The 12 Commandments of How Wealthy People Think
Through years of coaching real estate investors, I have discovered that some people have a seriously flawed view when it comes to money. Some concepts are more philosophical in nature and are reflections of the values taught to us by our parents and close family members. Other money concepts are specific to the real estate industry and to running a business.

No matter how successful you become, at some level you are affected by your money mindset and past conditioning. I did not start out thinking or acting like a successful investor. I thought I only needed to understand the how-tos of the real estate business in order to make money and build wealth. Unfortunately, that wasn't enough. My real estate business didn't take off until I started modeling my mindset, thought processes, and decisions after other wealthy investors.

As a result of my own experience and my studies of other successful investors, I have come to realize that everything starts and ends in the mind. That's why I believe it's essential to discuss in detail exactly how successful investors think before we dive into the mechanics and how-tos of investing in real estate.

More specifically, we will look at how your inner thinking may be affecting your ability to build long-term sustainable wealth. Once you start consciously recognizing these limiting beliefs (many of which are programmed from your past), then you can begin taking steps to correct them. By helping to raise your consciousness, you will be empowered to make better decisions in the present.

We will start by analyzing some of the differences between how wealthy, middle-class, and poor people think about money. These are only concepts; they are in no way an insult to anyone facing financial challenges. I absolutely do not believe that wealthy people are better than poor people. This chapter will merely be discussing how a person's thinking and how a person's mentality can affect his or her financial status and outcome.

So let's take a deeper look at how wealthy people think and act with their money.
The 12 Commandments of How Wealthy People Think

Commandment #1: Wealthy people have a growth mindset, not a fixed mindset.

Years ago I read a fascinating article written by Carol Dweck, a professor of psychology at Stanford University. Professor Dweck spent three decades researching why some people achieved their potential while other equally talented people did not. Essentially, she came to the conclusion that success often boils down to whether or not you believe your intelligence level is fixed or if it is something that can be improved upon.

Wealthy and successful people believe that intelligence is something that must be developed. They believe the brain is very much like a muscle that can grow stronger with use. Their belief leads to an innate desire to constantly grow and improve.

Wealthy and successful people also love a good challenge, where they’re allowed the chance to gain valuable skills and insights into their businesses. When obstacles and setbacks come their way, they are less concerned about their self-image and how other people view them. They are more open to learning from other people’s feedback because they are less likely to take it personally. Growth-oriented people are willing to embrace and learn from the success and failures of others around them.

As a result, people with a growth mindset reach higher levels of achievement and are rewarded for their efforts. Therefore, wealthy people constantly improve because they create numerous positive feedback loops that encourage them to keep learning and improving.

On the other hand, people who struggle financially tend to have a fixed mindset. They often believe they are struggling financially because “that’s just the way it is.” This doesn’t mean people with a fixed mindset don’t have a desire for a positive self-image. They too want to perform well and be admired by others. The difference is that people with a fixed mindset are more likely to avoid challenges rather than take them head-on. So rather than risk failing, they would rather just not try. As we all know, if you keep doing the same thing over and over again, you will end up with the same result every time.

People with a fixed mindset are also less likely to benefit from constructive feedback. They generally view constructive feedback as a personal attack against them rather than something they can learn from. As a result, people who want to help someone succeed are discouraged from giving any constructive criticism, and that creates further isolation.

Too many people who begin employment at the bottom never manage to lift their heads high enough to see the opportunity above. Thus they remain at the bottom. This outlook from the bottom is never very bright or encouraging. Often people begin to accept the rut they are in as fate and begin to form negative habits that only continue to hold them back. They view the success of others as a threat and prefer to bring other successful people down.

As a result, financially challenged people never reach their full potential. Instead of improving, they create negative feedback loops that discourage them from learning, improving, and living life to its fullest.
The good news is that someone with a fixed mindset can learn to change his or her viewpoint with the proper mentoring and make dramatic strides in performance. My first step in coaching students with a fixed mindset is to make them aware of the problem with their belief system. Then, through a series of educational steps and positive reinforcement, I show how the brain, like a muscle, can be exercised to improve performance. When someone with a fixed mindset sees improvement and is rewarded for it, that person will begin to show more motivation and put forth more effort. This creates a positive feedback loop that will change his or her mindset.

**Commandment #2: Wealthy people believe specific knowledge is the way to wealth as opposed to formal education.**

I believe there are two kinds of knowledge. One is general, and the other is specialized and specific to an industry or a niche within an industry. General knowledge, no matter how great the quantity, is of less use when it comes to making money in real estate, or any industry for that matter. On the other hand, gaining specific knowledge and organizing it with a specific plan of action is how most rich people acquire assets and build their wealth.

I have experienced this concept firsthand. I personally invested over $120,000 to attend and graduate from a top university, yet it did very little to prepare me to succeed in business. I found this out the hard way when I started (and failed at) my first business.

In my opinion, the current traditional education system could do a lot more to prepare us financially. In college, I took history, political science, and art classes, which expanded my mind. But they were of little use when it came to investing and running a business. I had some of the most brilliant professors in the country, yet I learned significantly more about business and financial matters from my first few bosses and mentors who ran their own businesses. I believe college teaches you to think, write, organize, and debate, which is of value. However, one reason college degrees do not thoroughly prepare you for success in the real world is because they often represent miscellaneous general knowledge.

A burning desire to accumulate specific knowledge within an industry, when coupled with a detailed plan of action and a mentor who can provide feedback, is how most wealthy people succeed.

In most professions, there are established career paths provided through the traditional educational process. For example, if you want to become a nurse and work for someone else, there is a distinct path for that career.

For people who want to pursue real estate investing, there is no traditional career path. So, much of your success is based upon your desire to self-educate, surround yourself with other successful investors, and to seek out mentors within the industry.

A century ago, if you desired a specific career, you would apprentice with someone who had years of experience and a proven track record of success. This is an area of distinct difference between wealthy investors and those who struggle. Wealthy investors realize their probability of success is much higher when they mentor with someone. Investors who struggle and who are financially challenged believe they can figure it out on their own. Unfortunately, the risk is particularly high in the real estate business, so those investors who go it alone are usually the ones who end up losing money and getting out of the industry.

Many poor people may not be willing to put in the consistent effort required to mentor with someone. As a society we have unfortunately developed an instant gratification mentality that plagues many people’s chances of financial success.
The fact of the matter is that most successful investors acquire knowledge through books, seminars, training, and specific coaching programs designed to provide them with the necessary tools and give them a specific path to follow.

Because there is no traditional career track, the only way to apprentice is to find a mentor with a proven track record of success who can guide you. Wealthy people understand this, and they seek out mentors who can help them grow their real estate business. Poor people, however, may scoff at the idea of educating themselves.

**Commandment #3: Wealthy people get their money to work for them instead of trading time for money.**

Right now in the United States and Canada, middle class families with incomes between $40,000 and $200,000 a year are shrinking at an alarming rate. As the income gap between the wealthy and the middle class becomes increasingly pronounced, it highlights the inequality between those who have achieved financial prosperity and those who find themselves caught in the proverbial rat race. In fact, those who are members of the dwindling middle class are finding that wages have stagnated and they feel that their chances of reaching greater financial prosperity are more difficult.

Upward mobility, or the ability to move up the economic ladder, is the promise that lies at the heart of the American dream. Unfortunately, merely maintaining one’s financial status is becoming increasingly difficult—unless you learn how to invest and get your money to work for you.

Wealthy people understand that there are several ways to achieve upward mobility, and that the probability of success is greatly enhanced by creating investment income. Investment income is beyond the income provided by a typical job. In fact, the main distinguishing factor of high-net-worth individuals is their ability to derive income from their wealth rather than from work. In other words, wealthy people continue to build wealth regardless of the number of hours they work. Their wealth continues to grow, regardless of whether they are working, on vacation, or sleeping.

When you examine extremely wealthy people, you will realize the higher their net worth, the higher their proportion of income derived from assets rather than work. In fact, it is difficult to have a large and sustainable income without getting a large part of that income from investment assets. Of course the majority of all investment income is derived from real estate assets.

Wealthy people also realize that being a hard worker is important, but working hard alone will never make you wealthy. There are millions of people around the world who work extremely hard every day, yet never seem to get ahead financially. The key is to get educated, learn how to work smarter, and then acquire assets. Even if you have a relatively high-paying job, your ability to continue to generate a high income is not sustainable over the long term unless you learn how to acquire income-producing assets.

Unfortunately, no matter what your profession is, you are probably trading your time for money. The problem with trading time for money is that your time is limited, which places a ceiling on your income. Even highly compensated professionals end up trading their time for money. If you look at lawyers, accountants and
most medical professionals who are in professional service industries, they all trade time for money. That’s why most (unless they are partners in a large firm) make a moderate living at best. There is nothing wrong with being in a field where you trade time for money. Just don’t expect to build wealth anytime soon. (Unless you figure out a way to duplicate yourself, get people to work for you, or acquire assets.)

If you want the quickest road to wealth, you will have to start out trading time for money; however, you will want to take a different approach than most poor and middle class people. Poor people are fearful of investing and would rather get paid an hourly wage or a salary. They need the security of knowing exactly what they will be making each week. This security comes with a very high price tag—and the cost is wealth.

On the other hand, middle class and wealthy people who want to build wealth start out on a very different path. If they take a job, they prefer to be paid on commission or a percentage of revenue. They know being paid on their results allows them to earn significantly more. Some, rather than taking a job, start a business or invest in real estate. Instead of earning a commission or a percentage of revenue, they are now earning profits. These commissions, revenues, and profits are all classified as earned or active income. (At this time in their lives they are still trading their time for their income.)

Unfortunately, many people get stuck at this point in wealth-building and never make it out. Real estate agents and investors who are always in desperate need of their next deal are examples of people who are stuck in the active income wealth-building phase. Many, even though they work for themselves, are not wealthy by any stretch of the imagination.

The key factor that distinguishes the middle class from the wealthy is whether or not they convert a large percentage of their active income into passive income and interest or portfolio income. Passive income, for a lot of real estate investors, is derived from rental real estate assets. We help the investors we coach build up monthly passive income so it is greater than their cost of living. This gives them the option of leaving their job so they can focus all of their time on investing. When you reallocate your time to a higher and better use of it, it allows you to earn increasingly greater amounts of active income from the deals you flip.

As you continue acquiring passive income-producing assets, the consistent monthly cash flow allows you to take advantage of appreciation cycles as opposed to being forced to sell properties at inopportune times. More importantly, it allows you to spend more time with your family because you’ve taken the first steps towards escaping the rat race.

As you continue to earn greater amounts of both active and passive income, you can take the final step to building wealth—when you convert both of these sources of income into interest and portfolio income. Portfolio income is earned interest income from your real estate investments in the form of private or hard money loans that you make. It can also come from the interest you earn purchasing tax liens. It can come from dividends or capital gains from the sale of stocks, bonds, and businesses that you own.

Portfolio income is what will allow you to retire early and enjoy life’s finer pleasures. It will be what allows you to leave a legacy and help others from a position of financial strength as opposed to weakness.
Twelve Commandments of How Wealthy People Think

Commandment #4: Wealthy people influence their friends and family in positive ways and bring them along for the journey.

Wealthy investors understand that their success is very much dependent on the quality of their team. Wealthy people constantly seek to surround themselves with intelligent, positive, and supportive people who have similar goals. This built-in support system helps investors through the obstacles and roadblocks they inevitably encounter along the road to wealth.

In contrast, poor people generally lack a defined support system. They often have many negative people in their lives who influence them in detrimental ways. When they hear about a friend trying to better his or her life through education and real estate investing, they will be quick to judge, criticize, and mock his or her efforts. They will say, “You’re crazy; there are too many risks,” and be quick to point out all the ways you could fail. How many of you have friends or family members who do this?

This happens more than most of us would like to admit. Sometimes family members discourage you because they truly believe they are protecting you. Unfortunately, by trying to protect you, what they are really doing is holding you down. They don’t want to see you get hurt, but the irony is that in their quest to make sure you don’t have problems, they ensure you have the biggest problem of all…financial problems.

Your spouse or family members may not understand that in order to succeed, you have to be willing to fail many times. They don’t understand that through this process of overcoming obstacles, you gain the insight and knowledge in investing and running a business successfully. Because you are willing to take risks and learn from your mistakes, you end up living a life most people only dream about.

I regularly meet people who attend our seminars, wanting to improve their lives by learning how to invest in real estate, yet they have a spouse or family member(s) who are not supportive of their goals. Unfortunately, when you have other people in your life who are not in alignment with your goals, it can drag you down. The best way to handle this is to influence them by taking the time to communicate exactly what you are trying to achieve for the family as a whole. It’s very important to include them in this plan and make the dream as much about them as it is about you. If you properly plan the conversation, you’ll find they’re much more open to the opportunities in investing.

I would HIGHLY encourage you to expose your spouse and/or family to basic real estate investing principles. Even if they don’t have any passion for the business, with a little exposure, they will have a better understanding of how real estate investing can help your family financially. They will also begin to develop a respect for your time and commitment to improve yourself by learning the business.

I strongly advise you to bring your spouse, business partner, or family member as your guest to our upcoming three-day workshop. It is absolutely worth the investment of their time, even if they have to take a few days off from work. If you are truly committed to building wealth, it will be much easier when they support your real estate investments.

If you don’t take the time to expose them to what you are trying to achieve, they can be a serious anchor holding you down, and can lessen your ability to build wealth and improve your family’s financial future.

Of course, there are some people who are so extremely negative that no matter how much you try to influence them, they will never come around to your way of thinking. You know who they are, because they are the
ones constantly dragging you down. Many people do this because they are too afraid to venture out themselves, and they don’t want to see anyone else succeed. If that is what you face, you will need to make a decision about how you want to live the rest of your life. Don’t rush into a decision, but at some point you’ll discover that the mental and financial cost of negative people is simply too great.

Wealthy people ultimately feel it is their duty to positively influence others and help them understand how wealthy people think. In fact, I would highly encourage you to have your spouse, business partner, and/or family read this part of the guide so that you can discuss some of the key concepts here. You will likely find that you and your loved ones have already adopted some of these principals naturally. Other principals may be foreign to you. They are worth discussing and working on together.

Commandment #5: Wealthy people understand that the educational process is a journey, not a destination.

Wealthy people in all industries never stop acquiring specialized knowledge related to their business or their profession. Poor people, on the other hand, usually make the mistake of believing that the learning process ends when they finish school or receive their degree.

Any person who stops learning merely because he or she has finished school is hopelessly doomed to mediocrity, no matter what industry or investment path he or she pursues. Rich people understand that the educational process never stops. It’s very much like working out. You can’t expect to spend a week in the gym and be fit for life. Obviously, it would be absurd to think that way. Still, a lot of people think that they only need to read a book or attend a class to get all the information they will need to be successful in real estate. Unfortunately, these are the same people who usually end up getting hurt in the real estate market. If you think the educational process is expensive, try ignorance.

All wealthy people willingly invest in their education. First, they realize that if they have no skin in the game, they will lack the self-discipline to follow through. Second, they also realize that if the education is offered at no cost, the value and organization of the material would be abysmal at best. Wealthy people seek out the most qualified instructors, the best tools, and the best paths for learning.

In contrast, if people think they can acquire their knowledge from free sources online. Let me ask you this: If you were having open heart surgery, would you want your doctor to have received his education through a series of YouTube videos? Yet many people believe this is how they are going to reach their financial goals.

Think about it this way: do you believe your kids would get a better education if they had to pay to go to school? Do you think the money paid would provide better programs, higher quality teachers, and superior technology? That is why many private schools have superior programs in comparison to most public school systems. It is also why private school students are generally more successful as a whole than public school students.

I have yet to see a student get into Harvard from reading blog articles and watching YouTube videos. However, this is the exact “plan” a lot of people have for how they are going to improve one of the most important areas of their lives: their finances.

My partners and I realized years ago that knowledge accumulation is an ongoing process. The market is always changing, there is constant new legislation, technology evolves rapidly, and new opportunities always present themselves. We make a commitment to spend a few hours each week educating ourselves about our profession—and we continue to do it to this day. Looking back, it is one of the best commitments we made early on in our careers.
Commandment #6: Wealthy people build a mastermind group of people who are wealthier and more intelligent than they are.

It's ironic that many people who have children are adamant about who their children associate with, yet many don't take their own advice when it comes to their own friends and associates. As the old saying goes, if you hang out with dogs, you catch fleas. If you choose to spend time with pessimistic and lazy people, you will never rise above their level.

Wealthy people, on the other hand, tend to associate with people who are financially as successful or more successful than they are. In effect, they create a brain trust of people who help them succeed at increasingly higher levels.

Wealthy people understand it's impossible for one individual to know it all. They understand the power of leveraging other highly intelligent and wealthy people within their mastermind group. They can get advice on how to efficiently organize each person's knowledge into a specific plan of action. To a wealthy individual, it does not matter if knowledge comes from his or her own mind or the mind of others, as long as they can get the information quickly.

In fact, it has often been stated that Andrew Carnegie, who founded the Carnegie Steel Company and was one of the wealthiest men of his time, knew very little about the technical end of the steel business. However, he found the specialized knowledge required to manufacture and market the steel within the mastermind group of approximately 50 people he assembled for the purpose of building his company. He attributed his entire fortune to the power he accumulated through his mastermind group.

If you study other successful entrepreneurs who have accumulated great fortunes, you will find that they have either consciously or unconsciously employed the mastermind principle.

It's very simple when you think about it. A group of people who are connected by similar goals in the spirit of progress and growth will provide more insight and thought energy than a single brain. When you gather together with others to throw around ideas, discuss and debate, and receive feedback and inspiration, you begin to foster new ideas while refining your old ones. When you hang around with other ambitious, like-minded people who are going places, you will find yourself striving to accomplish more yourself.

I like to call this “the power of collective genius.” In fact, one of the reasons I established a real estate coaching program was so that I could assemble a mastermind group my business partners and I could benefit from. We have tapped into this resource hundreds of times for ideas, answers, and encouragement within our own business. The results have been nothing short of amazing for all members of the coaching group.

Every day, students within our coaching mastermind group share best practices and what is working within their businesses. Numerous students have gotten funding from individuals within the group. Students have also worked together on bigger deals as well as bought and sold deals to each other. It is truly remarkable when you have a mastermind group set up that you can leverage.
Commandment #7: Wealthy people believe they are in total control of their destiny as opposed to their destiny being predetermined.

Wealthy people believe they are in total control of their own destiny and that anything can be achieved with the proper choices, education, systems, and work ethic. Essentially, they believe they are in the driver's seat of their life and that they “make life happen.”

On the other hand, poor people often believe their lives happen to them, as if their destiny has already been predetermined for them. You see this a lot in society.

In the 1950s a famous psychologist, Julian Rotter, came up with a concept he called the “Locus of Control.” The Locus of Control refers to an individual's perception about the underlying main causes of events in his or her life. Simply put, do you believe that your destiny is controlled by your internal efforts, thoughts, and decisions, or by external forces such as fate, luck, or powerful forces? In giving it this name, Rotter bridged behavioral and cognitive psychology. Rotter's view was that behavior is largely guided by rewards and punishments and that individuals come to hold beliefs about what causes their actions based on these contingencies. These beliefs, in turn, guide what kinds of attitudes and behaviors people adopt.

Essentially, Rotter investigated how people's behaviors and attitudes affected the outcome of their lives. He also believed the orientation you choose has a direct bearing on your long-term success.

The Locus of Control describes the degree to which people perceive that outcomes result from their own behaviors, or from forces external to themselves. Thus, the Locus of Control can be conceptualized by referring to a unidimensional continuum, ranging from external to internal: Wealthy people tend to be very high on the internal locus of control spectrum. They believe in their own ability to control themselves, while at the same time positively influencing the world around them. They see that their future is in their own hands and understand their efforts, actions, and choices are what lead to success or failure. People with a high internal locus of control tend to work harder and persevere in order to get what they want.

On the other hand, people who are financially challenged tend to be on the other end of the locus of control spectrum. Poor people usually believe external circumstances are what determine their destiny. If you no longer take full responsibility for your actions, it becomes very easy to point the finger at others instead of looking internally. Poor people will often blame their parents, the economy, the real estate market, their employer, or the line of business they're in. It always seems to be someone else's fault.

If they aren't blaming others, often they are justifying their financial situation somehow. You will hear this when someone says, “Money’s not that important.” Or, “If I have enough money to pay the bills, I will be fine.” The reality is that this justification simply isn't true. Money is important. It provides tremendous opportunities for you, your family, and the people you care about. Money can be used to help people and causes that are nearest to your heart and provide you with a sense of tremendous fulfillment and purpose. Money can provide you tremendous education that you can use to change the world in some way. Money is important and learning how to make and manage it well is your responsibility.

The key to your own personal development is to understand your natural tendencies and then adapt them to the situations you face. Pay attention to how you communicate with yourself. Be aware of where you point the finger when something goes wrong. If you hear yourself often saying, “It's out of my control,” or “I have no say in the matter,” step back and remind yourself that you always have a degree of control over what you do.
If you become aware that you tend to look externally, realize this may be holding you back in many areas of your life. First, recognize that you always have a choice. Making no choice is actually a choice in and of itself, and it’s your choice to allow other people or events to decide for you. Second, begin to set goals for yourself and reward yourself when you achieve these goals. This positive reinforcement pattern will begin to create a new belief system. Finally, begin to develop your decision-making and problem-solving skills so you’ll begin to feel more confident in your own abilities, choices, and decisions.

Commandment #8: Wealthy people believe in and are willing to promote their products, services, and businesses.

You can have the greatest business, product, service, or idea, but nobody will ever know about it unless you are willing to promote it. Wealthy people understand this concept and believe in the products and services they offer. They also know that they can’t help anyone if they don’t get their products and services into the hands of people who can benefit from them.

Imagine for a second that you had the cure for a rare disease, or that you offered a service that could save a business owner thousands of hours of time and headaches. Wouldn’t it be a disservice not to let people know about what you have? Obviously, the answer is yes, yet many people who are struggling in business make this choice every day. As a result, their personal finances suffer because of their lack of confidence in their businesses, themselves, and their ability to market these ideas.

Resenting marketing, sales, and promotion is one of the greatest obstacles to success and building wealth. People who are resentful of other people who promote their businesses are often financially challenged themselves. How can you expect to build wealth if you aren’t willing to let people know that your business, product, or service exists?
To give you a direct example—we have a very successful group of coaching students who apply to be part of our accelerated program. We briefly discuss the program and tuition at our workshops. It’s very interesting to note people’s reactions. The vast majority of people are thrilled to find out how our coaching program works and how it can help them become a highly successful real estate investor. However, there are a small minority of people who resent any promotion regardless of how it could personally benefit them. If this sounds like a reaction you’ve had, I challenge you to reflect here and question if that behavior is actually helping or hurting you. You may find this type of reaction is hurting you in other areas of your career, business, and life. If this does sound like you, it is usually for one of the following reasons:

1. You may have had a negative experience in the past with someone promoting or selling at an inopportune time. You may have gotten a sales call when you were eating dinner, or when you’d just had an argument with a loved one, and you may have created a negative association with sales. If this is the case, it is important to remember that this past negative experience may not be serving you in the present.

2. You may have had a bad experience in the past when it came to selling or promoting yourself in a sales position or a business. In fact, you may still be harboring the rejection you received years ago on a subconscious level. Rejection creates a fear of failure that understandably can translate into a distaste for promotion. This past experience could easily be hurting your future chances of success.

3. You may have been asked to sell a product or service in the past that you didn’t really believe in. If this is the case, many times this subconscious fear can easily translate to your own product, service, or business, years down the road.

4. You believe that promoting yourself is beneath you. Let me make one thing very clear: A high and mighty attitude will never serve you well. Nobody is going to beat your door down to buy your product just because it’s from you.

5. You may feel like you are bragging when you are promoting yourself. There is a good probability your parents and teachers taught you to be modest about your accomplishments. Modesty is generally an admirable virtue. But when it comes to your business, if you don’t publicize and promote yourself, nobody else will. Wealthy people realize that the only way to distinguish themselves from their competition is to openly promote themselves and their businesses.

If you look at the wealthiest and most successful people and businesses, you will always see excellent promoters who are extremely enthusiastic, passionate, and giving. Take for example Oprah Winfrey, Steve Jobs, and Richard Branson. These business icons are three of the best promoters we have seen in the past few decades. And look at everything they have given back to society with what they have created and promoted.

If you believe in what you have to offer and that you can truly help people, it is your duty to promote it to as many people as possible. It’s what all wealthy people do.

**Commandment #9: Wealthy people know the greater impact money can have on other people’s lives.**

In poorer communities, there is often a certain level of resentment, distrust, and anger directed towards wealthy people. It is human nature for people to be jealous or envious of people who live lives they feel they cannot have. You will hear things like he/she was lucky, selfish, or he/she had to step on many people to get where he/she is. Some people even believe they are poor because rich people make them poor.
These negative stereotypes end up developing into full blown belief systems that get passed down from generation to generation. Unfortunately, children do not have the ability to understand where complex emotions like jealousy, resentment, and envy stem from. If you were told rich people are evil as a child, then your belief system will often reflect that viewpoint.

Unfortunately, if you hold resentment towards wealthy people, it becomes increasingly difficult to build wealth yourself. How can you improve your financial situation if you subconsciously believe wealthy people are inherently deceptive and untrustworthy? It is very difficult to become something you despise—your subconscious will always work to be in congruence with your belief system.

The only way to break the cycle is to first be aware of how you view money, to understand the negative shortcomings about money, and where these thoughts come from. Then take steps to develop an entirely new belief system.

If you believe that a person who has money is dishonest, then the foundation of your faith is altogether false. The overwhelming majority of extremely wealthy people are honest. That is why they are rich. People trust them because they work hard, run organizations and businesses that add value to other people's lives, and they make sound investments. People are attracted to them because they are leaders in their respective fields. Sure, the news media will always make a big deal about a corporate scandal or a financial controversy, because that's what sells newspapers and gets good ratings on television. But the reality is that the majority of wealthy people built their wealth through hard work, integrity, and high moral character.

I believe money is neither good nor evil. It is the moral character of the people who have money that determines whether or not it is used in a beneficial manner. Frankly, money can make your life considerably easier and more enjoyable if you recognize its value.

You can never become wealthy if you resent rich people.

Commandment #10: Wealthy people focus on opportunities instead of obstacles.

A few months ago, at one of our advanced boot camps, I was teaching everyone about how to benefit from some of the recent changes in the real estate market. After I was done conducting the session, one of our longtime coaching students who has become extremely successful and very wealthy over the past few years pulled me aside and shared some insightful information with me about his local market. He recently discovered a few Wall Street hedge funds buying properties in his local market. According to him, these hedge funds were only buying a handful of properties, but the mere rumor was enough to scare off a lot of newbie investors in the area.

He was extremely happy to see these funds enter the market because it validated the future potential for return in the market he had been investing in for the past six years. He went on to tell me how he had been actively selling properties to these hedge funds and that he was actively seeking other funds to sell to.

What I found so fascinating was the difference in his reaction versus a lot of new investors in his marketplace. Where they saw obstacles, he saw opportunity. Where they saw potential loss, he saw potential growth. This is a great example of the stark contrast between how wealthy people view circumstances and how poor people view circumstances.

When you have the opportunity to spend time with extremely wealthy people, you will begin to realize how highly optimistic they are about everything in their lives. They focus on the opportunity or the task at hand as opposed to any obstacles that may get in the way. When they do encounter an obstacle, they never focus on it or let it stop them from succeeding. They have the foresight to see beyond the obstacle. In
fact, many rejoice because they see the obstacle as a challenge they have to overcome to get one step closer to their ultimate goal. At the end of the day, wealthy people focus on rewards, whereas poor people habitually focus on risks.

Wealthy people expect to succeed and they have confidence in themselves, the knowledge they have accumulated, and their ability to solve problems. They take educated and calculated risks and know that even if they take a temporary loss, they will be able to earn it back very quickly as a result of the knowledge and experience they gain.

Poor people, on the other hand, are risk-averse and many expect to fail. They lack confidence in themselves and in their abilities. Therefore they avoid any sort of risk because of that lack of confidence. Poor people are very good at misleading themselves and others around them by claiming to be preparing for an opportunity. In their minds, they are getting ready. Unfortunately, what they are really doing is procrastinating because they are scared of what could happen if they fail. As a result, the opportunity that presented itself usually goes away.

**Commandment #11: Wealthy people have an investor mindset instead of a consumer mindset.**

As real estate investors, we are in the money business, so how we think about money, use money, and leverage it is very different from other businesses. We are not like other professionals who primarily sell their time, services, or widgets. Large amounts of money will flow in and out of your business as you buy and sell properties. So, you must spend more time changing your mindset about money, because sometimes even in the very early stages of your business, you will have to leverage large amounts of money. This is a good thing, because with leverage comes higher profits.

You must learn to think like an investor instead of a consumer. Consumers are fearful of money, fearful of borrowing it, and fearful that their investments will never earn a return. Consumers are always worried about what something costs instead of focusing on what return that investment will make. Consumers are typically very skeptical and make money decisions based on this skepticism.

This mindset exists because many consumers have made mistakes with their money in the past. For example, during the real estate refinance boom, many consumers pulled equity out of their houses and bought cars, boats, big-screen TVs, etc. Obviously, these assets don't appreciate in value and do not produce a return on investment. In fact, as time passes, these purchases decrease in value, so it's natural to equate all future purchases with this pattern of loss.

Thus, people lose confidence in themselves and their ability to make sound investments with their money. Consumers begin to adopt a scarcity mindset and become negative about money. They blame outside factors and are fearful around money.

Investors, on the other hand, think very differently about money and credit. They realize that both money and credit can be leveraged to make even more money. Investors buy assets and make capital investments in their businesses. They realize that there is a cost to the money they borrow or use, but the return will be much greater. They look at money the way a bank looks at your money. You put your money in the bank and the bank pays you a 1% return, for example. The bank then takes that money and leverages it to make a 5% return on a home loan or a business loan. Thus, your hard-earned money is being leveraged by somebody else who understands the power of money better than you do.
In contrast, a real estate investor might put down 5% on a deal and borrow 95%. Let’s say the investor buys something for $100,000, putting down $5,000 of his own money, and borrows $95,000. But when the property is fixed up and sold, the investor might keep the entire profit of, say, $25,000. The investor has made $25,000 on $5,000 he put down, amounting to a 500% return on his money. This investor knows how to leverage money.

Consumers are very fearful of losing money and they protect it at all costs. This fear leads to a rate of return that is often below the inflation rate. Investors understand the power of money and take control of it.

Investors also view themselves and their employees as assets. Thus, astute investors constantly invest in education for themselves and their staff. They realize that the intellectual capital they acquire will produce a much bigger return than the money they invested to acquire it. Investors know that once they are educated, it can never be taken away. A big-screen television loses value every month, but an investment in one’s personal education and development leads to a lifetime of high returns.

**Commandment #12: Wealthy people learn to act in spite of fear.**

Many poor people want to be rich, but their decisions and actions are geared towards survival instead of wealth and abundance. Building wealth is not comfortable. There is a huge difference between being comfortable and being wealthy. If your goal is to just be financially secure, chances are you will never be wealthy. However, if your goal is to be wealthy, then chances are you will end up either wealthy or very, very comfortable.

I have met a lot of people at our seminars who are very comfortable financially, yet they aren’t living up to their potential. Many long for more, but fear stops them from living a truly fulfilled and happy life. I believe it is your duty to share your insights, values, and ideas with as many people as possible. I also believe the happiest people on earth are those who consistently push themselves out of their comfort zone—and as a result, they develop skills and talents they didn’t know they had. If you are playing small, then you are not serving yourself, your family, or society. Society doesn’t need more people who are playing small. The world needs people who are willing to face their fears, and who want to step up and create change within their own lives and the lives of others. If you want to live a truly fulfilled life, it can't only be about you. It has to be about contributing to the lives of others and to the generation that follows.

Building wealth is not going to be convenient. You are going to have to make sacrifices to reach your goals. Wealthy people don’t base their decisions on what’s easy or convenient. They base their decisions on what is going to get them to their long-term goals even if it makes them uncomfortable.

Personally, I have invested in many real estate deals where I was forced to make decisions without having all of the information I usually like to have. Many of these deals have kept me up late at night. Some of these deals turned out to be six-figure home runs, and others were learning experiences. However, through the process of learning to act in spite of my fears, I gained invaluable insight into what it takes to actually be successful as an investor. A lot of our company’s present-day systems are built around the mistakes we made early on. We created these systems to not only streamline the investing process, but to also avoid making the same mistakes on the next deal. Investors who utilize our franchise-like systems are obviously the beneficiaries because they don’t have to make the same mistakes we did along the way.
I believe self-doubt, fear, and worry are the greatest obstacles to success. Wealthy people understand that fear will never dissipate, no matter how successful they become or how much money they have. Wealthy people learn to manage their fears. Poor people let fear stop them from reaching their financial goals.

Summary

The single biggest difference between financial success and financial failure is embracing and living by these twelve commandments. Make it a practice to surround yourself with people who will push you to achieve more in your life. Find and join social circles, groups, and communities comprised of people who are financially playing the game at a higher level than you are. Then do everything you can to learn from the way they think, act, and make decisions with their money. Then model those decisions with your own money. Find a way to do this even if you don’t have a lot of money right now. It’s fairly simple: If you want to build wealth and master money, you must learn from those who have already built their fortunes and have demonstrated the ability to successfully manage it.

People who struggle financially either mismanage their money or they avoid the topic of money altogether. They often say things like, “I’ll start managing my money as soon as I get caught up and save a little.” This is like someone saying she’ll first do a real estate deal and then spend the time getting educated. Or someone who says he’ll lose thirty pounds and then start exercising. One has to come before the other, not the other way around. You have to learn how to properly manage money and then, over time, you will have increasingly larger amounts of money to manage.

Commit right now, and practice the twelve commandments of money in your own life. Share them with your spouse and family members and anyone who could stand to improve his or her money mindset. Remember, everything starts and ends in the mind, so take the time to think about, practice, and master these principles. When you do, you will realize the positive impact it can have on all areas of your life.
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