

EPISODE 447

[INTRODUCTION]

[00:00:00] ANNOUNCER: Welcome to The Real Estate Syndication Show. Whether you are a seasoned investor or building a new real estate business, this is the show for you. Whitney Sewell talks to top experts in the business. Our goal is to help you master real estate syndication.

And now your host, Whitney Sewell.

[INTERVIEW]

[00:00:24] WS: This is your daily real estate syndication show. I'm your host, Whitney Sewell. Today, our guest is Eric Bowlin.

Thanks for being on the show, Eric.

[00:00:32] EB: Hey! Thanks so much for having me.

[00:00:34] WS: Yeah. I'm looking forward to this conversation. I know Eric has a story that I know a lot of listeners are going to be able to relate to. So, I hope you will stay to the end. But a little about Eric, he's an entrepreneur, a real estate investor, an Amazon bestselling author who retired at the age of 30. I know that's like a dream for most of the listeners. It was mine for myself as well at that time.

He purchased his first property in 2009 and now has over 480 units of rental property. Also, he runs a top 10 real estate investing blog and has been quoted or featured in popular publications, such as Forbes, Trulia, Weisberg Inc., Yahoo, as well as have been featured on popular podcasts, such as BiggerPockets, Rod Khleif, Joe Fairless, Millennial Millionaire and others including about to be the Real Estate Syndication Show.

Eric, thank you again for your time. Give the listeners a little more about who you are, and let's dive into this amazing story of yours.

[00:01:29] EB: Yeah. I guess I'll just start real quick at the beginning. I didn't even intend to get into real estate. I bought a three-family because I couldn't qualify for a single family, because the rent gets added to your income, the extra rent from the other units. That was able to qualify me.

So, I bought that instead of a single family. I was a full-time student. I was working on my PhD in economics and I bought this property. My plan was to sell it after a few years. If you remember 2009, deep in the recession, plan was a few years later, it'd probably be worth more. I would sell it and I would go buy a home and be a normal person. That was my plan.

Then I discovered passive income. It literally knocked at my door shortly after I bought it. Just one night somebody knocked on my door and paid me the rent, and I put the money down. I just remember that night my whole life changed and I'm like, "I'm doing this for the rest of my life right here."

A couple of years later, I was out of the PhD program. I dropped out and got on to real estate full-time. I was very active at the beginning, swinging the hammer myself and doing a lot of that stuff, and that's the very abbreviated version of how I got started.

[00:02:34] WS: Wow! I think it's funny, you said you bought that. You planned to sell the three-family or triplex and go buy a single family and just be a normal person.

[00:02:43] EB: Yeah. Yup, exactly.

[00:02:45] WS: But instead, money knocked on your door, some passive income, and changed your life. That really opened your eyes it sounds like to this possibility of what real estate is capable of doing for you. You seized the opportunity. That's incredible. What happened over those next maybe be a few years? What your plan was? What were you working on?

[00:03:04] EB: Yes. I was in the Army National Guard. I deployed to Afghanistan in 2010 and I used that time to reassess everything that I was doing. I had a lot of spare time and I read a lot. I must have read 50 books on real estate. Even though I discovered passive income, somehow that became, "I'm going to flip houses." I don't know how that happened in my head because I discovered rental property and then I got home and I bought a house to flip after that. I did that for about six months. I realized that sucked. I don't want to do that anymore. Then I bought a four-family after that and I started buying a lot of these three, four, five-unit or even duplex type houses for a number of years.

[00:03:42] WS: How did you start buying those first ones though? You came back from deployment, and thank you for your service by the way. You came back. How did you qualify to start buying property like that?

[00:03:53] EB: Yeah. The house flip was just your standard borrow money type thing. As far as the four families, what I had discovered is that with local small banks, you can get commercial line financing even though they're residential properties. These aren't like any of your big national lenders. These aren't like your typical Fannie, Freddie type thing. They're all full recourse loans. But you can get them on a commercial, so you don't have to go through a typical qualification process that you have to.

I was fortunate enough to be able to build those connections pretty early on and realized that was an opportunity. So, I was paying cash for the properties. I was using my money and borrowing some, paying cash, doing some work, and then I was refinancing them usually about six months later with commercial loans through local banks.

[00:04:39] WS: Okay. You grew that business. You started buying small multies, triplexes, fourplexes. How were many were you buying? How long? Then what happened?

[00:04:48] EB: Yeah. I don't remember how many I had. I moved to Texas. What year was it? 2015. Up until that point I was very active. I was managing projects. I had a crew working for me. I was my own real estate agent, I was doing everything, and it's all in-house. That was just like a full-time job.

When I moved, essentially, we got a 36-inch snowstorm one day and I'm like, "All right. Screw this." I went on vacation at Texas. Loved it, and a month later moved. I dropped everything and I'm like, "I'm out of here. I hate the weather," and I moved to Texas.

I had a lot of rental property. I don't know. 30 or 40 units maybe at that point. But remember, these are all mine. I didn't have partners on them, right? When you're doing syndicating, 30, 40 sounds like not a lot. But when you own 100% of it, it is a lot. I moved to Texas and I got a job in sales for about nine months, because I had never lived just off of the rental income and I wasn't sure if it would actually sustain me and support me.

I made some adjustment in my lifestyle, downgraded some of my vehicles. I got a – I was kind of making a lot of money, so I was buying expensive stuff. Then I realized that if I kind of downgraded the lifestyle a little bit, I didn't have to work anymore. So, I quit the job January of 2016, and I was 30-years-old at the time, and that's when I started living just off of my rental income.

[00:06:04] WS: That's a big day, right? Not only when you realize that it's possible, but then when you actually did it. That's incredible. Yeah, congratulations again to you. You started living off the passive income. Did you continue to buy smaller multies there before starting to syndicate?

[00:06:21] EB: Yeah. I still, and even to this day, I still buy occasionally. You can make a lot of money on them. There's no reason not to. Opportunities knocks. It's right on a same street or nearby other properties I already own. It just makes sense to add it to the portfolio. But I'm not out knocking, like beating the pavement trying to find them anymore.

How I got into syndicating though is actually I got bored. So, it's not like retirement. I'm 30. It's not like your typical 65-year-old retirement. But it's really boring. January, I'm like, "God! I'm not doing anything anymore." I just sat around on my car, "This is really boring."

I started my blog in February of 2016 and I'm like, "All right. This is cool." Then I started just blogging about real estate and whatever. Then through blogging is when I started to really learn more about syndication. I heard about it before but I had never really explored it that much.

Then at the end of 2016 is when I decided that 2017 was going to be the year that I'm going to syndicate something.

[00:07:25] WS: Okay. You wanted to start syndicating deals. Why? Tell me. Why would you do that? Why would you change the business plan that you already had going and moving to syndicating?

[00:07:34] EB: Yeah. No reason other than it was a new challenge. I'm the kind of person, I get bored with things pretty easy, and that had become easy to me what I've been doing. It still is. I only do it when I need money or when I want money, I should say. That's kind of boring to me. It doesn't challenge me to think or to try hard or to do things. I thought, "Well, that's bigger. It must be harder. It must be more challenging. So, let me try that." That's essentially why I wanted to do it.

[00:08:03] WS: Okay. Well, that's interesting. Just from our conversation a little bit before we started recording, we talked about or you mentioned just the challenging first year in the syndication. I'd love to dive into that. You already had a real estate background. You're already "retired" and you're getting in but you say the first year was difficult or challenging. I'd love to know more about that and please elaborate on some of the challenges, and let's figure those out.

[00:08:27] EB: Yeah. It's really hard because syndication is not a fast-moving thing, especially first syndication. It's not something that happens quickly. In the small multifamily space, like a four or five-unit, if I say I want one, by the end of the month I'm going to have something under agreement. It moves fast because there's a lot of inventory. There's not a lot of inventory for the apartment complexes as compared to the small stuff, and you can't do it on your own. That's the other thing, unless you're fabulously wealthy, which I'm not. I'm not wealthy enough to go take on a \$10 or \$15 million apartment complex on my own. You need partners, and that means you need investors. You need other GPs that know what they're doing to partner with to so that your offers are taken seriously and all these other things.

All of that, essentially, I felt like I had to take five first steps, but you can only take one first step. So, I felt overwhelmed by it a little bit. It took till the end of the year. I think we've closed on a

first deal I think in November of 2017, give or take a few weeks, maybe December or October. But it basically took the entire year to get everything from basically starting at zero to being partnered as a GP on my first syndication deal.

[00:09:41] WS: Okay. Getting into the syndication business, it's challenging. You said there was like five things that you needed to do to get started, but you seemed to be a little overwhelmed. One key thing there that you mentioned was you start doing one thing at least, right? Just get one thing started. But tell me, elaborate a little bit on like some of your initial challenges as far as, "Okay. I'm moving from this business to a syndication business." Why did it seem so challenging?

[00:10:08] EB: Mindset was the big thing for me. I always saw myself kind of like a lone wolf real estate investor. I was out taking down deals on my own and I was just like hunting on my own, doing my own thing. I have my team and the people that work for me, but it wasn't very collaborative with other investors. Especially where I came from up in the Northeast. Up in the Boston area has a very different mindset than down in the South. People are much more like, "Focus on your own thing. Don't talk to other people." That's much more the culture in the north.

Down in Texas, a lot of people are very friendly and collaborative and are open to sharing information that I found really strange. So, I had to change my mindset to be like much more collaborative, and as I changed my mindset and I focused the entire year. Let me take a step back. Every year, I usually create a goal for the year, and it's something very simple and easy that I can just always remember. One year, like one time go, is kill debt. It was just pay off all my student loans. Pay off all my personal debts. That was my goal for the whole year, and everything I did had to feed into that in some way.

In 2017, I just said I'm just going to focus on building relationships, and that was the hard part for me, because it was out of my character up until that point. I had to change that mindset really. That was the hard part for me, personally.

[00:11:30] WS: Okay, because it is a relationship business, the syndication business for sure. Whether you're looking for investors or whether you're looking for other partners as far as on a

general partnership side, I mean, it's still relationship business. That's awesome. That's a great step that you took and realized that that needed to happen.

Tell us a little bit about getting to that first deal. Any other challenges that were maybe surprising to you even though you had a real estate background?

[00:11:52] EB: Yeah. This is 2017, and back then everybody thought it was the top of the market. People were being really conservative on their underwriting, and I think I underwrote something like 300 deals and made a bunch of offers, and nothing was really sticking. Nothing was working. That was really tough. I almost gave up. I got six months into this. I'm like, "I could've done three deals like on my own already and made a few hundred thousand dollars or whatever. Why am I wasting my time right now?" Is kind of what that was.

I had some people that were very influential as I was getting started in mentoring me in many ways, and you can't just jump into it without somebody taking you under their wing in some way. They're like, "No. Don't give up. It can take up to a year even or longer on your first deal." They motivated me a bit. That's kind of what kept me going.

[00:12:44] WS: Relationships.

[00:12:45] EB: Absolutely. It was those relationships. How I got the first deal was through other relationships. I became really good at – In 2017, I basically knew every single deal that hit the market in all of the Dallas-Fort Worth area. I knew all of them. That was in the B or C class. I knew every single one of them.

I went to a conference and I met a lot of people there, and one particular person wanted there in California, and they had already done syndications in the past and they wanted to buy in the DFW market and they would just randomly one day pinged me and be like, "Hey, what about this deal? What do you think about this? Whatever." I'm like, "I already did that, these numbers," and like we're just talking about it. He's like, "Oh! Well, this dude knows what he's talking about here."

Then next thing, a few weeks later, he hits me up again, "What do you think about this or that?" Then next thing you know, every time this deal popping up, we're talking about it. So, we're going after deals together.

Then there is a group of us that we're in different markets all looking at different deals and then it just turned into whoever gets the first deal, let's work together on that one deal, because we're all kind of working in a few different markets, and that's kind of how we got our first partnership together.

[00:13:56] WS: Nice. Very nice. Yeah, it went back to that relationship, went to a conference, met somebody. Yeah, it's common. You found somebody else that has a skill you don't have or you have something that they need, and all of a sudden there's a deal made.

[00:14:10] EB: Yeah. That was the first thing, was becoming really good at one thing, and I tell that to a lot of people they say, "I believe that if you get really good at one thing, then somebody's going to come to you and ask you for that one thing, or you can ask somebody else for whatever you don't have." Mine was the numbers. I'm a very numbers-oriented person and the Dallas-Fort Worth market.

[00:14:30] WS: Nice. Yup. I can't agree more that, yeah, you got a skill that you're really good at, more than likely, there's going to be plenty of people you're better at that skill than they are. They're going to need your assistance. So, you're going to have value that you can add to people that are ahead of you a lot of times. You got that deal done. Tell me about now, are you focused mostly on syndicating properties or are you kind of half-and-half? What does that look in your real estate business now?

[00:14:57] EB: Yeah. I've kind of carved on my own little niche in the syndicating field or market or whatever you want to call it. So, I'm not really chasing the big hundred plus apartment complex type stuff anymore. So I kind of went back to what I started with but I took the tools and everything that I learned from syndicating and I'm now applying it to smaller stuff, because it's a good niche at least for me in the smaller space like under 20 units type area where the big syndicators are not going after those, and they're way too big for just your regular everyday

people. So, I've been working toward and I raise capital and do some creative things with the investors that I've developed over that time. So, I've kind of mixed the two worlds now together.

[00:15:41] WS: Nice. Okay. Yeah. I think I would like to dive a little more into that first year and even think about like, because I know a lot of people that are listening are in that boat. What about building that investor list? I think you were buying mostly your own capital before that. Then now all of a sudden, we're going to start syndicating deals, and now we need investors. What did that look like for you?

[00:16:04] EB: I had zero investor list and I still look back, and that's probably my number one mistake. I should've started building an investor list day one as soon as I got into real estate and I didn't know it. Basically, I was going to every networking thing that I could possibly find. I was networking five or six days a week. I have that luxury because I have nothing else to do with my life at that point, right? I mean that in a good way and not in a bad way. I didn't work a full-time job. I didn't have to worry about these things and I could go four, five nights a week or sometimes afternoons. There's unlimited networking opportunity in DFW, and so I was just doing that.

Every person I met I would just follow-up emails, follow-up calls. Some people I would follow-up, sit down, and have lunch or coffee with people. Every single person I talked to, you build a little bit of relationship with them and then they're like, "Oh, wow! You're kind of unique, interesting. You got like a crazy story and stuff like that." Then they're like, "Yeah, I want to know what you're doing," and then I add them to my investor list, and that is how I built that up enough to help me get through the deals that I'm doing.

[00:17:05] WS: Nice. I like how they – You went to every networking event possible every night if you needed to or. I just felt like a lot of people aren't willing to put in that that amount of work. But anyway, you did and then you built your list. How quickly did you start to build your list? What does that look like then compared to now, maybe how you're doing that?

[00:17:25] EB: Yeah. How did my list grow? It's hard to measure at that time, because I was just adding people to it and I wasn't trying to raise capital because I didn't have a deal. So, I didn't know like how active they were and I was doing a lot of things wrong. I wasn't like emailing them

regularly and keeping them up-to-date on what I was doing. They just kind of went on to this like secret little list, and then I never talked to them again.

So definitely, when you get a list, even if there's only 10 or 20 people on it, you need to email them once in a while, so they remember who you are. If you met them at a conference 12 months ago, they're not going to remember you. That was one thing that I learned. I was just trying to build one or two people out of every networking event that I went to. So, to get to a 100-person or 200-person list, that's a hundred plus networking things that you go to. As you can imagine, that took four, six months basically to get my first hundred potential investors.

[00:18:21] WS: I think that's really good advice as far as focusing on one to two people. If you really go in there in a networking event like that focusing on trying to get as many business cards as possible, it's just not nearest quality of an event for you or your time I think than if you could just focus on one or two people and really just start to develop that relationship, right?

Then that person then is going to know who you are most likely by then when you follow-up as opposed to, say, three or four people you might meet that you had a quick conversation with, and they won't have a clue who you are.

[00:18:50] EB: Right. Exactly. I network very intentionally. When I – So I don't go to as many networking events now because I'm pretty content with where I'm at. But when I do go, I go very intentionally with who I want to talk to. So, I recommend people know what kind of person they're looking to meet before they go in. If you need passive investors, that's who you're looking for. If you need partners, you're looking for a different type of person.

When you talk to people, it is okay to be polite but end the conversation and move on. If you think they're not what you're looking for, then it's okay to – You got 50 people in a room. You got to find these. You could spend the whole night talking to one person, right? So, you got to be intentional about it. But it's not wrong to do that, and a lot of people are scared to like, “Hey! It was nice meeting you,” and move on to the next conversation. A lot of people are scared to that, but there's nothing wrong with it.

[00:19:41] WS: Eric, what's been the hardest part of this syndication journey for you?

[00:19:45] EB: The hardest part of this syndication journey that is controllable. I mean, the market is something I've already complains. It's been the hottest market every year since I started basically, so it's always at the top. So that's challenging. The hardest part I think though has definitely been the relationship thing, because it's still something that's ingrained in me from basically childhood, and I have to actively work in my own mind to build relationships but then also try to maintain them and I'm not very good with that part yet. Just going back to the people that I know and keeping them in the loop with what I'm doing. That has definitely been the number one challenge for me behind finding good opportunities.

[00:20:26] WS: How are you preparing for the potential downturn that everyone's talking about?

[00:20:31] EB: Yeah. I've been taking some money off the table with some of my smaller stuff. I've sold a couple this year and I'll probably sell another one or two this year coming up so that I'm in a really good cash every position to be able to take advantage of anything. Be it apartment complex or anything, it doesn't matter. I'll see what's depressed. Then I'm gone after it. Be it in 2020, 2021, '22, it's doesn't matter. I'll be there but I'm still looking for opportunities at the same time. But they got to be the right type of value-add type properties where they can get through a downturn or they can lose 20, 30% of their value, and I could still be on the upside.

[00:21:11] WS: What's a way that you've recently improved your business that we could apply to ours?

[00:21:17] EB: I recently got onto a better email software actually that is a lot better. I don't know if I can use company names on your –

[00:21:25] WS: Sure.

[00:21:26] EB: A lot of people use Mailchimp because it's free to get started when they're doing their kind of CRM. But I recently switched over to ConvertKit, which is not cheap. It's like 100 or 200 dollars a month. But it's really good for setting up. They call them indoctrination email sequence type things, so you can put somebody's email address in, and then they'll receive automatic emails over a period of time. It's a lot better than the Mailchimp is, and I've found that

works to keep your name in front of people. It keeps you fresh in their minds. You can talk to them every month for four or five months and you don't actually have to go and write that email and remember to do that. So just kind of automating that.

[00:22:03] WS: No. That's great advice. I think most of the listeners are wondering what CRM most people are using or what they're using for their email marketing. It's great advice. You're working with numerous investors now. What's your advice for caring for investors in a way that they want to return to the next deal?

[00:22:19] EB: I feel like the people that invest with me are my friends, because the ones that I tend to either call first like if it's a smaller capital raise and I only got 3 or 4 or 500,000 dollars to raise or something, I just call people that I know, and they're my first ones. But I basically just treat them like my friends and I don't want to lose my friend's money because I like to go out have drinks with them and things like that.

That's kind of how I've been just approaching things, and I think it's a good way to approach for anybody who's on the smaller side that they can have a personal relationship with everybody. That's not going to work if you're raising tens of millions of dollars in regular basis. But for what I'm doing, that definitely is really useful.

[00:22:59] WS: What's the number one thing that's contributed to your success?

[00:23:03] EB: I would have to say that it is persistence, because I'm the kind of person that when I get passionate about something, I'll work 12 hours, 15 hours a day on it and just drive toward it. But when it doesn't interest me, I'm really quick to dump it. I'm kind of lazy in that sense. I'm like, "Hey! I'm not doing that. I don't like this." But if it's something that drives me, it doesn't matter what BS crap I have to do. I'm working toward it. If you can have that like, I don't know, persistence or tenacity or whatever the word might be that describes that, just to have laser focus on like, "I am doing this," until you do it, you can reassess once you're done. I think that's really big.

[00:23:41] WS: I can relate to that personally. Personally, I wonder, do you contribute your military experience you need to that mindset?

[00:23:48] EB: Yeah, absolutely. The military – Yeah, I spent 11 years, 9 years as an officer, and I did a lot of planning. That was my job as an infantry officer. We did a lot of planning missions and operations training and such. I'm a big planner, so I spent a massive amount of time thinking as well. Out of that 12 hours, a huge portion of that is just me just like thinking, processing it. Then once it's processed, then it's like go through it. Having a solid plan and then executing that plan.

[00:24:18] WS: I asked that because I was in the military. I spent a year in Iraq as well and I know you said you were in Afghanistan. But either way, I was in the military and I contribute just that drive like you're talking about. A lot of that to just military boot camp and just times of training and law enforcement as well where it's like you're going to keep going. Once you make that decision, we're going to complete the mission like you're talking about.

[00:24:40] EB: Absolutely. I think that's a really common thing among many first responder type, military type. There is just an – Quitting is not really an option. That's why I'm so careful to dedicate myself to something, because I'll agonize over doing something for months and months and then finally, I decided to do it, and then it's just like I'm a bat out of hell just going for it. I think because I know once I set my mind to it, I'm never going to have that drive. But anyway –

[00:25:05] WS: How do you like to give back?

[00:25:07] EB: In a real estate space, I give tons of information on my website. That's kind of how I give back. I mean, I hold almost nothing back. When I'm going, looking at deals on there, I'm writing my numbers down there. When I'm talking about things that I'm going through, I'm very open about the money that I'm making or what I'm doing or where I'm at in my life. It's kind of weird to give back in that way, but a lot of people can then look at my life to say, "He's going through the same thing or he's doing this or that's how he's doing it." So that helps them. Just by being transparent with things I think is a big way of giving back to people.

[00:25:39] WS: Sure. Wow! Well, Eric, great. It's amazing story. Very few people can say they retired at the age of 30. So, congratulations to you for that. Thank you again for your service

and then great show, great content. I know the listeners can relate to you and what you've done, and I know they want to be there as well. Tell them how they can get in touch with you and learn more about you.

[00:26:01] EB: Yes. The best way to get in touch with me is to go to idealrei.com, and you can put your email address in right there at the top of the page. You'll get automatic email from me. If you want to email me, just reply directly to that, and it'll come straight to my inbox.

[00:26:14] WS: Awesome, Eric. That's a wrap. Thank you very much.

[00:26:17] EB: Great. Thank you.

[END OF INTERVIEW]

[00:26:18] WS: Don't go yet. Thank you for listening to today's episode. I would love it if you would go to iTunes right now and leave a rating and written review. I want to hear your feedback. It makes a big difference in getting the podcast out there. You can also go to the Real Estate Syndication Show on Facebook, so you can connect with me and we can also receive feedback and your questions there that you want me to answer on the show. Subscribe too, so you can get the latest episodes. Lastly, I want to keep you updated. So, head over to lifebridgecapital.com and sign up for the newsletter. If you're interested in partnering with me, sign up on the contact us page, so you can talk to me directly. Have a blessed day, and I will talk to you tomorrow.

[OUTRO]

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