

**EPISODE 505**

[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 Luis Leiva. Thanks for being on the show, Luis.

**[0:00:32.9] LL:** Thank you for having me, brother. I appreciate it.

**[0:00:34.8] WS:** Luis is CEO of Culture Estate. Based in New Jersey, has grown company over 3,500% since October of 2016. Runs multiple real estate businesses, is a licensed instructor, mentor, and speaker for auction.com. Has been involved in over 2,000 transactions and closed over a half a billion dollars in sales. Luis, that's a very impressive bio there.

Looking forward to this interview and just speaking and getting to know you. Give the listeners and myself a little more about who you are and what your focus is?

**[0:01:07.0] LL:** Absolutely. I try to wrap it up pretty quickly with my background. But I started a long time ago in real estate when I was 22 years old and the reason why is because I had a passion for real estate ever since I was child and that stems because my family was never fortunate enough to own a home. We would have to move every year from apartment to apartment and it seemed that home ownership was out of reach for my family and real estate agents seemed to me to be like super heroes.

I said, "One day, maybe we'll own a house, you know?" That was like a dream that I had and we finally did, I think it was 1995, my family bought a two family house and I was one of the happiest days I can remember man, because we tried several times and it was not easy but we finally did it. After that, I felt like our family did a really great thing.

A couple of years later, a friend of mine jumped into mortgages and he told me, "Hey, you should think about refinancing your family's house because there's rates are a lot better now." I talked to my mom and dad about it and they agreed, we pulled some cash out and dropped the rate and we bought an investment property down the road.

I think it must have been like 20 years old at the time. And so, we looked at a four-family house right down the road, let's buy that property and then we can rent it. I knew nothing about renting real estate. I wasn't ready to be a landlord or anything like that so it was a nightmare. We held that for about a year and then we ended up selling it and made about a \$100,000 return on that house.

From that moment on, I caught the bug and I did everything I could. At the time, I was working as a barber. I had my own barber shop and I felt limited. I couldn't grow, it was day in and day out the same routine and same people every week. I felt like I was trapped. I had to make a decision. I sold the barber shop, took a humongous loss, went head on into real estate and made \$20,000 my first year as a real estate agent. Definitely wasn't a momentous occasion, making that much money but it was something that I was doing because I was passionate about it.

And when you're passionate about something that's usually what's going to carry you through those times where there's no money. I did. I stuck through it and after my first year, I kind of caught the trend and how to do things the right way and I said, "You know what? I was doing things wrong my first year." My second year ended up being a top seller agent for my office. I think it's just fell into place from that time on. And it's been like I like to say, it's been smooth sailing ever since but it's been a journey since then.

Great years, bad years, you know, we all made it through the recession. But I came out of the other side of the recession much more educated. And now, I have a real estate brokerage which like you said, we've grown tremendously and we continue to grow to this day. And those number

are a little outdated. We've grown even more since then. But one of my proudest achievement is just becoming a real estate investor because there was a time in my life where owning one home was almost out of this world and you know, today, I own about 50 doors.

I think it's like 22 properties or more, I lose track. But it's the feeling that sometimes I look back and like, "Wow, I created this." And you know, that's just me in a nutshell. I kind of pretty long ways since I started real estate at 22.

**[0:03:52.9] WS:** Love that story, I just love the family background too and the passion that it gave you and the dream that you had just for your family to own a house and look at you know. It's incredible. Luis, you know, this growth, I mean, that's a massive amount of growth, I'd love to know some of the techniques or some of the key things behind that type of growth in your business?

**[0:04:12.5] LL:** Yeah. The reason that I think our brokerage has been so successful is because we've been genuinely passionate about helping our agents. When I first created my brokerage, I came out of a bad relationship with my previous partners and previous real estate brokers is that I opened so I know what I didn't want. And the atmosphere that was created in those places is something that I felt was toxic and not a good place for agents to grow and be appreciated.

I named my company Culture Estate because I wanted a culture. I wanted the feeling when you walk in the door and be like family and to be accepted and to be, not only accepted but be celebrated. A gentleman once told me, "Never be somewhere where you're tolerated. Be somewhere where you're celebrated."

That was something that really stuck with me and ever since then, you know, I just gave all that I had to my agents. I had to make a transition, early on, I was a top producing agent, when I started with my company, I was closing over a hundred transactions a year alone, no team, just me.

I said, "If I'm going to be a broker, I have to put on a broker hat and I can't wear a broker hat today and an agent hat tomorrow." I stopped all my production and I gave it all to my agents and then I learned how to help them even more.

I said, "I'm going to be here as your partner, I'm here to help you grow." And I did help them grow and then they brought other agents because they were so happy and then organically, we grew from three to a hundred agents in about two years and are most recently we've partnered with eXp. That's given us the ability to grow even at a faster rate.

We've been really crushing it ever since.

**[0:05:31.9] WS:** Wow. Hiring an employee is not an easy task. Going from three to a hundred, what did you say, in a year?

**[0:05:39.2] LL:** Two years.

**[0:05:40.0] WS:** Yeah, two years. that's a lot of work, that's for sure. You know, you talk about the culture that you created and I think, in any kind of business, it's so important to think about that and to think about you know, I want my employees to be happy working for me. And often, I feel like I'm asking them about their day and what's happening and just trying to confirm really that they're still happy working for me.

Could you elaborate a little on the culture aspect of it or other things you do, an office to help build that culture? How have many employees come in to you? That didn't always happen.

**[0:06:09.1] LL:** No, not at all and I didn't do it alone, I mean, I had great help along the way. One of my employees that have until this day, she was 18 years old and I was real iffy about hiring her because she was a baby, you know?

She was very young and I'm like, only reason I hired her was because she was the daughter of one of my clients and I'm like, "you know what? I feel bad telling them no because they worked with me before so let me give her a shot." Fast forward to today, she's probably one of my best employees, so loyal. I put her through a lot and she's a really trustworthy person.

I basically molded her into what I needed which was great because she was young. she knew nothing, she's very impressionable, she grew in. And then I also have my operations manager

who founded, we are what we are, she's more like a partner now, she came also very young, she was 22 years old when she started with me. I taught her everything about real estate and she worked her way up and she is my number two, she can literally do anything I can do.

I'm very fortunate to have her. If I go down the line of everyone who has helped me grow this thing, we'd be here just on that, just a kind of wrap things up with my staff. I think the most important thing when hiring someone and keeping them happy is number one, making sure that they're right for that spot.

Because I've had people who I've taken on who were the wrong people for that job and they just taken it just because they wanted a paycheck and it shows. You can't complement someone enough for them to be happy and a job that they're not meant for and I learned that the hard way.

The other thing I learned the hard way too is you got to be very careful when you hire family or friends. Because that may not work out so well and I learned that really, really fast. You know, as an entrepreneur, as a business owner, you're not given a script, you know? There's no blueprint that says, "Follow this and then you'll be successful."

Everyone has to make their own path, everyone has to basically go through the mistakes that are going to make them a better business person at the end of the day and each lesson that we go through, I call them lessons because mistakes – there's no such thing you know? If you stop at that time then maybe you can consider them an estate. But if we take a mistake and we learn from it and we don't do it again, those are all lessons and to this day, I'm continuously learning, refining and you just can't let one scenario take you down.

Going back to the staff stuff that you were asking about you know, how do you make the right hires and how do you keep them happy? Just basically treating them because I'm a big fan of this or I'm a big believer on this, treating your people the way that you want to be treated.

Also, giving them every opportunity that you have and making sure that they eat along with you. A lot of times, owners, they want to be the only ones that are making money or the only ones

that are walking away with anything meaningful and that's not the way it could be, if you want people to stick with you and grow with you and be loyal, you got to treat them good.

**[0:08:36.1] WS:** I like how you said, making sure they eat along with you.

**[0:08:38.6] LL:** Yeah.

**[0:08:39.1] WS:** You know, Luis. Just from our conversation but I know that you have a skill in finding a good investment property or a good investment. I'd love for you to elaborate a little bit on how you're helping investors find those good investment properties.

**[0:08:53.0] LL:** Absolutely. There was a time where sheriff sales are really good and we created a program for our investors where we would go and just bid for them at the auction. And that was something that was shrouded in mystery in New Jersey because it was like, the good old boys club was the only ones that were allowed to kind of go in there and buy properties, they would intimidate people. I heard of people getting harassed and even assaulted for showing up to these auctions. I was determined to change that and I did, we were the first real estate company in New Jersey to actually create a program that allowed us to represent our clients, our investors as proxy bidders.

We go in there and we proxy bid for them. Pickup, sometimes we pick up three properties in a day and we have a tremendous success. Because you know, we go in there, meanwhile no one's able to get anything on the MLS because everything's overpriced and we go in there and we'd score deals for our clients. We did really well with that for a few years but now, the well is running dry so you go to get creative again, you got to reinvent your business.

When people are zigging, you got to zag. What we've done is we gone down back to the basics and it's really more B2C, it's just, we were just contacting as many homeowners as we possibly can. We are just creating relationships with people who have high equity in our homes or people who have looming foreclosures or people who have tax liens on their properties. You know, we just find different demographics of highly motivated people and we just talk to them as much as possible.

It's not easy. I mean, investors think getting him, put up some bandit signs. That might have worked at one point, nowadays, you got to really pound the pavement, hit the phones and you got to do a lot of marketing. That's what we've done. We gotten back to just the basics with dealing with the public and that's opened up a lot of opportunities for us because most people aren't willing to do that. They want to come a little easier.

**[0:10:29.3] WS:** Just dealing with the public in any way is usually something most people avoid.

**[0:10:34.1] LL:** They don't like to be yelled at.

**[0:10:37.9] WS:** Going back to the basics, anything else about just the basics that helped you all to be successful?

**[0:10:43.4] LL:** A lot of people, they think there's just a magic pill or a switch you can hit or there's a magic brand that you can associate yourself with and you're going to be successful. Being successful in anything, whether it's real estate or investing, anything in life is just, it starts with a decision and it starts with the amount of willingness you're going to put after something and how badly you want it.

The rest of you are going to figure out. You could be with the best brokerage in the world or the worst brokerage in the world but you could be an exceptional person an exceptional salesperson in either place. Because it already comes down to you on what you do with your time. If you have a great mentor, yeah, that fast tracks your progress. But at the same time, I know a lot of people with all the benefits in the world, best mentors and all the tools and tech that they can possibly ever ask for and they still do nothing with it.

To clarify, I think that if you really want to succeed in anything, just ask yourself, "Why am I doing this? Why am I pursuing this career, am I truly passionate about it? If so, my actions have to follow that passion." You have to get up early, you have to stay late, you got to make sacrifices. You got to do what most people won't do, that's how you know that you're going to be successful and it doesn't come overnight.

One thing that I'll just point out really quickly is that everyone expects a doctor to go to school for eight years. And then after he gets out of school, he still has to make his rounds and be an understudy to other doctors. But when you get into real estate or you get into investing and your first year is not fruitful, people are like, "Oh you know what? This industry is not what it's cracked up to be. You know what? This is not a good industry for me." You are so quickly to give up on something that could eventually pay you more than a doctor. But one year is not enough time, you know? You got to let things out. You got to let things grow for a little bit longer.

**[0:12:23.6] WS:** I love that analogy of just the doctor and the education that they have to get and even after their educated, they are still doing an intern. They're still working with people that are more qualified and more experienced, I love that. So, what's been the hardest part of this real estate journey for you?

**[0:12:38.6] LL:** The hardest part honestly, there was a time recently maybe last year where I felt defeated. I felt demoralized because I put a lot of attention and emphasis into my agents and I learned this pretty much the hard way. And when your asset can walk away from you that is a dangerous asset. So, what I did was I put all my time and my emphasis and work in my agents in making sure they had everything they needed in building them up and once they felt like they pretty much have everything down back, they didn't need me anymore. So, they'd walked out and they go somewhere where they'll be offered a little bit more commission.

I personally told them, "Listen, if they are offering you that much go, I am not going to hold you back. It is a good decision for you and your family. You know I can't compete with that" and that was the hardest part for me is figuring out that human needs and human nature is always going to be there, you know? And so, in this business the human element is big.

So, there was a time where I was a little bit depressed about you know why continue building this business if all they're going to do is walk away after a few years? There has to be a better way and I did and I came to terms and I figured out that there is a much better way and we recently did a partnership with eXp Realty who has actually created the most comprehensive retention system I have ever seen in any brokerage.



So now we have taken the best elements of my company and we have teamed that up with their model and we seemed to be now cultivating people for the long term and not just for the next few years.

**[0:13:52.7] WS:** Nice, so Luis as an investor how are you prepared for this potential downturn?

**[0:13:57.4] LL:** Oh, I can't wait. So, the last downturn I don't think many of us were prepared for it because it just seemed like the sky is falling. So, I've come to understand now that nothing lasts forever. You know as bad as this seemed in '08 and you know even '09, we came out of it. So, I am liquidating a few properties right now. I am keeping myself with some cash on the side-line and there is going to be a lot of opportunities during that period where people are going to be like, "You know what I just need to get out."

I mean, "I want to get rid of this." You know right now there is a very big lack of multi-family homes and when I say multi I mean like the stuff that you guys syndicate, you know the 20, 40, 50, 100, 200 unit complexes that stuff is really hard to come across now and the stuff that it is on the market, you are paying five caps on. It's crazy and you see investors like Greg Cardone leaving [inaudible 0:14:43] and going to Maryland and Boston and now buying stuff after he's always been opposed to that.

So, you know it is really tough right now to get a deal. But I think right now the best thing you could do is kind of position yourself for a downturn and when that does come be mentally strong enough to know that you are never going to be able to time the market. And what I mean by that is most people will hold on and not buy anything until the sentiments starts to pick up again and by that time it might be too late.

So, what you got to remember is there is a thing called dollar cost averaging. What it means is if you buy stuff as it comes to you and if it cash flows and it makes sense, just buy it because you are never going to be able to time the market on the data that's the lowest or sell on a day that is the highest. What you need to do is just buy as the opportunity comes as it makes sense and overtime you are going to do better than trying to time the market and that is not something I created. That is Warren Buffett.

If it works for him, I am going to take advice from the guy who's worth \$80 billion so I have applied that to real estate and it's worked for me and I have never tried to time the market but I've done well because I have always bought when the deal made sense.

**[0:15:52.2] WS:** I thought that sounded like similar to things I've heard Buffett say or talk about. So, Luis what is a way you have recently improved your business that we could also apply to ours?

**[0:16:01.3] LL:** Recently the biggest improvement I think I made is just being able to delegate my busy work because one thing I can't stand is doing \$20 an hour jobs. There is people who do it better than you and there is people who can do it more efficiently than you and what I've done most recently now is I have been able to leave the office and do a lot more networking with people and because prior to making that partnership with eXp I had to do all the training, all the compliance and I had to do all the putting out the fires and all the things I had to be in the office for.

And I'm started to feel like a slave like I was at the barber shop back in the early 2000s. So, I was now going to be in this partnership, I don't have to be in the office anymore at all. So, the last 40 days, every single day, I've been out on the road. I've been going out and networking and meeting new people, getting in front of audiences that I never would have been able to reach before.

I am doing a lot more interviews with people. I am now showing on their shows. So, it's just been too good to be true and I feel it and my agency they even say to my operations manager, "I haven't seen Luis this happy ever," you know? So, it really does matter big time what you do with your time that makes you happy. Busier is not always better. You know sometimes just being less busy with the stuff that doesn't make you any money is just as important as getting that slam dunk deal or being able to recruit 20 people this month.

I just think that you need to be able to make sure that you delegate the work that doesn't make you happy and doesn't make the needle move and you just concentrate on things that make you happy and the things that really do bring forward the vision that you have for your company and yourself.

**[0:17:31.7] WS:** What is the number one thing that's contributed to your success? Maybe we have already mentioned it but go ahead.

**[0:17:37.0] LL:** Well I didn't know this until recently, I think the biggest thing that's contributed to my success is God. I just want to talk about that for a second because I wasn't always an angel you know? My mom always tried to pray for me as a kid but I always did my things my way and I had a lot of bad habits as a kid and alcohol was a problem for me at one point but luckily I have been delivered from all of those things now and I have such a clear mind.

And God has given me so many opportunities in life that I wouldn't have ever been able to make it this far without His blessing and I do feel that all of the opportunities we have in life we seem to sometimes think it's luck but it is not luck man, it's not. I just believe that you know doing the right thing for others and doing the right thing for humanity and having a plan that is not only going to enrich you and glorify you, you know it is for a better cause and bigger cause.

You know I think that our God knows who is going to be a good steward of the money that is coming their way. So, you know the more conscious you can become about how you can help others, I think the more success we will get.

**[0:18:33.8] WS:** Well that goes right into tell us how you like to give back?

**[0:18:36.3] LL:** Okay, so there is an organization, there is a few organizations I am going to talk about the one I am most passionate about. There is an organization named ourrescue.org. What they focus on is delivering childhood slaves from bondage. There is a problem in this world that I found out about a few years ago that there are more childhood slaves and slaves period in this day and age than there ever had been in human history and unfortunately a lot of them are children.

And they're trafficked for sexual purposes and being a father of two little girls you know I could only imagine what it must feel like to lose one of your children and not know where they are. You know they don't show up, if they don't show up you know your mind goes crazy thinking about could they have been kidnapped? Could they be on the other side of the world? You know these

types of things they happen unfortunately but for every \$2,500 at my office has contributed, we are technically able to free one child from slavery.

And it is not like a barter system where you pay them \$2,500 and then you free someone. But there is special ops people who are ex-Navy SEALs, ex-Green Berets who volunteer their time and they go on these operations all over the world and they bust these criminal enterprises from having these slavery rings that they have. So, it's really it looks like a movie. I mean I have seen some of the clips that the one they showed them after they have been released but it is unreal. And so that is one of the organizations that we have been near and dear too.

And obviously giving back to the community and giving back into my church and being able to just provide to schools in third world countries those are the things that we kind of focus our time and our efforts on the most and anything to do with children. And we usually have done a lot with that. There is a basketball organization nearby our town and I contribute to every year that we have been able to in the last two years be their main contributor by holding a basketball tournament for all the real estate related professions.

So any office can submit a team of five or maybe you're an investor and you have a couple of buddies who play basketball, so we organize these tournaments so we can raise money for this organization and lastly we're able to raise enough funds to cover all the short fall they had for that season. So, it is really nice event, it means a lot to them.

**[0:20:40.2] WS:** What was the name of the first organization you were talking about? That is so interesting.

**[0:20:44.3] LL:** Yeah, it's ourrescue.org.

**[0:20:46.1] WS:** Luis, I appreciate you sharing that. That's incredible and yeah, I look forward looking into that myself. That is incredible that those guys will go and help those children and protect them and save them. But thank you again for your time today Luis and explaining about there, the massive growth that you've had and how you maintain employees, have you've kept them and the culture and going from three to 100 agents in just a couple of years.

I love your quote too. Just make sure your employees get to eat along with you. I love that but tell the listeners how they can get in touch with you and learn more about you.

**[0:21:14.5] LL:** Well absolutely, so your listeners can actually learn more about us on YouTube. We have a channel on YouTube by the name of Culture Estate just like the brand and we have a lot of free training videos where you can learn about investing about real estate. I also have a lot of great interviews for other people who are very successful in this industry and we just love to give back. We just love to educate people as much as we possibly can.

You know we are not trying to sell you anything, you couldn't buy anything from us besides the house. If you want to buy a house in Jersey. But you can go there on Instagram or Facebook, we are always Culture Estate. So, I would love to have you guys follow us and give us any feedback that you may have on our content.

[END OF INTERVIEW]

**[0:21:47.9] 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]

**[0:22:28.2] ANNOUNCER:** Thank you for listening to The Real Estate Syndication Show, brought to you by Life Bridge Capital. Life Bridge Capital works with investors nationwide to invest in real estate while also donating 50% of its profits to assist parents who are committing to

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