeting people, networking, you know, doing business, right? And so, local shows, there's a lot of need for that in a lot of markets where you can be the connector, so to speak, of all the different parts of the real estate equation.

Steve Trang

Yup. And there's a guy in Salt Lake City, I can't remember his name right now. I want to say, Rex or something, shoot, I feel bad now. But he's done the same thing in Salt Lake City, where he knows, like the mayor, a lot of the guys on the Utah Jazz have been on the show. Like, it's just [Yeah] you're the connector.

Tucker Merrihew

Yeah, and we've had, we've had, you know, some Timbers players, we've had ex-[Portland Trail]Blazers, all kinds of things. So that was the next thing. I mean, we piled a few more things on since then...

Steve Trang

But before we transition, I want to say, anyone's listening, like, there's no reason not to start it, like, go for it.

Tucker Merrihew

No, do it. And the other thing that's cool is like, this is an awesome studio. And these guys are

fantastic in here. But like, you don't need this to start it. Like I mean, for the first six years of my show, I had a class office space and a microphone, right? Like, and it worked just fine. And you could even use your phone. You know, obviously you grow into it, you improve it, you make it better, but you can do it. I mean, the biggest advice that I'll give you is just get better at your microphone presence. The rest of it doesn't matter. Like it really doesn't like you want a good mic eventually. But like if you're good on the mic and people like listening to you, like that's the like, the major skill set that you can improve without like dumping a ton of money into it or you know, time. [Exactly] I mean time maybe, but not money.

Steve Trang

Alright, so after real estate podcasts, or the real estate, Portland real estate show...

Tucker Merrihew

So the next thing was you know, we had a we've got our Deal Finders Academy, which is our online mastermind group. From there, you know, that's a one-to-many type model, right? Where, you know, I ... I work with people as much as I can one on one, but it's it's a one-to-many model; that's the way it was based. But we had a lot of people that we realized -- because our specialty is basically marketing directly to sellers, right? Which is normal now everybody, you know, that's what you have to do. But you know, I been doing it for 10 years, we know what works. We're kind of dinosaurs in the fact we do this thing called direct mail, right? But we know how all the different layering strategies work. And we've we've really perfected most of them, right, in terms of, you know how to generate leads. And so we started a high-end coaching program with myself, and one of the guys that was actually one of the original members of our Deal Finders Academy, Justin Silverio, who owns Open Letter Marketing. And so we run a higher-end program, which is called called the REI Deal Generator Program. And so we have, you know, I don't know, 10 or 15 students right now that we're basically hands on every week building their marketing machines for them. So as they step into this world of marketing directly to sellers, it can be a giant bucket, you just waste money, right?

Steve Trang

Hm-mm. Oh yeah.

Tucker Merrihew

It, it's, it really can. And so the whole idea behind that program is help them pick the right areas, help them pull the right data, and help them spend the money properly. And that's, that's really a big thing. And, and so that program has taken off and we've helped a lot of people. It's been cool, though, too, because like we talked about in the car over here, like, you want to be a teacher, right? Growing up, and you really enjoy this teaching thing. Like I do, too. Like, I didn't want to be a teacher, I wanted to be a meteorologist, like I told you, but this teaching thing is cool, especially when they have success, right?

Steve Trang

Then it's very fulfilling,

Tucker Merrihew

Then it's very fulfilling, it is. And it's awesome to see like, there's a couple guys that are in the Seattle area that they just locked in an \$80k wholesale deal from, you know, building their marketing machine, marketing, going on appointments, meeting with people, getting them to

say yes, and they got \$80k out of the deal, right. And it's like, that's a life changer. That's friggin' awesome, you know.

Steve Trang
And then after that...

Tucker Merrihew

So after that, our last and latest venture is a cold calling and text marketing management company called Call Magic. And so I've got two partners in that, one of which also came from our Deal Finders Academy. So this has been a ... the Deal Finders Academy has been like a place for me to meet amazing people that are also are equally talented. They're just they weren't as far along on their journey yet, right. And then as they get farther along, they have aspirations to and they're smarter than me in some regards. But I'm good at branding and marketing and just understanding this world of direct seller. And so, you know, the partnerships work. And so Elliott Smith is one of the partners in that. And then Cole Red Johnson, who's probably the smartest kid I know, that's like 22 years old, and he's got a just, you know, he's doing really well, let's put it that way. Um,

Steve Trang
So when did your wife start the construction arm?

Tucker Merrihew

So her, she will ... we'll rewind back to when she entered the equation, because there's no there's one last piece to this business, too, that she basically runs. And so it's important to say that. But in 2009, from 2005 to 2009, no, I should take that back. [From] 2006 to 2009, she worked for a big builder in Portland. And she was basically running their custom home division, doing a lot of the plans, just doing a lot of things for them. But it focused around design, floor plans, marketability of homes, things like that, right? Well, 2009, right before we got married, they said, Hey, we're cutting your hours to like eight hours a week, right? Which I don't blame them because it was the real estate apocalypse back then. And so she was like, uh, "What am I gonna do?" And I was like, well, we're going gangbusters, trying to buy REOs. Let's try this whole being married and working together thing. Right? And which, you know, it's worked out. But by the way, it's not the easiest feat, right?

Steve Trang
Probably had some challenges.

Tucker Merrihew

Yeah, of course. And, you know, for those people that do it with their wives, you know, virtual high five, right? Yeah, it's tough, it can be a challenge. But we've, we've learned what we're both good at. And the best advice I can give you is just figure out what your lane is, and just stay in it. And that really helps. But she then came on and helped with all of our project management, construction management, and our design. And so that enabled me to do a lot of the other things we just talked about, but also then focus my time on the sticks and bricks company with acquisition and finance, right. I lined them up, I figured out where the money comes from, make sure that we buy them, I plug them into the machine, and then the machine, you know, on the other end pops out a great retail product, which you know, she gets the majority the credit for.

Steve Trang

All right. One of the things that we talked about earlier on the way here was the difference on a luxury home, it's not dollars per square foot. If you're talking dollars per square foot, you're an amateur. [Hmm] Right? There are some things that are really important. You want to talk about what those important things are and how your wife plays a part in that.

Tucker Merrihew

Yeah, it's I mean, most people are kind of scared of the high end market, right?

Steve Trang

Me included.

Tucker Merrihew

Yeah, and for good reason. But the things that that really separate a house high-end wise is design finishes, floor plan, and the lot. You know, if the lot -- it has to be an A plus lot, the floor plan has to be right, and the design has to be quote unquote, en vogue, right? And you can't have any missteps there, right? No Uber tuber granite in a new high end house. Like, you do it, you're gonna get punished right? And those dollars per foot you know, you could have 5,000 square foot house like we talked about a way over here that sells for two and a half million, or you can have a 5,000 square foot house that sells for \$5 million. And the only difference is the floorplan, the finishes and the lot. That's it. Yeah. But the appraiser looks at it, and you know, could be they're like, well, how is that possible, right? And so they just they don't understand. Right? So yeah, there's a lot of missteps, you can make that high end market. But once you figure that out, it's really not as risky as you think. Because selling our high end product is the easiest product we sell.

Steve Trang

Really?

Tucker Merrihew

Yeah. Selling our low end product, such a bigger pain in the ass. And the reason being is because, number one, the just the general intelligence level of your buyer, in terms of real estate, not overall, but just in terms of real estate is lower right? So little things, freak them out. And the general intelligence level of your agent or their agent, generally lower, right? So you mix a lower intelligent buyer with a lower intelligent agent, when it comes to real estate problems. What do you get?

Steve Trang

Lots of, lots of drama.

Tucker Merrihew

Lots of drama, right? When you start selling to wealthy people, with generally the top producing agents,

Steve Trang

More sophisticated agents...

Tucker Merrihew

More sophisticated agents, and they vouch for your product, it's so much easier. It is. And ...

and also, I learned, and this was a flip we did in 2010. In Portland in, like mid 2010. We bought the house for \$450,000. We sold it for like \$800,000, and \$800,000 back then in Portland was like, whoooo, crazy, right? Like, it made me worried. Like, I can't lie, I was you know, had some sleepless nights like, can we do this thing. And we had to lever up to to get it like I had to go get hard money and like we were paying, you know, a lot of money on the money. And so you know, that was kind of put my you-know-what on table and be like, we're gonna do this thing. And um, but on the back end of that, we sold it in an hour to a lady that scratched a check for it. And this was mid 2010. Yeah. And that was, it was crazy. So that taught me that the right product in the right neighborhood will sell no matter what the price point, no matter what the market. [Got it.] And we took that with us to this day.

Steve Trang

So for someone that's listening, what would you say are the three keys that you've been able to do consistently as far as bringing in high profit on your flips? So when we talk about luxury, [Mm-hmm] but like, what are some things like three things that someone needs to master if they want to consistently do high profit flips?

Tucker Merrihew

Number one is going to be deal sourcing, right? For sure. It's less of a challenge, the higher up in price point you go.

Steve Trang

It's less competition.

Tucker Merrihew

Less competition, right. But if you're good at deal sourcing, it's easier to find the A plus lots, right? That's the challenge, right is finding enough a plus lots that you can do these high end projects on. So that's going to be challenge number one, let's say. And that would be taking your wholesaler skills, right, and just overlaying them on to I want to do higher end homes, right. So I need to find properties, that would be a good fit for that. And so you take those same marketing skills, and you just overlay it on to that type of inventory. [Yeah.] And so that's what we do. Number two is, you know, recognizing, like, what is a good lot, right, understanding the basics behind that. And so like, a busier road, probably not a good idea, right? A flag lot, not generally a good idea. Neighbors next door that you know, have a tarp or something or dogs that bark or external stuff you can't control, probably not a good idea, right? You have to pay attention to these things more so. So that would be a big thing. And then lastly, is just, you know, you've got to know what sells, you got to know what the, what people are looking for. Right? Like, what's the trends, right, like right now, you know, open floor plans are a big thing, right, like having a great room, you know, kitchen that opens up to a living area. You know, that's a big thing. Right? What kind of finishes design? I mean, we're not supposed to know all that stuff, though. But you can plug people in that do.

Steve Trang

Yeah, but like, Is your wife going or like broker tours? Is she ...

Tucker Merrihew

No, no brokers are going to do anything for you.

Steve Trang

What is she doing to be...

Tucker Merrihew

Let's be honest realtors don't know anything about design? Let's just say that right now.

Steve Trang

So what is she doing is a leading edge as far as what people want?

Tucker Merrihew

I mean, she's really plugged in with like Instagram, Pinterest, right? These days, you can follow other designers that are like amazing, right at what they do or they resonate with you? And so she follows a lot of other people to get inspiration from them. Because that's really all design is right? It's just taking what you've seen other people do that you like, and then recreating it. And you just have to pick wisely. But nowadays, like there's so many easy ways to find those things or those people and to just basically review their content and say, Wow, that's cool. And then you start seeing it over and over again. Like, okay, that seems like it's it's a hit.

Steve Trang

It's trending.

Tucker Merrihew

It's trending, right? Like, you know, there's a lot of stuff. You know, like, for example, everybody probably knows the waterfall edge that people put on islands, right. And a kitchen. Right. Well, that was a trending thing a few years ago, right? And then everybody did it. And so that's just an example. Got it. Yeah.

Steve Trang

My wife follows this lady. He's like, Oh, we should do it like this. It's like, what are we looking at right now?

Tucker Merrihew

Yeah, it's, trust me, it's an expensive rabbit hole. So you might want to go delete that app on her phone real quick!

Steve Trang

So unsubscribe.

Tucker Merrihew

Yeah, yeah, unsubscribe. Yeah.

Steve Trang

Um, so then I think the other part too, the key to doing these flips, we don't really talk a lot about on the show, you could but you just brought up, is you had to be highly leveraged, [yeah] more leveraged. So, A) lot of people don't want to do high flips; B) a lot of people that want to fund high end flips.

Tucker Merrihew

This is true.

Steve Trang

So let's talk about that challenge.

Tucker Merrihew

Yeah, that's a challenge. I will say this, like, we were gonna do a deal before Corona hit, and funding got pulled. And we were gonna lever up, I went and raised 3 million bucks from, you know, not private money, but kind of, you know, an in-between hard money and market rate company, which now rates are starting to come back down, but that market disappeared, right? Like it just they were gone. Right. And so they just said, we can't fund that loan anymore, right. But that was going to be a lender that that loan on it was going to be a six and a half million dollar out. That was what our exit out was going to be. We were going to be \$3,000,000, \$3.2 [million] in, six and a half [million] out. We're gonna spend about \$1,000,000, 2 million three in the middle. And it was on a lake; it was gonna be ... it was on Lake Oswego. It's gonna be amazing house. But, you know, I got nervous too, because I didn't think that six and a half market would exist. And, you know, we didn't have money. So that made that decision for us. But in terms of like, raising money, it's different because building versus rehabbing; rehabbing, you can go to hard money lenders, you can go to those in between lenders. If you build; generally out of the gate, you've got two options. One is, you know, construction financing from a bank -- and banks do lend more on new construction than they do rehabs. They don't like rehabs because they don't understand the idea of forcing appreciation through construction. They do understand creating value through construction building homes, but not through rehabbing them. And it's this weird dynamic that I've never been able to wrap my head around, but it's just the way that it is.

Steve Trang

Banking guidelines, all it is.

Tucker Merrihew

Yeah, exactly. So there's that option, but let's face it, most guys aren't bankable starting out right. And, you know, banks, but definitely not going to give you high end money. You know, starting out so you're left with private money more than likely, but you can't just jump to the high end and I wouldn't tell anybody to do that. But I think that's where you can make your misstep. That's where you can have \$100,000 oopsie right, that you know, you end up losing a lot of money on a project you have to look at the high end is like climbing, I always say this climbing the real estate ladder, right you start out with wholesaling, maybe you go to wholesaling. Then you start light flips, then you get into moving walls, replumbing real, you know, new electrical, you know, lots of permits. And then from there, maybe you get into an add-on right or punching out dormers. And then from there, you jump in a new construction. So you kind of you get comfortable right in that area. And then if you're comfortable there, I can tell you raising money to do high end stuff becomes a lot easier because now you have a track record. Like, if you're just a wholesaler, you're like, Hey, I found this amazing lot Paradise Valley, I want to build a \$4 million house, nobody's gonna lend you money. They're just not gonna do it. Right. It's just, I mean, unless you've got a sugar daddy or family member or somebody that's equally, you know, excited, right? And the excitement blinds them to the opportunity, what it really is, and, you know, but that's not very likely. So you got to climb that ladder.

Steve Trang

So how, like, who are you contacting, you know, someone, someone, you're talking to someone to like, man, I want to so go start go finding money.

Tucker Merrihew

So I'll tell you what it circles back to our local show. And my national show. There's a guy that, you know, I won't say who he is, but he doesn't live in our city. Heard one of those shows, reached out to me, and I nurture this, this is how I do this, is I say I don't want to take money from people right away, because I want them to kind of follow the business a little more, watch one of our products or projects from beginning to end. And then by the time they do that, they're willing to fund whatever. And so a podcast, the podcast has been an amazing tool to raise money for our business. It really has.

Steve Trang

And you know, going back we've been pushing earlier about you guys need to start a local podcast. That's something that RJ Bates, you know, he's talked about, he's raised way more money than he knew what to do with just from having that show.

Tucker Merrihew

Yeah, it's an amazing form of media. It really is.

Steve Trang

So let's talk about you had a ... not a ... kind of like a side hustle, something has come up come about because your flips that you did not expect to happen.

Tucker Merrihew

Yeah. So we talked about this on the car ride over. You know, for years, I swore off ever doing homeowner work, because my wife did it when she worked for that builder. And she'd always come home just bitching and moaning about these people and like, "Oh my god, they're giant pain in the ass." And like they, you know, they pick something out and they change it 13 times and, and those are the war stories, right? Those are the things you hear. But she was also, you know, she was earlier on in her career as well. And so she wasn't as good at kind of controlling people and making sure they don't do things to just get in their own way.

Steve Trang

Managing expectations.

Tucker Merrihew

Managing expectations, things like that. And so now, you know, we built an amazing brand in Portland, and specifically in Lake Oswego with our high end product. And so we've got people coming out of the woodwork that are like we want you to do this work for our house; we want you to build a house for us. You know, the people that bought a project that we did last year for \$3.2 million, they want to move back to the lake where they lived before. They sold their house on the lake for seven and a half million; moved to our house for 3.2 million. So it's big downsize, right now they want to move back to the lake, but who do they want to build a house? They want us to build their house. And so we've had a lot of people like that. Very wealthy people, that that love our design. And, and this, my wife gets full credit for this, because I haven't done anything to further that part of the brand. But she has an Instagram, it's called TTM Home Design. And so that medium has been a great way for her to daily put

out content, that's just purely the design side of our business, right and nothing else, just the design side of our business. And so that's allowed people to not only see our stuff in person or hear about us to realtors, in town, but then to see her on Instagram as well. So people that are moving to Portland, it's just a lineup of people now reaching out to us saying, Hey, we want you to do our work. And of course, we'll do the work for the stuff that's, you know, higher margin higher price point. Just easier for people to deal with, right, like we talked about before.

Steve Trang

And I think you know, we were talking about high end flips, luxury, this and that. But I would say like, for everyone that's listening, the easiest thing to do -- the podcasts from you, and the Instagram from your wife. It just comes down to content. As far as lead gen.

Tucker Merrihew

Super easy, right?

Steve Trang

It's crazy.

Tucker Merrihew

I mean, it's, it's easy to say it's harder to do.

Steve Trang

It's harder to execute. [Yeah] Harder to execute. But like, you don't need money to start a podcast, you don't need money to start posting design ideas on Instagram. [No] Right?

Tucker Merrihew

Yeah, it's crazy. Now, I will say this. You have to have stick-to-it-iveness just like in this podcast game, right? Like, what are you, 130 episodes in about?

Steve Trang

Yeah, about that.

Tucker Merrihew

Yeah roughly, like we're 300 and whatever episodes in and like, I've seen a lot of guys fall off along the way.

Steve Trang

A lot of people start.

Tucker Merrihew

Yeah, they start, they don't finish. You're one of those guys that you're still ... you'll be going for a long time. I just know, right? But you've got that stick-to-it-iveness you have to have that. So like, if you're gonna do it, just tell yourself you're gonna stick to it.

Steve Trang

It's like direct mail, don't start unless you're gonna keep it.

Tucker Merrihew

Yeah, exactly. Right. Don't stop. Don't stop.

Steve Trang

Alright, so then let's talk about the big one -- \$800K. [Yeah] What was that deal?

Tucker Merrihew

So that was a direct mail deal. We will break it down to how we found it because I think it goes back to what we talked about here. We marketed an area that was the highest value area around Portland, an area called Dunthorpe. And we basically targeted vacant land in Dunthorpe, and then we send a direct mail campaign to them. Now we set the direct mail campaign a year and a half before we got a phone call, by the way. And so the individual that owned this lot, which there weren't many of them, so it wasn't an expensive campaign, but we did some specialty mailers, some things to kind of stand out and be memorable. The guy held on to the letter, and he died. And his son pulled the letter called us. Said I want \$750,000 for this dirt. I'm gonna, you know, take it to market if we can't sell it before market. I went and drove it. I called him I said, let's do it. And we ended up buying the dirt. And we had to clear it. It was there's quite a bit of site work there. But it was about an acre and a half in the most expensive part of Portland. And we ended up building a home there. And we sold the home for \$3.2 million. And we had about \$800,000 margin attached to it. But it started with direct mail, and us targeting an area that we wanted to be in to build that high end product. And then it just went from there.

Steve Trang

Yeah, I'm hearing a lot of intention in there.

Tucker Merrihew

Tons. Everything. Everything we do is with intent, right? Like we don't ... none of the marketing that we do, none of the areas that we are in doesn't have complete intention behind it. Like literally our our areas, our farm areas are like etched in stone. Like it's ... and what we market within those farm areas are etched in stone. Like we know exactly what we're going after. And like in Lake Oswego, where we do most of our stuff, we have created a list of every piece of either dividable land, bare land, or investment grade product and that whole town. [Yeah.] All of it. And that's so we're very intentional about who we go after and why.

Steve Trang

Yeah, but that's key, right? Because a lot of people you know, like, life just kind of happens to you. [Yeah] And you can't let that happen. You have to be intentional. [Yes.] Control your destiny. Let's see. Got some questions here. Kill Duce. I don't know if you know what that is? Wants to know, What's the name of your intro song for the Portland podcast?

Tucker Merrihew

Uh, hold on. I'm coming. I don't know who sings that, I forget. I picked it, I should know the name. But uh...

Steve Trang

Yeah. And then, Isaac, I've lost, you already talked about it, but what part of Oregon do you buy in again?

Tucker Merrihew

So we used to buy, as we talked about, all over the Portland metro area, and we've since trimmed it down. We're really just in Lake Oswego and Westland now. That's what we do, I'd say everything.

Steve Trang

Got it. And John Robson is asking a question, maybe the million dollar question, is what qualifies as an A plus lot?

Tucker Merrihew

Mmmm. It's tough to give you like an in the box answer for that, because it takes time to recognize that. I can give you some general pointers, right like, busy road, like we talked about is a no fly zone. Right? Maybe even like an entry corner into a neighborhood where you get a lot of traffic, no fly zone. Flag lots, generally people are gonna pay less for a flag lot.

Steve Trang

What's a flag lot?

Tucker Merrihew

So a flag lot is like, let's say you've got road frontage, right. And then you've got a house that sits right on the road frontage. And then there's a lot behind that house, right? A lot houses are, are lots [that] are deep, and you can divide off the back part of that lot. But then you got to put a driveway to the left or right of the house.

Steve Trang

A lot of easements.

Tucker Merrihew

Yeah. And so they either have an easement, or they deed that dirt to that to the lot behind them. Right, generally, it's an easement. But a lot of people don't like to drive by another house to get to their house, right. So you could look at a lot that's in high end area and be like, ooh, we could build a house here and sell it for this, but you're gonna have to probably take 10% off the price, maybe even a little more, depending on how bad that flag lot is.

Steve Trang

Got it. Got it. Alright, guys, keep you know, firing away, please ask your questions. So we also talked about, when we were talking earlier, you know, wholesaling versus flipping, you also like to flip because there's multiple people that you get to feed [Yeah] along the way.

Tucker Merrihew

I mean, I think that's an important point. Because we've vertically integrated a lot of businesses into ... the start of it is is the marketing machine, right, and the marketing for deals and a lot of people, they build that machine or they start marketing, and then they want to take the first exit ramp, which is like get the deal under contract, sell it right away, right. And that's the end of the business. Nothing wrong with that. But for us, we have the marketing machine that starts it. And then from there, we have lending, right, so people make money, lending us money. And the more money you make for people, by the way, the more money they want to lend you, right, so you have to nurture those relationships and allow them to put money at play in play. And if you do that, they eventually put more money in play. And it's a way to kind of build your war chest of, you know, private capital. We have my wife, who does

all of our construction management design. So she has her own company that you know, on the books anyway that we pay, but she operates under TTM Home Design. We have a built in real estate company that sells all of our stuff, which is TTM Realty. Chris, who's our we always joke he's, you know, the top agent at TTM Realty, because he's the only agent at TTM Realty. But, you know, he sells most of our stuff. So you know, he benefits from everything that runs through the system. We've got, you know, multiple laborers that, you know, we carry full time for kind of in-between labor and things like that. So they're jobs that we keep and retain, by pushing stuff all the way through the system. So we've kind of built this this vertically integrated machine.

Steve Trang
A whole mini economy.

Tucker Merrihew
Yeah, it's a mini economy. I mean, and that's what a rehab is, right? You do a rehab. And like, even if you hire a GC, you have all these people working on it. It is a miniature economy. But we have that plus, you know, under one roof, kind of our miniature economy as well.

Steve Trang
And so to run your business, like what kind of overhead do you have?

Tucker Merrihew
Um, it's, let's see, we've got rent, right? We got a new space, I don't think we're paying as much as you but we're paying, you know, more than we were before. We're in the same space before we were paying, like, guy never raised around us. We were paying like \$1,200 dollars a month. Oh, man. And it was but you know, c minus class office space, but we had enough, you know, room and it worked out well. And when we're buying in Portland, it made sense. So we moved to Lake Oswego, and what are we paying like, \$2,200 a month now for rent. But it's great, it's a minute for my house, and it overlooks the main drag that it's like, and we got two billboards out of the deal, right. So like, we're the top flour. And so there's, the building faces two ways when traffic comes and goes. And so they let me put up a big TTM sign on both things. So I got office space and a billboard, which, you know, can't complain about that. So we have that. Chris, who's our office manager, basically, you know, a lot of people have like lead intake people, and they have acquisitions, people, right. Chris dubs as both of those. Plus, he's our agent on the other end. So he, you know, there's built in costs for him every month, you know, then we have, you know, the whole other side of the business as well, which Dan, you know, he's a full time guy for me that, you know, he helps with the app, he helps with our online mastermind group. He helps with all of our video. I mean, any videos, you watch us any, you know, audio, you hear, Dan has to touch it and bless it and make it pretty before it goes out. You know, so there's, there's a fair bit of overhead, for sure. But we've also got a lot of continuity that we built into the businesses, you know, that we built to kind of help offset the call it the stress of overhead, right? Yeah. But we're generally pretty low overhead operation.

Steve Trang
Like overall, ballpark.

Tucker Merrihew
Ballpark, you know, \$10 grand

Steve Trang
Wow, that's really low.

Tucker Merrihew
Yeah, but but that's before we're spending marketing costs, right.

Steve Trang
So what are you in marketing?

Tucker Merrihew
So marketing we're, our universe of people that we can market to is fairly small now, but we're probably in the \$2,000 to \$3,000 a month range.

Steve Trang
Wow, also really low.

Tucker Merrihew
Yeah, also really low, yeah.

Steve Trang
So let's talk about, you know, I see some stuff that you post your there's a lake, some trees. What's that? What's going on there?

Tucker Merrihew
So that's Lake Oswego, right? Waterfront real estate, baby. That's, I mean, that's water and views is a great way to insulate prices. from, you know, major declines or you know, less demand, right?

Steve Trang
That's for you, that's a plan...

Tucker Merrihew
Well, we live, I live in Lake Oswego. I have for, you know, and that's something we haven't touched on. But like, you know, I built the last three houses we lived in. We find the land, we build the house, I buy it from the business at cost, we move into it for two or three years, and then we sell it. And then we move on to the next one. And we do that over and over again. And those are my favorite years, because you make up to half million bucks tax free, which is basically like making a million bucks in Oregon, you know, and being taxed. Yeah. But we've been doing that and kind of moving around like us, we go for the last, I mean, I've been in there for 12 years now.

Steve Trang
So that's awesome. Another way to build wealth, tax free.

Tucker Merrihew
Yeah, it's the house hack before the house hack, except we build them now because the margins are bigger on the other end when you sell.

Steve Trang

Yeah, that's incredible. Let's see, what else is there? How does a ... How does a wholesaler find developer like you to get your buy bucks? Like, how, how would a wholesaler find someone like you?

Tucker Merrihew

Well, here's the thing. Most developers and builders need you, right? Most of them don't have a marketing machine, I'd say virtually all ... I mean, we're a very niche hybrid company in that we have a marketing machine, most of them don't. They need you as bad as you need them. So I mean, we're pretty easy to find, right? We have a big brand and online presence. If you're doing D4D, you're driving for dollars, you know, you go drive around these neighborhoods, you're gonna see who's building in those neighborhoods, right? Just, I don't call them up talk to them, they'll tell you exactly like how much they're buying lots for in those areas. And then all you got to do is go find the crappy houses that you can pay him market value for the square footage of that house, and it's really undervalued compared to the value of the dirt, make the money in the middle, connect the dots.

Steve Trang

There you go. So Claudia wants to know, at what kind of discount doesn't make sense to acquire wholesale deal for home in the million dollar plus range? So I guess probably question is, you know, maybe an ARV some sort of formula?

Tucker Merrihew

Cost of capital is such a big part of that, as you go up, but it it really depends on how much work is going to be ... it's, it's, it's a very it vary so much. But you know, generally you want to have, we try and hold at least a 20% margin on the sell. Right? So whatever we're in it by, you know, construction, selling costs, you know, we try and hold at least a 20% margin, and most of our stuff is closer to 30%. But, you know, 20% is a minimum for us.

Steve Trang

It's really big.

Tucker Merrihew

Yeah, but there's less people playing in that world. Right? And that's why we're there.

Steve Trang

I know but it's 20% of a bigger number.

Tucker Merrihew

It is like we talked about in the car over. 20% of a lot is, a lot, right, yeah.

Steve Trang

And most guys are shooting for like 9% of a smaller number.

Tucker Merrihew

Which is crazy to me. But eventually everybody kind of graduates to wanting to do more. [Yeah] Bigger numbers.

Steve Trang

And Isaac wants to know, how's the market in Bend and Tigard?

Tucker Merrihew

So Bend is like, I love Bend, it's been, if I was going to move from Portland, which I may, Bend is very high on the list. Paradise Valley is also very high on the list. You know, I'd spent some time there and probably in parts of Scottsdale. But Bend is, it's an awesome place, it, but it got hit real hard, just like Phoenix in the real estate apocalypse. And the reason being is because it didn't have, it didn't have enough economy, right? It was based on tourism, there wasn't a lot of real jobs. There are a lot of real high paying jobs. Now it's changed a lot. There's a lot of companies that have hubs there that have remote workers there that are much higher paid people that love the lifestyle of living there. And so that town has grown up a lot. And so I think that, you know, inevitably, we're gonna go through a market cycle market will soften. I don't think it's going to soften there nearly as much as it did before. So I think it's a pretty well protected market. And if you ever go there, it's an amazing place. I mean, it's 20 minutes to Mount Bachelor, and it's high desert. It's sunshine and snow. I mean, it's you got the Deschutes River runs right through downtown, tons of breweries. It's tough to say you don't like Bend, that's for sure.

Steve Trang

Yeah. Very cool. And Bernard Mac wants to know, he bought your Flipping Teardown product. Do you think that strategy still works in this market? If not, what tweaks would you need to make?

Tucker Merrihew

It works when we first came out with that it was probably three or four years ago Bernard. And the only difference was there's just less competition, right? That that's really what it comes down to. And the other thing was, is back then, owners of property weren't quite as privy to what their dirt was worth. They only knew what their house was worth. And so the biggest opportunity zones with flipping tear downs, I always equate it to like a baseball game, right? What inning is that market in, right, and as you get closer to 7-8-9, the owners realized that the value of the dirt has eclipsed the value of their structure. When you're in the earlier innings, which is basically gentrification improvement of areas, a lot of owners don't know that. And so if you can buy based on the structure value, not on the dirt value, that's where the most opportunity is. And so to answer your question, it's more difficult than it was across the board, no question. But if you can identify those areas that are in the earlier innings, because there's always areas and those earlier innings, that's where the most opportunity is for you to market for those types of product.

Steve Trang

Got it. Justin Baker says Hi,

Tucker Merrihew

What's up, Justin?

Steve Trang

So, along your journey, do you have a favorite, best or most interesting failure?

Tucker Merrihew

Oh, yeah, probably got a lot of them. Let's see, most interesting failure -- getting to know this

tech world, building out our app has been like, I don't even know if it's interesting, but... I mean, we dropped \$70 grand on a real shithead developer that, it was like, Oh, my God, we just spent \$70,000 and this guy delivered us crap. Like, that was a, that one hurt like, it was, I still remember where I mean, yeah, you remember moments in life. Right. And that was one of the moments that I was like, we got to rebuild this whole thing. Right. And um...

Steve Trang

It's like getting a, building a really nice kitchen with a crappy contractor. [Yeah] You have to tear it all down. You can't fix it.

Tucker Merrihew

Yeah. Same thing. Same thing. You know, there, there was another failure that I had that it turned into a good moment, right? Which I think is important to say those too. You know, the first new construction home we ever did, I bought a house that we were going to rehab. And the foundation had major foundation problems. And we got a bid to fix the foundation problems. And we had to put like, 18 piers in the ground. And this was like 2010-2011. And I was thinking myself, I was like, well, besides the fact that the bid was just egregiously priced. I mean, it was like, Oh, my God, like, there goes all our profit, and we're losing money, right? I was like, now we got to sell a house that has 18 piers in the ground in 2010-2011. Like, that seems like a tall order, like that might be tough to get somebody to sign off on that and say, um, you know, it's okay. Nowadays, it's a little different, but then, you know, challenging. So I made the decision back then, I basically failed at buying the house, right? I paid too much for the house. And so I was like, well, what can we do? I was like, well, we could knock it down. And we could try and build a new house there. But now we're going to be trying to enter the market at a whole new price point. And so I failed at not buying that house for cheap enough to flip that house. But it ended up being kind of a great inflection point in the company, because it forced me then to go down the path of building new construction. And so we put that we ended up putting that house out, I think it like \$650,000, \$700,000, which then again, it was super expensive for that area. That same house sold for, like \$900,000 two years ago. So the area's changed a lot since then. But that was a failure moment that actually, you know, they say you learn or you earn, right? And so that one I actually earned and I learned, but that was a failure moment that I turned into something positive.

Steve Trang

What's your biggest struggle right now?

Tucker Merrihew

Biggest struggle right now is probably, how do you have six different balls in the air? Right? How do you run multiple businesses? I mean, we talked about this on the way over to like, you know, we had a lot of really good conversation, but one of them was, you know, people want to get into the coaching model, right? Because it sounds it sounds great. And we can make all this money and you know, gurus have lambos and you know, all that right, which I drive a Tacoma and I love it, right? But you know, some guys can, they can afford it. But here's the thing, you start that business, you have to make sure it's a good business, right?

Steve Trang

You have to service it.

Tucker Merrihew

You have to service it, and you have to have client retention and client success. And that's a lot of work. Like, you know, you can't just you can be good at the marketing side of it. And some guys, I've seen a lot of guys come and go right in the coaching game, because they're really good marketers. Terrible business owners or terrible, you know, at client retention and client servicing. And so, and then they get a bad rap. And then they, you know, disappear, you know, and that's the way it works. And so the challenge is for me right now, how do we actually be really good at real estate, and also be really good at coaching, right? And running an education and content business? And we're doing it, but it's gonna be forever a challenge, because they both take so much from you.

Steve Trang

Yeah, yeah. It's they're both full time businesses. [Yeah] And then on the flip side of that, what is your superpower?

Tucker Merrihew

The fact that I can do a lot of things. You know, I, I've learned this about myself. And you know, you've probably done the same, you know, as we, as you get farther into this journey of, you know, life, but also entrepreneurship, you start to know what makes you tick, right? And like, what makes you happy? What makes you unhappy? And the moment that I realized that, like, number one, I can only go on vacation for like, a week, because after that, I'm just like, I gotta do something, right? Like, you know, and that's a normal entrepreneur.

Steve Trang

Yeah. My wife hates that about me. Yeah, three days max.

Tucker Merrihew

Yes. And really, it's three days, right. Three days in Cabo, and like, I want to get back home. You know, like, it's been fun. I had a good time, but like, it's time to get back and do something. And so, I'm a builder, right? I have to be building something. Whatever that is, I can't just sit idle. And so my happiest time to, for me to be the happiest. And think this is a good life lesson for everybody, right? I think I think the most unhappy people idle people, right? And so building something, whatever it is, is what makes me happy. And so that's why we piled on all these other businesses, but I am good at juggling them and putting adequate time in all of them and making them all good businesses. But that also gives me a lot of enjoyment. Right? Like that's, that's where I get my most happiness from, you know, least on the professional side.

Steve Trang

Yeah, we need to get you like a master builder shirt from like The Lego Movie.

Tucker Merrihew

Yeah, although I know you could scratch it out write something else on there if you really want it to be fine. But yeah.

Steve Trang

Is there a book you've gifted more than any other?

Tucker Merrihew

Yeah, there's one that I always talk about, which I think is super important. It gets said a lot.

But it's really the secret to the real estate business. It's the secret to life really, which is How to Win Friends and Influence People, right? It's especially in the real estate business, if you're going direct to seller, right? Because we're in a world, if you have agents in the middle, it removes the human element, right? It's just purely numbers. And you know, getting to know somebody is irrelevant. But as you go meet with people, and you put deals together directly with homeowners, the human element is very much alive. And so figuring out how to connect with people, how to get them to know they can trust you, like, for example, before I left here to come. You know, the last phone call that I had Monday night for I hopped on the plane Tuesday morning was with a gal who owns a piece of property on Lake Oswego, she's owned it for 60 years, right and like to buy property on the water is like, they rarely ever come up for sale, right? Especially these old time ones that are redevelopment plays like everybody will buy them, nobody can, and you just wait for people to die. And that's when the opportunity comes up, right? But I went and met with this woman couple weeks ago, I knew she wasn't quite ready to sell but I went in met with her myself because I knew she wanted to meet with somebody that knew more about the property than just an acquisitions person I could send, right? Knew more about values, redevelopment, all that, which which came through, but she had a problem she didn't know, you know, they were building a house next door to her and she had a property line issue. And she also didn't know if she had easement for the driveway that came to her house. And so, I helped her solve those problems, right and basically come to the conclusion she was wrong about the property line, which I knew she was, and that she didn't have an easement for the driveway, right? Both of which confirmed the fact that she wants to sell. But she called on Monday before I left, and she's like, "Look, I've got you know, all these agents that want to come over, they say they got people that want to buy it," but she's like, "I talked to you, I like you, you seem to make this business really simple. You know, do you want to buy this house?" And I was like, Look, I'm going to see Steve, I'm going to Phoenix. I'll be back on Friday, I'll call you, we'll come sit down and we'll do our try and put something together. Right. And, you know, that just goes back to the point of it's just it's a people business, right. And so just knowing how to connect. I mean, this lady's 93 like, not like she's in my Friendship Circle and like, we hang out and you know, bro down, like, but the skill set is just, you know, making people feel comfortable with you across the spectrum, right? And so I think that's the most important book because it's just an overarching skill set of, of how to be good with people.

Steve Trang

Yeah, awesome. If anyone's got any teenage daughters, don't buy the one for teenage girls, or at least younger than teenage. Bought that one for my daughter. [Yeah] That was a bad one. [No bueno?] No, that's not a good one. [Okay.] Okay, so I'm gonna make a few quick announcements. Let us think about some last thoughts. Guys, if you guys got value, please like, subscribe, share or comment. That helps me get these videos in front of more people right. It's the algorithms. Wouldn't ask you guys to do it if it didn't help more people. And like I said, we got that classroom built out. Tucker got to check it out a moment ago. If you guys want to come to our next class, apply at disruptors.com and next week. We've got Tyler Austin, coming in from Florida. So tune in same time. Wednesday, 2:00 pm Pacific, 5:00 Eastern. Last thoughts.

Tucker Merrihew

last thoughts. It's a weird world we live in this year.

Steve Trang

It's a weird world, weird world. And I feel like you know with Billy Mays like But wait,

Tucker Merrihew
But wait, there's more.

Steve Trang
There's more.

Tucker Merrihew
Yeah, just wait, we're not done yet. Oh, yeah. Keep an eye on that news. Watch Portland.

Steve Trang
Yeah. But and if someone wanted to get a hold of you, what's the best way for them to do that?

Tucker Merrihew
Let's see best way. Obviously, you can check out my show. Or the Real Dealz Podcast for most of the people that are listening. If you're local, you can check out the local show, which is the Portland Real Estate Podcast. You can find me on social. That's a good way also, you know, I'm you know, I answered most people that messaged me just because you know, you're nice enough, send me a message and you watch the content or whatever, I'll try and answer you. Facebook, Instagram, just search my name. You can find me. But I'm pretty easy to find. You can track me down if you want to.

Steve Trang
Awesome, very cool. And then Tucker didn't say this. But he probably meant to say is that the episode that we did together is probably his best episode.

Tucker Merrihew
Absolutely. I think it had the most downloads.

Steve Trang
All right. Thank you guys for watching. Thank you.

Tucker Merrihew
Thank you much. [Pleasure] Appreciate you having me.