

EPISODE 609**[INTRODUCTION]**

[0:00:00.0] 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]

[0:00:24.4] WS: This is your daily Real Estate Syndication Show. I'm your host Whitney Sewell. Today, our guest is Eric Upchurch. Thanks for being on the show Eric.

[0:00:32.9] EU: Thank you Whitney, glad to be here.

[0:00:35.7] WS: Yeah, honored to have you on the show. I've enjoyed seeing your progress and the stuff you're doing in the space and we met, can't remember the exact, it was Rod Khleif Conference, I remember now.

[0:00:45.4] EU: A couple of years ago probably at this point.

[0:00:47.7] WS: Pleasure to catch up with you again, pleasure to have you on the show. A little about Eric, he is the cofounder of Active Duty Passive Income. A group you need to look up. They're doing some pretty cool stuff for our veterans which obviously I'm partial to myself. Eric went from zero to 571 doors in the first full-year of multi-family. He's out of GP.

His goal, get this, this is incredible. I love this goal. I love that he just puts it out there too. To end veteran homelessness nationwide, this decade and to give one million dollars annually to charity. Love it Eric, I appreciate your desire to give back as well. Look forward to talking about that on the show as well. Give us a little more about where you're located, maybe your focus in real estate right now.

[0:01:29.9] EU: I live in Northern California, I don't invest in California right now.

[0:01:33.7] WS: What?

[0:01:35.5] EU: We did some live-in, flipping in the San Francisco bay area kind of as I was learning about real estate. But yeah, no investments in California whatsoever, just out of state stuff and we're focused on multi-family and mobile home communities right now.

[0:01:50.7] WS: Nice, okay, well, you know, give us kind of a walkthrough of getting to 571 doors, what were some key factors that really helped get you there. I know everybody listening that's done one deal or maybe they're trying to get to their first deal. Even if they've done a lot of deals, they're probably wondering okay, how did you do that? What were some key things that helped you to accomplish that?

[0:02:10.0] EU: Well, I mean, first off, I didn't do it alone, that is for darn sure so if somebody out there is listening, you got to realize that part of multi-family investing is building an incredible team and I was fortunate enough, you know, when we met at a conference, I signed up for coaching. Honestly, never in my life will I go without a proper coach. It doesn't matter what I'm doing, I'm training for half ironman right now and I hire a coach because you can't do that stuff on your own, right?

When you're going to learn something new, all the information is out there on the interweb, you can find it, it's free. But what you can't do is surround yourself by the people that you need to do something like this. And in my opinion, you've got to have the ecosystem and the community behind you to have somebody to back you up and to tell you no, that's wrong or yes, that's right, move forward, or don't do that one or whatever it is. I was fortunate enough to stumble across my mentor early enough in the process. And then it's just, you know, I'm a military guy, right? If there's boxes to check and an SOP, check the boxes and follow a well laid out path and just do the thing and as long as you never quit, you won't lose. You'll learn along the way and you'll build lifelong relationships and so I just took that opportunity and said well, if these guys in this room are buying multi-family then I guess I can too. Just followed a well laid out path and made the decision and stuck to it.

[0:03:39.3] WS: Nice, I couldn't agree more about having a mentor coach, like you said, you can find all that stuff online but you can't find online somebody you can call when you have just that question, you can't find right then when you need it. Tell me a little bit about how

maybe that, how did you pick that coach, what was important there about that specific coach that said okay, this is the one. I get calls every week from people saying “Whitney, do you know this coach, should I take this coach, should I pay this much money?” All these things so it’s a big decision and you know, how did you decide that?

[0:04:10.6] EU: I believe a lot of things happen for a reason and when I left service, I did a lot of soul searching, I was in therapy for three years after I left my special operations unit and learned a lot about myself and who I am and what my mission in life is. My life mission is to educate and empower and to help people grow.

I found somebody thankfully who just happens to be Rod Khleif. And I know that there are a lot of great coaches out there and mentors out there and they do great things for people but you’ve got to have the right frequency and the right resonance with the person that you trust to bring you up in an industry or in something you’re trying to learn. One of the things that really stood out to me with that program and with him in particular is, we’re writing our book on *Military House Hacking* and just the manuscript, we’re going back and forth, this is me and Mark Yan, our CEO and at that first bootcamp.

He didn’t know me from anybody else in the audience and I went up to him and I said “Hey, let me tell you a little bit about who I am and what we do. Will you write the forward to our book?” It was a bold move but you know, I was sitting there learning through that process. Be bold, go with intention. In between this break, in between his pieces and I was just like well, I’m going to interrupt him real quick, I know he’s trying to grab some water but I’m going to go ask him. He did. With that, I just kind of started to see his heart a little bit and to me, I look for those things, I look for those things and everybody that I’m working with. What are they trying to get, what are they made of? And then, how do you feel? Oftentimes if you got a gut instinct about somebody, it’s right for you, it’s not necessarily right for everybody but you got to go with your gut instinct on people.

[0:05:56.2] WS: Interesting. I obviously have gotten to know Rod as well and he’s a great guy who has done amazing things in this industry. Tell me though, what happened then or what happened to get you to say to even doing your own deals and being as successful as you all have been now?

[0:06:10.3] EU: Intention is one and so I had kind of the path laid out for me, right? Because I chose and I committed but it was just execution and it was intentionally paying attention to the

people around me. I said, you know what? I'm going to be that guy who is always on the coaching calls, I'm going to always be doing the homework that's required of me, I'm going to always be pushing forward and doing the action steps necessary. I'm also going to put myself out there on social media which is, you know, when you don't know, and I've talked to so many people in the last two years that are so uncomfortable being in front of a camera and nobody really likes the way they sound on camera. Nobody liked the way they looked necessarily on camera, everyone's kind of got that fear of just being on TV or on YouTube or whatever it is. But you've got to break through that and so I said okay, I'm going to do it. I'm going to — the first time I was over on Facebook live, I had a script, I was so terrified. I didn't know what I was going to say.

[0:07:03.6] WS: I can relate.

[0:07:04.6] EU: Yeah, I just said, in this community, in this multi-family community, I'm going to be present and I'm going to try and help as many people as possible and I'm not going to quit until that first deal happens because I understood, and a lot of your listeners can probably relate to this, that first deal is the hardest and most critical deal to get done.

What happened was, to answer your question, people started noticing who I was and a couple of people resonated with me and they reached out and said, "Would you like to be on this, as part of this deal with me?" I was able to cosponsor a couple of deals to work with other groups initially and then towards the end of last year, our team, the team that I built with Active Duty Passive Income, that we'd built together, we started syndicating our own deals and we closed on an 80 unit and a 71 mobile home park.

[0:07:53.8] WS: Congratulations by the way. I wanted to say thank you for your service as well, won't forget. Grateful for that Eric and just how you're driven to give back. What were some of the next steps? I know you started networking probably as hard as you could go, tell me some steps that were crucial as far as just how you networked, how you started to grow your network? Because in this business, it's crucial, like you said, building an incredible team and you have to be out there, like you said, you have to network. How did you do that?

[0:08:22.7] EU: There's several critical things you need to do, the first thing is you have to learn all you can and we talked about that a little bit so find the way you're going to learn and the way to fast track that is really mentorship or coaching and supplement that with podcasts like this one and with books and things like that for sure. Learn all you can from as many resources

you can and you know, dedicate eight to 10 hours a week to doing that while you're learning this.

Next, you need to network your butt off. That is something that you and I do all the time as much as we can, even having a podcast is how can we network more, you know, that's like streaming like we need a network, right? I just went to as many conferences as I could. Every time one comes up and I had it in my schedule, if I could make it to it, I'll fly. I'll go and I'll invest in myself and in the process and in other people by doing that. Local REOs and meetups and just whatever you can do to get out there and network because you never know, you are literally one conversation away from your next deal. Every single time you had that conversation, you're one conversation away and I love to talk about networking because I feel like that's part of my super power a little bit.

But the next thing you gotta do is add value to other people and that dovetails in a little bit with the networking piece, I'll get more specific on that in a second but the final thing is action. If you don't take action, if you don't take action, you'll never succeed. Either I've talked to so many analytical people out there and I've got a little bit of left brain, right brain going on also so it took me a little bit to step out and say okay, "I can't do this on my own." But analytical people have such a hard time understanding that it takes a community to do most things.

But once they break through that threshold and they get that 'aha' moment, whatever it is that they accept other people through networking or group coaching or whatever it is, they are often times the most successful people in this industry. Really, those four things, it's learn as much as you can, network your butt off, add value to people and take action and if you do those things, over and over again, with the intention to be one percent better, success will hunt you down. You don't have to go seek it anymore.

[0:10:24.8] WS: I love that. I like to say that the military gave me a 'never-give-up' mindset, you know? I feel like that's paid off for me so much moving forward just how you view things and when things are thrown at you, you don't see it as problem or a brick wall — you just see it as this thing you got to jump over.

[0:10:41.5] EU: Absolutely. The obstacle is the way.

[0:10:43.7] WS: That's right, I love that.

[0:10:46.2] EU: I'll show you here. Some of your viewers who are watching here can't see this but my screensaver says, "Hustle. Never Ever Quit." If I'm going to look at my phone 400 times a day, I might as well get reminded to get to it, right? Little things like that are helpful too. My unit motto was "Nice Talkers Don't Quit," and in the special operations community, it was "Drive, Drive, Drive. Always, Never a Day Off." Nothing hard about real estate investing after an experience like that.

[0:11:12.3] WS: How are you networking right now? What's your networking tips right now, somebody's like okay, I know I've got to get out there and network but you know what, there's no conferences now.

[0:11:21.7] EU: Yeah, goodness man, there are no shortage of webinars to be on right now, right? You know, just being on Zoom calls as much as possible and yeah, there are probably more of them but I feel like I was already on a lot of webinars and conference calls and stuff like that too just to kind of supplement the real-life stuff.

I'm a speaker on several coming up here and it's just those little opportunities right there are great ways to network and those spawned new opportunities and new conversations. People can reach out to you and you can have lots of opportunities. I recommend just — I mean, if somebody really wants to find a way to network right now, you just have to open your browser and look, I mean, people just out there, networking like never before.

[0:12:02.9] WS: Taking action, right?

[0:12:03.8] EU: Yeah, you can't shake a hand right now so yeah. Soon enough.

[0:12:08.5] WS: How did you add value to people early on? Because I know listeners saying "Well, I don't know much yet or you know, I don't know anybody in the space yet. How can I add value to somebody?"

[0:12:18.0] EU: Yeah, there's some things you can do. If you are timid to the point where you are completely intimidated to start something or to network or whatever, you can just find a friend. One of your friends that might be better at you and was speaking in front of people or something and you and they can go and start a meetup. If you start a local meetup, even if you are just getting started, you can become as, you can look as if you're the SME, the Subject Matter Expert in a field. If you are just the creator of an event and then you go up and you

introduce yourself and you say, “Hey Eric, I am actually new but I am really looking forward to learning and networking with everybody here.”

So that is a good tip I think for somebody just to go out there and get started and yeah, I mean there are tons of different things you can do to get started.

[0:13:04.4] WS: That taking action, tell me about — just, I know you were in the military as well, but just the mindset though. And it was even after being in the military, I still had to change some mindsets, I mean, personally. When I started focusing on self-improvement and my personal mindset that is when I started seeing my business shift and move forward in bigger leaps and I just wonder for you how did you get into the mindset to just keep driving forward or you know just maybe think like an entrepreneur?

[0:13:36.7] EU: Yeah that’s a good point. Actually, I meant to bring this up to round out the last question to adding value — how do you get people to want to work with you and it kind of goes really well with this. So when you are networking with somebody, usually you go to a conference or you go to a meetup or something and you are thinking about yourself, right? You are thinking, “Okay I need to find an underwriter. I need to find — I need to network with a guy who is on stage right now, I need to talk to them.”

Instead, why don’t you go with, maybe introduce yourself to them but see what they need and if you go with the intention to add value to other people like you could be talking — I could be like, “Oh Whitney and I had an awesome conversation and he said he’s got a deal but he is really looking for capital investors.” And then I go over and I talk to somebody else. I talk to, say, Kim over here and she says, “Man, I got this money I need to place somewhere.” Well, if you are actually intentionally listening to the people you are networking with — and this is critical here guys — you’ve got to really imagine yourself in that person’s shoes and have enough situational awareness in a conversation. Don’t just look straight through their head and say, “Oh okay, cool yeah.” Really take a second and realize that this is a human being that has struggles and ambitions and everything else just like you and of course you are going to hope that they do the same thing but either way you are listening. If you listen to what they say, then you’ve got Kim over here and Whitney over here and you can connect them and then you become the connector of two people instead of just going after something yourself. You now become valuable to two separate people.

So that I kind of found that to be something I was going to be focused on. And it works really well. It is an amazing thing to be able to do. The other thing is the mindset piece of it. So you got to have a deep-rooted — why go seven layers deep on yourself, ask yourself, “Why am I doing this? Why is multi-family investing important to me?” And if you say, “Well because I want to provide for my family,” then why do you want to provide for your family? “Well because my mom is a single mom, she took care of me really.” Why is it important that you give her something back? “Well because...” So ask yourself that until you get to a point where you’ve got the answer to distil down into something so concrete that there is no way that you are going to get up out of bed and not have the motivation to do this or whatever your thing is. So for me —

[0:15:47.1] WS: — Or not get out of bed.

[0:15:48.0] EU: Yeah or not get out of bed, be depressed, whatever it is. So my ‘why’ is, I do this for the memory and pride of those who have gone before me for they love to fight, fought to win and would rather die than quit. So I buried 19 of my comrades with other brothers. So for those who can no longer struggle, for those who are no longer breathing, for those who no longer have the opportunity to fail, I do this for them and for this, I also will give big as long as we are breathing, we need to be giving.

And if you go out there with a giving heart and a giving attitude and that includes networking, something as small and superficial as networking, give and if you give you will receive. So you almost can think of it as giving selfishly but do it because it helps other people around you and you’ll be able to receive big things and giving a million dollars a year — if I am able to give a million dollars a year, I am in a pretty good spot, right? But I am also helping hundreds of thousands of people potentially. So you gotta think big on the giving piece and a lot will come to you because — you should see my vision boards right now. I mean, it is in front of my face all day long. You know, give a million dollars annually and gratitude and goals and all of these other opportunities and things. So, you know, you got to feed your brain with big picture things so that number one, it is no longer sitting in here. It shouldn’t be sitting in your head, it should be out there. It should be visual. You should be saying it, you should be preaching it and then your mind, I mean I wake up in the middle of the night solving problems.

[0:17:22.8] WS: I will do the same thing.

[0:17:24.0] EU: It just happens right? Sometimes you just wake up and you're like, "Oh okay, well, that was cool. I am going to write that down real quick."

[0:17:30.4] WS: That is why you need that notepad and a pen sitting next to the bed so you can go back to sleep right after you write it down but Eric, what's been the hardest part of this syndication process or business for you?

[0:17:41.8] EU: Man, we were under-prepared on the first capital raise that we did solo here. So always looking for deals, people ask, "Do you raise money or do you look for deals first?" It is the same all the time. It would be the same thing. You got to raise money and you got to look for deals at the same time. I think that is the biggest thing is, for us, it was originally raising capital and you know thankfully on the mobile home, the first mobile home community we did, we stumbled across a family office and they funded debt and equity. So that was kind of cool but the 80 unit that we closed on, it was a sludge man. It was — sometimes raising capital, and when you are getting started, raising capital, it can be like herding cats. It's not necessarily the simplest thing on the planet to do especially if you're just a group of military guys. You don't know a bunch of rich folks, right? So nothing wrong with that but you gotta start calling your family members and calling your friends and seeing who's got an extra 50k laying around and that is not easy all the time.

[0:18:38.7] WS: Eric, what is a way that you have recently improved your syndication business that we could apply to ours?

[0:18:43.8] EU: Oh man, so as things are shifting right now there is this weird gray area between sellers that think it is still 2019 and us buyers who no longer are able to underwrite with trailing 12. You know your T12 is essentially meaningless at this point. So you got to look at F12, which is future 12, which doesn't exist obviously. So underwriting from unknowns is one of those things that is a little bit more volatile than what we previously were underwriting. So we are looking at things like — we already underwrote very conservatively but now there are some unknown factors in there. So we will underwrite with an assumption of 20% loss of NOI over the next two years or 30 to 35% economic vacancy. You know, what does that look like in the underwriting and our LOIs don't necessarily have to reflect that but those are numbers that we're toying with and kind of going back and forth with sellers, with brokers and sellers based on those types of assumptions.

Another thing is right now, you know, in 2019 I feel like it was a year where you could get into a few different markets and see what you — right now, we are focused on the market that we know because we got the property management company. We've got everybody in one spot and so to be able to focus a little bit more and maybe this is a really good thing that this all happened that people have the opportunity maybe to be less strung out across the country. Where you can just focus in on where you know you can do really well. So those are a couple of things that we've done.

[0:20:20.0] WS: What is your best source for meeting investors right now?

[0:20:22.7] EU: Live events are great. LinkedIn is awesome and I think that is probably it. Honestly, the best source is probably live events to me.

[0:20:33.0] WS: Okay what about —

[0:20:34.1] EU: — And I guess that could be even a live Zoom event. If someone sees your face and knows who you are, that's cool I guess.

[0:20:40.3] WS: What's the number one thing that's contributed to your success?

[0:20:43.7] EU: Perseverance and team-building I guess that is not one thing but perseverance and team building maybe but yeah, definitely perseverance. You won't fail if you never quit. You learn a lot and you'll have some setbacks along the way but you'll always be on the rise.

[0:20:59.6] WS: I am trying to teach my five and seven year old that, you know?

[0:21:03.6] EU: Yeah, I've got seven and 10 year old boys and actually I interviewed them for an ADPI kids — we did this ADPI kids one week where all five days I put out new content where I was interviewing either my seven year old or my 10 year old about investments and yeah it is interesting to see what their responses were.

[0:21:25.5] WS: Eric, I ask every guest how they like to give back and I know that's a big thing for you. I'd love for you to elaborate a little bit on just how you give back and your goal there.

[0:21:34.7] EU: Well, as we said earlier we are going to end veteran homelessness this decade. There are back in 2018 on, I think it was December 2018, 38,000 homeless veterans were counted in one night across the country and so the goal, 38,000 homeless veterans is a large number but it's not at the same time. That is an achievable thing, 38,000 veterans to get them off the streets into housing that they deserve is a goal of mine.

And so we are partnering up with Veterans Community Project out of Kansas City originally. They've built 50 tiny homes, permanent structures not on wheels or anything Very unique system. It is all privately funded. So we are raising \$35,000 right now to build one house that was a goal of mine for this year just to build one. We have raised over \$20,000 for that right now and then the next project is Longmont, Colorado. They're being 26 homes on a parcel that was subordinated to them. And then after that is St. Louise, Orlando. So they actually now have 3,000 cities across the US that have committed to the Veterans Community Project organization to follow suit and to bring the organization into the town to end veteran homelessness. So pretty neat. It is going to happen.

[0:22:50.8] WS: Wow, I love your heart behind that Eric and obviously I am a veteran so I am grateful as I hope the listeners are as well. Grateful again for your service and tell the listeners how they can get in touch with you and learn more about you.

[0:23:03.6] EU: I am @realericupchurch on Instagram and Eric Upchurch on Facebook. You can find me or you can email me at eric@activedutypassiveincome.com.

[END OF INTERVIEW]

[0:23:12.9] 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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