

EPISODE 681

[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]

[0:00:24.4] WS: This is your daily real estate syndication show. I'm your host Whitney Sewell. Today, our guest is Ekaterina Stepanova. Thanks for being on the show again Katarina.

[0:00:33.4] ES: Hey, Whitney. Thanks so much for having me, always a pleasure.

[0:00:37.2] WS: Yeah, always a pleasure to just connect with you and learn about what you're up to and I know your all's business is growing, you're doing some big stuff and so looking forward to just hearing more about that. A little more about Ekaterina; she's born and raised in Moscow, Russia and is immigrated to the United States 13 years ago and now lives in New York.

Partner at M2K Partners who owns several mobile home park communities throughout the country. She's also the cofounder of Equity Tree, a software platform dedicated to helping commercial real estate investors manage their deals and investor relations for an affordable price and with educational support throughout the entire investment process.

I mean, that's just a game changer, I think, when people in this business get some type of platform like that. Because that's such a detailed process, there's so much to it, you know, you can be faxing documents and mailing stuff back and forth that it's such a hassle but man, getting a portal like that is just a game-changer. But you know, Ekaterina, thank you again so much for

being on the show, grateful for your time. Why don't you give us an update on what's happening with you or let's jump into your focus, mobile home parks, right?

[0:01:43.3] ES: Yup.

[0:01:44.6] WS: Let's jump into that a little bit and maybe just your journey to you know, your success in mobile home parks and where you all are at now?

[0:01:51.4] ES: Yeah, well, Whitney thank you very much, you know, that's definitely a journey and what I like to always note to people who are either starting out or considering starting out in the business. I always --- there is nothing better today to do than share your own story. I do not think that it can be achieved any type of success in anything unless you really put time into it. Time, effort. If you're just selecting a niche and choosing where you would like to get started.

I think, look around, there is so much information available about all types of investment niches but see what feels really right for you, what you can relate to and pick that one because it's going to be journey, it's going to take time, it's going to take effort, it's going to take persistence, perseverance, all of that and more. Might as well take what you really feel you could enjoy and stick with. That is how I started, I thought, you know, "Maybe in six months, I'll buy my first park and I'll retire in the year." So maybe it might resonate with some people but will definitely my plans.

I thought, that's just going to be that, I'm going to go market to park owners, buy my first park and retire within a year so it's three years later right now and my partners and I, you know, we purchased three parks and a partnership and with wholesale too along the way, we now prepare to sell one of the parks as it was always the plan, the smaller one that we own but I can tell you this.

Nothing is fast, and nothing is going to happen as you plan it because this is a business I can gather and this is very much a living, breathing organism, it has its ups and downs, there are some times where you think you're on top of the world and everything is going great and then COVID happens and you have to be flexible and agile and if you don't love it, this might be really challenging. That's kind of the journey part.

[0:04:09.1] WS: Yeah, some good wisdom right there, you do have to enjoy, don't you? I mean, it is, there's such ups and downs and getting kicked in the face, ultimately if you – want to get back up, right? No doubt about it. You know, you've been doing this a few years now, as you mentioned and you know, tell us a little about you know, when did the plans change? You said you wanted to buy a park in six months, you want to retire in a year but you know, obviously, the six months came, the year came, you know, what were you thinking at that time, how are your plans changing or you know, what was happening to say okay, I'm still moving forward, maybe not as fast as we wanted because that can be disappointing, right?

But we can't focus on that, we have to focus on what we can change and keep moving forward. What was that like at that time?

[0:04:49.9] ES: I think I started to learn some wisdom from people in the industry, from people who have been added for much longer, some for decades and I could see how much they actually grown to love and appreciate what the business is about. Mobile home communities, initially, why I got attracted to it. You know, of course it wasn't easier for me, from my perspective, easier point of entry because at that point, there was less competition and there was a niche for me as an advertising marketing background so it was for me, easier to wrap my head around marketing director owner so I could figure out how to associate with them, how to relate, how to approach them so I felt, that might be my point of entry.

That might be my angle. As I started doing this, I realized, this is very much a relationship business and you cannot force a relationship to grow and to flourish and just takes time and if you are in this business to create sustainable, long-term wealth, you will be building relationship. It will eventually, be a focus. For that, you just have to take time and that's just the bottom line here.

[0:06:10.1] WS: Yeah, when did you start to gain some momentum or how and when?

[0:06:15.0] ES: I would say, it all happens, you just need to get your first deal done, this gives you definitely confidence and you learn so much. You cannot learn this from and everybody says it, going and doing your first deal, it will feel often times, all kinds of wrong and shaky and

very much unknown and very scary but you just have to stick with your fundamentals and go through that process just from start to finish.

It will have to be the process and then after that, you will feel like you know, 200,000% more than you were just at the very beginning of it because there are so many components that go into a deal and I say after we were finishing that first deal, we had a couple of others who were considering and then we also learned how to discern really good deal at somewhere good deal but maybe it doesn't work out time and for me, being part time so to speak, investor, still having my full-time job, we simply cannot afford to go to an okay deal or just simply good deal.

We need a really good deal, really great deal for us to make it count, that became or focus, we just really learned on the first deal and in the process of doing due diligence on others what is a really great deal. How we can really make the biggest impact for our business and from that, I guess, the next deal became as we see it and so far today, it has been performing really good as exactly as we thought it would and even better.

This is the kind of deals we decided to focus on and those take time to find.

[0:08:00.7] WS: You mentioned like working full-time and while making all these happen and you know, it's not easy. It is not easy to make all that happen and so I love talking about that, I mean, I've experienced it first hand as you and I have discussed, you know, but on your part, I mean, it's not easy and so, maybe you can elaborate a little on that because I know the listeners, many are attempting to do the same thing or want to do the same thing. I try to never sugar coat it because it's just not easy, you know, if you want it, you got to commit to it and make that decision.

You know, how is that for you? How has it been, maybe you can give us some techniques too on just scheduling or how you've made all this happened while working a full-time job?

[0:08:42.7] ES: Yeah. I think this is one of the things that where you have to exercise patience, you have to exercise patience and simply you know, have a schedule and exercise control over what you can control, and just let it go when you absolutely cannot help it.

For me, it was always as again, background and project management and advertising and those scheduling and always out, often times, I felt like I was in an airport control room when you're trying to maneuver all of those planes so they don't collide. Very often times, I had this feeling and you just make it work with preparing your week looking in advance and you know, okay, I have morning's, early mornings, Whitney knows very well and you have lunch time and you have evenings. Schedule activity accordingly. Think what you can do early morning, you can probably do some prep work, strategize, lunch time, you could probably make some calls if you reach some owners or brokers or whatever your strategy is.

Evening, again, you could do some calls maybe with investors because investors often times work as well so it's a good time to connect with them after work. You can make those calls then and maybe do some research as well. You can look at your week and see where you have pockets of time and then just look at it, plan accordingly.

That is the only way. You know, you have weekends, see what kind of activity you can schedule there but also remember, again, talking about exercising patience, you need to recharge your engines as well. Plan some rest and family time because we all – most of us have families, we do make sure that we on this journey, we include our family on the journey with us. It's all about kind of being thoughtful, looking at your week in advance and just scheduling important stuff.

[0:10:46.1] WS: Yeah, being very intentional with your time, right? I mean, very intentional. What about – I bet that you had to say no to many things. I bet you still do, it's like, you know, to be able to move this business forward, maybe you have friends that want to go out or maybe you, whatever it may be, there's the other things that are like pulling on you all the time, right? Maybe even it's family at times as well but there's, you know, three investors that you need to call back or whatever, you know, some seller or owners that you needed call back.

How have you dealt with that or are there some specific things that you remember, what I had to say no to. Like some things that maybe really would have liked to have said yes to and walk us through some of that.

[0:11:28.4] ES: Whitney, as you all know, there is only one way to doing this, you pick your priorities, you have to be very clear on your priorities; what you're doing, why you're doing, what

sacrifices it requires and why. Is this a worthy activity for that time? Is this – you just have to be really clear on your why. I guess that comes from that. I was just very clear on what I'm trying to achieve and the timeline that I want to achieve it within and yeah.

Only I think one thing is very important when you're talking about all the scheduling and just be strategic. Also remember, again, you have to enjoy the process, it's not going to be overnight. So you have to really see how you can enjoy it throughout and how your family can also feel part of it throughout. So they can actually support you versus, rather than feeling that this is like a couple of years, we are on the back burner but then you are there and your financial goals or otherwise, when they don't feel like they're part of it and you got disconnected from. I guess it's just a balance and just keeping your family in the loop and just let them support you.

[0:12:45.5] WS: Great advice, no doubt about it. It's difficult on the family too, it's a sacrifice for them as well. What about – you found the first park, you got into that. What about – just on the business side, what helped you to keep pushing forward? I mean, I know you went through partnerships or you're in a partnership, was that something that you noticed that your business then started to move forward faster or was it something else? What's maybe one or two things that you know, through the last couple of years that have said, "You know what, this is a really good decision or this helped us a lot"?

[0:13:21.4] ES: Well, Whitney, I'm a big fan of partnership, always were, I think always will be. I think it makes everything better, you just – it's not just an aspect of being able to divide the work, divide and conquer but I also think it's just so much wisdom in it. You have someone who can support you just plainly and there are times that you will be experiencing in the business those ups and downs and it feels great when you have someone also that you can hear all different opinions and you can find the best solutions and you have support of your partners and you can celebrate together in the bad times.

They're simply there to support you and say, "Okay, you know, we'll get through this, here are the next steps for us to get moving," and I think, just figuring out the right partnership and working all of that also together just to a high. I think this is also work, this is exactly, this is a relationship that you will have to work, not just on your business but also on your partnership, on relationship within the partnership.

Because once it's done right, I feel like it's also taken us a little bit of time just like any other thing in life. It's just taking a little bit of time also to adjust to get to know how we can optimize our strength and I think there is nothing better than great partnership. When you know how to support each other, I think this is when you really go forward so fast and I think that's kind of the stage we're in right now.

[0:14:54.6] WS: Nice. Yeah, I mean, it's a partnership business no doubt about it, right? You have to have so many partners, there's so many moving parts, you can't be an expert in every part. I don't feel like. You know, what about just for the future, what do you see for your partnership and just for your all's business and you know, maybe some goals or how do you see it evolving over the next year to two years or five years even?

[0:15:19.7] ES: Yeah, well, we right now, we used to open on numbers like a number on a lot per year, things like that. I think now we are closer to a notion of if we are even to buy one great deal there, like similar to what we purchased early in the year but it's not good, really holding on like if you can buy one of those, you can double the value in one year. This is a really good deal. We would rather buy those kinds of deals once a year rather than a handful of okay deals not just good deals.

I think we very much scouting the market and we're doing a lot of marketing, direct marketing right now. We are really selective and at the end of last year, we started just really conservatively and very thoroughly I guess underwriting, you know even more thorough than ever before. We just really focused on making – finding a really great deal, making sure it is. So yeah, I think that is where we see ourselves just really focusing on maximizing the deals rather than number of lots.

[0:16:30.5] WS: Yeah, so what's your role in that partnership?

[0:16:34.1] ES: Well, I am responsible for marketing, operations, yeah and I have worked with our partners and investors.

[0:16:42.3] WS: Nice, so you know as far as the marketing component and you mentioned earlier like marketing to sellers, right? So you are trying to I guess build a relationship there. Maybe give us a couple tips there in marketing to a seller for mobile home park or how you've done that and then we'll have to move to a few final questions.

[0:17:01.3] ES: Sure, so I would say right now we are moving from direct marketing to cold calling. So cold calling, yep old-fashioned way, cold call, introduce, get to know each other and stay in touch, very old school but that is how the industry – I mean to the industry and specifically mom and pop owners that we respect deeply and we want to work with and find those great deals as I mentioned earlier, if you want them you've got to work for them and they're so worth it.

Another way of finding a great deal I would say is go out and meet them in mobile home parks space. I think this is the next step, which is even you know you call, make a connection and then go out and meet them. So I think that is probably the very best way to do it and I would highly recommend. We go and meet once we are on due diligence trip. So we would optimize the time and go and meet our owners but we also have a few people who are also learning mobile home park space.

And we are doing marketing together right now. So I'm kind of explaining how it is done so I am coaching them a little bit through the process and they go and visit with those park owners. So that is how we establish relationship through them. So I would very much recommend a personal approach. There is nothing more lasting than that.

[0:18:31.0] WS: So, you know, we kind of talk through your journey a little bit and I love highlighting stories like yours because I know a lot of listeners are wanting to do the same thing or maybe in the middle of it now but what has been the hardest part of this process to just the syndication business?

[0:18:45.5] ES: Well, I guess when you don't know what you don't know and you know one of the deals that we struggled at the end of last year and it was a real struggle, we didn't know what we don't know. We thought that fundraising is a – we didn't have difficulty before and this was a little different deal that was an almost turnkey deal and we thought, "Oh that is the same

principles,” but no. The investor pool who would be attracted to turnkey is completely different than the ones that will be attracted to value add opportunities, which we are usually focused on, which we usually prefer and we had a real time struggle to figuring this out and we thought if numbers make sense, pull pencils out, no trouble. So it just makes sense. But no, psychology comes into place and for that, you just have to learn the business that there is just no other way around like we could have heard about it but have taken more time.

So that was a struggle and then we lucky again, we built a relationship with an industry where we were able to find someone who is able to kind of bring this component into a deal and the deal was closed but we learned a lesson of you know we figured that you know, we need to stick with our value add deals because they are just really resonate with us more and these are the right type of deals for us and our investors because that is how they know what they like and that’s what they are asking for. So just stick with what we know. We enjoyed the project. So that’s just where we should be spending our time.

So this is one of the things where I have to mention, this is one of that. It was very hard and trying time for our partnership just psychologically and I was during that time actually had a family vacation. I went to see my family and we were traveling in Europe and I was getting these midnight calls. I was this was no fun, I can tell you that but the good thing that came through that is not just the clarity of vision but also the strength of partnership.

I really like how we then got together when everything was said and done and they’re shock what subsided and then we just had our call and we just really went through everything what happened and why and how and how no one is going forward and what are we going to do next to prevent this kind of situation from happening because it could have been pretty disastrous financially. Well disastrous may be a big word but it would be really – you know losing money is never fun. But we came really close to it. So I like how my partners really supported me and we support each other. So I think that was a great thing that came from it.

[0:21:43.1] WS: You all learned a lot, no doubt about it. Congratulations on still making it happen and just hustling. Yeah, no doubt that was difficult but congratulations. So what is a way that you have improved your business recently that we could apply to ours as well?

[0:21:59.3] ES: I say, we just stuck to our systems approach and management and we had systems in place. I think when we were just getting started before even we had any properties, we just had a project management CRM systems in place as we were working leads. So I guess because we had those, it helps you get organized and spend your time where it is most valuable. So I think that is very great to have in place. So it just helps you run your business. So that is I think that is very successful transparency and of course doing what so we don't duplicate or step on each other's toes.

[0:22:37.6] WS: Yeah, so what about your best source for meeting new investors right now?

[0:22:42.9] ES: Well I say, you know our team, we are putting out content about our journey, how we turned around parks and specifically, we have now big project. You know the deal I mentioned earlier in the year, which we also got to enjoy in working at it because it has presents a lot of challenges that there are lots of projects and we will put it out content just how we turning it, how we are doing to work, what kind of work we're doing, what we are learning, how it all looks like.

So there are pictures, you could actually see what is happening in the park before and after and I think people get attracted to it and they just go on our website and opt in and they want to see our future deals. So I think there is nothing better than just doing a great – being very transparent in your business practices and I guess we were really lucky in that regard that investors from previous deals they see us and we really stay close to them I guess throughout.

And that just helps us maintain those close relationship and then maintain that trust. So they invest with us in the following deals.

[0:23:51.1] WS: Nice, you know maybe you could elaborate too a little bit on Equity Tree and what that is a little bit. You know, we'll just dive into that just a little bit briefly before we have to go but it is such an important aspect of a syndication business you know, having something like that and I just want to highlight it too because you are managing that and that partnership along with mobile home park business and partnership and you know while working full-time as well.

So I mean you are really making it happen but I just wanted you to have a minute to really tell us about Equity Tree and just elaborate a little bit on what you are doing there.

[0:24:22.9] ES: Yeah, thank you Whitney for bringing this up. You know, this is a way of give to my partnership to our partners, investors. I started working on this platform that is deal an investor management platform that we use for joint ventures as well and that was a way for us not only to stay in touch with investors and keep reporting but also, of course, optimize the systems and optimize reporting and communication with them as you know to keep the documents in one place, communication in one place, and all financial data that pertains to the deal in one place.

For me also, that was critical because again, I don't have too much time. So I don't want to be remembering things. I want them sitting there available and transparency is very important for our business. Just we value it highly. So I thought, okay, that would be a really cool tool for us not only to have this management system but also have one of the features and the portal that I just really love is property budget.

Where you start the project, you plan, "Okay, so this is what we are going to do, these are the projects, these are the KPI's, okay so we got started." But also I thought, "Okay but how do you track it?" So I have in the portal there is a deal performance dashboard, which shows actual versus projected. So you could always see how your deal is fairing out. So I thought that would be very helpful and also there will be feature just coming up that will have a notes section.

So for example when your actual is not as great as you projected, you are able to leave a note right there for your investors explaining what exactly happened. You know for example, your expense was greater or maybe you just paid the quarterly bill for, I don't know, for water so that is why it is less and it is going to be greater like next month. So you know those kind of things that provide a greater transparency is just a big passion of mine. I just really want –

We are all just trying to do the very best work that we possibly can and keep investors in the loop, keep them involved, keep them a part of the deal. We want them to be happy, we want them to have control and we want them to stay with us forever and ever, right? From deal after deal. So yeah, that's kind of the motivation for the platform and one last thing, you know as

again partnerships I have an amazing partner, Dylan Marma, who joined me just a few months back and has an incredible experience in multi-family syndication, so you know we started marketing this platform and made it so affordable. So it is like a no-brainer for anyone who is doing syndication to joint venture, who plans on keep doing those, this is such a no-brainer to join and try it out because it's like peanuts in comparison to anything else really out there. So I just wanted to make it very –

[0:27:29.3] WS: Yeah, no it's awesome and I just can't say it enough as far as if you are in this business I mean having a portal is – I mean especially after the first deal or so, it is a must, you know? It is a must and it is neat to see that the relationship with the investors and transparency is so important and that you all seen that and it's like, "Okay, we can create this platform and now we can make it as transparent as possible," and I just think it is such a great idea when investors can see all of that.

And then you made a place to even add notes that investors can see what you are thinking or why things are happening, right? That is a great idea, and so tell me the one thing that's contributed to your success?

[0:28:07.3] ES: I think this is just my partners, I wouldn't have known or I wouldn't have had such experiences as I had without my partners contributing and just sharing their experience and teaching me in some ways and we kind of teach each other. So yeah, partnership I think is just the greatest strength really.

[0:28:28.4] WS: How do you like to give back?

[0:28:30.9] ES: I think one of the things is I have an MHP tribe group on Facebook is where I am hosting weekly calls for MHP investors or MHP investors to be, whoever is interested is always welcome. It is weekly. I host monthly sometimes even twice a month webinars on the different topics in the mobile home park space. So yeah, I just love hanging out with my tribe, whatever I can do to share and bring this closer to folks I will do it. I want everyone to see that it is so doable, so accessible and there are totally people out there to help you on the way. Just take the first step, show up and ask.

[0:29:14.6] WS: Awesome. Well, I'm grateful for how you have given back in that way and just given back to us today, Ekaterina. Just grateful to hear your story as well. I think it is motivating to others and inspiring and you've made all of these happen because I mean I know personally it is not easy to manage all of that and plus developing the software business as well and it is neat that that is an arm of your other business and that is has been official in the same way.

But grateful to have you on the show and tell the listeners how they can get in touch with you and learn more about you and learn more about Equity Tree as well.

[0:29:47.5] ES: Yeah Whitney, thank you very much. It has been a pleasure. Always great to see you and you are such an inspiration to me personally and for doing such an amazing work in your business. You know folks are always welcome to join MHP Tribe. It is a group on Facebook, so it is an open group. You can join and just learn about what we are up to. Feel free to join our weekly calls. They announce there as well. Feel free to connect with me on LinkedIn.

Our MHP partnership website is mhpteam.com so it is very simple, mhpteam.com and for Equity Tree, if you want to check out the platform and see how it works and what's there and what is coming, go to equitytree.io and you can see demo there and you can get in touch with us and we'll be happy to just walk you through all the steps.

[0:30:46.3] WS: Awesome, that's a wrap. Thank you very much.

[0:30:48.8] ES: Thank you Whitney.

[END OF INTERVIEW]

[0:30:50.7] 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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