

EPISODE 549

[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 Jeff Holst. Thanks for being on the show, Jeff.

[00:00:32] JH: Thanks for having me, Whitney.

[00:00:34] WS: Jeff has an amazing story. Personally, I know that my success in real estate began when I started to get my mind right and when things changed for me personally and started working on personal growth and things like that. Maybe it didn't start there, but I made a decision then and started growing myself personally, and that's when things really started happening.

But a little about Jeff, and I'm excited to get in the story and some things that's happened to him and how he is just thriving in no matter what the challenging situation is and the way he views things. But a little about him, in August of 2008, he was a successful lawyer with a growing firm. Three weeks later, he was lying in a hospital bed, dying of leukemia and well on his way to personal bankruptcy. Just over a decade later, he's back on the top as a full-time real estate investor and syndicator who just last month climbed to summit of Mount Kilimanjaro, the tallest mountain in Africa.

Wow! I don't think of anybody on the show that's done that, so thanks Jeff.

[00:01:36] JH: Yeah. I don't know too many people that have. I mean, we went in a small group, so I know a few people. But other than those people, I don't really know anyone else.

[00:01:43] WS: How long did that take?

[00:01:45] JH: It was an eight-day climb. You start out maybe around 60,000 meters, so like 6,000 feet, somewhere around there. Then the summit is 19,300 feet. You get snow at the equator in Tanzania, so it's kind of an interesting experience. It's also super hard, and I don't recommend it. It was actually maybe the hardest thing I've ever done in my life.

If you're watching the video, you can see I'm not like the best-shaped guy in the world, so it was real tough. I lost a couple toenails, and my brother actually didn't summit. He came with us and he ended up getting mountain sickness. Ended up in a hospital for three days in Tanzania and he was pretty rough. He's okay now. It's like a month, we climb we did in mid-February.

Then also the timing of that with this COVID thing is crazy, right? I pretty much went up the mountain in one world and came back to a totally different world, so I have this personal life-changing experience. Then on top of that, everything actually changed.

[00:02:42] WS: Wow! Man, I don't know if I want to try that or not. But at least you accomplished it. You got to the top. I'm really looking forward to hearing more about your story and just the mindset you've created too and how you got there and a couple things we were talking about, just some unique set of life experiences that has allowed you to see through and overcome some big challenges that would drown most other people, and so let's jump right in there.

[00:03:08] JH: Sure. Actually, the Kilimanjaro thing, like I think my life experience is the only reason I could do it. It's made me a really stubborn person, right? I'm climbing this mountain and I'm thinking to myself, "I'm never going to make this." But like the second day, I was convinced I was going to fail and I just kept thinking, "Well, if I keep going forward, I'll either eventually get there or I'll be hospitalized." I figured that that was a good enough excuse to quit if I was going

to actually die, so I just kept moving forward. Fortunately, I adjusted to the altitude and I was able to do it.

But that's something I've gotten from my whole life. You kind of alluded to me getting leukemia back in 2008, and what happened is I had made myself a short list of sort of like a bucket list, right? I want to see the pyramids in Egypt. I want to go to Machu Picchu in Peru. There was a couple other things on there, and Machu Picchu was the last thing. I was 30 years old. I climbed to the top of Machu Picchu, and everything was like – it was like I was at the top of the world, right? In a way, that Kilimanjaro thing is like sort of my way to reclaim that, because it's much higher than Machu Picchu. But I just – I'm looking down at Machu Picchu, and my wife is there, and we're thinking this is just like – everything is perfect in our life.

Then literally within two weeks, I was diagnosed with leukemia and I really was told that my white blood cell count was around 258. It's supposed to be like 4 to 10, so it's bad. I had a cousin who died of leukemia about a year and a half before I was diagnosed, and her white blood cell count had gotten to 150. I was laying in the hospital bed and I was at 250 and I knew very little about leukemia at the time, except for that my cousin died at 150, so I was convinced I was dead and I was – the doctors didn't know what kind of leukemia I had.

For about three or four days, I was 100% certain I was going to die. I remember having this conversation with my dad and he said, "You know, if you make it till February –" This is in September. "If you make it till February, we can go to Australia together." I said, "I just hope I make it till Christmas." That's really – I mean, that's where I was mentally. But at the same time, I was like, "I've done all this cool stuff. I've been successful," and I felt like it's going to be okay. Whatever happens is going to happen and that'll be all right.

Obviously, I was worried for my wife and stuff like that. We didn't have any children, and she had a good job, so I figured she'd probably be okay. But I had a couple of attorneys quit right before I got sick, and so there was a little uncertainty economically there, and I only had just the two attorneys and myself. That kind of caused the spiral down on finance. It was costing me – I was around 5,000 a week to break-even at the law firm, and we are making more than that. But then all of a sudden, we are making zero. That created a pretty big hole, and I couldn't work for

about six months. Fortunately, I recovered from leukemia but I wasn't able to recover financially from that big giant hole. I ended up bankrupt.

It was a struggle, honestly. It was harder than the leukemia in a lot of ways, because I was a bankruptcy attorney. I had to go in front of people I worked with and be like, "Hey! I'm done. I can't do anymore." I mean, they're nice about it. They understood about the leukemia and everything. Most of them are small bankruptcy attorneys and trustees and stuff that you knew and worked with all the time. But it was still pretty embarrassing, and I ended up taking a job working for a trucking company.

I moved out of town. I moved from Michigan to Tennessee, and I started working for a trucking company, hiring drivers and doing some contract work for them, legal stuff. Then I thought I need to figure out a way to make money, even if I'm not working. The only thing I could think of was like I need to start a business or I need to buy real estate, so I just started trying different stuff in the real estate stuck. It was 2010, so it was good time to start buying real estate. I just kept buying and I was making good money and I just took that money and bought real estate.

We did a lot of creative financing stuff. I didn't have any credit and I didn't have that much money because I just gone bankrupt. Yeah, I had a good job but that was about it. So we did a lot of owner financing and partnered with a couple of people that had some cash. We probably did things that were like syndications in retrospect, but I didn't even know what it was then, right? We're like. "Ah, you put in the money, and we'll split the profits up," which is probably not actually what you're supposed to be doing in retrospect. But fortunately, we all made money, and it's long time ago, so we're probably beyond where we have any issue with that.

In fairness, it was people that we are really familiar with and friends with, so it would've probably been okay anyway. But, yeah, I don't recommend going down that road.

[00:07:39] WS: Let's jump into like what you learned from those experiences. I mean, that's definitely some difficult stuff. One of those two experiences is difficult enough for anybody. Most people mentally would have just said it's over kind of like you wanted to at one time, but tell me about what you learned from that and what that's taught you now.

[00:07:58] JH: Sure. One thing I've learned even before that was that I didn't like having bad days, so I had made a decision to give up on bad days. I know it sounds kind of hokey but I just told myself today's a good day, no matter what was happening. I tried to minimize the negative and embrace the positive. When I got sick, my brother came to the hospital that day and he said something to the effect of, "You're probably not having a good day today." He was almost like excited that he finally caught me in this I'm and finally not having a good day thing, and I was like –

[00:08:27] WS: That's a brother for you right there.

[00:08:29] JH: Yeah. I mean, he wouldn't be like that now. He was pretty young then, but I felt like even then I was like, "I've had a good life and like if I die, I die. But, I mean, I'm not going to let this ruin my day." To me, that was fundamental, because then through everything, I just got real stubborn about not having bad days, and that stubbornness about always having – Even if it seemed like there was bad stuff, I would try to find the good stuff. Good stuff happens to everyone every day and bad stuff happens to everyone every day.

Yeah, getting diagnosed with leukemia was traumatic. But it happened at 10 o'clock at night, so I didn't really have time to ruin that day. By the next day, I had a ton of like all these people visiting me in the hospital and I was thinking, "Man, look at all these people that love me and are showing up the day after I'm diagnosed with leukemia." I just kind of tried to embrace that stuff and then I've carried that forward into my business. I mean, like now, we're going through this coronavirus thing. It's terrible, but I also think I have some money in the bank. I'm so much better off than other people.

The people that were climbing Kilimanjaro like the guides and the porters, these guys make 10 or 15 dollars a day, \$20 a day if they're lucky. There's no one doing that right now. I mean, Tanzania is shut down, so these guys are making zero dollars, probably have zero savings, maybe have no food. I wish I could figure out a way to help them. I don't even know how you can help people like that right now because you can't get money to them. I mean, they don't have any ability to claim it, and if they had money they couldn't spend it, so it's a real challenge for them.

I just try to think about the positives, right? I mean, I'm in my house. I've got books behind me I can read, I'm able to talk to Whitney. It could be worse, right? I mean, I'm not locked in with no one to talk to. Even something as simple as the internet, I mean, if this happened 20 years ago. I'm on Zoom calls every day, right? I mean, I'm – We even are doing a Zoom happy hour a couple times a week here and just hang out and talk to people.

[00:10:18] WS: Wow! Mindset is so important, and it's something I've been pushed back to like military training. They just ingrained just the mindset of that you can keep going so much into you, and I'm so grateful for that training. I call it like my never give up mentality. They teach you. You can keep going and that it's not an option to give up. It's just – If you're in combat, it's not an option to give up. It just [inaudible 00:10:41] other people's lives at that point. I love how just – I can't even imagine being in your shoes and I love how you just said you made a decision to give up on bad days and just got stubborn about not having bad days.

I just love that and just like, “Okay, it's just – We're just not going to do it. We're going to choose.” I think it is a choice. Yeah, you're going to choose to see the good in it. Even when bad things are thrown at you and how horrible it is that you were diagnosed with leukemia, I mean, that could be a bad day for anybody, but it's just amazing. Even through that, you had already had the mindset that you're going to choose to have a good day.

[00:11:15] JH: Well, it's kind like a muscle too, right? I made that decision to choose to have all good days and I literally was saying when I first started out, I would tell myself 20, 30, 40 times a day today's a good day. Then one day, somebody came to me and said, “How are you doing today?” I said I never have bad days and I suddenly realized it was sure, right? It's a surprise to me. It just came out of me like that and I feel like once I got to that point, it didn't matter really what happened anymore because I was so convinced that I wasn't having a bad day, that I was always looking for positive.

And fortunately, when I was diagnosed, it was more than a decade of unbroken string of having good days. It was reflective at that point. It's just a reflex. I didn't have any – I didn't even consider the idea that I would have a bad day, and that helps a lot, obviously.

[00:11:59] WS: I love how you said you told yourself 20 to 40 times a day that you're going to have a good day. I've heard this numerous times from big-time speakers, very successful entrepreneurs, how they say speaking negatively to yourself has so much more power than speaking positively. Don't even speak negatively to yourself, right? Don't voice those things and allow yourself to hear those things. How did you get started even saying things like that to yourself just to create that mindset?

[00:12:27] JH: I wish I could say there is like some secret trick or something but I literally was looking in the mirror in the bathroom. I was 17 and I was kind of depressed. Almost like not depression. It's like teenage angst, right? That kind of depression. I don't know. I was fighting with my girlfriend or something, right? I don't even remember what it was but I was just feeling down and I was looking at the mirror and I thought to myself.

Literally, it just popped into my head, so I mean I consider it like divine intervention or something, that I'm young and healthy and live in America. How bad can it really be? I just said, "I'm just going to have a good day today," and I literally said, "Today's a good day." I didn't even say I'm going to have a good day. I said, "Today's a good day." Then the next day, I said it. You know what? It wasn't a good day the next day. It took about a week or two of just telling myself over and over, "Today's a good day." Then all of sudden, I just didn't have bad days anymore, and that was – it's amazing.

I actually think everyone should do it. I've been telling people this for two decades now and I think only maybe 10 or 15 people have actually taken me up on saying this to themselves over and over. But all of those people, whenever I see them, they're like, "Man, you changed my life." I'm like, "You know what? If I change one person's life with that, it was worth telling a thousand people."

I love to talk about that actually and I get interviewed on other shows, and they don't – they want talk about real estate and stuff, which I love real estate, so I get it. But the mindset stuff is the reason I'm successful. I really think I could be successful doing anything because I just keep going forward. If you do that, you get to your goal. It's just, like I said, climbing Kilimanjaro, starting a real estate business. It takes the same skill. Just keep moving forward, keep studying, keep learning, keep taking steps.

[00:14:06] WW: We can have you back on and talk about your syndication business, and I would love to do that. But I could not agree with you more. If you're an entrepreneur – I mean, just in life, this mindset is so important, and that's why I just thought it's so worth just focusing on. Are there instances even in your real estate business now where it's like that mindset has shown you through, other than just like the day-to-day grind? Anything where you can remember, "Okay, I'm so thankful that I'm going to have a good day today, because this just happened."

[00:14:32] JH: Yeah. Well, right. I mean, there's always struggles in any business, right? The one thing I think about is we're buying this 40 or 41-unit building, and the seller was just a terrible pain in the rear end. It's just really, really difficult to deal with, and they're so negative. I just kept thinking to myself, "I can get through this because like I'm not going to let this person ruin my day. I'm not going to let this person ruin my week, whatever, right?"

It's so easy when people are negative to get like frustrated, and I still get frustrated. I just am really resilient about like if I'm having – If I'm irritated with someone, like if I get ticked off at Whitney, I'm going to say, "You know what? I need to minimize my contact with Whitney or I need to recognize that I'm only going to deal with this problem for so long." With this seller, I was like, "Well, once we close, I never have to talk to this person again if I don't want." So I just need to move forward. It was a really good deal, and so I wanted to make sure we got through it.

Even dealing with their counseling like our journeys were – We got to – It was such a terrible deal. They just kept getting into fighting over terms in the contract and everything, and I kept thinking it was going to blow up. I just kept thinking, "No, I just keep moving forward. We're going to get there." That's one example where it that really was useful.

[00:15:42] WS: Wow! What has been the hardest part of your syndication journey or process?

[00:15:47] JH: Honestly, the thing that's hardest for me is asking people for money. I like the deals and I've had to like really work on my mindset here, recognizing that I'm not really saying, "Hey! Why don't you give me money?" I'm saying, "Here's an opportunity for you." I forget who

said it to me first, but you hear this a lot in syndication that you have to like reframe what you're offering because the truth is it is actually for a lot of passive investors the best possible option they have. That was really difficult for me at first, and I still struggle with that sometimes, because people will say, "Well, why should I give you money?" Then I reacted with like, "I don't know why you should give me money." I have to say, "No, you're not giving me money. You're investing in an opportunity that really can bring you a solid return." Then I have to keep forcing myself to think that way, so that's been challenging.

Then also, you know like – I mean, I don't know how challenging this COVID thing is going to be. We're recording this, and like it's the 1st of April, right? We don't know what rents we're going to collect next months, right? I'm mentally like trying to stay positive right now. It's actually harder than some have been. I usually sleep like super well. I lay down and I fall asleep like almost instantly. A couple of times last week, I was like – Man, I was really struggling with getting to bed. My mind is racing and I'm thinking about all this stuff. I mean, it's been a challenge right now. I think this is one of the more challenging times for everyone in the country and really the whole world.

[00:17:05] WS: But you're going to continue to be stubborn about not having a bad day, right?

[00:17:08] JH: No, yeah. No, I'm definitely doing that. If I can – You were saying this about the military training and moving forward and you just can't quit, right? That reminded me of coming down from Kilimanjaro. That was actually almost harder than going up. The up was super hard. But then on the way down, you're super sore and you're walking down, so you're like banging your toes into the thing and you've got blisters and pain, and it's 27 kilometers from the top to the gate, and there's no roads.

It's trail, climbing over rocks. It's not technical climbing but it's also not easy, right? It takes about a day and a half to get down, so it's like six and a half days up and a day and a half down, right? At least the route we went. There really wasn't an option. You can't quit, right? There's no other way out. Your options are either quit or roll off the side of the mountain and die I guess. But that's kind of where we're at with real estate right now, right? I mean, we can't quit. I have investors that I have to take care of and like I think that all of our deals are going to be fine. We have cash. Even my own investments, I can't quit. What do I do if I quit? I can't just give

everything back to the bank and go bankrupt. I mean, I suppose I couldn't, I'd figure it out. But that's the last resort. I definitely don't ever want to have to go that direction ever, ever again no matter what.

[00:18:21] WS: Tell me a way that you've recently improved your business that we could apply to ours.

[00:18:25] JH: One thing that we've done lately is we've really tried to focus on our metrics, right? I mean, I know everyone thinks that. But we used to be like, "Oh, it seems like a good deal," and this comes from being I think getting into syndication. I've only been doing that about a year and a half now. Before we would just buy whatever felt right to us. When you get into syndication, you really need to like drill down on that.

So I started taking finance classes even though I have ridiculous amount of college already so that I could learn all these, like how to actually calculate internal rate of return and for that for that matter, what it actually means. I knew it was sort of instinctively what it means that I even see some syndicator still putting that in their packets and not actually explaining it correctly or calculating it incorrectly.

I really try to drill down on all of those different metrics and how to calculate them and building up better models. I mean, I've gotten to become like an Excel expert to like create my own models and like tracking stuff. We created an investor scorecard or an investment scorecard where even deals that we don't buy, we go back and look at what they traded that and see what that cap rate actually worked out into based on what we projected the NOI to be at year one, so we can kind of see what other people are doing.

Then that way, we get a better feel for where the market is. Now, of course, right now, I mean, who knows how much that's worth because the market's up in the air. What's going to happen in the next few months or years here? We'll see but, I mean, it's still good to have all that data to be able to sort of see where everyone else is at.

[00:19:55] WS: No doubt about it. I think that's really smart, really smart to be able to go back and do that and see where you're at. It definitely helps you to know how to underwrite the next

day or just know what other people are doing, like you said. Maybe that doesn't mean you want to do it maybe, but it's good to know. Tell me, what's the number one thing that's contributed to your success?

[00:20:11] JH: I think creativity is probably the – I mean, to determine this moving forward. I mean, other than that, which we've already talked about that's super important, just keep moving forward, because like if you point yourself in the right direction, I think of it like a rocket ship. It takes a lot of effort to get started. Buying your first real estate deal is very, very hard. Once you do that, you're kind of like already in orbit, right?

Then you know. If you launch a rocket ship from Houston or Florida or something and you're trying to get to the International Space Station, the hard part is getting into orbit. The next part is just little adjustments to trajectory. You don't aim right at the space station. You just aim at space. You get up there. Then you make those changes. To me, that's the thing that's most important is just getting started and then recognizing that after you're started, you can make those little adjustments to find the right place and you're just kind of fine-tuning everything.

[00:21:02] WS: Love that. What's a way that you're finding investors right now?

[00:21:04] JH: We actually don't raise huge amounts of money. We do pretty small deals and we have a pretty solid pool of investors, so we're not really searching out that much for them. But I do a lot of shows. Not that I am coming out here to pitch them. I don't even have anything right now to sell, but it's about building credibility and making sure people understand where you're coming from. You have to be super authentic.

I mean, you have to talk to everyone. If someone wants to talk about real estate, they want to ask me a question about what they should do about their problem. I'm going to go out with them. I'm going to set up a Zoom. I'm going to go to coffee with them, whatever. Just talk to everyone. Tell everyone what you're doing and then get out there. We have a real estate show actually. I don't know if you knew about that or not, but it's the Old Fashioned Real Estate Show where we just drink old fashions. Basically, we get drunk and talk about real estate on YouTube. That's one outrageous thing too. We get people following that and sending us questions and stuff like that.

[00:21:58] WS: Wow! What's a way that you give back?

[00:22:00] JH: Well, honestly, it's the same thing, right? It's not completely altruistic but going out and talking to people about how they can work on their own real estate business is a form of giving back. Then, of course, we're trying to be as positive as possible all the time, and I think that that's super helpful for people.

Lately, what I've been doing is I've been doing a Facebook Group that we just try to help people live the best version of their life, even if that's not a real estate thing, right? I actually do it with a real estate syndication attorney, Jillian Sidoti. The two of us started this group. We have a podcast where we just interview people doing great things. Just this week, we interviewed someone you is helping people learn how to sleep better, which is really timely for me. Because like I said, I've been having this sleep issue that I never had before. It's all about just talking to people and trying to help them through whatever it is they're working through.

[00:22:53] WS: Nice. I appreciate that. I appreciate you sharing that, Jeff, and I am also – I'm just grateful for your time today and sharing just your story. I hope it helps at least one listener to understand that – like it can be a choice to have a good day. How you speak to yourself is so important. I try to tell my boys often like, "It's your choice to have a good day. It's your choice."

[00:23:14] JH: Few people recognize that. It's amazing how many people are like – when I tell them that, they'll say something like, "Well, that must be nice for you." I'm like, "Yeah, it is. But it's also good for you. You should do it also."

[00:23:26] WS: Well, Jeff, tell people or tell the listeners how they can get in touch with you and learn more about you.

[00:23:31] JH: Sure. I have a website, jeffreyholst.com, so just my name .com. That's probably the easiest way, but otherwise Facebook, Instagram, any of that. All my names are – I don't hide, so everything is Jeffrey Holst or Jeff Holst, right? The Old Fashioned Real Estate Show on YouTube, of course, too. That's just youtube.com/oldfashionedrealestate. Then the Facebook

group that I talked about were Jillian are doing, and it's called Last Life Ever. It's literally like it's your last chance at being alive, so Last Life Ever.

[00:24:01] WS: Awesome, Jeff. That's a wrap. Thank you very much.

[END OF INTERVIEW]

[00:24:03] 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]

[00:24:44] 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 adoption. Life Bridge Capital, making a difference one investor and one child at a time. Connect online at www.LifeBridgeCapital.com for free material and videos to further your success.

[END]