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[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 y our daily real estate syndication show. I'm your host Whitney Sewell. Today, our guest is Devin Elder. Thanks for being on the show again, Devin.

[0:00:33.5] DE: Whitney, great to be on, great to see you again. Thank you for having me.

[0:00:36.8] WS: Yeah, great to see you again, I'll always enjoy catching up with Devin, I know we've met a few times in person at different conferences and events and he was on the show, show number WS28, it's hard to believe, it's hard to even think about that now, it was November the 18th of 2018. It's been too long Devin, happy to have you back.

But a little about Devin in case you haven't heard of him before. He's a host of the DJE Podcast, a weekly show interviewing the top commercial real estate investment experts in the country and is himself a regular expert guest on the top multifamily investment podcasts in the world.

He's cofounder of Apartment Educators, a dynamic network and knowledge base platform for aspiring an established real estate professional in the central Texas area. DJE Texas management group has handled over 200 real estate projects, 2,000 multifamily units and a portfolio exceeding 130 million dollars and has evolved into a holistic real estate investment enterprise dominating central Texas market.

Devin, honored to have you back on the show, you're a perfect guest and I know you have just become a known expert in multifamily space. Looking forward to just catching up with you, hearing about the growth of DJE and just the progress you've made since we've talked last on the show which was November of 2018.

But then also, just the turbulent times that we've experienced over the last few months and getting your opinion of what's happened and you know, as many – as large as your portfolio is, just really hearing your outlook on what's happened, how you all performed, what you've maybe did differently or what you had to change, you know or do differently and just your outlook on the future as well.

Get us started and update just a little bit about DJE and let's dive right in.

[0:02:27.5] DE: Yeah, sure, thanks so much, Whitney. You know, I couldn't believe that our interview was in 2018 and we're talking mid-2020 right now, I felt like I was just on your show so you know, it just goes to show, just stay busy, work hard every day, the time's going to fly by and if you stay diligent, you can grow stuff. And you know, your podcast as you said, you know, we're in this 600s on episodes so I love it! Kudos to you on that, especially a daily podcast, that's incredible man.

A little bit about kind of the last this year 2020, it's been an interesting year for everybody, you know? I am very pleased to say kind of performance wise across the portfolio, we've seen great things, right? The teams on site have really stepped up but we've seen great things in terms of occupancy, collections, traffic, sign a new lease, renovating units, seeing rent premiums, all the stuff you want to do when you go in and operate. Certainly, very thankful about that.

But you know, this is not without some pain for us and part of that was on the acquisition side, this is something that I tend not to focus on because it was just painful and you move on but we got a deal under contract, it's 20 million dollar deal with some hard earnest money at probably the worst week in the last decade to do so. Right?

It's 250k of earnest money, 100k which was hard and that was a deal I had to walk away from, I had to walk away from a hundred K out of my pocket which was certainly the biggest loss I've ever suffered in real estate. And I just want to be transparent about that for folks. You know, we're real proud of about pounding the drum that we've never lost investor capital and stuff but I got caught with some hard earnest money on a big deal that were real aggressive on our offer, and is the first deal I've ever had to walk away from and it was because it was occupancy challenged property and in March of 2020, the lenders just, like everybody else just said, "Pause," right? "We're not doing anything."

That was painful, hindsight, obviously, I wouldn't have put hard earnest money up on it but at the time, I made the best decision that I could.

[0:04:31.3] WS: Before all that happened though, that was very common, right? I mean, before all this happened, I mean, to be competitive, you had to do that.

[0:04:38.0] DE: Absolutely. This is a deal we felt great about for a lot of reasons and it was just purely a timing thing. I don't really beat myself up on it. I'm not thrilled about it but at the end of the day, you know, we had raised some capital, you know, we already had investors wiring funds and you know, we had to send out emails and say, "We're real sorry, I know everybody spent some time reviewing the PPM and getting excited about this deal but the world's kind of crashing around us, we don't know what the next, what's ahead and we're out of this deal and we'll wire some money back."

It was unfortunate but it was also just not something I don't know that I would have done anything different, right?

[0:05:13.3] WS: With the information you had, you did the best that you possibly could have, right?

[0:05:17.3] DE: Yeah, that's right. Obviously, with perfect hindsight, I would have changed some things but with information I had, you know, I don't think I made any missteps other than a timing thing.

If we look at kind of this 10-year cycle, if the 2020 is the dip, I mean, shoot, we don't know what's ahead, there may be another shoot or drop but if this is a dip, that is great. Because everything else performing well. We have this thesis as I'm sure you guys do, that we talk about all the time that multifamily's resistant to recessions and we've got a product that's affordable to a giant contingent of people and you know, that thesis really held up.

Well, you know, imagine, all the other expenses that everybody cut this year, right? Whether it was discretionary or just plain not being able to go out and spend money at a restaurant, right? All those kind of expenses were cut but housing is really – you're only cutting that if you're in serious dire straits, right?

For the most part, we've seen everybody kind of stay put. Very thankful for that on the operations perspective and then look, we've sold two deals and we're buying another deal in the midst of all this. I don't want to come out and say it's business as usual but it's not too far off from that.

[0:06:33.3] WS: I couldn't agree more. I'd love to hear a little more about maybe you can elaborate just a couple of minutes on how the properties performed during all this from March to now or through July and maybe a couple of things that you all had to implement or do differently because of what happened. Maybe you didn't have to but just because of the unknown, maybe you did. You know, anyway.

[0:06:54.6] DE: Yeah, the first thing we did, I guess from – we kind of have – I think of it as two divisions, right? Property management division and then kind of the investment management division and like a lot of operators and sponsors, we came out when all this hit and said, "Hey, we're pausing distributions. Properties are going great, we're well capitalized but if we run into some issue here, we go down at 50% occupancy and the world falls apart, we don't know what's coming, we're going to pause it, we have a preferred return on all our deals that continues to accrue so we did that immediately and then we pause any nonessential capital improvements."

All right, unless it was life and safety issue on a property, we said, "Stop everything," right? Just push pause and then we said the same thing on acquisitions, right? We're usually pretty busy out there looking at deals and underwriting deals, we just sold all the brokers, we're going to stop, see how this pans out.

Kind of from an investment management side, that's what we did and fortunately, since then, we've been able to resume distributions, resume renovations et cetera and then there were some things that the property level which masks first the staff, creating appointment hours, putting signs up and this is all kind of handle the property management level.

There's been some interesting things as we sell properties on buyers doing due diligence, we've h ad to do some video walkthrough of some units for some buyers, right? Because people don't want to interact face to face. Totally understandable. So, there's been some components of that there.

And then there's been a component too of helping folks that need it with rent assistance, programs. There's already a litany of rent assistance programs available through the county or through various programs and then Bexar County where we operate, just about all of our properties came out and said hey, “”There's a 30 million dollar war chest here for people to get rent assistance and really, all I have to do is apply for it.”

If we had residents say that they couldn't pay rent, we had a pretty good answer, say, “Well, here's this and this and this and you can go get some assistance,” because of those things, we really didn't see occupancy dip at all. I mean, we didn't see any issues, we have some standard, there's always kind of a monthly battle on collections and getting collections down to zero and stuff like that, that' just kind of the day to day, the business.

But we didn't see a big COVID inspired dip which you and I were talking a little bit before the show. You know, some of the properties, we were performing better than we had because I think of the increased attention and you know, this maniacal focus on operations and looking at collections daily and looking at traffic daily where maybe we would have looked at that weekly or biweekly before –

[0:09:36.0] WS: There's a lot to learn from that, you know?

[0:09:37.5] DE: Yeah. That's right. On some of our properties, it was going back to management company going, “Hey, we're doing better now in amidst of all this chaos, what have you all been doing all year? Why aren't we at 100% occupancy, you know? This time last year and we are now." You know, there's some of that which is certainly a good problem to have.

And then just trying to be handling any issues one on one, we didn't want to come out with a blanket and nobody wants to come out with a blanket statement that says, "Hey, you got to pay your rent or you're out, no matter what's going on." There's some one-off kind of working with residents through the ratios but there are some support too from the county there on rent assistance and you know, I'm thankful to say that a friend of mine said, if we would have just gone on vacation for a couple of months and come back, they would have been like nothing happened and that's really what we've seen fortunately.

[0:10:35.2] WS: Nice. You mentioned a couple of things there I wanted to ask you about. Even like pausing distributions, what's the impact of that and you know, say, for your investors or for just the deal itself, positively or negatively that you could highlight?

[0:10:50.6] DE: Yeah, I mean, we've never had to do that, right? In all the time of doing this, that wasn't a decision that I was pleased about doing. I mean, I love sending our distributions out and investors love it and all that stuff. But we just wanted to be in a strong cash position as possible. It really didn't change anything from an operations perspective, we just had to say, "We don't know what the future holds and it's just prudent. If we go down to 50% occupancy and we've never done a cash call and I never want to."

We just need that war chest to hang on to it. We communicated that this is, to all our investors that this is a big decision, we don't take it lightly, we want to be in a strong cash position but then really, the silver lining and all that was, "Hey, pref accrues." You might not get a distribution for a quarter. Cash in hand, but it's still owed every day, it's accruing to you. We'll catch it up as soon as we're able to, as soon as we feel like it's prudent to.

Kind of from that perspective, almost kind of zero impact to investors and we got a lot of positive feedback on it. "We're not thrilled but we completely understand and we're behind you on having a strong cash position while we figure all this stuff out." It was definitely the move to make and then we all kind of celebrated here internally too when we resume the good news and say, "Hey, we're sending out distributions, we really were not impacted financially. We continue to operate and continues in distribution."

You know, all is well that ends well but it was a scary time there, kind of in March, April period where we just you know, April 1 collections was huge for everybody globally in the business, right? May 1 and June 1, our banks were asking us how collections are going and when we're kind of monitoring it so those were an interesting couple of months there, not that we're completely out of the woods but hopefully we're well on the way to just continuing high occupancy, low delinquency and strong collections.

[0:12:58.2] WS: Right, I appreciate you elaborating on investor's responses a little bit, that was going to be my next question just h ow they responded to that. I mean, the last thing they want to happen is for you to lose a property, right? Even if we have to delay a distribution but we can maintain the deal and not lose it well, then we're all better off, right? Makes complete sense. Is there anything specific about the numbers that allowed you to say, okay, we're going to continue with distributions or was it just that okay, we really weren't impacted like we expected, what was that main thing that helps you make that decision?

[0:13:33.5] DE: Yeah, I wish it was just a continuation of operations, strong occupancy in the 90s, kind of across the board, low 90s, high 90s depending on the asset, strong collections and said, "Hey, listen, this month kind of look like previous months, there's no reason not to resume distributions." I mean, it just wasn't – I mean, I don't want to make light of it because a lot of stuff has shaken up and listen, I really don't want to make light of it because there are other businesses we know for certain are going to just be flattened and go out of business, right? Restaurants and on and on. I don't want to make light of it.

But our numbers kind of look like previous numbers. Okay, there's no reason to withhold distributions now, we feel good about our cash positions so it was almost like not much had changed and so, time to get back to normal and we saw that from a lot of operators, kind of across the board like all right. We saw hopefully what's the brunt of it, we saw minimal to no impact and let's just go ahead and start resuming distributions.

[0:14:35.3] WS: Nice, okay. You mentioned earlier as well like you paused buying, you reached out to brokers and say, "Hey, we don't know what's expected right now, we're probably not in buying mode, you know, currently." Tell us about just the thoughts behind that a little bit, you pause but now you have a deal under contract, how did that change and what were some thoughts there to say, "Okay, you know, we're ready to move forward on a deal now," and then we'll dive into that a little further.

[0:14:58.7] DE: Yeah, I think the most important thing on the pausing acquisition activity was we really need to free up some internal time and resources. I mean, I can't be looking at deals and tutoring deals and stuff like that. That takes a lot of time and energy as you know and we just said, "Hey, as a company, we are 100% asset management focused for as long as we have to be, right?" That was really helpful internally to just completely shut off any time an energy spent on acquisitions.

Now, we did have a deal under contract that we closed during COVID and it took a few months and that wasn't fun to tell investors why, we're going to close here and we had closed two months later, that was definitely not fun but we got it done and obviously there are some challenging credit market stuff we had to work through. That was good and everybody's happy on that deal now that we're off to the races and sending distributions.

But it was really kind of an internal resource thing to say, we're just not looking to deal. Also, we had some uncertainty in the credit markets, right? I mean, I don't want to put a deal under contract if I can't have certainty that the lender is – can't close and I just been burned by this deal that I had to go out of contract and lose earnest money on is I need a little time personally to kind of collect myself after that experience.

You know, all of that played together just conserving energy and resources internally to focus on asset management. You got some uncertainty in the credit markets where we don't even want to deal with that level of uncertainty. Just kind of a period of getting over that deal that we got burned on the acquisition side. It just needed some time.

And then recently, we started evaluating deal again, you know, your credit markets are stabilizing, you've got a COVID escrow requirement with just about any lender but we found some creative ways to work around that. It's having minimal impact so we're ready to go out and do deals, you know? Investor appetite seems to be there, folks have been sitting on the sidelines for a number of months now, seems like everybody's kind of ready to get back out there and start investing again which is good so I would say, kind of the main impact for right now is just that COVID escrow requirement for the lenders where they want to see a year's worth of payments, escrowed with them upfront.

Other than that, you know, I think we're ready to start looking at deals we haven't seen. We've seen a few deals that were distressed prior to COVID, they're really hurting now. But in general, we haven't seen a lot of huge price reductions. We just sold a deal last week and we should be selling a deal in the next couple of weeks where we're happy with our price, we're not seeing big price reductions there as a seller. Also, as a buyer, we're not seeing a huge price reduction on as a buyer. In that regard, it's kind of business as usual on those pieces.

[0:17:54.6] WS: Nice, you know, I like how you said, it's about freeing up time and resources and that you all were 100% asset management focused as long as you have to be, I love h ow you said that because it is like in a crisis like that, "Okay, we're going to focus on managing what we have," right? We got to maintain what we have and that has to be our focus and so that's awesome, okay, we're going to devote all resources there. Okay, now, it's all having turned out near as bad as it could have been and so now we can keep moving forward.

And so, could you highlight just a little bit on the COVID escrow requirement, what that is and how does that affect your underwriting a little bit as well?

[0:18:33.0] DE: Well, I think if – just to define it, you know, the lenders that we've talked to have said, "We'll loan you this money, we'll give you, you know, just to kind of highlight a deal we're working on now, three years interest only. You got to rate in the mid three's, fantastic, you've got a good loan to value, you know, 75, 80% loan to value. Kind of all these standard terms. But we want a year of our payments upfront, we want to hold that in escrow."

And then there is a whole paragraph in the term sheet that they'll release it when shelter in place orders have been lifted for 90 days. I can't remember all of the specifics but they want to make sure there is not a government mandate that is going to jam them up. So, they are taking that money upfront. Now, if you just say, “Hey, you know on the deal we’re working on it’s in the $9 million range. It’s $400,000 that the bank wants escrow.”

If you just add 400K of equity to the raise it is going to hurt returns that is not going to be helpful, right? Because we might be doing 400K CapEx period on the whole property, 500 to 600K. So, if you just stick it in your underwriting as additional equity, it doesn’t work. So, there’s got to be a work around, as a syndicator anyway. I mean if somebody is out there just buying deals cash or they’ve got one partner or they have a different criteria, sure they can get around it.

But as a syndicator, you are looking for every dollar to be able to hit those returns or exceed those returns that you’re giving your passive investor. So, a couple of approaches that we’ve looked at and that we have seen other operators look out. One is to raise the money as your CapEx and just delay your CapEx, you know? So, if you’ve got a 400K escrow requirement with the lender, they are saying, “Hey, we want to hold your payments.We’re going to take it, we’ll release it to you after as long as the property is performing and we need at least 90 days where there is no shelter in place orders from the government,” etcetera.

So once those things happen, you can get it released. Now there is a bank and it puts some strings on it to release that money. You know are they going to come inspect and say, “Well, we want you to do this and this” they may, right? They are the bank and that’s their prerogative.

But one workaround is to say, “Okay, of the COVID escrow requirement we’re going to actually use that” for let’s say exterior CapEx or interior CapEx, you know paving the parking lot, re-branding, whatever you’re going to do. We are just going to delay it out six months. So, we are going to buy a property, go in start operating, making some minor improvements. We just know it is going to take us six months to get to that money and that way you are not actually raising any additional equity.

Another way that I have seen this play out is if a seller is doing well on the exit, they might escrow that for the buyer, where they are just saying, “Hey, we don’t want to lower our price but we’ll escrow this money for you and then we’ll get it back from the bank in the next six to 12 months,” whatever the case is. So those are the workarounds.

Another option is just to have the sponsor just put up the money, right? I mean if the sponsor got the ability to just float the escrow and then they get it back themselves then that doesn't impact equity. So, all three of those are options that we have looked at to get around this and frankly the hope, this stuff is changing pretty rapidly with Freddie and Fannie and hopefully with any luck in the next couple of months, this COVID escrow goes away. But you can't –You know like a lot of real estate, you got to get creative. You can't just roll in and add 400K to your equity requirement and move on down the road. It is going to tank your deal.

[0:22:03.4] WS: No, I am grateful for you highlighting that just creative ways to think about that. That's awesome and some great value right there, Devin, no doubt about it. Anything specifically that we haven't talked about that has changed about your underwriting or buying criteria moving forward?

[0:22:18.6] DE: Yeah, great question. I don't think so in terms of exit cap or what we are doing with capital improvements on a property. But a big change for us this year was starting a property management company in house and that was something I have resisted for years. It came down to finding the right person to head it up and that's been really cool because sometimes with third parties there is some fat in those expenses. You know I won't go into too much detail.

But what we are really excited to be able to trim some fat and get just super stars on these properties because as you know I mean it is amazing but you are talking about multimillion dollar investments and a lot of it rests on somebody working in the office that's got kind of an entry level job, right? Or maybe a few years in the job and so much of that investment rides on them. So, I am really excited to finally have the portfolio and the ability to put together a property management company.

And so, we have taken over a handful of our assets and we will continue to do so and it is that much tighter integrated. I just need it to be at a size where I can hire somebody to run that. I personally didn't have the bandwidth to run it. So that is a big change for us and that lets us be more aggressive I think and maybe not aggressive but more certain of our OpEx budget and our CapEx budget going into deals is it, "Hey, instead of trying to get through some bureaucracy and talking to this person and this person."

I go next to my office and talk to my VP of operations for the management company we hammered out right there. So, I am really – I never thought I would say this, I am really excited to own a property management company and you know looking forward to what that is going to be able to do for our portfolio in terms of NOI performance moving forward.

[0:23:59.2] WS: Yes. It would be neat to think about your NOI now or six months ago and then think about it a year from now or two years from now and just see how that's performed and what's changed but what's your thoughts about the future say in six months to a year and just buying mode and what do you expect?

[0:24:16.5] DE: You know we had some pretty aggressive goals for 2020, which is you always get a little dose of humility sometimes and that's okay. So, we adjusted our goals for 2020. We got one deal we'll close here in a few weeks. If we could close one more, if we can close a deal in Q4 that would make my day. We'd be fine. I think for me personally, it's tempered a little bit about how aggressive I wanted to be on the acquisition. I am really especially since starting the property management company that's changed my focus a lot.

Because we are not just – I think I had kind of a turn and burn mentality before where hey, we're going to buy a property, slam a million bucks of CapEx into it, get out in two years and make everybody a bunch of money. And now that they're our employees, I think we might have a little longer focus now, where we are trying to build people's careers and so I think we are going to move a little slower on the disposition and a little slower on the acquisition too.

We want to buy the right properties. Our criteria is always been to buy in our backyard in San Antonio and we just want to buy a handful of properties a year in San Antonio and have a place for people to grow their careers inside of that and I think you know by focusing on all of that that all results in NOI performance but that is our goal is to continue buying in our backyard but bring our own management company in and I think it is just going to mean we move a little bit slower on the acquisition side and the disposition side, you know?

And multifamily lends itself to that, right? I come from a house flipping background. So, my mentality has always been just go-go-go-go. I think that is starting to slow down a little bit. Let's buy the right assets, good areas where we can improve and hold it for three years or more and grow people's careers inside of a management company. So that has been rewarding so far and look forward to continuing that.

[0:26:06.7] WS: That's awesome. I love that mindset too just thinking of your employees too. I think your whole business will go further and just keeping them in mind like that as well but you know just a few final questions before we run out of time Devin. You know, what are some ways that maybe you were prepared for this pandemic? You know you didn't know it was coming or some ways now that maybe you preparing in the future differently for something like this to happen, some kind of downturn?

[0:26:32.9] DE: Yeah, so I mean it is so simple but I feel like I am going to sound like an old timer from here on out and it's just cash strong, right? Get debt down to nothing. I mean new properties are going to have debt, right? But I own a lot of different businesses and I want to be in a stronger cash position than I thought at the beginning of the year. So that's been a huge pivoted focus to say, "Hey, let's get everything in a real strong cash position."

Let us minimize any kind of liabilities or debts and then also you know on the operating side for all of my companies you know I want recurring revenue, which maybe isn't the most exciting thing if you've got some recurring revenue to cover expenses but I want those pieces in place. So that has been a little bit of pivot there is more cash reserves, more ways to have recurring revenue and maybe that just needs cutting expenses on certain things.

So that your existing recurring revenue covers things and I always heard that over the years. You know, cash flow is king and recurring revenue and all of that stuff and so I think we're looking forward to a lot more even recurring revenue. We'd cut a lot of expenses too, right? I mean there was ways to tighten the belt that I hadn't really thought of before COVID that we've done. So, you know that piece is exciting and I feel like I am just settling in for the next 10 years of the business with good teams in place, the management company and strong cash position and we were in strong cash position across the board before. It just really highlighted how important that was, right?

[0:28:08.2] WS: Yeah, cash is king. If you have it in the bank, I mean it is comforting, right? Something like this happen so you can weather the storm a lot longer. Do you have a way of calculating like you know how much reserves we need or maybe when you are doing your underwriting or is there – what are specific things are you looking at to calculate your amount of reserve that you want say from day one?

[0:28:28.6] DE: Yeah I mean my goal for any company I own and whether that's a property or a management company or something else, I like to have six months operations in the bank and more than that, you're going well, and I mean I actually looked at that during COVID. I said, "I don't know, what if all revenue stops? What are our bare essential bills we have to pay, right?" so six months to me feels like a good number that's not –

You know, do you want three years of cash in the bank? I mean at that point you are just not deploying capital wisely. But I think six months I think is a good number that I feel comfortable about across any company that I own or that I am a part of.

[0:29:06.4] WS: What's been the hardest part of the syndication journey for you?

[0:29:10.4] DE: The hardest part. There is so many challenges to overcome but from a personal perspective, I did not have a framework for dealing with a lot of money growing up, right? I started with nothing, didn't have any money growing up and so that was a very difficult thing for me to overcome. And I can see you know with my kids that they are going to have a different perspective on wealth or money or lack or abundance, right?

And so there was definitely scarcity growing up and I think that was real hard for me to break out of that mindset to say, "Somebody's given me a $100,000 or a $1 million or $5 million." I need it to stretch and grow as a person to be able to kind of get comfortable dealing with that amount of money. That was a big personal challenge, which is almost kind of silly because that is completely in an internal battle but for me personally that was a tough one.

All the technical stuff, shoot man, I mean had we had challenges on the properties? Absolutely, right? I mean had we had every manner of business challenge you could imagine? Yeah, absolutely but in terms of coming into this business and growing in this business, that was a big roadblock for me just getting my mindset around being a steward for that amount of capital and so I grew into that over years and that is how I overcame that. But that was a big roadblock for me.

[0:30:29.8] WS: I think you and I can relate a lot on that a very similar story to what you just said and even thinking through, you know we were talking with my children. It is more like we need to buy a lawnmower; you know? I mean something that simple I'm like, okay well you know, I got a few estimates of somebody else mowing the yard and this is what it is going to cost us to buy the lawnmower to be able to mow the yard or you know like what is my time worth mowing the yard?

Thinking through those things, you know that is not the way I was raised to think like that. But what is my time worth, how long is going to take us to pay for a mower if we just pay somebody else to do it? Somebody came and it's so much cheaper than I expected you know? I am like, "Okay, my time is more valuable doing something else," you know? So that is interesting that you are thinking through that too and teaching your children things like that where they are going to learn but what is a way that you have recently improved your business that we could apply to our business that maybe we haven't talked about?

[0:31:21.9] DE: Well you know, we are big on systems and automation. We love our investor portal. I think about the amount of time that that saves. So, I mean if you are syndicating deals and you are in more than one deal, you know I love an investor portal platform for signatures and distribution. I mean just the distributions alone, you know being able to just upload an ACH file to the bank and send it out. I mean we just sold a deal.

We are sent out close to 4 million bucks in distributions and it was ACH file, right? So, something like that and it is funny historically on that property we had sent checks quarterly, which is a giant administrative nightmare I won't even go into but to something simple like that. The money is getting delivered just the same and it saves a ton of everybody's time and investors appreciate it. So, I am always looking for any kind of technical automation to improve the business, just kind of at all times. So, I mean that's one kind of low hanging fruit I think that anybody's business could benefit from.

You know another one I'll mention is Slack and we started using that internally this year. I love it, I mean I love it. Our internal email has gone down to near zero, right? It was just a chat application where we've got the corporate team on there. We are not using as much at the property level, maybe an opportunity there.

But just for the corporate team to communicate that has absolutely steamed line things and like I said, almost cut email to zero, which has been fantastic.

[0:32:51.2] WS: Do you integrate that with other software that you all are using?

[0:32:54.9] DE: Not really. I mean there is some Google – we use Google Docs for our file management system and we use a CRM. They don't really talk to each other too much. It is just between myself, my office manager, our VP of operations on the property management side and our investor relations/marketing person. We can all kind of coordinate and it just – you know you think about email as really an extension of writing letters.

And so, there is a salutation and there is some politeness and stuff like that. That all takes time. You know, Slack is just chat. You know I don't have to say, "Hey, so and so dear this and that" it is just, "Did this check go out? Did this invoice get paid? Did this get scheduled?" And people put a thumbs up on it, you know? It is just so much more efficient because we live in this texting world. So, I love that. You know I don't have to go and write some big email acknowledging somebody.

I put a thumbs up sign on a comment and everybody knows I saw it and I approve it, which is what we love that.

[0:33:54.3] WS: Yeah, wow what's your best source for meeting new investors right now?

[0:33:57.6] DE: Referrals 100% I mean it will always be that way and so we want to take real good care of our investors and we have all kind of marketing channels and stuff but by far it's taking care of existing investors because they are friends with people like them and I think it will always be that way.

[0:34:17.1] WS: Number one thing that's contributed to your success?

[0:34:19.3] DE: Perseverance. I mean I've been kicked in the teeth so many times and I decided almost a decade ago that I was going to make this work no matter what. I put my entire life and savings and everything at risk to make it happen, burn the boats and have never once considered not doing it and I think that's made the difference as commitment and perseverance regardless of anything and so I have developed almost a stupid level of perseverance.

It doesn't matter what happens, I go, "Yep, okay. Well, I know I am not quitting and I am not just going to leave." You know I have been married 12 years. I have never once thought, "This thing is not working out. I am out of here" right? You just don't. You commit and you commit for life and that's what's been the biggest thing for me.

[0:35:05.7] WS: I love that mindset. Yeah, I think that's a decision, right? You have to make that decision you're going to be that committed and moving forward. That's awesome and are you still playing the guitar?

[0:35:15.5] DE: You bet. You bet. Yep. It is a big stress reliever. I love it, yep.

[0:35:20.7] WS: How do you like to give back?

[0:35:22.6] DE: Well I started a foundation this year in 2020. So, we started the DJE Foundation. All of our companies contribute to it every month and we support some really cool things. We support our church here locally, we support some other Christian organizations. We support an orphanage in the Philippines that a friend of mine bought and run. So, we support them, which is the coolest thing. They do surgeries for cleft pallet kids in the Philippines.

You know it would break your heart seeing the turnaround on this stuff, right? So, my goal is to continue to grow that. You know I think the foundation at some point could be giving away seven figures a year at some point in the future and that to me has been a huge counterbalance because we are out there rah-rah-rah business all day and if I ever catch myself going, "What is all of this for? This is not to just give to my kids and have them be trust fund babies."

That is the last thing in the world I want, you know? But if I know that if we do certain things in the business and some of that is going back to the foundation, to me that feels like a perfect balance of the way things should be and that's been super cool to launch. So, I look forward to growing the foundation over time.

[0:36:34.3] WS: That's incredible. I appreciate you sharing that and giving back in that way. It sounds a lot like what we are doing personally as well and just grateful that you are doing that. I want to hear more about that in the future maybe when you are back on a couple hundred more shows or something, you know I would love to hear more about what the foundation is doing then as well and how that's grown.

So, Devin, thank you again. It is always a pleasure to catch up with you and just hear what is happening in your business and you are one of the few in the business that I really look up to and have a lot of respect for and just consider an expert and so I am just grateful for your time. Tell the listeners how they can get in touch with you and learn more about you?

[0:37:15.1] DE: Best way is just probably the main website. That's djetexas.com. You can hit the website, we've got lots of good information there, you can get in touch with us and all of that good stuff. It is probably the best way.

[END OF INTERVIEW]

[0:37:26.6] 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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