

My Interview With Mr. 1500

An oldie but a goodie! This was originally published February 7th, 2015 on the [1500 days blog](#) but doesn't appear to be live anymore. Maybe I made Carl mad??? Good thing for the Wayback Machine, because I can still give reference to the original publication. If you want to see the original post and comments, [you can visit the archive here](#).

I have provided a few updates below in [\[blue within brackets.\]](#)

(1) What is the worst financial mistake you made?

When I was 20 and very green and naïve to the whole finance thing, I agreed to buy a house as the “credit partner.” The deal was that I would get paid \$1,000 per month for letting this “investor” (who shall remain unnamed) use my credit. Then after three months, we would do a formal loan assumption and I would get an additional \$5000 bonus. To make a long story short the house was 100% financed and this guy was over-extended. At 20 years old, still in college, I was left holding the \$3500 monthly mortgage bag. I was only able to rent it out for \$2500 per month.

We bought the house in 2007, so you can guess what happened next. The financial crisis destroyed housing prices. So now this house that “I” bought for \$447K was now only worth about \$250K. After two years of renting it out at a negative cash flow of \$1,000 per month, I tried to do a short sale. However, the bank denied the sale and I ultimately let the house go into foreclosure.

I was allured by the easy money. That was the last time this has or ever will happen. Now I know: if it sounds too good to be true it almost always is.

(2) What would you do if you inherited \$1,000,000 (after taxes) today?

The first thing I would do is accelerate [my plan to pay off the mortgage in seven years](#) and wire about \$350K to get rid of the mortgage on our primary residence. The next step I would take is to pay off the mortgage on my rental condo of about \$165K.

[\[The balance on our mortgage today - three years later - is ~\\$228K. We](#)

have made a tremendous amount of progress towards our goal and are actually ahead of schedule. We also no longer own the rental condo as [it was sold in October 2017.](#)]

After the mortgages were taken care of, I would transfer \$85K over to my Prosper P2P lending account.

[P2P lending is no longer that interesting to me. I thought it would grow to be a large percentage of our assets but instead, it makes up less than 1%. I'm actually in the process of withdrawing our capital from my accounts there as the loans get paid back each month. The unsecured nature and the low rates have made it much less desirable to me than it once was. Hard money lending through [PeerStreet](#) has become the replacement. The returns are higher, risk lower, and the loans are backed by physical real estate.]

Then \$200K into my after-tax investment account at [TD Ameritrade](#).

Then \$100K would be set aside for real estate investments through Realty Shares.

And the final \$100K into CD's (30 months @ 2.25% with Navy Federal Credit Union)

(3) What kind of car do you drive?

A 2011 Hyundai Sonata. I have had it four years now and I plan to be driving it for at least another 6 years, if not longer.

[I have now had this car for seven years and still plan to drive it for at least another three.]

(4) Who inspires you?

The late Louis Zamperini and Jim Rohn. Others that inspire me include Warren Buffet, Peter Thiel, Tony Robbins, Tony Horton, John Lee Dumas, Carl Daikler, Darren Hardy, and Tim Ferris.

(5) What is the best financial move you have made?

Geo-arbitrage. In 2011 my wife and I moved to Newport Beach to live by the beach and get rid of our commute. We rented out the condo we were living in once we moved. The plan was to rent for a year or two before looking to buy a house. Then in 2013 when we were ready to buy a house, we realized that our money wouldn't go very far near the beach.

Many of the houses we looked at were \$550K to \$650K for a small 1200 to 1400 square foot house with no backyard. And many of them needed work - a lot of work. Although we were approved to borrow up to \$750K, we didn't want a mortgage anywhere near that amount. In actuality, we didn't even want a mortgage at \$550K, especially not for what it was getting us in the Orange County beach area.

So our search ended after about a month. We decided to move into a luxury high rise apartment, to rent for another year and then reevaluate our goals and contemplate our next step. During this time my wife started working for her mom about an hour away, close to our rented-out condo. Then, later in 2013, her dad had a heart attack.

This made our decision easy. We would move back closer to her family where the cost of living is significantly lower. We ended up buying a 3300 square foot house on a quarter of an acre for \$370K. This saved us \$200K to \$300K just on the purchase price alone. Plus, we got four times the house, which was more comfortable, and even enabled us to rent out a room.

So the best financial move that I have made to date actually involved physically moving to a different city. It not only saved us a bunch of money, but it allowed us to be closer to family. And, it allowed us to significantly increase the disposable income we put towards investments and debt pay-down, which will eventually lead to financial freedom.

(6) What's your favorite tip for saving money?

Track your income and expenses to see where all your money is going. You can't optimize what you don't measure. I personally use a combination of [Personal Capital](#) and Excel. I do a deep dive on expenses once every six months to cut things out that are no longer bringing joy to our lives. For example, sometimes you sign up for monthly subscriptions, and after a few months you're over it, but are still paying the monthly service. When you track your expenses you become much more sensitive to what, when and where you spend. It gives

you more of a money consciousness.

(7) What is your favorite pizza place (I am a pizza nut)?

The Temecula Pizza Company. They have this pizza called the “White Tiger” that is served with a creamy pesto sauce, jumbo shrimp, fresh diced tomato, and we like to add some asparagus.

(8) What are your biggest goals in life?

Pay off my mortgage before I am 35. We began the mortgage in 2014 and started our seven year plan to pay it off with our first payment in January, 2015. The stretch goal is five years. [I outlined the strategy here if you're interested.](#)

[[We successfully completed year four of the plan in early 2018.](#)]

Reach Financial Freedom by age 48 (20 years from today). For me, that means [building up a Net Worth of \\$10M](#) that generates 6% annually in order to have a monthly income of \$50K a month. I will admit that this number has gotten smaller over time as I have realized it doesn't take as much money as you might think to live the lifestyle of your dreams. [I just started tracking and reporting this on my site here.](#)

Become a CFO. I am currently with a company that has asked me to be a part of their succession planning. My boss (the current CFO) has a three - seven year exit plan based on a liquidity event. In the meantime, he and the company have set certain milestones for me to hit in order to be prepared for this role. One of those is earning my MBA which I will start this August. This is really the top of the ladder in my Corporate Finance Career.

[[As you can see, I already had my sights set on the C-Suite, which I did make by my 30th birthday - I just changed the position I eventually landed. I opted not to pursue my MBA once I realized I was climbing a ladder leaned against the wrong wall. You can read about how I did it here.](#)]

Create a successful blog and vibrant community. I'm excited about this, and believe that starting a blog might turn out to be one of the single best decisions I have made in order to reach my goals. I know it is going to take a lot of time and effort, but I'm playing the long game.

[Still playing the long game! I'm now 4.5 years into this blogging journey and it has indeed helped me become who I am today. I really encourage you to start your own blog if only to learn who you really are and to document your growth over time. [I have a guide that will help you get a blog up in 20 minutes.](#)]

(9) If you could go back in time and give yourself one piece of advice, what would it be (don't say 'buy Microsoft,' everyone says that)?

I would tell my younger self and my wife that we don't need to replace our four-year-old cars. Instead, use the \$60K (we both spent about \$30K) to invest or put a down payment on a house. We didn't buy our current house until 2014, but the same house was going for almost \$100K cheaper a few years earlier after prices collapsed during the financial crisis. This was true for many houses around the country. The decision to buy new cars delayed our ability to have enough in savings for a house. Let's just say we won't be making that mistake again. At least now we have intentions of keeping our cars for at least ten years or longer.

(10) What advice would you give to a 24-year-old, just out of college?

Pay Yourself First. [Start maxing out your 401K early](#), preferably right out of college. I would wager that you will be making at least double if not triple what you made while in school. So the best thing to do is set it to max out before you ever even see your first paycheck. The longer you wait the harder it is going to be. Get used to the extra money and you will have a hard time parting with it. I *always* recommend you start doing it right out of college when you start your first job. At the very least start contributing at least enough to get the company match - there's no reason to leave free money on the table.

(11) Mac or PC?

I love my iPad, but I have to say PC. But that is because I live in Excel, which just doesn't work the same on a Mac (nice try, Windows). However, Apple has done a great job creating beautiful products that are fine for most people.

(12) What are your favorite personal finance websites?

- [Financial Samurai](#)

- [1500 days](#)
- [Mr. Money Mustache](#)
- [Think Save Retire](#)
- [jcollinsnh](#)

[I still read these blogs to this day but have another five to ten that have also become my favorites. I plan to share these in a future post that highlights these other influential bloggers. Stay tuned!!!]

(13) What is the best piece of advice you have ever received?

To always remember [that every overnight success was 10 to 20 years in the making](#). This reminds me to always be in it for the long game and avoid things that sound too good to be true.

(14) Dogs or cats?

Dogs for sure. I am severely allergic to cats. Plus dogs are loyal animals that just want to please. I currently have two dogs, and everyone knows that I have a favorite.

(15) What is the worst personal finance mistake you see people making?

Taking on too much debt. Debt is not evil and can be an awesome tool - when used correctly. But too much leverage can be very damaging. It usually starts with buying fancy cars that have to be financed and are usually 50% or more of a person's annual income. Then that gets compounded by people buying a house for the max they are approved for by the bank. Personally, I don't think you should buy a house that is more than 2-3X your gross pay.

(16) What product or service epitomizes consumerism?

Consumer Debt! The fact that we can buy things we don't need on credit just baffles me. Don't get me wrong, I love and use my credit card for every purchase I make. However, I pay it off every month. I only use it to take advantage of the [free money in the form of rewards and cash back](#). Oh and the extra protection it provides against fraudulent activity.

- Gen Y Finance Guy



Gen Y Finance Guy

Hey, I'm Dom - the man behind the cartoon. You'll notice that I sign off as "Gen Y Finance Guy" on all my posts, due to the fact that I write this blog anonymously (at least for now). I like to think of myself as the *Chief Freedom Officer* here of my little corner of the internet. In the real world, I'm a 30-something former C-Suite executive turned entrepreneur turned capital allocator. I am trying to humanize finance by sharing my own journey to Financial Freedom. I believe in total *honesty* and *transparency*. That is why before I ever started blogging, I decided that I would share all of my own [financial stats](#). I do this not to brag, but instead to inspire motivate, and also to hold myself accountable. My goal is to be a beacon of hope, motivation, and inspiration for *you*, the reader, by living life by example and sharing it **all** here on the blog. My sincere hope is that you will be able to learn from me - both from my successes and my failures! [Read More](#)