

EPISODE 656

[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 Andrew Keel. Thanks for being on the show, Andrew.

[0:00:32.6] AK: Thanks for having me.

[0:00:33.9] WS: Andrew has an amazing story that I know all of you are going to be able to relate to. I hope or going to be able to learn a lot from it. He hasn't purchased 20 mobile home parks in three years by sitting on his hands, that's for sure. We're going to learn and hear about his story, how he got started in this business.

Andrew is a top 100 owner of manufactured housing communities. His team currently manages 20 manufactured housing communities across eight states. Andrew is training also for Ironman Florida in November 2020. That's incredible, that's a lot to keep up with, I know you're traveling right now Andrew as well and you're probably trying to train at the same time so that's difficult, especially probably the eating while you're traveling right now.

Anyway, grateful for your time Andrew, looking forward to hearing this story. You know, why don't you back up and really share with the listeners the struggles and what you had to get through to make that first few deals happen or you know, go back even further to why mobile home parks and what got you into real estate?

[0:01:33.2] AK: Yeah, I'd be happy to. So, I started out flipping houses around the central Florida area, I was doing marketing to try to source off market deals and one day, I got a call from a seller that I'd received a yellow letter from me in the Ocala, Florida area and it was through a probate letter that we had mailed out and he had two mobile homes that were manufactured in the mid-1990s, these were nice vinyl sided shingle roof homes that were in parks up in Ocala, Florida that he was the executor of the will and he was in charge of selling these and liquidating these mobile homes.

That was my very first exposure to manufactured housing as a whole. I had no clue what was going on. I just knew that this was a motivated seller and a good deal, I mean, I went up, I met with him and he just wanted \$2,200 cash for both of the mobile homes. I knew, I mean, it would cost way more than that to build these things and they were in decent shape. They needed little touch up stuff, new carpet, new paint things like that. I did the deal, not really knowing how I was going to make money on them.

I bought the two homes for \$2,200 bucks, I got the titles, I came home and I got on YouTube and I typed in, how to make money with mobile homes. I found this guy named Lonnie Scruggs who wrote a book called *Deals on Wheels*. I just fell in love with this guy, fell in love with the business model to create mailbox money where I would buy these homes and then sell them on contract to an end buyer.

I ended up making a good profit on these couple of deals and then I ended up carrying it over and doing that again like 15 more times where I had several of these individual mobile homes that I had fixed up a little bit and then sold on contract.

That's where I got my start and what really intrigued me to the mobile home parks and manufactured housing business was the crazy amount of demands that I had for these two mobile homes. I'd fixed them up a little bit, took some pictures and put them on Craigslist and the demand was off the charts. I mean, I had like 25 people reach out in the first two days that were interested in buying these homes from me. I was instantly glued. I ended up meeting a park owner, a little bit further down the line and he basically explained to me the benefits of owning the real estate versus the personal property that is the individual trailers.

I had an aha moment and I just became obsessed with mobile home parks. I got every piece of training material, I went to all the boot camps, I just got hands on with every amount of content, every book, every webinar, every bootcamp I could get my hands on.

[0:04:14.3] WS: About how long goes this time when you're like, "Okay, now, this is what I'm going to do and I'm studying."

[0:04:19.3] AK: That was like 2014, 2015 that I was like diving in. I literally, from that lunch, I met the park owner, I went home and I wrote on my refrigerator, it's like a stainless-steel fridge, I wrote with dry erase marker that I wanted to buy my first mobile home park that year and it was like 2015. And then I kind of went through this, I think they call it the valley of sorrow where I didn't end up buying my first mobile home park in 2015 but it was always a goal of mine and I was building my funnel of leads.

I have started mailing out letters, I started cold calling and I eventually found a deal that was in Edwardsville, Illinois and I contacted an investor that was in the MHU bootcamp, the Frank and Dave bootcamp that kind of teaches us all about mobile home park investing.

I contacted an investor because I didn't have enough cash to take it down myself. He ended up partnering with me, we bought that first deal in June of 2017. And by that time, I had built this wave of deal flow that started coming immediately after we closed that first deal.

That first deal was a homerun, it was off market, we got a really good price on it and since then, I did five more deals with that same investor, all of which have been refied and all initial capital has been paid back and since then, I syndicated several deals. We bought a portfolio of five mobile home parks back in 2018, we're just continually buying parks and we love the business and it's been really good for myself and my family and created financial freedom for us. That's my story, and we love it.

[0:05:56.6] WS: Awesome, that's your story and you're sticking to it. All right, it's interesting that you found these two mobile homes and it sounds like you took action before you really knew much about them. You jumped in and made it happen and before you really educated yourself,

sometimes that goes really bad for people but I love how you took action and you said, this just has to be a good deal and it turned out to be really good but what gave you the confidence to really take that leap like that?

Because ultimately, if they had been really horrible and now you got these two things that are no good, you can't do anything with, it's going to cost you a lot to probably to get rid of them. What gave you the confidence to take action?

[0:06:38.7] AK: I was just at the time, considering the cost to build these two homes and I knew that there is nothing structurally wrong with them. When I was flipping houses you know, I had taken courses on that and what to look for in terms of construction and the bones of these two homes were very good. I was looking rebuilding these two homes was going to cost at least 20 to \$30,000 a piece.

That was really what got me to take action, I have done other things in real estate investing where I took action like that and it didn't turn out as well. I went to a class on note investing to buy individual notes and I said, "Okay, this seems like a really good business model." A month later, I got like an off-market opportunity to buy a note and the guy went bankrupt so the whole process got dragged out and we ended up losing money on that deal. So, this deal just happened to be a really good opportunity. And since then, I've even more so gone deeper into the manufactured housing space and it ended up being a really good decision.

[0:07:45.6] WS: Were you working full-time when you started this? Like another J-O-B?

[0:07:49.5] AK: I was not. No, I was doing the wholesaling and flipping full-time when I first started in manufactured house.

[0:07:57.0] WS: Okay. Let's talk about some of those growing pains, you know? You get into this business and sounds like you did five deals with that investor, then you bought a portfolio of five. If I had that right, quickly, you went to 10 deals. 10 parks. I mean, that's a big undertaking just immediately when you just educated yourself about mobile home parks. Let's talk about some of those growing pains, what were some of the struggles that you experienced there or maybe things you know now that you wish you had known then?

[0:08:25.7] AK: Yeah, luckily, I had gone to the MHU bootcamp and I went to a couple other seminar type of deals and I read a ton of content on these. I understood a large portion of this going into my first deal that saved a ton of heartache, you know, utility infrastructure's very important, due diligence is very important.

That was monumental in my kind of build-up phase to get to this level. Going from one mobile home park to 10 mobile home parks as quickly as I did, I would say, the biggest struggle was in the normal person thinks that, "Hey, you can work a 40-hour workweek." That just didn't exist. I had no life, this was my full deal, I was traveling all the time, it took a while before I was able to build out the operations team and build out the management structure to assist with the growth that happened so quickly.

I didn't have a lot of cash to be able to afford to hire property managers and things like that in terms of offsite operations, corporate office teams, structure, now we have 12 employees that are all off site managers and help us manage the on-site managers and it's a different structure entirely.

But in the beginning, it was me. That was a big problem, a big issue that happened and it was overwhelming at times.

[0:09:42.7] WS: For sure. I want to just stay on that point for just a second because I've experienced this almost a very similar story. It has not been easy, you know? It's been a big sacrifice for the whole family and I try to stress that point, you know, it's not, I mean, while I'm working two full-time jobs ultimately or you know, or did to make this happen for years, my better half is you know, she's working just as hard doing everything else.

A lot of those things people don't see when they think, "Okay, I'm going to go make it happen like that guy did, you know?" You don't see those things and you don't realize and sometimes I think ignorance is bliss, right? It's better you don't know probably in the beginning.

But what was that like, some of those most intense times was it more just being away from family or was it the stress of that many parks at once or maybe numerous issues that were happen-

ing and learning how to handle them, what were a few examples that were difficult that you had to work through?

[0:10:37.4] AK: Yeah, for example, my wife Katie is an absolute rock star. I could not have grown and built this business without her support just to tell you a little bit about her supportiveness. She moved with me with my – At the time, my daughter was one year's old, we moved into a mobile home park in Ohio and lived there for three months, that was a new property that we just purchased and that was really how I dove into the project and that was a fixer upper property, I really needed to be on site to manage contractors, manage the infill process and so forth.

Having that supportive spouse really is monumental to what I was able to do. Because I was living, it wasn't an eight to five normal job, this was from when I opened my eyes in the morning to when I closed my eyes at night, we were able to understand that upfront that this is a big commitment. But, in the end, it's going to be worth it and it panned out that way.

[0:11:39.4] WS: That's incredible, that's an incredible story of just the sacrifice that your whole family made, right? I mean, you all moved to a park to make this happen. It's so incredible and just the success now because of all of your all's just team work and sacrifice.

Okay, now you're at the park and you've grown, you got those 10 parks growing to that scale. I know you mentioned you were traveling a lot and just that you didn't have the team yet. What were a couple or maybe their very first hire that you made or looking back, what was the first hire that you made and then looking back, was that the correct first hire?

[0:12:16.9] AK: Man, I got so lucky Whitney. My first hire, his name is John Scortino, he was a buddy of mine from high school, we ended up coming together, he was working as a project manager for a software firm and they just weren't treating him right and he wasn't happy there and the timing just worked out. It was just one of those things that's bigger than yourself and I was able to hire him and basically, put him in charge of operations and I was able to focus on acquisitions so that we could keep growing.

That was just the best decision I've ever made and he's still with me today. He's up here in Nebraska with me, we're living out of a Holiday Inn Express, rehabbing the park that we just purchased and we're best friends and that was just, that is what has helped us grow to over 20 parks now is being a good team and understanding hard work.

[0:13:09.1] WS: Wow, okay. That's incredible. Not all first hires are that good, right? Exceptionally good. What was the next hire? What was the next important role that you had to fill?

[0:13:18.7] AK: Yeah, so after that we hired an offsite like an admin role hire and we failed miserably. We thought we knew what we were doing. We went through the whole hiring process and really try to take our time and we did a lot of assessments and DISC analysis, some things like that and then after the first month she said, "Hey guys, this just isn't for me. I was expecting this to be a little bit easier. I am going to step away." And we were like, "Well, what do you mean you're going to step away?"

You know we are at that time we were up in Illinois living and she was back helping us in Florida and handling accounts payable and things like that. So, it was really a crisis in the moment. So, it wasn't as good as my first hire, I will tell you that.

[0:14:02.8] WS: Yeah, I think we all go through those you know? And you learn and grow so much through a few of those. I can't even remember who it was now but I had somebody that said, "You know it was my fifth hire was just amazing. But it took that many for me to really learn how to find somebody and to train them." Most people say, "I am not going to hire a virtual assistant or somebody an employee because they are just going to leave" but you got to get started, right?

[0:14:27.3] AK: You totally have to and we've gotten much better. We have four virtual assistants now that are on our team and they're overseas and they're absolute rock stars and we in the hiring process, we now have tasks that they have to complete before getting to an interview phase. And we have learned a lot thankfully. But yeah there was some heartache early on, you know learning those processes.

[0:14:52.1] WS: What are some of these systems that you had to put in place that have made your life or your business success happen and much easier? What are a couple of those systems that were crucial to getting in place as quick as possible?

[0:15:04.8] AK: Definitely, so in the hiring process, creating a test before interviews was just huge for us because like for example on an indeed ad that we would put up, we get 200 applicants. But that doesn't mean that 200 of them are grade A quality applicants. So, we try to be very detail-oriented and set up our tests, our pre-interview tests very well. So that was one thing we implemented.

Another thing that we implemented that has been really huge for us is using Slack as a communication software. And for project management, we use Trello, which is like a project management software and it just took a lot of the time that we would spend over the phone kind of trying to train someone. Now we can systematize that. We can create a video with some screen capture, take that link and put it in a Trello card and it is there forever and then if someone quits, we can move the new person in and say, "Here is your Trello board. If you need to know how to do something you can go into a Trello card. Open it up, there is a video that you can watch how to run a background check," or whatever the case may be. So, systematizing what each position does has been monumental for our business.

[0:16:15.6] WS: Systemizing what each position does and that doesn't happen quickly, right? Creating all of those videos and being that organized. But long term, I mean that's incredible. I've done some of the same things. But as far as recording the screen and doing different things where they can hear you talking or walking through it and then they can watch it and it is so beneficial long-term. What are some of the let's say virtual assistants that are all over the world, what are they doing for you? What are their roles or capacities?

[0:16:44.8] AK: Yeah. So, we found like a little pocket of it is like it's been a gold mine for us, we found and we have three virtual assistants out of Armenia that are just absolute rock stars. I mean they are fluent in English, they are on the ball, all three of them were actually foreign exchange students and have lived in the United States and they are like project managers for us.

So, they are the direct contact for five onsite managers and they're communicating in Slack daily. They are updating their Trello boards; every park has its own Trello board that we update and they're communicating primarily with our head of operations through the Trello board. So that's been absolutely monumental for us. And we also have one additional virtual assistant that is our marketing manager and she is out in the Philippines and she communicates with each onsite manager. She helps get the ads or the postings for new listings on Facebook marketplace, Zillow, Craigslist, all the platforms to market new homes that we are selling in different communities.

And then she has her own Trello board that she keeps us updated with how many prospects have reached out and things like that. So that has been monumental in helping us keep our occupancy high.

[0:18:02.7] WS: Is she able to actually take calls for you and things like that as people reach out?

[0:18:06.9] AK: Yeah, she has her own Skype number and she can call and people can call her and I mean she just works her tail off and it's been awesome to watch. You know she really goes the extra mile and the way that we have set up her compensation is based off production and she really works hard and it's been really awesome to watch because it takes time to get back to every lead, to keep the Trello board updated. She does a great job so we are thankful to have her and to have found her.

[0:18:37.9] WS: So, you are paying based off of production or percentage something like that. So how did you decide to do that versus just an hourly wage?

[0:18:46.5] AK: Yeah, so she does have like a base pay that is an hour wage and then she gets bonus based on how many applications that are received per week. So that just was something that I grew up with, you know pre-real estate, I was in sales. I was a sales manager. So, I wanted to make sure that there was a carrot that was always something they would be working harder for to kind of reach for instead of just receiving an hourly wage whether they worked hard or didn't.

[0:19:14.4] WS: So, what is next for the Keel Team, what is happening now or what are you pushing towards now?

[0:19:20.0] AK: Yeah, our goal is just to continue to grow. I have a big goal of owning and operating a \$100 million in asset value in mobile home parks. You know we are definitely staying in this vertical. I mean we have a mobile home transport company that we have started that helps us with our value-add infill projects. Like I said right now, I am living in Norfolk, Nebraska on a new acquisition and we just plan on continuing to buy parks and grow our portfolio and you know really work on the value-add component because that has been successful and profitable for us.

[0:19:55.7] WS: What's been the hardest part of this journey for you over the last three or four years?

[0:20:00.9] AK: You know I would say hiring. That has been the toughest part because the first hire I made it kind of felt too easy and I got spoiled and then there's been other hires after that that have you think are going to be rock stars and then it doesn't work out. So, you have to replace them and move someone else into that role.

But I would say what has helped us overcome that is creating a Trello board for each position and then putting those videos, those how to videos on cards. So, they have like an encyclopedia to reference in the future if they need to know how to do something and that's just saved a ton of time.

[0:20:38.3] WS: And now you are using Indeed and you have a test before the interview process.

[0:20:45.3] AK: Yeah, there's a process that test their tech savviness. Another hire that I made which was, I could tell a whole story about this but she went through the test and she had her daughter do the technology piece. You know like I had her create a Google Spreadsheet and then share it so that way it was editable and you know it was perfect. Well then, she got into the position and it was blatantly clear the first week that the tech savviness wasn't what we thought

it was and it turns out she had her daughter complete the test for her who was a college-age millennial.

So, you know there is ways around it but again, we're learning as we go through this and improving our systems and trying to get better.

[0:21:29.2] WS: Yeah, a few integrity issues there, so what about a way you have recently improved your business other than hiring that we could apply to our business?

[0:21:38.7] AK: I would say one thing that was really helped us is the VAs. You hiring virtual assistants because you know they are cheaper. They're less expensive but you can get really quality people that are – It is a win-win for them. You know they have good stable employment during this COVID crisis, a lot of people overseas are unemployed as well now and you know working virtually is an attractive thing for many people just not in the US.

So, we were able to acquire some really nice virtual assistants that are very impactful on our business and I would say that is something that everybody should do.

[0:22:17.2] WS: And how did you find them again or was there a virtual assistant company or something like that that you went through or how did you find them?

[0:22:24.3] AK: Yeah, there was several websites that we posted the ads on. So, I am not sure which one specifically it went out to but you know, we were just post ads on the job boards specific per that country that we were targeting.

[0:22:38.8] WS: Okay. So, what's your best source for meeting new investors right now?

[0:22:44.1] AK: Best source for meeting new investors I would say is referrals from previous investors. We have a good number of people that reach out to us and I'll be honest, we don't have a fund. We are doing individual syndications and we have a smaller team. So, we are only able to do five to seven deals a year but with that, you know we usually have pretty good demand for investors just based off of the network that we have been able to build.

[0:23:09.5] WS: What's the number one thing that's contributed to your success?

[0:23:12.8] AK: I would say tenacity. You know whenever I hire someone, I always tell them up-front like, "Hey, this is not a sit behind a desk and kind of look at social media all day." This is very involved, we hustle. We are very hands on and one thing that I always tell a new hire is we just don't send an e-mail off and expect someone to read it and get back to us. We're the type that sends the email, we call afterwards, make sure they got it and we call until we get an answer that we need.

So, whether that's with contractors, whether that is with insurance agents, whether that is with a seller, we're very tenacious and we attack it and I think that is why we get things done a lot faster than other operators.

[0:23:53.7] WS: The follow-up process is key.

[0:23:56.8] AK: It is so key, yeah.

[0:23:58.2] WS: How do you like to give back?

[0:24:00.2] AK: I love to give back many ways. We are very involved with our church. My wife and I are. One thing that I started doing is newer operators that are in the mobile home park space they will bring deals to the table and I have partnered with several of them on raising the money and then helping with operations. If they would bring a deal that fits the criteria, we would partner on deals together and that helps them get their foot on the door. So that's something that I have done in the past and hope to continue in the future.

[0:24:28.9] WS: Wow. Well, Andrew, amazing show. Just amazing story and I just appreciate your willingness to share and let us all learn from just your hard work and your whole family sacrifice ultimately. And I just want to say congratulations on reaching financial freedom and just making it happen and ultimately a short period of time, right? I mean you have done it but that does not happen without a lot of hard work and just being willing to keep getting up after getting punched in the face, right?

I like to say that, you know it happens and it is those that keep getting up are going to make it. So, congratulations to you. I know the listeners would love to learn more about you. How can they get in touch with you and learn more about your team?

[0:25:11.8] AK: Yeah, the best way would be through our website, that's keelteam.com. That's just keelteam.com.

[0:25:22.9] WS: Awesome, Andrew. That's a wrap. Thank you very much.

[0:25:26.2] AK: Thank you, Whitney. Man, that was a great show. I really appreciate you having me.

[END OF INTERVIEW]

[0:25:30.3] 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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