

EPISODE 490

[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 Terry Moore. Thanks for being on the show, Terry.

[0:00:35.1] TM: Thank you Whitney, it's an honor to be with you.

[0:00:37.5] WS: Terry is an owner of a ACI Apartment Consultants Incorporated and a top apartment broker focused on 50 units or less. He is the only broker in the country to have won the triple crown of investment brokerage. Deal maker of the year, transaction of the year and CCIM of the year. That's impressive Terry, I don't care who you are, that's impressive.

[0:01:01.6] TM: It is and I wish I were that good, there may have actually been a typo, it's more like the county of San Diego. Out of three and a half million people, I'm fortunate to do that. So, I'm grateful for any award, I wish I were the nation's best but not even this broker has that much vanity.

[0:01:19.9] WS: You're doing pretty good. All of his 15 group investments made money for his investor. In his spare time, he summited, Kilimanjaro at 59 and took up triathlons after the age of 60. Terry, thank you again for your time, it's an impressive bio, we're happy to have you on the show. Give the listeners a little more about who you are and let's dive in.

[0:01:41.8] TM: I'm fortunate to be married above my station for 42 years. And our team has helped a couple of hundred people become millionaires or multi-millionaires have actually had two billionaire clients, one of them is still alive. But essentially, we help real estate investors mostly who are involved in San Diego county, we help them make the most important financial choice of their next decade. And for many of them, that's, "should we buy, should we sell, should we refinance, should we stay in apartments, are we ready to do a triple nets?"

We're a client centered brokerage trying to help winners become even more successful.

[0:02:23.1] WS: Nice. Helping people to be –helping investors really to make those crucial decisions, right? I mean, I feel like somebody like yourself is such an important team mate, you know, on our team as an operator, as a syndicator, you know, tell me about, how do people find somebody like yourself and start to develop that relationship?

[0:02:43.4] TM: Well, I hope your beloved never gets brain cancer. But just in case, you look for an expert, you don't have to know the expert, you need to know how to find the expert. I wrote a book, and in the book, one of the chapters is how to find a great expert and that particular case, it was how to find an expert broker. But essentially, you ask people who should know.

It's like the seven degrees of separation, you don't know everybody but you know somebody who knows somebody. If you knew a surgical nurse, a surgical nurse would know who are the great physicians and who are the klutzes. Essentially, people – most of our business comes repeat and referral and when it's referral, that's because we seem to have handled things well but essentially, there is a local realtor group, obviously, for this often investment clubs or investment groups in your areas, there's gurus, there's titans in your areas. There's bankers, appraisers.

There's folks who know who the players are. And if you get half a dozen potential players, then you come up with your list of questions. And it's not just the nicest person in your [inaudible 0:03:52] club, the most funny person in the Toastmaster. It's not the person in the congregation necessarily. You might meet a finalist or semifinalist that way. But you need – I suggest that you want to find somebody who is an expert and who has your best interest at heart. And that's different from the one who has got the most awards and is a salesman of the year at "At Me

Corp.” They might be a great salesman but that doesn’t mean that they got your best interest at heart.

Now, how you categorize what you're looking for is different from what I would but I want somebody who is expert and cares about me and is interested in my satisfaction. I spend a lot of time trying to sort my not just that they know what they're doing, competence is the starting line. But if they're only interested in making gazillion dollars for themselves, you're getting another headline for themselves, I can't afford that. That's worse than mediocrity.

[0:04:51.0] WS: True. You know, what about the person that's listening that says, “Wait a minute Terry, you know, I have little to no experience in real estate, I'm trying to get started.” How do I make that relationship with that expert broker per se that really is probably not going to give me much time of his day? Who should they look for?

[0:05:09.8] TM: I get that. When we were successful here, I took what to me was a big sack of money and I went to a state on the other side of the country. And I walked in with my suitcases full of cash, feeling really proud and I talked to one of the best brokers in the state and roughly speaking, he said, “Kid, occasionally, we get scraps and small is what you're talking about at the bottom of the barrel but you're too small for me.”

Guess what, I didn't deal with them. I found somebody else, essentially, you need to get somebody that you think is competent and you may not be able to get the world champion for you and when you do your first syndication, you may not be able to get into the very best syndication but essentially, you move forward kind of a half a step at a time and the people are excellent at any field. They're routinely trying to figure out, “How can I get just a little bit better?”

If you don't blow it at first, if you make some progress, you'll be smarter the second time around, the seventh time around, the 27th time around. And the steady improvement isn't part of it but essentially, try to get in – If you're the smartest person in the room, you need to go to a different room. And if you're the dumbest person in the room, that's okay if you're paying attention.

It's all right to get no. Failure is part of the path to success. If you haven't failed, you're not trying hard enough. I don't want you to beat your head against the wall. But try to get in as big a league as you can handle and then learn a lot, it seems to work.

[0:06:42.8] WS: Yes, that's great advice, I love what you said about, if you're the smartest person in the room, you need a different room and it's okay to be the dumbest person as long as you're listening. I love that. You mentioned, knowing that they have our best interest at heart and I just wonder, how are you judging that because I know a lot of us wonder, "Wait a minute, you know, is he just trying make another sale here?"

"Am I getting taken advantage of?" How have you navigated that or would suggest that we do?

[0:07:11.2] TM: Well, a hundred years ago, your grandfather, my grandfather grew up in a little bit of town, just about everybody knew everybody and it was relatively easy then. Now we got the internet and social media. You can Google a lot of folks, you can find people, LinkedIn or somebody else.

San Diego has got over three million people. But the reality is, we're the biggest small town on our side of the Mississippi. People want to know about me, they can find people. I've got 50 videos. People can say I see that, "You know Joyce, or George or Tom." And they can find somebody who can say, "Here's the inside track."

A lot of folks who promote whether they're promoting investment or promoting brokerage will have some kind of public presence and they should give you the names of people who have dealt with them, he was a kind of interview that you would do there. Your beloved need brain cancer surgery, who do you pick? Don't just talk with the ones that give you but who else do you know who use the services of this person?

Again, when somebody's got a bunch of money to take, to play with, maybe it's \$50,000, maybe it's 50 million, whatever it is, it's a lot to you. You want to be careful with it, you want to be a good steward and you can do a lot of investigation about the people. One of my best mentors, I didn't understand why it was at the time but he said, "It's better to be in a bad deal with good people than a good deal with bad people."

I didn't quite get that. My biggest client got in a great deal with a bad person who was outrageously successful. Every month that my friend who was a syndicator was in the deal, he regretted having this other fellow in the deal. The investor was so greedy and he was so unpleasant, it was just a bad deal even though the investment was outrageously successful.

You will always find another good deal but it's relatively hard to get out of a bad deal. Might get out of it, you kiss all your money goodbye and that's not much fun. Investigate before you invest and spend a little bit more time if your beloved had brain cancer and how far would you look?

[0:09:22.1] WS: Terry, you wrote this book, *Building Legacy Wealth*. Why don't you give us a key thing out of your book that you're telling people to help them to build legacy wealth?

[0:09:32.5] TM: Well, one of the things, people will read the book because they want to know how to build wealth. I wrote the book because I wanted to talk to them about legacy. One of the things that I mentioned in the early beginning is some people should not be landlords. If you're a people pleaser, you may not want to be on the front line, I think of real estate investment as face to face capitalism.

For some people were the right answer is you buy and sell your Google stock at 2:00 at night and you don't talk to nobody. That's the right answer for some folks. In the book, I'm also, I hope I say it gracefully but ineffectively say, if you're a bigot, please, please, please do not become rental owners. I offer some suggestions in there that are a little bit self-diagnosis.

Essentially, lots of people can do it but you need to make sure that you're comfortable with it. Most real estate is relatively patient. To your turn, it's a relatively fast term for a lot of real estate, for day trader, that's well, 700 lifetimes. But part of it is seeing what you're good at. One of the ideas that came up in writing the book was poor people should know how rich people work and rich people should know how poor people live.

Recently, I served a guy who has a luxury car dealership and his wife was a private banker. They're landlords. But as it turned out, their landlords at home sent rent for \$2,000 a month and more. I showed them kind of an ordinary apartment building that their landscape would live at.

That her daycare provider, the person who washes the dishes and essentially, they freaked out, they went tilt, they could not imagine that they didn't know how poor people lived, they walked away from the better than average deal because they said, "Well gosh, it takes my kitchen, would cost," and then they named four times as much it would take to fix the whole apartment. You simply need to be – make sure that it's the right fit for you.

For some people, it's not – a book has a few pages that give you some diagnostics and say, in these situations, your price shouldn't be main front line, it might be that if you're a people pleaser, you hire a property manager who has some of those conversations in your behalf, you can still manage, maybe you should be an investor and a limited partnership, that's a perfectly good thing for some people.

[0:12:04.6] WS: Are there any other special things that you suggest in the book that are not standard practice that we haven't mentioned?

[0:12:10.2] TM: I have a national writing coach and he thought that we had a couple of things in there that were novel. Sellers routinely get multiple, if it's done right, sellers routinely get multiple offers. In effect, sellers have a competition. They are the judge in the beauty contest and they say we got buyer A, buyer B, buyer C. They routinely get multiple choices.

Part of what our craft is, we kind of reverse that and so, on the buyer, we strongly advocate writing multiple offers. If you and your investors came to San Diego, you looked at the thing and you said the risk/reward makes sense and I would say, "Here's the deal dude. We need the right 10 offers where we got a 50/50 chance of getting a counter."

If it's listed for two million dollars and you write a million and a half, you're wasting your time and mind, forget it. So, let's write 10 offers, we got a 50-50 chance of getting a counter. Now some of the deals they're not going to play, they are going to be gone before we get there but if we get three or four counter offers, then I have what I call an offer dashboard, which kind of says, "Here is where we are, out of these four options. Here is how they each look."

If you kind of bet on a race, most people bet on the race at the beginning. What if you bet on the race a quarter of the way through or half way through or three quarters of the way through? I got

an offer dashboard that says, “Out of the ones that are still standing, what is our best guess about what your outcome will be? And my best guess is going to be wrong. It could be well informed and you’ll have some guesses too and we will come up with our best estimate.”

But the two things are multiple offers and then comparing with things. You are not looking for the best deal of the galaxy if you are doing that, you will never buy. But if you are looking at the best of the available options in your price range that’s doable and so we have two tools that have worked well for our clients in terms of ranking the ones which are worth writing offers on. And then getting in that ballpark, getting close to the ones that we’ve got a chance at and then periodically updating and then say, “All right based on where we are today, what are your two or three best options?” And then throwing out the ones that don’t work and keep them moving forward on the ones.

Some people look at investing like a marriage proposal. I’m not going to ask this person per date until I know that the perfect mate. No, wrong choice, better coffee dates. We will invite a few people for a coffee dates so ones that don’t work they’re courteous, “have a nice life, goodbye.” You’re done but once they are interesting maybe have breakfast, maybe have lunch.

Maybe eventually you get engaged but you just need at first a broad screen and an intelligent whittling to make sure that you are getting the ones where you can benefit them or you can benefit the property and you can create the value for the people. It is a bunch of little steps. It is not the home run.

[0:15:04.3] WS: What about standing out to that seller? You talked about that seller, you know getting the pick from numerous people and you talked about as the buyer we need to maybe put out 10 offers and then I’ll have you broke that down. Maybe we have three then that are actually getting to pick from them and move forward with at that point but what about a way that the buyer can stand out to that seller that is getting numerous offers?

[0:15:25.8] TM: Sure, smart question. Part of what I suggest in the book is a little bit of self-diagnosis. An unexamined life isn’t worth living. If you figured out what your skills are, one of my friends says, “What is your super power?” Hmm, I never heard of that. Actually, you’re the guy

who said that. So, if you know what you excel at then you can accent it. If you can take risk away from the seller, if you can create value that doesn't cost you very much that's a good thing.

So, one of my clients, when we were in a competitive situation, he offered a relatively large chunk of non-refundable money relatively quickly. We did an inspection for a buyer today, somebody who has multiple properties, he wrote an all cash offer. We looked at a – it wasn't as quite as ugly as homemade sin but it won't make the front cover of the insurance magazine's investment publication.

But essentially this guy can solve a problem for the seller and that is: He doesn't need a loan, he doesn't appraise or in effect with the building is worn and has some things that are not in compliance with code and maybe never were, this guy can use his strength. He can give to the seller peace of mind and certainly of close. And that should be worth some extra money but part of it is trying to figure out what problem can I solve with the other guy? And I don't really think that way. I like to think, "Well how do I make the most money?"

And it is kind of a shallow life and it is not necessarily a productive way to make money but if you are trying to create value for the other person, if you are trying to take the risk away from the other person a way that's not scary to you, you can get more than your fair share of deals. By the way, if you have a circle of influence, the syndicator, the broker, whoever else is involved and they have a track record and they're known and is being trusted and confident. We've earned more than our fair share of deals partially because people trusted us and they looked us up and they figured out we have clients who do what they say and say what they do.

And we recently won an assignment where there were other people who also were impressive. but they did some research on them and they did some research on us and I think, "we don't like the number you've told us but we believe in the number you told us. The other guy said something that sounded better but we think you're telling us the truth and not what we want to hear." and we're going to try to deliver on that.

[0:17:54.7] WS: I like that, well unfortunately Terry, we are running low on time but I've got a few more questions for you. One that everybody wants to know is, how are you prepared or suggesting people prepare for this potential downturn that everybody is talking about?

[0:18:08.4] TM: I hope we live long enough to see several of them. I predicted this current recession about three years ago and well, it hasn't happen, yet. It doesn't hurt to have extra liquidity. In San Diego County, recessions are kind of immaterial to us. We don't cut prices, we don't cut rents. We are I want to say bulletproof but we are so diversified it is not a big deal here. But I have gotten in trouble when I didn't have enough cash or I didn't have enough reserve and so I try to avoid that in the future. I routinely tell people have a little bit more cash than you think you need. You might need it.

[0:18:41.5] WS: Great advice. So, Terry, what's a way that you have recently improve your business that we could apply to ours?

[0:18:47.8] TM: I got a coach who is smarter than I am, who told me the truth, whether I wanted it or not. I did want it and then persistently told me the truth when I wasn't doing it. Coaches help you do better than you could on your own. And some people say, "Gosh, I can't afford a coach." But if you look at the best at almost any field, they've got coaches, whoever your favorite sports player is, he or she probably has a coach.

[0:19:12.6] WS: Numerous coaches normally, right? You said coaches, plural.

[0:19:16.1] TM: I've got three coaches and there is only one of me and that is kind of ludicrous but I am better for my clients because of what they challenge and push me to do.

[0:19:24.7] WS: I couldn't agree more.

[0:19:26.1] TM: One of the ideas that Malcolm Gladwell popularized is 10,000 hours and it is not 10,000 hours of doing exactly the same thing. It is doing things that you are not really good at to try if you fall on your face. You try it, you fall and your hands. You try it and you fall on your shoulders, you try it and you stumble a little bit. You try it and you do it a little bit further and you fall again. It's trying again when you are not good at. That's what deliberate practice is. It is not repeating what you are already good at. It is practicing what you haven't mastered yet. That's what's hard is routinely setting the bar higher and higher.

[0:19:55.5] WS: Is that out of a specific book?

[0:19:57.5] TM: Malcolm Gladwell has written half a dozen books and I don't remember which one that is.

[0:20:03.3] WS: No, he's got some really good ones. I just wondered, he is definitely an author to look at.

[0:20:07.3] TM: I will think of it right after the interview is over.

[0:20:10.3] WS: That's all right.

[0:20:10.5] TM: But if you look for deliberate practice by Malcolm Gladwell. He didn't invent the idea but he popularized it but it is in one of his three most popular books but I don't remember which one.

[0:20:21.7] WS: Yeah that's all right. What's the number one thing that's contributed to your success, Terry?

[0:20:25.3] TM: Trying to please an audience of one. A hundred years from now you and I are going to be gone and we are not going to be measured by how big the inheritance we left behind but how well we treated other folks. That is only hard for me to live on the days end and why but to the extent that I try to love God, to the extent that I try to treat other people, the more I do that, the better off I am. When I do something stupid and I am ashamed of it the next morning that is never good.

But as I try to live the life that benefit others that routinely points me in the right direction. I fall a lot. I stumble a lot but that's the thing that keeps me moving forward. I could have retired a decade ago, my wife could have liked that. And honey, I eventually will. I promise but part of the reason I keep coming back is so that we can contribute. In the great recession, I was like an orchestra conductor and nobody wanted music. They didn't want hip-hop, they didn't want jazz, they didn't want classical, they didn't want country or western. And I was pretty good with some of that stuff and nobody cared.

And I was clinically depressed almost not quite but I was bummed out. And a few years later we did ten times as much business. I wasn't a better person but I got more satisfaction because part of the skills I had were able to benefit other people. We could have retired then. But I came back because I like to add value to others. It is not the right answer for everybody but that is part of what keeps me going.

[0:21:44.5] WS: Well, it is an awesome response and it goes right into our last question that I ask, how do you like to give back?

[0:21:49.8] TM: We're involved with a local congregation. So, we are part of that body. There is a series of non-profits that we contribute to for the people that I care about and pray for and the people on my team I try to make them better off so that a 100 years from now when I am gone or maybe even a 100 months from now when I've retired that they'll be better off.

And relatively speaking making money is not that hard but if you have the right gifts and the right talents and some things, it's relatively easy. But trying to add, make a permanent long-term positive advantage to other folks that's a bit of stretch. It takes a bit more strategic planning but that is part of what I aim for. It doesn't mean I achieve it very often but that is part of what I aim for.

[0:22:36.1] WS: Thanks for sharing that, Terry, and giving back in that way and most importantly, tell the listeners how they can get in touch with you and find your book.

[0:22:42.9] TM: Thank you, well it is on Amazon. Let's see, it is called *Building Legacy Wealth* and the second edition is coming out. It's going to have a slight word change and it would be, *How to Lead a Life Worth Imitating*, and I can be found at sandiegoapartmentbroker.com and my email is Tmoore1031@gmail.com. I was the first one in my county with 1031 in my phone and my email and guess what? I am not the only one who does it now? But thanks for asking.

[0:23:16.7] WS: All right Terry that's a wrap, thank you very much.

[0:23:19.1] TM: Thank you. That was very gracious of you.

[END OF INTERVIEW]

[0:23:21.9] 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 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.

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[OUTRO]

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