EPISODE 701

[INTRODUCTION]

[00:00:00] ANNOUNCER: Welcome to The Real Estate Syndication Show. Whether you are a seasoned investor or building a new real estate business, this is the show for you. Whitney Sewell talks to top experts in the business. Our goal is to help you master real estate syndication.

And now your host, Whitney Sewell.

[INTERVIEW]

[00:00:23] WS: This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Today, our guest is James Eng. Thanks for being on the show again, James.

[00:00:32] JE: Thanks for having me back, Whitney. Love being here. Listen to all your stuff, so I appreciate you having me on.

[00:00:37] WS: Grateful. James was just telling me how he listens to every show. No, I'm just kidding. He is a listener. I'm grateful for that and grateful for his time. He's definitely an expert in this space and somebody you as the listener most likely needs to get to know. He has originated over 800 million dollars in multifamily loans over a 125 properties since 2015 as a senior director at Old Capital.

Before joining Old Capital, he underwrote over 750 million in loans over eight years for the acquisition and refinance of commercial properties at GE Real Estate as a senior underwriter. He has invested in 26 multifamily properties totaling over 7,500 units. Current portfolio is 20 multifamily properties, totaling over 6,000 units. Welcome, James Eng, to the show; the professor of multifamily financing.

James, thanks again. I am grateful to have you on the show. You're definitely a perfect guest and can provide so much, just up-to-date current information to the listener and myself of what –

I mean, what we need to know if we're active in this space. Maybe if we're not active, you can help catch us up as well. Let's jump in. Maybe you can give us a little more background on yourself in case the listeners haven't heard of you before and then let's do it.

[00:01:48] JE: Yeah. A couple things not in the bio, I would say is born and raised in Houston, went to school in Austin at UT and really was a corporate guy for 10 years. Then really started looking at multifamily investing in 2015. At the time started originating loans as a mortgage broker, but then at the same time investing. I think that's why I read so much and try to figure out every little nuance of multifamily from the general partner side, to the limited partner side, to the lendering side. Just understanding all the facets is what I do day in and day out.

[00:02:22] WS: I think it's an interesting perspective that you've underwritten that many properties over that length of time. You're a passive investor in so many deals as well. I just think you have such a rounded knowledge base and experience. Let's jump right in though. Your expertise is lending, right? I mean, you're an expert in that. Let's just jump into what's happening right now in the real estate market, what's changed and just help the listener and myself get a better, or more clear picture of what we need to know right now.

[00:02:51] JE: Yeah. I mean, I would say beginning middle of March, once Trump made that announcement that no one can fly here to the US anymore, Fanny Freddie, they basically put in these reserves and they said, "Look, we're going to still lend, but if you're going to do a multi-family deal with us, it's going to be 12 months of taxes, insurance, replacement reserves and 12 months of PNI." That ended up being about 10% of the loan amount in additional reserves that you had to put up. That put the brakes on a lot of deals and put the brakes on bridge loans, recourse bank loans.

Everybody just went to only if you had to close a deal did you get it done, Fannie Freddie in March, April, May, I would say. Then in June, collections had been good, so Fannie and Freddie took off the taxes insurance and replacement reserves. Now you just have anywhere from nine to 12 months of PNI, depending on the size of the deal. That's about 5% of a loan.

What we saw was this summer, probably July, August into September is that now all the deals that were put on hold are back on the market. Here in Dallas where I live, I would say January,

February when a lot of deals come out, there might be 25, 30 deals on the market. You are back to that number now. Everybody has come back on the market and whether it's because people are scared of the tax rates changing, whether people are scared of I wanted to sell this deal.

Now I’ve held the deal longer for six more months and my investors want their cash, there's a lot of deals on the market. What we're seeing is there are a lot of buyers who have come back in as well. I would say more of the buyers are local buyers though. It is harder for people to jump on a plane from California and come to Texas. We're seeing a lot more local buyers at these tours. There might be 15, 20 tours on a property, 5 to 10 offers, but a lot of the guys are local.

[00:04:49] WS: Nice. Those people just aren't traveling, you think? I mean, they're just not as willing to travel now as they were six months ago, or well, or even longer than that now.

[00:04:57] JE: I would say, yeah, so a lot of the institutional guys, let's say if they were in California, New York, Chicago, they would typically just fly in, see a property or see a couple properties and fly back. Now they're not doing that. If they are coming in, it is if they are already under contract, or they have very, very high probability of winning that deal.

[00:05:17] WS: You see a lot of properties going under contract and the operator's not even coming to see it until then?

[00:05:22] JE: Well, I mean, usually they have hopefully somebody on the ground here and those are the people – Yeah. Not until people are getting under contract. The brokers, from a listing broker standpoint, they're saying, “Look, when you fill out the best and final questionnaire, all the decision-makers better have seen this property,” because I don't want to award you the contract and then you fall back after seeing it.

[00:05:43] WS: What are the requirements now, the lending requirements? I know you said nine to 12 months of PNI, a principal and interest, just so the listener knows. Anything else?

[00:05:52] JE: That's the main thing. The higher reserves is what has changed, but then also January, February, if you went out and got a Fannie Mae loan, or a Freddie Mac loan, you're probably in that 4%, 4.50%, 4.75$ interest rate range. Post-COVID, 10-Year Treasury has gone

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down significantly. Correspondingly, Fannie and Freddie have gone down a lot. They might have gone down close to a 150 basis points.
10-YearTtreasury has essentially come down to about let's say, 0.7%. That has brought your rates. Fannie Mae, you're probably 275 to three. Then Freddie, same thing. You're in that range, and so we're seeing a lot of people, essentially the price of these deals hasn't changed, but the cost of your debt has gone down 20%, 25%. That has essentially kept cap rates the same from where they were pre-COVID.

[00:06:45] WS: Okay. Could you just dive into that right there just a little bit; cap rates versus interest rates and that just connection relationship?

[00:06:53] JE: Yeah. Cap rate essentially is if you bought a deal all cash, that's how much cash flow you would get. Let's say in Dallas, let's say your average cap rate was 5%. That's across class A, B and C, 5%. Now your interest rate that you were paying pre-COVID was four. There was only maybe a 100 basis points spread after you paid the debt. What it really means is your cash-on-cash might only be 6% to the investor. Now if your debt payment drops by 20% and it goes down to 3%, now all of a sudden, that spread between the 5% cap rate and the 3% debt, all of a sudden your cash-on-cash to investors is looking like 7%, 8%, 9%.

To the investor, post-COVID as their savings accounts went down in interest rate, now you're saying, “Hey, I can't go out and buy multifamily property and get 8% or 9% cash-on-cash and I’ve got five years of interest only,” then that is very compelling. A lot of people are back out on the market pursuing deals right now.

[00:07:58] WS: Lots of changes, especially in lending in the last six to seven months. How should this have changed, or should it change the way we're underwriting, the types of loans we're getting, what should change on our side because of what's happened?

[00:08:11] JE: I would say, the biggest thing is that the forecast for interest rates has changed. What that means is before, if somebody offered you, let's say a fixed rate product for 10 years, or a floating rate product for 10 years, let's say both of them at 3%, which one would you take? Most people would take the fixed rate and say, “All right. Now I can sleep at night. I know I got a fixed rate for 3%.”

The problem with the fixed rate is that if interest rates don't move, or they go down, your debt product, nobody wants to assume your debt product, your loan. What you have is you have a 10-year loan. If you sell in years, let's say three, four, five, which most syndicators do, then all of a sudden, you have a thing what we call yield maintenance. Yield maintenance on Fannie Mae loans is a very large prepayment penalty and it can be 10%, 15%, 20%, 25% of the loan amount, depending on how early you pay off the loan.

That has become more difficult for people to swallow in these days, because they might have a loan at 4.50%, 5% and then the prevailing interest rate right now is 3%. Nobody really wants to assume that loan. You have to pay it off and that prepayment penalty directly affects your investor returns, because you pay it at the closing. On the closing statement, you pay it to the lender and that goes to the investors who bought that loan.

What I'm seeing a lot of investors do now is because nobody is expecting interest rates to go up. If you look at a forward LIBOR curve, LIBOR right now is let's say 20 basis points, they're not expecting LIBOR to hit 1% for the next seven years. It's essentially flat over the next seven years. What that allows you to do is go out and actually buy an interest rate cap at let's say, 1% for LIBOR. That might cost you $28,000, $30,000.

Instead of paying that big prepayment penalty, you can get a floating rate loan and then put a interest rate cap on it. Fannie and Freddie, right now Freddie has a good 10-year product. Fannie's going to come out with something shortly, but that is an option for investors that I'm seeing a lot more people go to is they get a floating rate loan and then instead of that prepayment penalty of yield maintenance, they are doing this floating rate loan. Then after 12 months ,12 months you're locked out, but then after that, so years 2 through 10, it is a 1% prepay.

Compare that, so let's say on a loan of 20 million dollars, you've got a $200,000 prepay versus a 10 million dollar prepay, if it was 15%, 20%. It's huge and your interest rate essentially is the same throughout the term, because you are capping that rate.

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[00:11:00] WS: Nice. Grateful for that explanation. You mentioned LIBOR and I've heard we hear that all the time. For the listener that's new to this space, what is that and how does that relate to this industry?

[00:11:11] JE: I wish I knew what the acronym is. Essentially, it is just what they are pegging. It's going to transition. They're putting LIBOR away by the end of this year and it's going to another thing called SOFR. They just make up these terms, I feel like. Essentially, what banks trade each other money at. Just basically, it's a relatively low number right now and nobody's expecting it to go higher. You don't really care about SOFR, or LIBOR. What you care about is SOFR is let's say, 10 basis points. Then the lender is going to put a spread on top of that. Let's say, so SOFR is 10 basis points, spread is 290, your all-in rate is 3%.

What you can do is go out and buy a cap on LIBOR on SOFR. You know that your interest rate can only rise up to let's say, 4%. You decide where you want to put that cap. The lender is going to give you a number. They might say, "Look, your debt service is under 1.0 once it hits 4.5%, let's say on your deal." You can you can buy a cap lower. That's what we're seeing a lot of investors do right now.

[00:12:17] WS: Nice. I would say, it's probably been two years ago, I was listening to the Old Capital Podcast and I remember a show where there was a question about floating rates and you all talked about how like, out of, I don't know, if it's Michael Becker who was talking about how over his whole career he's done so many floating rates and it's never been bad, that he did a floating rate or something like that. I can't remember the exact percentage, but there was a good show about that.

[00:12:44] JE: What changed though is most floating rate loans previously were three years, or five years. That put a lot of pressure on your loan maturity, because the last thing you want to do is get into a deal, put a three-year floater on there. Then year three COVID hits and now your lending locked up and the lender comes and takes your property. To have the option of the longer term is a big deal.

Then also, Fannie and Freddie are being a little bit more, I guess, aggressive on the IO. That's allowing people to get more IO longer term and then a floating rate. That combination right now

has allowed them to do a lot of business. What's going to happen, this is what always happens on the lending side is once one person, or one lender has a great product, everybody copies it. What happens is other banks are going to start copying this. Then as investors start seeing the people who buy these loans, once they see that they're receiving a lot of demand, they're going to start increasing the spread. Once that happens, then your interest rate might be higher than it is on a fixed rate product.

It's all about demand and supply. I mean, I think that's one of the advantages of coming to somebody who's in the market day in and day out is they understand what the best loan product is in today's market for you.

[00:14:09] WS: Say the listener just closed on a property in the last few months, with what you know about the lending environment and just real estate environment in general, what do you expect what to happen, say five years from now when they're looking to exit four or five years from now, what will interest rates be then, or do you expect, or do you have any idea and what should they be thinking about?

[00:14:28] JE: I mean, nobody really tries to predict interest rates too much. I mean, the hard thing – I mean, there's definitely forecasts for LIBOR and SOFR and 10-Year Treasury and stuff like that. Overall, flat to down is what most people are predicting. That has impacted the reversion cap rate. The question I get a lot from investors is like, “Okay. When I sell this deal in five years, what am I going to be able to sell it for?” The typical answer was 10 basis points per year. If you're buying out of five now, you should probably use a five and a half cap in your five.

Now what we're seeing is cap rates continue to compress, because interest rates have gone down. Before, let's say the average cap rate was 5% in DFW, now it's probably 4.50%. Now the interest rates have gone down. If you use a 6%, 6.50% residual cap and you can still win the deal and the numbers work, then that's off. That's probably a good deal. In order to compete right now, you're probably in that 5% to 5.50% range on the residual. Yeah.

[00:15:34] WS: What else in our personal underwriting are you going to want to see that we've taken account for, or anything else that we haven't mentioned that the listener should be accounting for when they're underwriting these properties before they come to get lending?

[00:15:47] JE: Well, a couple things. Right now, we are seeing rents be essentially flat. In that first year, unless you're way under market, most people are not underwriting that 3% organic rent growth in year one. I would keep that flat. I probably build in a little bit more for concessions and bad debt until some of the eviction moratorium stuff goes away, hopefully. That's what I would say on the underwriting piece.

From the lending piece, what's more important is Fannie and Freddie, they essentially have the same net worth and liquidity guidelines that they had before. Your net worth needs to be equal to, or greater than the loan amount. Your liquidity needs to be 10% of the loan amount, or higher. That's post-close liquidity of the guarantors. We like to see everybody's balance sheet upfront.

Then right now, the bigger issue is really the equity rates. The people who when they're going in, submitting a deal to the listing broker, the listing broker will call us and say, "Look." Number one, can they qualify for the debt? Number two, what is your comfort level for this person raising the equity? Because it's not just the 20%, 25% that you need to raise. It's also that additional 9 to 12 months of PNI, which is additional 5%. Can you raise that on top of it? You're probably going to have to raise your rehab on top of that.

As long as you feel comfortable doing all those things, then that's when I can give you the check mark and tell the listing broker, "Hey, this guy's for real. He can qualify for the debt. He can raise the equity and he should win the property."

[00:17:17] WS: Is that going to be from pre-existing relationships with you, or the lender, I mean, how you're going to know that? I know the listeners thinking right now, "Wait a minute. I'm just about to get into my first syndication. How do I establish that relationship with James, or whoever that lender is, so they can give me that check mark?"

[00:17:34] JE: Yeah. I mean, I think a couple conversations before the deal for sure. What we usually ask for is we'll sit down with someone, review their personal financial statement. Anybody who else is going to sign with you, so any other loan guarantors, we're going to speak with them, go through their PFS and schedule real estate. Make sure there's no issues. Then

once we have that ironed out, then we know that you can qualify for that loan and then we make sure that the property can qualify for that loan. We check all the boxes first and make sure you're qualified, property's qualified and that when we take it into Fannie and Freddie, there won't be any surprises.

[00:18:10] WS: Are there any anything else you'd like to see for somebody to be prepared for a worse downturn?

[00:18:15] JE: Liquidity is always probably the biggest thing. Fannie and Freddie required 10%. You can use that, let's say you had a million dollars in liquidity and you sign on 10 deals. Well, you can use that same million dollars across all those Fannie Mae loans. In reality, that liquidity can only be used once. I would rather somebody take it a little bit slower and make sure their deals are comfortable and reviewing how the property, like if it did dip in occupancy to 80%, 85%, how many months of reserve do you have.

In March, that was the calculation. In March, the calculation was okay, if it gives the 30% or 40% delinquent on our rent roll and we just pay the expenses, how long can we survive? There was a lot of syndicators who had plenty of money at the property level and on their personal balance sheet. That gives a lot of comfort to the lender and then also, probably to your investors that you have the balance sheet to weather the storm.

I mean, let me give you an example of a deal that essentially was along the coast, got hit by a hurricane and actually, wasn't in a flood plain, so they didn't have flood insurance. The general partner actually had to front the money to get the units back online. Once he got them back online, he got the property sold. That was a big loan to the partnership. If the general partner didn't have a sizable balance sheet to do that, then a lot of those LPs probably would have lost their money in that deal.

That's one of the things that I would probably talk to the general partner about is how many deals you have going? What's your liquidity? Are you able to loan, let's say $250,000 to the partnership to make sure this deal goes through? Instead of, “Hey, guys. It's post-COVID. Now we're doing a capital call, because we needed another $500,000 for rehab that we didn't expect,” because I think there's going to be more of those calls in the next year or so.

[00:20:17] WS: On that same note, because I ask this question often on the show and I just wonder from your perspective, that reserve budget, or that emergency fund, whatever you want to call it that we just have sitting there when we close, what do you like to see that to be? Even as a passive investor and as a lender, what do you like to see that operator have?

I know you mentioned quarter million-dollar loan, is he able to – or do you have a quarter million dollars liquidity to go get that loan that you need? What do you like to see in that reserve budget?

[00:20:46] JE: The first thing I would say and sometimes this is a little confusing, but let's say you have a million-dollar rehab budget. The lender does not give you the million dollars. You essentially, have to have a $100,000 to $200,000 of capital that you invest into the property. You do the work and then you ask the lender for that money, the lender reimburses you. That $200,000 is constant, okay. That's one piece that I want to make sure people have.

Then also, there probably should be at least two months, like if you received no income, at least two months of expenses in a working capital budget, or working capital account that you have. Then if that ever slips, like let's say, a boiler goes out, that's 30 grand, or a whole bunch of ACs go out in the summer and you just have to do a lot of them. If that starts slipping to one month or half a month, then you're on hold for distributions until that's built back up. Because what we've seen is the properties that go under distress is that starts slipping, then it spirals down from there.

If you don't have AC, people are moving out. They're not paying. Then all of a sudden, you have to start cutting rent. All of a sudden, you start taking appliances from other units and it just downward spiral from there. I would say, that's the minimum. The hard thing is with General Partners in terms of liquidity, it's just the more the better. I don't know if there's an easier one.

[00:22:08] WS: I completely agree. I don't know if I could sleep at night with just two months.

[00:22:13] JE: Well, I would say that's – I’ve seen some general partners do this, they essentially have, let's say that working capital budget for the rehab. That might be a $150,000,

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$200,000 for a million-dollar project. Then you have two months in working capital at the project level. Then some investors will raise additional capital to have just at the property level, but then also on their personal balance sheet.

[00:22:34] WS: Okay. What do you predict, James, for the next six months to a year just in real estate? What's your thoughts on should we all be buyers right now? Should we be waiting a few months? Any thoughts?

[00:22:44] JE: I think rents are going to be flat to down a little bit. I think occupancies are going to hold. What we're seeing across the 15th of the month and I get 20 reports, what I'm seeing is we are not pushing rents that hard. We're renewing people. We might bump them 20 bucks, 25 bucks, but we are not trying to take them all the way to market on a renewal. We are just renewing those guys. This is going to flow through your income statement for the next 12 months, all these new guys that you just renewed. I think rents are going to be flat.

Most of my stuff is A minus to C and most of that stuff I would say, is pretty protected from new supply. A lot of new supply coming on, they're given one month to two months concession. I would say, for BNC product that people are buying, rents are essentially going to be flat, occupancies are going to stay, might be down a little bit from 95% to maybe 93% occupancy.

I think there's still going to be a lot of transactions that are done, as long as that spread maintains between your cap rate and the 10-Year Treasury. As long as that's available, Fannie and Freddie have been great. Nobody's really talked about – I think, they basically are supposed to be out from underneath the government by the end of 2020. If there's any hiccups in Fannie or Freddie lending, that will cause some disruption on the multifamily side, because right now they are the cheapest, they are the best game in town.

If you look at 2019 second quarter; April, May, June 2019 versus second quarter 2020, Fannie and Freddie did more loans in 2020 than 2019, even with all that pandemic stuff happening. I think that is a stable piece for the multifamily market, because all the other property types, office, industrial, retail, self-storage, all those lenders went away during March, April, May.

[00:24:37] WS: Nice. Well, this is a question I'm asking a lot of people now, but from your point of view too, your first investment, let's say your first passive investment, compared to what you know now – from what you know now, what would you have done different then?

[00:24:49] JE: I don't know if it's that much different.

[00:24:50] WS: For just when you first started investing.

[00:24:51] JE: Yeah. I mean, so the first investment that I did essentially was a five-page PowerPoint deck. I was like, I drove the property and I was good. That was it. I knew the general partner. I knew the area and I was like, "All right. That's good." Going back to that and it's unfair, but now I might get five pitches this week from people who are raising equity, whereas when I first started, I got one a quarter, or one every six months.

Now I'm always pondering like, "All right. Do you invest in this deal, or this deal?" I've got five on my desk right now that I need to look through. I would say, if you're a first-time guy, my advice would be the more deals that you look at, the better that you're going to become as an investor. If you only get investment packages from one general partner, that's not enough, because that person might only do one or two deals, three deals. For someone really busy this year, if you did three or four deals this year, that's pretty busy. If you as a limited partner have a lot of deals, a lot of money to invest, you need to see more deals from more general partners.

That's what I would probably say is my first three or four deals were with just one general partner, because that's who I knew. Then as you build your network, especially now, I mean, it doesn't sound like a long time ago, but five years ago it was hard to just listen to podcasts and find general partners and go to meetups and do all that type of stuff. Now, I think it is easier to meet general partners and to find them and start researching their deals a little bit.

[00:26:23] WS: What's a way you've recently improved your business that we can apply to our business?

[00:26:27] JE: YouTube. I would say, I started doing a little bit more webinar, 10, 15-minute things on YouTube. The difference I found is we do a lot of podcasts as well, but it is hard to

search podcasts. When you put something on YouTube and it's titled multifamily finance, if you type in multifamily finance in YouTube, you will see my face 20 times, because it is searchable and that is just how it works. What happens in YouTube is as you do more and more videos, as you get more and more traction, you just keep getting higher and higher in the rankings.

What I found is it becomes very sticky. Now, even if I need to send something to somebody and that person might have to explain it to somebody else, I will record a video with it and send it. I'll just post it on YouTube. It might be private, but now that person doesn't have to try to relay the conversation 20 times, or call me back and now I'm saying the same thing to the other general partner. I'll just upload it, record it and send it and now that person can replay it. Then if they got lost in LIBOR, in SOFR, that's okay. We'll just rewind it and play it again.
My kids right now, so I have three boys and they're all virtual learning right now. What's happening is to me, the teachers almost can be replaced by YouTube. I think they're a little scared to do that, but if somebody misses a Zoom call, like the kids at the doctor, or he just forgot our Wi-Fi is down, all the teachers are putting up recordings. Nine times out of 10, you could probably find a better teacher on YouTube than that specific teacher. YouTube is my new learning environment for the last six months of COVID. I think as a business owner, if you can do more stuff on it, it will help you grow your business.

[00:28:25] WS: You can watch it twice the speed.

[00:28:27] JE: Yeah. I mean, on podcasts I do 2X. Then when I'm working out, I'll do 1.5X. When I'm driving, I only do 1X. I think when I'm listening to somebody at 2X speed, my driving speed increases. It's good when you're walking though. When you're walking, if you do 2X speed, it's perfect because now you're actually at a faster pace.

[00:28:50] WS: Investing passively in that many deals, give us one or two things that have made maybe your top favorite operator stand out to you; something they did, something that was out of the norm that was like, "Wow. I really like this operator."

[00:29:03] JE: The first thing is reporting, communication. I mean, there's some operators in March, they were essentially sending me an e-mail every week saying, "All right. April 5th, where are collections at? 85%. We're at 90% April 11th." Essentially, every week, the reporting. To me,

that's great. As a limited partner, I feel they're on the ball, they're out there, they're being accountable. If there's an issue, they're going to find it fast. It's not like where I get a quarterly report and it's April 15th, and you're telling me about an issue in January. That to me is number one, is just reporting.

There's some other general partners that the 15th of every month on the dot, I get every report from every property, no excuses. That to me is probably number one. There's so much variety in the same general partner, same market, some deals are going to be homeruns, where you get a 30% IRR. Other deals, it might be a 15% or 20% IRR. That's fine. The general partner is essentially the same. As long as they're communicating, this is the business plan and they're communicating well, then I pretty much trust them. That's how I would say they stand out.

[00:30:14] WS: Number one thing that's contributed to your success.

[00:30:17] JE: It's political season. I'm going to go with skill stacking. Are you familiar with skill stacking?

[00:30:22] WS: I'm not. You know I'm going to ask what that is.

[00:30:24] JE: Yeah. It's essentially, you can be number one in the world with just one skill. LeBron is number one in the world at basketball. Most people are not going to be number one. I'm not going to be the number one mortgage originator of all time, but can I be in the top 10%? Yes. Can I be in the top 10% of underwriters? Yes. Can I be in the top 10% of investors?

Now, let's add on can I be in the top 10% of marketing? You add on investor, loan originator, marketing, underwriting. Now there's almost nobody like you. You are in a category all by yourself and that I think is what will contribute to your success. You have to find out – you have to look back and figure out what are all those things that you can stack on top of each other that you like to do.

here was plenty of loan underwriters who didn't give a rip about real estate investing. They were just loan underwriter. That was their job at the bank and they just did that. If you can stack skills that are unique and that build up on each other, I think you will accelerate significantly.

[00:31:37] WS: Is this a term that you came up with, or did you learn this somewhere?

[00:31:40] JE: I heard it. Scott Adams who was the founder of Dilbert, or wrote, creator of Dilbert, Scott Adams, he mentioned it and then I heard it on a guy named Naval Ravikant. Naval Ravikant was interviewed on the Tim Ferriss Show, but he also has his own podcast that he does and he talked about it. That's where I heard it. I think it's, you've got to take it and contextualize it to you. Once you can do that, your skills are going to be different than my skills, but you will be in a category of one at that time.

[00:32:12] WS: Love that. Thanks for sharing that. That's incredible insight that we should all look up. Tell us how you like to give back.

[00:32:20] JE: I would say two things right now. At the properties that I'm invested in, this is a tough time for our tenants. We had a back-to-school drive for one of the properties that I'm invested in. I would say, that's number one is giving back to our tenants and making sure they stay with us. Then another piece, we did this last year, we called it Hoops for Homelessness. There's a homeless shelter here in Dallas that we raised, I think about $15,000 for them to do rehab on their property. We haven't done it for this year, but once the COVID stuff goes away, we'll put on some event for them. That would I say my top two things right now.

[00:32:59] WS: James, an amazing show. I'm so grateful for your time. You're definitely an expert in the lending space, no matter what anybody says, and just grateful for you just being willing to be so transparent and help us all, all the operators and passive investors to understand better what's happening in this environment right now. Thanks again for your time. Tell the listeners how they can get in touch with you, how they can find that YouTube channel as well.

[00:33:21] JE: Yeah. James Eng, Multifamily Finance. Just Google it. You can reach me on jeng@oldcapitalending.com is the e-mail. That's probably the best way.

[END OF INTERVIEW]

[00:33:31] 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]

[00:34:12] ANNOUNCER: Thank you for listening to The Real Estate Syndication Show, brought to you by Life Bridge Capital. Life Bridge Capital works with investors nationwide to invest in real estate while also donating 50% of its profits to assist parents who are committing to adoption. Life Bridge Capital, making a difference one investor and one child at a time. Connect online at www.LifeBridgeCapital.com for free material and videos to further your success.

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