

EPISODE 627

[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 Lee Yoder. Thanks for being on the show, Lee.

[00:00:33] LY: Yeah, thanks for having me. It's a real pleasure, Whitney.

[00:00:35] WS: I'm honored to have you on the show, Lee. Lee, he says no one in his family invested in anything other than a 401k before he got started in real estate. He bought his first 3 multi-family properties within four months of each other and he is able to involve his family in their multi-family business and maintain his priorities, which are God, wife, kids and his real estate investing. Lee, grateful to have you on the show. I love that you have your priorities in place and I want to get into that just a little bit — and obviously just the name of your company and what that means. I just think you and I would agree on a lot of things as far as that's concerned and I think a lot of the listeners will as well, and we'll appreciate your outlook on how you've been successful because of those things, those priorities. But give us a little bit more about you and let's just jump right into that and maybe where you're located.

[00:01:22] LY: Yeah. I'm in — just north of Cincinnati, Ohio. Like you said, yeah, didn't have really any entrepreneurs in my family that were starting a business or investing or anything. I didn't know I was an entrepreneur, because I didn't know what that looked like. I'm actually a physical therapist by trade. I was actually doing home health physical therapy, which was great

for the family, because it's very flexible. It's a good income, but I was just really bored. I mean, not fulfilled, not challenged. So kind of got in on the corporate side and started climbing the corporate ladder, which was very exciting for me. I was really building out our home health physical therapy division. So I was getting experience building a company a little bit. So that was very exciting and very challenging and fulfilling for me. Not so good for the family. Had a couple of young kids, my wife and I were starting our family. So, not good in that way.

I actually went back to doing the home health physical therapy but involved real estate. Before this, a friend had kind of tipped me off, so I read the *Rich Dad Poor Dad* book like everybody and thought — and just like a lot of people, it spoke to me and I started to realize like, "I think I'm an entrepreneur. I think I like this."

Now, my dad is in construction, and I had done some construction. So real estate seemed kind of natural to me anyway. I like the idea of doing rehabs. Yeah, I kind of jumped in and flipped a house pretty quickly. But again, I wasn't able to control my time. So again, it just wasn't good for the young family. My kids were young. So they couldn't really be involved in the flipping part. So my wife just felt like a single-mother for a few months while we were trying to hustle to get it done. Yeah, Whitney, like you said, I'm really focused on — I mean, real estate for me is an opportunity to be challenged, to build something, to build wealth, but also be able to control my time. Because that's the most important thing to me so that I can still pursue my walk with Christ and pursue my family and do that really well.

Real estate, like I said, the first flip wasn't really like that. It's not easy to do that. Real estate doesn't make that easy. When you're building something, when you've been an entrepreneur, it can get very busy and you can be consumed by it. Especially, I think a lot of people get into one of those type of people that really enjoy work, like I do, and really just want to go after it like your hair is on fire. And you got to stop and think, "Hey, what's most important to me?" That's been a journey for me. That's where we came up with the name Threefold, where my wife and I intend to partner with the investors that we work with, but we also partner with God to make sure that we're keeping our priorities straight. That we remember why we're here on Earth, and that there's a lot more to it than just building a real estate portfolio, even though as a career, that's my ultimate goal.

[00:03:44] WS: I couldn't agree more, and just how important our walk with the Lord is and how he has guided us and blessed our business as well. He's been very kind, of course. But also, you mentioned in your bio that you're a 'ready, fire, aim' type of guy and it caused you to slow down. Can elaborate on that a little bit, because I think there's probably many listeners who are in that same boat.

[00:04:04] LY: Yeah, absolutely. I mean, I'll just say I think it really takes two things to be a good, successful real estate investor, and I think the first one is — Grant Cardone. I didn't read his book, I'm not necessarily a huge fan, but he wrote the book called *10X* — and I think you do have to be able to have a big vision, because I would say — I don't know what you'd say, Whitney, but like maybe 95% of people have never really thought about owning more than their own house. I do think you have to have that — be able to think big. I've got that in spade. God did give me that. So I don't have a problem with that. I can think pretty big and come up with dreams that most people would say, "Lee, you have no business dreaming that. That's so far off."

But the other thing I think you really have to have that's a real challenge for me is the compound effect, Darren Hardy, and just staying diligent and doing the little things day after day after day that take you toward that big goal, instead of the shiny-object syndrome. Or just kind of trying to stay busy, but doing little things each day, and that's where I struggle. Where I feel like God has been working on me, and he gave me a wife that struggles with the *10X* part. She thinks owning our house and me just doing physical therapy would be great. Just stay safe. Save a little bit and do that whole route. That's what her parents did. That's what my parents did. But she's really good about keeping the details straight.

So far, I don't have a partner in all these, but my wife has been my partner, but I feel like that's something God has really been working on me — and just slowing down a little bit, because I always tell her, when we flipped the first house, it didn't go very well. If she'd been all-in like me and just, "Hey, let's just go, go, go, go, go," I probably would have flipped 10 houses. But that wouldn't have gotten me closer to my ultimate goal of owning larger multi-family deals. The fact that we did kind of slow down after that and go, "Let's take a breath. Let's think about this," it caused me to not flip another house because I think you'll hear a lot of guys that flip 30 houses and then they bought some small multi-family and then 10 years later maybe they realized,

“Man! The bigger multi-family stuff is where it’s at,” and they got into that.

I was slowing down and listening and educating myself and having my wife say, “That flip, here’s why it wasn’t that great for our family.” Because of that, I didn’t flip 30 houses. I flipped one. I realized, “Hey, that wasn’t what I’m looking for. Ultimately, I’m trying to get a multi-family. So let’s go that route.” So it took us a year to flip the first house and move into multi-family, but we moved pretty quickly because I didn’t — I just try to stay busy and just do a bunch of things by flipping a bunch of houses, which I probably would’ve done if it weren’t for my wife and for God leading me in different directions and slowing me down a little bit.

[00:06:32] WS: Well, I mean a year from your flip to getting into a larger multi-family is, I mean, pretty quick, I think for most people. I think that’s really good. It’s unfortunate, a lot of people are — they’re getting started for a long, long time. It’s like they’re getting started in real estate, but it’s like three years since they got started, getting started.

But I wanted to go back a little bit to — unfortunately, I have heard great things about that book, but I’ve not read it, but it is going to have to go on the top of my list very soon because I’ve heard great things about it. I would like to know some of the daily things that changed for you after reading that book. Because, I mean, I have a similar story as far as how my habits changed and some things that happen that are like, “Okay, I can start seeing success in my business,” and I give all that glory to the Lord, but whether it’s to a book or whatever. But what were some of those things for you that helps you to see things that you needed to do differently — and even if they’re little things.

[00:07:28] LY: Yeah. Well, I think when I — Now that I’m really trying to get into apartment syndication, I think, you know, following guys like you, and Joe Fairless. What I realized is to buy a big apartment building, you’ve got to raise a lot of capital, and a lot of things go into that. And it’s a long-term relationship you’ve got to have with people and you’ve got to build up that networking and you’ve got to build a brain. You got to do a lot of different things like that to build up the capital. Then in order to really find good deals, you’ve got to build a lot of relationships with brokers. You might set up a mailing campaign, do some things like that.

What I would like to do when I get up in the morning is just jump online and look at deals. That’s

the fun part. That's my natural — is just, I'm just going after the kill. I want to go look at deals. That's not the compound effect. To me, that's like the 10X thinking of like, "Let's go big right now and just go after it." The compound effect to me is getting up and saying, "Okay, what am I doing today to build long-term relationships with some new investors?" I'm starting a podcast. I built a website. That stuff that you can do today, that's really not going to pay off for months, maybe years, right? To me, that's the compound effect, is doing the things that say, "What can I do today that's going to benefit me in year?"

When I jump online and look at a deal, I'm trying to find something to put onto contract today. The deals that are available to people that want to do that aren't the best deals. And then are you going to have the capital ready? What I'm trying to change is when I get up, to resist the temptation, just go look for deals right now. But instead, do the little things to raise the capital with those big deals and do little things to develop relationships with brokers. Yeah, so just building out my brain. It's all the little things that go under that. And we'd get into more of that.

[00:09:05] WS: Yeah.

[00:09:05] LY: You and I had talked that Joe Fairless is — He wrote a book called the *Best Ever Real Estate Syndication*, and I think that just lays it out.

[00:09:13] WS: I got it right here.

[00:09:14] LY: Looks like you've been through it a few times. Yeah. I know.

[00:09:16] WS: Yeah, it is a little torn up.

[00:09:19] LY: Yeah. That just lays it out. Honestly, I just follow that. But like I said, that's hard for me to follow those steps to be diligent like that. I think if you really want to buy big multi-family properties, that's what it takes.

[00:09:30] WS: Yes. Yeah. No doubt about it. Tell me, though, are there a couple specific things that you started to do differently, or is there — was it getting up early or was it, "Okay, I'm going to make four phone calls today," or were there things like that that you said, "I'm going to start

doing these things.” Then that maybe it changed over time, but anything like that?

[00:09:51] LY: Yeah. Here, recently, and again, kind of going through that book. I get up early automatically. It's not a problem for me. It's usually 4:30 in the morning, and I'm up and I spend some time before the kids get up just working on stuff. But like I said, the change has been what I'm doing with that time, because what I really want to do is just jump on and look at properties, because that's the fun part. But what I've been doing instead is, really, right now, it's been building my brand. Again, from the Joe Fairless playbook. I've been doing a lot of work to build my website. I've got that going. Then I've been doing some work to do a podcast.

So BiggerPockets I think is a great tool to network, and my podcast. That's really what I've been doing, is I get on there. I try to answer — maybe a goal of mine would be like to comment on two conversations going on, on BiggerPockets. Then through that, I'll see people that I'm like, “Oh, this is a person that would really fit what I'm trying to do in my podcast. I'll reach out to this person. I'll connect with this person.” And it's amazing the connections you can make if you stay diligent about that, just doing a couple of those a day. People are really happy to talk to you, especially to be on a podcast and connect with you. It's amazing how many more connections I have now that I've slowed down and tried to build the brand and build a network of people instead of just looking for properties and going at it on my own.

[00:11:03] WS: Yeah, making two posts a day. You wouldn't think, “Well, that's not very much.” But over a month, well, think how many connections you've made. How many people have now seen your name, your brand that hadn't before. That's great advice. No doubt about it, Lee.

Let's talk about your road to that first larger multi-family deal. And then over all of that first deal and kind of what happened over those next four months. So you flipped a home, and was your goal from the very beginning to go large multi? I couldn't remember. You did the flip. What was your thought process or plan I guess I should say for that year?

[00:11:38] LY: Okay. Yeah, I like the idea of flipping. I still do. My dad's in construction. I like doing rehab. The goal was always to get in the multi-family, but the goal was also to flip. Yeah, once I flipped the first house, it was to build capital, but I was wanting to invest the capital in multi-family. After that, we actually did a duplex. I mean, basically we flipped out. We owned it

for a few months, and I did rent it out for a few months, but we sold that in under nine months. That was basically a flip as well.

Then I joined the apartment syndication focus group of the Cincinnati REIA, and just that really spoke to me. Mark Hutton runs that. He really showed us how to underwrite properties, because I understood the PNL and understood it a little bit, but he kind of took it to the next level of how to really underwrite properties. I just started doing that and I just started doing that with the properties that were online, you know, LoopNet. You can find some smaller stuff on Zillow. I wasn't trying to go real big. I didn't want to compete with guys like you, Whitney, yet. I figured to keep it small. I was just looking at anything from 6, 8 to maybe up to 20 units, and found a 16 unit property just 20 minutes north of where I live. It was an old school building. So it was kind of weird. It turned it into a nursing home, but then turned it into apartments.

I think that probably turned a lot of people off. It wasn't your typical. It was in a pretty rural area even though it was right outside of a pretty nice part of Dayton. And it had sat for a long time. It was overpriced. I just talked to the guy running the REIA group, Mark. He kind of became a mentor of mine and started saying, "Here are some deals." So I was looking at that one. So I just offered on it, and what I did was I offered 90,000 under the asking price. Which is a huge job, because they wanted 444. I offered 350. But it had been sitting for a long time. We did some negotiating, but they ended up coming all the way down to my price. Like they say, "Every deal is a good deal for a certain price", and that's kind of the approach I took and said, "If I can get it for this, then it is a good deal. It's going to need a lot of work. But if I can get it for this, then I can make it happen." So that's what I did.

Mark helped me a lot on that one. I've been talking to some friends from church about what I was doing for years, honestly. Randomly, a buddy of mine, a good friend of mine from church brought another deal that he found through a friend. It was an eight unit. Like I said, the law of the first deal, some people say when you get that first deal, Michael Blank said this, "It's almost hard to not do the next one." Well, actually on the day that we closed on the 16-unit, we wrote an offer on an 8-unit. On that same day — and then we ended up closing on that just a couple months later. Then followed up the next month with the 10-unit. Went from nothing — because I'd sold the duplex. Went from nothing to 34 units in just four months or so.

[00:14:09] WS: Congratulations, by the way, that's incredible. And just putting yourself out there and making it happen. It sounds like you not only — you did the flip, you knew you wanted to get into real estate, but you joined the meet-up, and ultimately you found a mentor it sounds like through that, right? That's just a game changer. I can't suggest enough or that people — You have some kind of a mentor. It doesn't have to be paid, but there's lots of good paid mentors and lots of — There's lots of the people that could be a great mentor that aren't going to charge you anything.

Okay. You got the first deal, and then all of a sudden, you're putting the LOI, or offer out on another property. Tell me about your game plan, say, for the next year. What's your business plan moving forward?

[00:14:50] LY: To me, buying smaller, midsize multi-family properties is one thing. I've been able to do them all with LLCs, with family and friends. I'm in the Midwest, outside of Cincinnati. So the purchase price is not real high. There're more deals like that available, and it's still hard to find like anything right now. I mean, it's still a hot market. It seems like it's still a seller's market. I'm waiting for it to drop down a little bit. I could continue to take down those properties, and they've been very profitable so far. Or do I kind of burn the ships on that and say, "No. My ultimate goal is to go big. To get into a hundred plus unit," — and stop messing around that and say, "Hey, I may not buy anything for the next year, but I really want buy those."

Honestly, I kind of believe in what some guys will say, is that there are steps to financial independence. I mean, that first one for us would be for me to replace my income and cover our expenses. I think through that, Whitney, probably that the quickest route would be to stay on kind of the smaller multi-family stuff. I think I do want to maybe stay kind of in the 16 to the 40-unit properties and get a few more of those until I can get enough cash flow to kind of cover our expenses where I could be a little more aggressive and take some time and really ratchet down what I'm doing as a physical therapist or potentially even quit that and really go all-in on the big stuff and try to become a true apartments syndicator.

[00:16:05] WS: Now, that's interesting. I like hearing how people just follow both sides of that coin in their plan there. Tell me a little about working the W-2 job and then while making this happen. I mean, I've done the same thing and making this happen. You got the family and wife

at home and you're working full-time, but you're able to do a flip, then you're able to get into numerous multi-family properties. Just give us a couple tips on managing that to make it happen for somebody that's getting started.

[00:16:34] LY: Yeah. Well, the real key to that, Whitney, was, like I said before, when I was climbing the corporate ladder, I don't feel like, for me, that would've been possible. I was putting everything into that job and still didn't really have enough time for my family. To add real estate on top of that, I could've done it because I could work around the clock. I really enjoy working, but my family would've really suffered. I'm glad I didn't. But I had a friend that was in it and he said, "Lee, is there any way you could do your job from home? Could you be more flexible with your job?" And there really wasn't. That's what helped convince me to go back to home health physical therapy, because in that case, my time is very flexible. Actually, to be honest with you, when I'm doing that, I'm not even working 40 hours a week. That's why I was able to do that. I decided — And I took a large pay cut. I mean, probably at least 25%, maybe even 30% pay cut, but just knowing that I wanted to get that long-term goal.

Now, I was still able to cover my expenses. So don't feel bad for me or anything. But, like, I did take a big pay cut just knowing that I want to build long-term wealth, not just make a lot of money this year. That was kind of the key. I guess that would be my advice to anybody; if you could do your job a little bit differently — I mean, a lot of people found out maybe they can do a lot of the job from home. So maybe that helps some people out, but that was a key for me is to actually go back to home health physical therapy, take a pay cut, but have a job where I could be more flexible and actually not work as many hours and then put those extra hours into the real estate stuff.

[00:17:59] WS: I appreciate you mentioning the pay cut, because a lot of people, they're living in our way right now that they can't afford to take a pay cut if they had to. I'm grateful that you shared that, because there is some sacrifice there, right? Also, it shows that your spouse had to be very on board to be able to do that. Also, she probably had to see that long-term vision of what you're seeing. You said you kind of have the mindset of the 10X where she's more maybe conservative about that. But still, she had to see that. She obviously has to believe in you that you're going to make it happen, and that says a lot about you and just your relationship, and I've lived it personally myself. I think it's so important. Grateful for you sharing that. Tell me a way

that you've recently improved your business that we can apply to ours.

[00:18:46] LY: Yeah. I think what I've really done recently is, like I talked about a little bit earlier, starting to try to build my brand and educate people. I've started a podcast. I started a website. That's taken a lot of time and it's been a financial investment, but I've already seen just a real neat opportunity to speak with a lot of high performers and then speak to a lot of people that haven't done much yet, but kind of starting to look to me not as an expert, but as someone that has more experience and people that might be interested in investing with me. That's a real change, because like I said, the first few properties, it was just family and friends. It was just that easy low-hanging fruit of people that invest with me just because they know me and they know my work ethic and my character. But now, I've started to build my list a little bit bigger where I'm now attracting some people that don't know me as well. And then I'm getting to talk with people and build a network of some people that are ahead of me. I certainly get to really learn from people ahead of me and then kind of pull up some people behind me and that might partner with me. That's a real difference for me.

[00:19:45] WS: What's your best source for meeting investors right now?

[00:19:48] LY: Probably the best thing I have done so far is the Cincinnati REIA, groups like that. Joe Fairless has one here in Cincinnati. There's one in Dayton as well. Then those meetups. And then probably networking with people in BiggerPockets.

[00:20:00] WS: What about the number one thing that's contributed to your success?

[00:20:02] LY: Yeah, I would say it goes back to the combination of having that 10X view, but sticking with the consistency. I think — I hear so many guys say that what's the number one thing? And they say consistency. That speaks to me, because it's so hard for me. I want to do the shiny object stuff. I want to do the stuff that gives me an accomplishment today. But that's what I'm really focused on and I feel like — like I said, my wife is real good about helping me remind me of that, and I feel like that's something God's put on her and working on me. So I think it's you got to have the 10X view, or you're not going to get into real estate anyway. But if you're not consistent, if you can't stay diligent on things, then I don't think you're going to go as far and have as much success.

[00:20:41] WS: How do you like to give back?

[00:20:42] LY: Yeah. Well, we have two young kids. It's been really fun involving them. I think what's needed is — anytime you have kids, you want to be your best version of yourself because you want to create in them the best version of themselves. We've really taken them along with us as we try to get back to our residence. We did something around Christmas. So we take them with us and drop it off at the doors of each resident. And then we did a little gift card. Just kind of trying to help people through this COVID pandemic with people maybe getting laid off or maybe not quite making as much and stuff. Just involving our kids in that and getting to see the joy that they have in it and getting to teach them the importance of giving back and sharing the blessing that God's given us with others. That's been really exciting for my wife and I.

[00:21:24] WS: Lee, I'm grateful for how you give back. I'm grateful for how you gave back to us today just being on the show. Appreciate you just elaborating on the compound effect and changes you had to make and how you and your wife. The name of your business as well and how you all involve the Lord in your business and in your life and just how that's helped you all have success and maybe even changed your mindset about some things compared to a lot of people. But climbing the corporate ladder was not the best way. It wasn't good for the family and even having to take a pay cut to make it happen. But then how you found a mentor and getting — what? Three multi-family deals in four months. So, congratulations again to you, and grateful for your time. Tell the listeners how they can get in touch with you and learn more about you.

[00:22:05] LY: Yeah. The best way would be just to look me up on my website. It's threefoldrei.com. You can email me at threefoldrei@gmail.com. And then I've got a podcast, Whitney, that I just started. It's the [Threefold Real Estate Investing Podcast](#). Yeah, any of those. If you can remember Threefold REI, you'll find me.

[END OF INTERVIEW]

[00:22:24] 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

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[OUTRO]

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