

**EPISODE 452****[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]**

**[0:00:24.1] WS:** This is your daily Real Estate Syndication show. I'm your host Whitney Sewell. Today, our guest is Enrique Jevons, thanks for being on the show Enrique.

**[0:00:33.6] EJ:** Yeah, thanks Whitney, appreciate it.

**[0:00:35.6] WS:** Yeah, I'm looking forward to this conversation, this entire conversation a little bit before we started recording and just reading through your bio and get to know you just a little bit. Enrique has a big story about, usually the faith, you know, with the large family and moving into this entrepreneurial world that all of us are contemplating at one time or another and thinking about it.

If that's the route we should go, for one, but when is it the time to make that big leap of faith. I'm very interested in hearing the story from him and getting to dig in a little bit and how he knew when that time was. Enrique, thank you so much for your time today and being on the show, tell the listeners a little more about who you are and then let's dive in.

**[0:01:11.5] EJ:** Sure, yeah. After graduating from college, I went into the hotel industry, that was definitely what I had planned for the rest of my life. And so, starting with Hyatt Hotels, worked my way up through the management of different departments within the hotel, working at a couple of different Hyatt hotels and resorts.

I then actually worked at Stanford University for nine years, both in charge of at one point, thinking that I might step out of the hotel industry, got talked into working at Stanford University as a facilities manager, for graduate housing but then lo and behold, the university decided to build their own hotel because of what they were spending on local hotels, to put up their visiting professors and such and since I was the hotel guy, I ended up falling back into that and became the general manager of that hotel on campus. Marriott then picked me up as a general manager for one of their hotels, in the San Francisco bay area.

I was general manager in Marriott. And again, thinking that I had made it to the top of the mountain, I was all excited about climbing this mountain and thinking, "This is awesome. I'm on top." But then I ended up reading Kiyosaki's book, *Rich Dad Poor Dad* as so many people have over the years.

I realized, "Crap, I'm on top of the wrong mountain! Wait a second, I don't want to be on top of this mountain. I want to be an investor. I want to be self-employed. I want to be a business owner. All the other quadrants and not just a W2 employee. Just to making three to five percent better and better every year, I want it to make huge leaps in my income."

I decided to put together a business plan because with family of five, you know, it's not so easy to make the decision to jump ship from a W2 job that you know the paycheck's coming every single week to where, great, it's wonderful that you have self-control and direction of your life. But, you have absolutely, you know, no guarantee, no safety nets. I put together a business plan and took my time about it. I took three years to put together a business plan from the day one, finishing reading the book to where I actually, day one left the hotel business and started my property management company and started purchasing properties of my own.

I had one but then weirdly, when I started was moving out of the Bay Area. I cashed out, the single-family home that we own plus the one rental and jumped right in and purchasing a 13-unit apartment building, it was my very first purchase, and then very quickly, a couple of weeks later, bought an eight unit and then just kept going, going, going. The entire time, using the BRRRR strategy. Of course, now, everyone's talking about the BRRRR strategy, the whole buy, rehab, rent, refinance and repeat.

But you know, ideally, the term is coined back then 12 years ago, that's exactly what I was doing. I was buying these properties that needed a lot off fixing up. And I have a good friend who is a flipper and I said, "Well." He asked me, "You ever flip?" And I said, "Well, does it count if I flip it to myself where you know, I'm essentially selling it to myself after I've rehabbed it and fixed it up?"

He's like, "No, it doesn't count." Well, I'm going through all the exact same processes you are, buying these properties that are – have a lot of upside to them, they're in need of repairs and so I get them all fixed up, raised the rents, get evaluation up and doing so.

Then, instead of selling them, I just refinanced them to myself. That's what I've been doing. Now, all these time for the last 12 years. The decision though, I will say, in leaving W2, a very good job to go into the vast unknown certainly was a very scary thing to do. My recommendation with that to people is to prepare.

But, at some point, you got to pull the trigger, you know? You can't get into the whole analysis paralysis phase forever. Because it is going to take a leap of faith and it is good just as with I would say, any startup company, startup business, you definitely want to have as long of a runway as possible, meaning, as much cash saved up as possible to be able to ride you out for a while before you start actually making some income. Because certainly, one of the things with property management is it's a very slim margin business.

You know, great, you go out and get your first client and you start managing a home for them. But you know, you're probably pulling profit wise, only 25, \$30 in profit off of that one property per month, you know? Assuming that you're taking to account the paying yourself as if you were an employee.

You can't leave off of just with one client, you go to hook that whole bunch of clients before you can start to become profitable and such. The runway is very important to have that same – the exit strategy. Just as, it's very important to always know your exit strategy whether you're purchasing property for yourself or whether you're going in with partnership or even with the syndication, you got to make sure what is the exit strategy and that strategy line up with your

own personal timeline. And so, with myself, okay, I had the exit strategy was, if all else failed, I will indeed go back into the hotel industry that it was something that I knew well.

There's plenty of hotels around, always somebody needing the General Manager so as long as you're willing to relocate. I did have that kind of parachute and I had about a year's worth of money saved up so that my family and I could go a year's worth in savings before I would have to really start relying on an income.

Obviously, here, 12 years later, it worked! It was great, I definitely highly recommend it to anybody out there who is pulling a full-time job and wondering, you know, whether or not they can do it. Yeah, there's a whole lot of people out there that have done it so I can testify to that.

**[0:07:41.2] WS:** That's a great story, Enrique. I was topping out lots of questions and you answered a lot of them, you know, as we went there. Which is great. But I know the listener's thinking to, "I want to quit my job so bad." You know, a lot of them, that are trying to get into the real estate business and I mean, it is. It's a desire of all of us at one time most likely, you know? Unless you're in real estate at 17 or 18 which very few people are successful right away, right? With real estate enough to be able to do it and only do that.

However, you know, I wanted to talk a little, ask you a little about this business plan that you developed. You know, you came up with the business plan, I think that's so smart and I wanted to ask you a little about that and help the listener to think through this plan. We got to plan that, you know, right? We got to really – especially with a family of five, you know, we've got to think through this and make sure that we have an exit strategy or even that parachute like you talked about.

And you answered one of my questions, you know, how much should we have saved or would you recommend a year's worth of living expenses, which I think is very smart. You know, at least that. But I'd love to hear just maybe if you could elaborate on the business plan.

**[0:08:47.5] EJ:** Sure, I was lucky enough that just with enough searching online, that I was able to pull together several different examples of business plans that people had done. Fortunately,

and now, gosh, again, 15 years ago when I first started doing that research, it wasn't nearly the volume of information out there that there is now.

There's so many sites nowadays that you know, just enough searching, you'll be able to find enough information in my opinion. But also, while I did it on my own, my recommendation though to others is certainly to network and speak with others who have already done it. Find somebody who has already done it so that you can find out from that person or as many people as you can, you know, what went well for them, what mistakes do they make so that you're not making the same mistakes that they make.

Certainly, the more planning you can do, the fewer mistakes you're going to make. You got to realize, I mean, it's not going to be perfect and there are going to be mistakes that are going to be made. But it's interesting to me how some people will put so much money for example into the learning process where they're paying \$25,000 to you know, become part of these good memberships and stuff, those can be great for some people who need that motivation, perhaps. In addition to some of his skillset.

But if you have enough motivational reedy, you don't necessarily need to motivate you. Then I would say try and focus on meeting somebody who is a step ahead of you or has done what exactly what you're planning on doing and then focus in on that. Focus is I think important too in putting together the business plan because often times, I'll meet people at meetup events and things like that and I ask, "Well, tell me, what do you do?"

"I do everything," they say. I'm like, "What?" They're like, "I'm a wholesaler and I'm a flipper, and I buy and hold." And I'm – "Really? I'm doing notes you're doing everything?" To me then, they're probably not very good at any particular thing. I'm all for various sources of income. But I also think you need to specialize, myself and property management became my specialty.

You really want to focus in on exactly the thing that excites you and where you think you might have your competitive advantage over others.

**[0:11:22.6] WS:** What were maybe couple of things on the business plan that the listener can think about? Was it like some goals that you need to get it done right away? Was it like, okay,

here's where we need to be in six months? Or was this, you know, I need to think about developing these processes? Or you know, what were a couple of maybe key things that we need to have on our business plan that – or maybe even things that you know have now that you wish you had known that?

**[0:11:45.2] EJ:** Yeah, certainly, one of the parts of the business plan is going to be an income statement. You're going to need to produce a projected income statement that income statement is you're going to want to show over a time period. I made one that was showing over specifically years one, two, three, four, five. And then I skipped over and did a 10 year on it and I think that's where I ended it. I didn't go beyond that.

I specifically laid out all of the income, all of the categorized out all of the expenses and what I could recently project for years one, two, three, four, five. And then year 10 was more of a bigger kind of a guess at that point because there's so many variables that come into play with the market and all, it's hard to say specifically.

But it did kind of show me how long I thought I could get. Is it reasonable to get there? And then of course, you always want to be conservative with the income numbers, don't try and make the numbers or don't force the numbers to fit what you need them to be. You need to see, are the numbers going to work for what you need?

If you decide, "Okay, you know what? In order to live, I need 10,000 a month, I need \$120,000 in net income, right?" If you figure out now, "I just can't figure out a way to do that." So, I'm just going to project my gross income as it's going to be high enough to accommodate that number. I would take no, don't do that, you got to be realistic and try to be more than realistic, be very conservative on the income numbers, because you just don't know and it does always seem that you know, there's stuff that comes up, obstacles, hurdles that come up along the way and you don't realize until you're really getting into it.

**[0:13:39.7] WS:** Did you find that number and then kind of reverse engineer into what this is how we're going to make this happen?

**[0:13:44.6] EJ:** No. I put out based on what other property management companies were bringing in in their early days what I was able to find online, there were some other profit and loss statements from property management companies out there. Some public ones and such.

And I was able to get some numbers. I went based on that and based it on how quickly I thought I could ramp up based on other people's experiences to determine and then I looked at it and decided, "Okay. Is this enough money that it's worth me leaving my job for?"

I did not reverse engineer it back. Is this a workable thing?

**[0:14:27.7] WS:** You read that book, *Rich Dad Poor Dad* and then you realized, "Well, yeah, I should be in real estate, you know?" How long after reading that book that you went full time?

**[0:14:37.3] EJ:** I realized is that – I really wanted to first – I wanted to get into the other quadrants. I knew I didn't have enough money that I could just go straight in to becoming an investor. That would be nice if I just had enough money that all I had to do is make investments and sit back and watch the money grow. Hopefully yeah, I get to that goal.

Certainly, that's my retirement goal, right? I did decide that I personally wanted to become a business owner but not necessarily just working for myself. Let's say like a dentist or you know, an independent contractor. Because then, you know, when you're out sick or your income then drops to zero. I didn't want to go, just become for example, a real estate agent because you know, if you're not working, again, your income drops to zero. I wanted to actually own a business such that even though I'm on vacation or take time off that the business is still operating and running and I'm still bringing in some money there.

That's why I decided to go that direction. I would have loved to go down the hotel industry but then the hotel industry is so capital intensive that I just didn't have nearly the amount of money to go there. Apartments, multi-family housing was the next best thing and so that's the reason what made the wage multi-family housing. I do have some single-family homes only because they were screaming meals. But predominantly, I've always got my eyes and ears opened for multi-family properties. And that's what I continue to purchase to this day.

**[0:16:17.9] WS:** When you made the decision to actually go full-time, you know, to leave the Marriott position, the W2, which you know, we're taught as we're most of us, the way we're raised, we're taught that it's safe and secure, right? 'Safe and secure.' and then we read *Rich Dad Poor Dad*, and we think, "Wait a minute, that's not what I thought." It changes our thinking, starts to anyway. And it did me as well, numerous other books.

But you know, any other ways that – or what was it when you knew that it was time? I guess, I think a lot of listeners are in that position like, "Okay, how do I know?" And I know we've talked about like we need a business plan which is so smart, we got to plan, we need exit strategy.

You know if it doesn't work, how long can I make it until I have to do something else, right? And then when I got an exit strategy, how can I go back to a W2 for a while at least so that I can make ends meet. How did you know? Was it that you have enough properties, you already had your management company established or you already had enough income or some partly income? What was it for you?

**[0:17:25.3] EJ:** Yeah, I actually when I say jump ship, I mean I really went from zero to starting my own management company. So, I did a lot start the business on the side. I went from working fulltime as a General Manager to then working fulltime in starting up the business, which in the beginning of course then I am doing everything. I had no employees whatsoever. It started out without any clients. I just started out with the 13-unit apartment building that I first purchased.

So, the good thing was that that 13-unit apartment building very quickly in joining the landlord association and then starting to get out there and meet people and network that I had the credibility of, "Oh you got 13 units." A 13-unit apartment building, "Oh okay, you must know what you are doing" talk that thing, you can go out and just recently acquired it but it was enough credibility that it allowed me and then getting of course my brokerage license.

That enabled me to seek out and get clients right away with that credibility. Now as far as the final trigger? It was actually a bit of a push, you know? And I might have gone longer than the three years of planning that I put together. And had it not been for the market. So, what happened is that as General Manager, one of the things with Marriot that we do for the



upcoming year is to say with the sales team and we are talking to all of our major clients, which are in Bay Area, our major clients as far as room blocks go was Google and Hewlett-Packard and Stanford University.

And so, we met with Google first and it was in 2007 and they said, "Well, we're actually going to cut back on all of our travel for all of our employees for next year because we are concerned about what's looming on the horizon." And I had a meeting with Hewlett-Packard and they told me the same exact thing. They said, "We are really nervous so about next year."

So when that happened I realized, "Oh crap, I'd been through the dot com bust in '91 in the tech industry then there in hotel industry was hit really hard" as that is an area for companies to really scale back on their expenditures is on their travel budget. And I could see it happening again like that. "Oh man, this is bad" and I am thinking we are at the top, the peak of the housing bubble. I am thinking the bubble is going to burst and so that was the catalyst.

Fortunately, I made the right decision and in February of 2008 is when I jumped ship and made the transition from hotel GM to buy and then starting my company. So that was my catalyst was that I see the market turning, I figured out I'd better do it not and not wait for other people. Yeah sometimes it does take a little bit of a push and so it could be a job loss or I don't know, why that pushes you right? To decide to change something. But sometimes that is what it takes is somebody to push you.

**[0:20:38.5] WS:** Well in just a minute, I want to know what is one thing that you wish you had known or done at that time that you didn't know that you know now? But before you tell us that, I wonder how many listeners realize that I forgot to read your bio and so I just quickly wanted the listeners to know exactly who you are. It just hit me about half way through that I got excited about your story and just completely bypassed it.

But Enrique is a seasoned investor. He's got 20 years of experience with rental properties, currently owns 73 properties by himself. I mean that's a pretty big accomplishment and manages over a thousand units in Washington State for other investors. And he previously as you've heard, he was the general manager for Marriott Hotel in the San Francisco Bay area. Anyway, thank you again Enrique.

But let's get back to is there something that you remember now that when you made that switch that maybe you didn't know that you know now or you wish you had have known?

**[0:21:33.9] EJ:** No, at the time of the transition actually everything went really well. So, I was very happy with that. I wouldn't say that I made any mistakes there. I think looking back I wish that I would have accelerated some of my decisions.

**[0:21:47.2] WS:** So, made decisions faster? So, like made a decision faster?

**[0:21:51.5] EJ:** Yeah. So certainly, what I have come to realize is that velocity plays such an important part in investing. And so, it is a matter of, "How quickly can I rehab the property?" Whereas in the beginning I would say I was definitely taking my time. I would do things faster that's probably looking back on it the biggest difference there. I had just a year ago joined forces with a much larger property management company called Mynd Property Management.

So, Mynd Property Management is a company based out of Oakland, California. And they are doing a phenomenal job then I were doing things very similar as to how they run the companies. I use a lot of freelancers in order to help me manage my company. We are doing the exact same thing, everything departmentalized if they have their property management structure set up departmentalized and such. But they were a much larger company and therefore have access to just a lot more for me.

I was getting to the point where I really needed the additional structure that a larger company has. So, for example an IT department. So, I don't have to be the IT guy anymore and the human resources department so I don't have to always be the go-to person there and they have a sales department and they've got every department. A large accounting department with CPAs. I had my bookkeepers with me and my CPA during my private corporate taxes.

But this is actual CPA's within the property management part of it. So, I just a year ago made that decision to jump on with a much larger company. So, I would have done that sooner too now that I can see that things are going well. The growth is going really well. So, I think there is really three things that every real estate person needs to be successful in real estate. And the

time, expertise and money. But if you don't have all three of those, time, expertise and money that's okay, you just need to partner with those who do.

The partnership could be with a bank for money or it can be a private investor, a hard money lender, all of those various processes. If you don't have the time but you have that money, you know but you got a fulltime job then great. Invest your money with a syndication and invest your money with partners who do have the time available to be doing the nitty-gritty work there.

And the same with expertise. If you don't have expertise and you're managing a large apartment building then I don't think you should. You can get a partner who does and that partner can be whether it is a single individual or it is a syndication who has a management company you want to partner with those people who have those attributes that you lack and just be really good at again what your competitive advantage is. So, if your competitive advantage is you have more time available than others then use that to your advantage or maybe more money, maybe you have more expertise. Use whatever it is that you got.

**[0:25:02.5] WS:** That's great advice because it is so much a team sport and if you are not ready to find some good partners and build a team ultimately it is going to be difficult to do everything yourself. It is going to be hard to scale, right? And Enrique and I are going to do another show about how he uses VA's from all over the world, virtual assistants, to manage lots of things I assume and I have done that as well. I have done different shows about it.

I am looking forward to hearing your techniques and helping the listeners with that and you know that's a team. That is other experts, right? But a few questions Enrique before we run out of time. So just quickly, how are you prepared for this potential downturn that everyone is talking about?

**[0:25:39.2] EJ:** Yeah. So, I actually don't worry about it. With the markets going up, the markets going down that's okay. I've got a plan and so as long as you got a plan to what you're going to do then regardless whether it is going to go up or down is fine. That is how I really think everyone needs to think about it and not be dreading, "Oh no what if there is bubble?" Okay?

So, the market is always going to go up and down and so whether it is this year, next year, five years from now it is going to happen. It is just historically speaking the way it goes. You just don't know exactly what. So as far as the market going up, then what is great for me is that I can raise rents and also, I can get higher evaluations on the properties that I own so that I can refinance them. So, raise the rents and then refinance whatever the market is going up. That is my plan.

Now what happens when the markets are going down? It is awesome too because then everything is on sale! When the market goes down, all of a sudden now you got a lot more buying opportunities available and what's beautiful about the market going down too is then sellers who have gotten themselves there is always going to be sellers getting themselves into tight spots but that is where you can take advantage and come up with all sorts of great financing you know? Like right now as the markets have been so hot in these last couple of years, the seller financing has been all but extinct, right?

So, when the markets starts going down, there is all sorts of people who own properties that are going to be willing to do seller financing. So, there's those opportunities available and then just stop being on sale. So, if the market goes down I am going to be purchasing. I am going to be a buyer and when it goes up, then I am the rehab or the refiner.

**[0:27:29.1] WS:** Nice, so what is a way that you have recently improved your business that we could apply to ours?

**[0:27:33.4] EJ:** Oh my. To apply to what you have got going on? Is certainly trying to systematize things. I think what happens is I am always trying to take a look at everything that I do on a daily – you know every day. Every day I am checking emails, right? And every day I am answering the phone and every day I am doing certain things, certain tasks. Well a lot of these tasks are very repetitive and whatever is very repetitive that is very easy to teach somebody else to do.

And so it definitely I think you know – if you are going to try and do everything yourself, if you think that you are just going to go and you are going to clean every unit and paint every unit and you are going to do all the research and buy every unit by yourself, you are going extremely

slow. And so, as I mentioned, the velocity is the one thing that I think is key to gaining additional wealth. It's that you need then to leverage other people's time and you need to leverage other people's money, leverage other people's expertise.

So great, I am an awesome investor. Does it mean that I know how to do all, change out the electrical panel? No but that is why I hire an electrician or all the plumbing.

**[0:28:46.1] WS:** I don't want to know how to do it.

**[0:28:47.5] EJ:** Exactly. I don't need to know all of these sort of things. But there are certain aspects that I can do well and so great, I use that to my advantage and partner up with folks who is better if I use them to help.

**[0:29:02.7] WS:** I couldn't agree more. Whether it is a virtual assistant that I am working with that's really good at podcast art, you know they are really good at Canva or some kind of software like that. I don't want to be good at Canva. I mean I don't have time to do that. But I am going to find an expert, you know somebody that's really good at it. They are going to do it so much faster than I ever could anyway. But whether it is something like that or whether it is even something like underwriting.

Well, I want somebody that's better than me on the team that you know like, "Am I going to do the underwriting?" Well of course but I still want somebody on the team that is just as good or better than I am whatever it may be. But anyway, we'd better move on before we run out of time. What is the one thing that's contributed to your success?

**[0:29:41.1] EJ:** Definitely perseverance. So, there are definitely times when not everything is going great. So, learning opportunities so then it just if you can just chalk it up to educational, the experience, the learning opportunities. So, not every single purchase that I've made has been a homerun. But that's okay. If I hit a whole lot of singles then I am still accomplishing my end result, my goal and so that's okay. I don't have to be perfect every single time.

**[0:30:15.4] WS:** And tell us how you like to give back?

**[0:30:16.7] EJ:** So, giving back, I try attend – I've spoken at a lot of real estate events and so it's not like I am a sales person trying to just sell anybody anything. But I do try and just like even today here it is not like I am trying to promote or sell any product or CD or anything. I am trying to help out other fellow real estate investors to learn. I do also give, well, a couple of different charitable organizations that are related to real estate.

One is somewhat and then also, The American Cancer Society just because of a family history with cancer. So those couple of things, whatever a person's passion is that is where it is important to do trying to give back. And so, mine has been real estate and helping out with folks to try and get something going with the cure for cancer.

**[0:31:12.1] WS:** Enrique, thank you so much for your time. I've enjoyed just learning more about your story and how you took that leap from the W2 into real estate fulltime, you are building your management company and how you have been successful with that because some of my listeners including myself, I mean that leap is so testing, right? I mean you are so worried about that time and is it the right time and I appreciate you sharing your story.

And just really laying out some things we didn't know about the business plan and exit strategy and even how much you recommended having saved up, you know that years' worth of expenses, which I think you really think through, how long can you survive when you cut this off you know? Especially if you got a family like yourself and so thank you so much for your time. Tell the listeners how they can get in touch with you and learn more about you?

**[0:31:55.8] EJ:** Yeah, thanks Whitney. So certainly, well my name is unique enough, which is great. So anytime you Google me then you're going to be able to find me. But certainly, you can email me, [erique.jevons@mynd.co](mailto:erique.jevons@mynd.co) but you can reach me on Facebook. I am on BiggerPockets as well. You can find me through BiggerPockets and send me a message that way as well.

[END OF INTERVIEW]

**[0:32:19.9] 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

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[OUTRO]

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