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# **How I Made (and Lost) \$1,000,000 in Real Estate**

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*Every success story has a beginning... and an end.*

By Anthony Legins

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This book is dedicated to my son Braden:

*May you benefit from my knowledge and learn  
from my mistakes. May you have the wisdom to  
know the difference*

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My story began when I was living in Detroit and had just gone through a rough divorce. It had felt like my life was falling apart and I was depressed.

My ex-wife was living in the house that we once owned together and I was basically homeless, living in hotel rooms. This definitely wasn't the high point of my life or career.

Then I met Billy Sims, 1978 Heisman Trophy winner and former All Pro Running Back for the Detroit Lions.



By chance, I had posted some Craigslist ads advertising homes for lease in Oakland County. I figured that this was the quickest way to put some cash in my pocket because leases are easy to do and I would earn a fast commission equal to a half-month of rent.

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To my surprise, Billy contacted me about a home and said he was looking for a corporate lease so that he didn't have to stay in hotels every time he came to town. He owns a few restaurants here in Michigan called Billy Sims BBQ and he also comes to town for autograph signings and personal appearances.

At first, I thought it was a hoax.

However, I was invited to attend a fundraising event being held at Berry Gordy's old mansion in the Boston-Edison historic district and, lo and behold, I met Billy Sims in person and this was not a hoax!

We hit it off right away and he invited me to attend another fundraising event being held downtown at the Yacht Club. I met a few other celebrities and politicians and it was a fantastic day!

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We began working together along with his partner named Chief. Chief who was very smart and ambitious. He was the brains to the operation and ran everything behind the scenes. I admired Chief and during the time that we worked together, he was my mentor.

They made me a minority owner in an investment company that they had recently formed. We met with and dealt with a lot of high profile people and millionaires because of Billy's celebrity status.

Things went on for about a year, but the company never took off and we didn't make any money together.

I have a young son and was still struggling myself from after my divorce, so I had to make the tough decision to part ways with Billy and Chief and focus on making some money.

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During the time we were working together, I wrote and published a book called *The Detroit Real Estate Handbook — Everything You Need To Know Before Investing In The Detroit Real Estate Market*.

It started off as a pet project and I didn't really expect for it to make any type of impact.

At the time, I just had a strong desire to get this information out to the public because I had seen so many investors over the years lose their shirt. They were falling victim to conmen and basically didn't know what they were getting into.

Little did I know that this book would open up the door and set the stage for me to start a new company that would gross over \$1,000,000 in a 12-month period.

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A couple of months after publishing the book, I was contacted by a California investor that was working with a group of investors that were taking a hard look at investing in Detroit real estate.

She wanted to hire me as a consultant to train her staff on the ins-and-outs of the Detroit real estate market and also act as a third-party consultant to their transactions. They wanted to make sure that they were not being taken advantage of.

Initially, I would take pictures and videos of properties for them. I would provide a market analysis on properties and help determine after-repair values for potential investments.

They had already established contact with several local residential developers and would have me meet with them in person to conduct interviews.

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They eventually decided to work with a Canadian residential developer who had several properties for sale in Detroit.

Since the investors would only buy the properties based upon my professional recommendation, I worked out an agreement with the developer to pay me a commission on the sales and also negotiated with the investment group to allow me to represent them as a buyer's agent in the transactions for an additional fee.

Things got off to a booming start.

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The investors would fly into Detroit and the developer and I would provide them with a tour of the city showing them some of the nicer and historic neighborhoods of Detroit and including a tour of the developer's properties.

The investor group was very impressed and began to make offers on most of the developer's inventory.

Problems began when the developer couldn't keep up.

He agreed that the properties would be rehabbed and tenant-ready by the time of the closing. However, he got overwhelmed by the huge demand and there were serious delays in getting properties rehabbed as he promised.

I am certain that it was a cash flow situation causing the delay, but he would probably never admit to that.

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Things started to become tense between the developer and the investment group.

This is when I sensed an opportunity.

“Why don’t I become a residential developer and sell my properties to the investors?”

It was a great idea.

However, there were two major problems:

1. I didn’t have any properties to sell them.
2. I didn’t have any money.

I didn’t let this stop me.

The thought came to me to contact an investor that I knew. He had purchased several investment properties with me over the years. As a matter of fact, he was one of my very first clients when I got licensed back in 2004 and he was also a contractor.

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I called him and talked about the opportunity and asked him if he wanted to get involved.

He agreed.

We worked out a deal that he would rehab a good investment property at his own expense and I would then sell the property at market value to my investment group. We would then split the profits earned after expenses.

It was a win-win-win situation.

We completed our first project with success and as agreed we split the profits after expenses and I immediately reinvested into another property.

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We developed a similar program to the Canadian developer, but we also offered property management services: I would find great deals in good areas of Detroit, we would completely gut and rehab the properties and then we would place tenants after the rehab was done.

Since I already had earned the trust and respect of the California investment group, it was easy to sell them on the idea of our program. We were off and running.

We continued to have success and after three short months, we were bringing in over \$100,000 — \$150,000 gross sales per month.

Business continued to grow and new opportunities opened up for us to continue our success.

However, about a year into our partnership, we butted heads.

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My partner was in charge of construction and I was in charge of sales, acquisitions and property management.

At the end of every closing, we would have a meeting and set aside the funds needed to acquire new properties and the funds to complete construction with ongoing projects.

Minor issues started to turn into major problems.

We were having delays on projects and funds were coming up short.

In my eagerness to continue and keep things afloat, I severed our partnership and brought in a new partner.

My new partner was an investor and not a contractor, so I assumed the mantle as head of construction.

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At the time, my thought process was ‘if you want something done right, you have to do it yourself.’

Not one of my best ideas.

I decided to become a one-man show. I was in charge of sales and acquisition, construction, customer relations, and property management.

I slowly became overwhelmed with all of the new responsibilities.

We were having success on the sales side, but things were unraveling on the construction and property management side.

Although I had hired a construction manager and had assistants, my lack of experience as a residential developer and my greed to make as much money as I could had consequences and I began to buckle under the pressure.

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To keep the investors buying, I was paying the rents on properties out of pocket because some tenants were either not paying or paying late. I didn't want to rock the boat and cause the investors to panic.

The final blow is when seven of my properties were broken into and stripped of everything. I mean everything except the carpet. They stole the kitchen cabinets, countertops, sinks, toilets, vanities, furnaces, hot water tanks, plumbing, electrical... everything.

It was well-orchestrated and I had my suspicions on who was behind it but I couldn't prove it.

I lost tens of thousands of dollars due to these break-ins and it put me out of business for good.

I didn't have the funds needed to complete the construction projects and lost the faith and confidence of my investors.

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Just as quickly as I made over \$1,000,000, I lost it right back due to poor decisions, greed, and lack of experience.

I bit off more than I could chew and it bit me right back in the rear.

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They say that hindsight is 20/20, so here are some takeaways from the hard lessons I learned:

**Takeaway №1:** If you are having problems in your business partnership, first try to sit down and resolve your issues before taking drastic actions based upon emotions.

**Takeaway №2:** Invest in security for your vacant properties. Do not fail to take adequate security measures because property theft is a common occurrence and the losses can be devastating.

**Takeaway №3:** It takes more than one person to run and operate a successful development company. You can easily become overwhelmed if you try to do everything. Don't risk losing it all by being a one-man show.

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**Takeaway №4:** Don't let greed dictate your actions. There is a saying in the hood that 'all money ain't good money.' Just because you can make fast money doesn't always mean that you should. Take all factors into consideration; a 'win-win' or a 'win-win-win' may actually just be a 'win' for you.

**Takeaway №5:** Honesty is the best policy. In hindsight, I should have let my investors know that tenants weren't paying the rent or were paying late instead of covering it up and paying out of pocket. If things are not going according to plan, show integrity and own up to this fact and accept full responsibility. You may lose business as a result but you will retain your respect and dignity.

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## **About the Author:**

Anthony is a Detroit real estate coach and market expert with a passion to help others become successful in real estate.

He is a licensed real estate broker, licensed residential builder, developer, investor and consultant with 15+ years experience.

He has authored several real estate books and was featured in the #1 Best Selling Real Estate book 'Top Agent-Volume 2 - Stories of Success From Industry Leading Real Estate Professionals'.

"I believe that I can and will help make you successful (or more successful) in your real estate career!"

Visit [www.anthonylegins.com](http://www.anthonylegins.com) for coaching services.

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