

EPISODE 743

[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 Emma Powell, thanks for being on the show Emma.

[0:00:32.6] EP: Hey, thanks for having me, Whitney.

[0:00:34.7] WS: Small steps own new real estate business every day added up to 92 units in just two years. Working part-time while homeschooling six kids. Emma Powell shows how sustained action that doesn't look like much day to day adds up fast with big picture thinking. She believes that anyone can leverage their previous experience across training to investing in a way that fits their unique skills and background.

Emma, thank you so much, I'm looking forward to just hearing your story, I think it can be so motivating to the listener who feels like they have too much on their plate, you know? It's like, how can I get into real estate when I have all these other things from maybe a W2, a job, or whatever it may be. You had done it and I'm looking forward to hearing about this, get us started and just some background and how you've gotten to where you're at now and we're going to get into how you've kept all the place spinning.

[0:01:26.8] EP: When we got started in real estate investing, like most of their people do, we just bought our single-family house, the one that we were living in and we discovered really

quickly and bought in a brand new neighborhood where there's all the construction trash and the mess scattered around and you're driving over nails and getting punctures in your tire I went to the house with some down payment assistance from our county, a realtor hooked us up with that and we didn't really know that that existed so we got into that first house basically with zero down and within four years, it had gone up in value.

We only made about \$35,000 off that house in four years because that was during a mini downturn. We got out of that one when we had a couple of more kids and didn't fit into it anymore, did the same thing, went and bought a brand new neighborhood, it was a master bed plan community in Texas, one of those 2,500 home monstrosities that we were the very first people to buy a house in that community, literally, the first people to sign on the line, almost the first people to move into a neighborhood and that downturn was 2008.

The fortunate part was that we never were underwater on that house and so even if my husband had gotten laid off, we would have been able to get out of that house and sell it and even made the little bit of money on it. At the end, we walked away from that one with everything that we put into it and a little bit left over. We've been saving up because of that scary 2009 situation.

I had a part-time side hustle as a photographer and my husband, an IT guy, he was working his job plus part-time job because we were just piling up cash, we were terrified of what was happening in 2009/2010 of the layoff and so we sold that house and bought a total fixer-upper, the southside of Austin and then right after we bought that house, we found out that we were having our six child where it's not planned and he lost his job, he got laid off in 2011 so we weathered all of that only to get laid off right at the end of it, we had this brand new house and we had just ripped the back off of it.

He got a job offer out of state and we just couldn't leave the house like that. He convinced his part-time job to pick him up full-time and I had to quit my photography because I was having a new baby. It was just a really difficult time in our lives but we fixed that house up, we did most of the work ourselves, lived in there for six years, and then when we sold it, he got laid off again, that's how the tech industry works, you don't have a lot of control over your income and all that

time I was a stay at home mom, homeschooling this little photography side hustle, I did weddings and real estate photography.

I did that for 10 years and when we moved to Salt Lake for this new job, I think it was about two and a half years ago, we had sold that house, we didn't have any debt, we had this pile of cash in our pockets and we'd always want to have rental houses but we just had never done it. But I had this pile of cash and I told him, I said listen, I made this money off of real estate from that first zero down house, to this massive remodel that we did.

This is real estate money and I'm going to take it, I'm going to go make a real estate business and we're finally get those rentals. I just started showing up to meetups, found bigger pockets, found REAS, found all these Facebook groups that we're about at LinkedIn group, started educating myself. I put that money out with a local flipper so that it could be working while I was figuring out what I was doing and when it came back, I just started buying up stuff from local wholesalers, doing the small multi thing, always with an I, because the REA told me, you should go commercial, you can go multi-family and I started meeting these big multi-family guys and I knew that's where I was headed. And I was just trying to put my money to work to figure something out, learn about property management.

When I saw that first deal, a friend of mine, a local was selling it, a 50 unit. I said, send it over here, I know how to underwrite it and what I was doing but because of that belief that that was where it was at. I took it, ran it through a who made a terrible spreadsheet and I took it to some people and I REA that I know how to do that. I thought I was a good deal but I wasn't sure and they lived out, I said this is a good deal, doing some help raising capital for it and we went and bought that 50 unit. That was about a year into my journey to six months after I bought my first investment home.

[0:05:40.5] WS: Wow, incredible. I hear numerous things there that I mean, obviously, you just had a love for real estate, you knew that real estate is how you made that money and knew that it can make more money, you started putting it to work, even started going to the REI's, real estate investment clubs and learning from others, invested with the local flipper, just knew the money could work if you put it to work but then, you know finding that 50 unit, I think it's

interesting that you know, you didn't shy away from that, think okay, wait a minute, you know, I'm not ready for a 50 unit.

I want to stop there for a minute and what gave you the confidence to purchase a 50 unit deal that seemed so much larger than obviously, than what you had purchased in the past or anything you'd done in real estate?

[0:06:19.6] EP: I knew that hundred unit was the goal because the economy is scaling at a 60 to a 150 was really where the property management expenses would go down and that economy of scale of just being able to have everything under one roof with the payroll so I knew that that 50 unit was even a little bit smaller than what I wanted but I just woke up one morning and was scrolling through my Facebook feed because I knew that social media was how you raised capital and how you built your business and so I was really building out my social media profile to gear towards running this type of a business and a lady I knew from the REA said hey, we're selling our 50 unit.

It was near my husband's home town, not far from where we were a couple of hours from salt lake and she said, does anybody want information and I put my email on there, I said yes, please send it to me and it was right there in public, anybody on Facebook could have gotten it, a bunch of us are friends with her. I know I'm sure, other people ask for the information but I got it and I crunched it that same day and it looked good, like I said, I was completely uneducated and it was a bubblegum, homemade spreadsheet but just crunching a few things like 1% rule, cap rate, those types of things.

Okay, I got some here, hopefully it pans out and it did, we bought that, we closed on that one I think early this year, to almost six months to get it closed because I didn't know what I was doing but it was a good deal so I was willing to do whatever it took to get that thing closed. Went through a lot of hoops to get that done, did you syndicate that deal?

[0:07:49.2] WS: We did, it was a 506(c) but that's part of why it took so long to get close because we were going to JV it and they were going to do private debt, JB, and then institutional private debt and at the last minute, we just got to syndicate this thing because it kept not working out, we heard and put a 506(c) syndication on it because we've been so public

about it, we didn't want to run into problems with 506(b) on it at that point, that's why we get the C.

Also, gave us a really great opportunity to publically build our business with our social platforms and net credibility. We knew that if that didn't close, then we were going to have to go back and tell everybody hey, this big deal, we made a big deal out of it but you didn't close it. We were not willing to do that.

[0:08:27.9] EP: We had a lot of earnest money hard, it just wasn't an option. We just had to do it.

[0:08:32.4] WS: Yeah, that is awesome. I love hearing stories like that, just your commitment to making that happen and I think it started way before you had that opportunity even for that deal, you know? Even in your bio, you talk about the things you do, the small steps every day and so I want to talk about that a little bit. I would love to just go into that deal and talk more about that but I want to be able, you to be able to highlight those small steps so you get there and just the workload that you had, obviously, I mean, just taking care of a home, I mean, by itself, my wife works at home stays at home and manages the home. I mean, with our kids, it is more than a full-time job, we can do it without her, right?

I mean, it's just – it was such a team sport here in our home as well and so I can relate to the level of workload that you have but you still were able to make this happen. How were you able to keep the place spinning, what are some of those small steps that you did on a daily basis that helped you to get there, you know, that the listener could put into play this week?

[0:09:29.5] EP: Well, I'll relate that back to when I first started homeschooling, especially homeschooling a large family, I used to think people who homeschooled large families were crazy because if you had that many kids, wouldn't you want to put them all in school because you needed help, you needed to outsource some of that and in this business, it's a big deal and you can't do it all. You need to figure out how to outsource, there's not just how to outsource, it's also how to delegate but simplify and eliminate. Homeschooling for me was a way to simplify and eliminate.

Sending my kids to school was kind of like me having a part-time job, it was a lot of volunteering in the classroom, making sure the backpacks and the homework were done according to somebody else's plan, somebody else's way that they were going to do their classroom management and it was really a big burden on me and I realized, after we had our third kid in school, why people with big families home school. I needed all my ducklings in the row, going the same direction and it was just being pulled too many ways so that was a big lesson and simplification.

Also, what you'll learn from parents and big families and simple housework. You stop folding everybody's laundry, you get a basket, you throw it in there, you put it in their room and it's up to them if they're going to put it in their drawers or not, you just got to learn how to lower your expectations and have focused on what really matters.

If you're trying to spin all the plates, make sure that the ones that crashed are the ones that don't matter. Being able to focus on what's really important and that's no different in a real estate business, I was able to simplify my home school and simplify my parenting where I had a little bit of juice left over to run a business. I have always ran a little cottage business, I said before photography, I talk rapid design online when I had babies and couldn't get out on to location and soon as my kids were older, they start babysitting and I could step away for a couple of hours or work on weekends and evenings where my husband was home, I went on a location and expanded my business that way. I've always had a little bit of that.

But something's got to give. I learned how to outsource by hiring another local home school mom to come in and clean the house a couple of times a week, I made more money doing a photoshoot than I did pay her each week. I just schedule the next photoshoot and pay her and I had more fun doing it anyway than cleaning my own house.

I didn't ever want to hire a childcare because I had fun with my kids. I like being around my kids but I didn't like doing housework. Being able to simplify, eliminate and then delegate the rest was what I learned in my home management and then that's only just carried over into my business. How do you keep the plate spinning? Stop spinning so many plates and make sure that the ones you are spinning are the ones that really matter.

[0:12:02.1] WS: Awesome, great answer and I think a lot of people think about how to outsource things in their business but they don't think about it or reply to their personal life or in their home and it sounds like you became very good at that where even at the family level, but even bringing other people and help do some cleaning or – that allowed you to focus time more on your kids or your business or other places you wanted to spend your time. Are there any other ways that you have become a more structured or more disciplined with your time or the way you spend your time so you can be more productive.

[0:12:33.8] EP: There's one example just recently. We haven't even announced this publicly, we don't want our neighbors to know yet, we just bought a townhouse so we decided that yard work has been something that we either needed to outsource and pay someone to do or we need it to simplify in that so we decided that, our kids are older now, they don't need to be contained in the backyard that we bought a townhouse in the community that opens on to a lot of common areas a large city park. Hey, wouldn't it be great to have a townhouse and doing yard work and our kids can just go explore, all these common area in this huge park and have some freedom and then we don't have to worry about taking care of such a large house and also taking care of such a large yard that our kids frankly never use.

They're always out on their bikes, walking to the store, going out with their friends, why do we have this yard? That's a good example but the side benefit of that is it's much cheaper than the house we're living in now and so my business can now support that house and my husband will be able to make the decision if he wants to leave his job or not.

Because now, he gets to stop work if he wants to, rather than because he has to. The business being able to support our lifestyle the way it is right now will open us up to a lot more opportunities. That's one thing, double-dipping is another, our exercise program is we get out and we go hiking together as a family where sometimes some kids come, sometimes they don't.

My husband sprained his ankle last week so I was just taking some of my kids or by myself, it's really, we try to go together so we're getting some family time and some exercise. Double dipping on some of those activities so that you can be more productive has been really nice. Just be more efficient that way, we don't own a lot of stuff, I'm a minimalist in everything, I find

that owning things requires stewardship, if you want to own something, you better be ready to take care of it.

I have children, I don't need items, I don't need cars, I don't need stuff in my house. Our lifestyle is very minimalistic and that leaves a lot of extra space in my head to focus on other things because I'm not always worried about cleaning my cabinets or why my kid's rooms are so messy, we just get rid of a lot of stuff. Just simplifying, double-dipping and willing to make your lifestyle match that. Look up the freedom that that's brought us. Now my husband's able to be more deliberate and intentional about where he works.

And because we already homeschool, the coronavirus has put him as a 100% remote. The time freedom that we are going to have now, the independence that we have with our finances, and now the location freedom that we are going to enjoy because of townhouses far more rentable than this house that we are in right now. We can walk away from that saying, throw a renter in it and go wherever we want. It is just that the freedom that that brings options is really what motivates me.

[0:15:29.5] WS: That is an incredible place to get to, right? You've worked very hard. You have done those things, the small steps like you say on a day-to-day basis and finally, you all are going to reap those rewards. I love the minimalist thinking and just to how that even frees you up more as well mentally and physically also. Emma, what's been the hardest part of this journey or syndication process or just getting to the point you are now?

[0:15:50.3] EP: I get stressed out if I don't have a new deal in the pipeline. I just feel like ants are crawling all over my skin and so I don't like doing volume. I tried wholesaling a little bit at the beginning even though I knew I wanted to do commercial real estate. I felt like I needed some income coming in. So I was trying to do some single-family flips, rentals, wholesaling. I couldn't handle the volume and so I focused on larger deals with less volume but because there is less volume, you have to be okay with only doing one or two deals a year.

And so you close one and you are immediately like, "When is the next one under contract?" and that is not how it works and so being able to have that mental toughness to be patient while you are looking for the next deal has been a huge struggle for me. I get really discouraged and

wonder if maybe I missed my calling or maybe I shouldn't do this anymore and that's almost a daily struggle for me when I don't have something under contract.

[0:16:44.5] WS: How do you include the kids in the business or how do you want them to learn about real estate or view real estate?

[0:16:50.7] EP: I would say that it is little bits of the time, which really describes how we homeschool. We don't have a formal curriculum. I don't sit down with the workbooks and mom's not in front of the whiteboard like, "Kids let's get together" we just homeschool like life. I'd say we've gone rogue. We just put them in the middle of the world and they watch us living and they live alongside us and so they learn real estate business by osmosis in the same way.

They say you become the product of the five people you spend the most time with and so our kids are getting the benefit of hanging out with mom and dad doing this but also our friends who are also doing this. When we moved to Salt Lake, we have some extended family members who live in the area but we don't know anybody else here and so our friends now are our fellow real estate investors and that is who they hang around with.

One example is we are up at our apartment complex on our way to visit my husband's family and the kids were in the car and I was walking around and I needed to spend an hour to an hour and a half there checking on a few items and they were starting to get whiny and I was doing a Facebook Live while I was doing it and I opened up the door to the minivan and I said, "Hey, here are my kids. Smile like you are having a good time."

"Smile like mom is teaching you some homeschool stuff about real estate because what other kid do you know whose parents own an apartment complex and get to learn this kind of stuff in their homeschool. Be grateful" and they smiled. Great, thanks mom but then as we got in the car afterward and we are making our way back up to grandma and grandpa's house we had a conversation. I was a little upset. I said, "How many other people do you know who get to have this type of education?"

"Your mom owns an apartment complex. It's 50 units and you guys get to sit here in this community, you should have been out of the car, you should have been walking units, you

should have been hearing me interact with the property manager” and that is not very motivational. I would never ever talk to anybody else that way and my husband have said, “Would you talk to your investors that way? Would you talk to your property manager that way?”

“Would you try to motivate anybody by saying you wasted this opportunity in front of you?” so we were able to try and rethink that and say, “It is okay that you guys didn’t get out of the car, you’re here. You are watching drop by drop, little by little you’ll understand that this is where freedom comes from,” this passive income and these types of investments and they come to me and they say, “How do I buy my first house? Should I start with a mobile home because I can afford that with just my money?”

“How do I put money into one of your deals, mom as one of your passive investors?” and they start asking these questions like, “What’s that spreadsheet thing you are doing? Wow, that adds up columns of numbers, how did you do that? Do that again” that’s how they learn just by observing and it happens. It never is as fast as you want to as a parent but it happens.

[0:19:32.4] WS: What is the thing you have recently done to improve your business that we could apply to our business?

[0:19:37.8] EP: Systemization. We’re trying to e-myth our business right now. If you haven’t read that book, *The E-Myth Revisited*, it is basically how to turn your small business into a McDonald’s where you can plug any uneducated teenager into it and they can run it and you can tolerate turnover because the systems and the training are such that you could plug people in. So what I’m working on right now are two things. One, getting my underwriting systems screening down.

So they’re only maybe five or six inputs into a spreadsheet that I could train an intern or somebody that wants to be mentored to come through an offering memorandum, plug those in. I have a lot of baked-in assumptions and if the boxes light up green then they pass it up to me and then I am only spending time on deals that have some promise. I tend to get really discouraged wasting time on deals that are garbage and so I procrastinate because I don’t really like underwriting.

I had to force myself to learn how to do it and so we just got that system dialed in and I am starting to train people how to do it now. I'll hire an intern to do my bookkeeping and to start doing this underwriting and then the second system is getting my CRM or my customer relationship management software, everybody get entered in so my assistant, my intern is coming through like all my old Facebook messages and LinkedIn messages.

And starting to enter them into my CRM so that I can communicate with people in a more organized way to make sure I am touching base. That is something that networking is just this technical skill as underwriting and people tend to wing it but they would never wing underwriting and networking and I think that people tend to think, "Oh you are just naturally social" or "You're just naturally outgoing" or you are just naturally charismatic.

No, there is a lot of technical stuff that goes in towards networking and managing the network, communicating with the network, understanding the psychology of how to communicate with people and so just getting that CRM built and getting that system in place is what we are working on right now.

[0:21:36.7] WS: Many great things there that you all are improving and I love that just systematizing it seems like a big topic right now but I think any business that is trying to scale, I mean it is something you have to do. What is your best source for meeting new investors right now?

[0:21:50.2] EP: As lots of people have said before, LinkedIn. The first \$50,000 I raised was a stranger on LinkedIn with that 506(c). He sent me a private message and he said, "I was really touched by that story that you shared" it was like a three-line story where somebody said, "What's your why" and it is basically that story where my husband got laid off in 2017 and I told him, I said, "Look, I've got to do something. This photography income is part-time it is not going to support our family."

I will never let this happen again, I am going to find some sort of part-time income that can support us on a full-time income. A part-time job that gets a full-time income. I didn't know what it was at the time but I said I will figure it out. So he read that on LinkedIn and he said, "Wow that really touched me and I would love to be involved in investing in your next deal" and I

thought wow, LinkedIn who knew? So that's when I started getting more involved rather than Facebook and more on LinkedIn.

Now I have raised money since then on Facebook and that has been a good tool but really focusing on LinkedIn I would say is where you should be spending your time if you are trying to raise capital.

[0:22:54.8] WS: What's the number one thing that's contributed to your success?

[0:22:57.1] EP: It is cliché to say mindset but it is true. 90% of why you do any of this is because you believe that you can do it. That 10% is the strategy of the techniques but why would you bother learning that 10% if you didn't believe that it was important or possible?

[0:23:17.8] WS: I believe that everyone that is successful in business must have a high level of self-discipline and you obviously do. How did you gain such a high level of self-discipline and how do you continue to work on that every day?

[0:23:29.9] EP: I grew up in Seattle. So we have a lot of real quotes from Bill Gates floating around. He said that he hires lazy people to be engineers because they figure out how to get things done and I think that probably describes me pretty well. I don't do this because I think that self-discipline is a virtue in it of itself. I don't even think work is a virtue in it of itself, which is probably where I depart from a lot of other investors. I don't raise my children to appreciate the value of work.

I raise my children to appreciate the value of going after what they want and getting what they want. If your why is powerful enough then the hard part of how will take care of itself and so for me to be self-disciplined it is all to fuel the laziness. It is all to fuel the lifestyle designs because I want my husband to quit his job. He used to have a part-time job because he was on call all the time. So we have lived that lifestyle where I was doing my part-time graphic design teaching online.

And he was doing his part-time on-call thing so get paid full-time and we live that lifestyle. I know it is awesome and I want to go back to that. We had plenty of time to get new hobbies to

push the kids around in the neighborhood in strollers and go on day trips. That's the lifestyle, that is the why and at the end of the day, it is because we want more freedom and more time to ourselves. So if self-discipline will fuel the laziness, I am all for it. That's how I do it, powerful why.

[0:24:55.7] WS: How do you like to give back?

[0:24:57.4] EP: Right now, my kids are getting older but my youngest is still eight, my oldest is 22. So right now my way of giving back is through my children. That was difficult for me to face because I felt like I should be doing something philanthropic thing and go and save the world. I am doing it just one little human at a time. I am starting to get to that point where I haven't really broken out of the rat race yet if you want to put it that way.

So right now I am really focusing on getting kids launched into being successful of contributing humans, having my husband like I said being able to quit his job if that is what he wants to do or to contribute to his job if that is what he wants to do and then after that, we'll probably what we call un-job where we have our passive income supporting us and we are going to go do a few projects like some minimalist hiking probably we'll do that and maybe live abroad.

Again a minimalist like a four hour a week type of thing and then I have a few philanthropic things I like to focus on through some non-profits, those are a few years away. Right now I need to really get these kids raised and I need to get our family situation a little bit more solid and I am giving back by teaching other people who are a couple of steps behind me. I don't need to be an expert in what I'm doing as long as I can teach you what I just did.

I can say I did this three steps ago, I can teach you step one. I can't teach you step five and six because I haven't done that yet but as long as you understand where I am and what I'm teaching, I've been through two downturns and I am doing my third one right now, it was different because we're single-family homeowners back then. I'll get back to anybody who wants to learn. I love teaching and eventually some philanthropy.

But for right now just giving back through getting my family to not be – to give my family to be good contributing adults.

[0:26:47.8] WS: Sure. Emma, it has been a pleasure to meet you and hear your story. It is very inspiring and I hope it is for the listener as well. I know it is because I know everyone feels like they are so busy, right? How am I going to find that 50 unit apartment building? Well, you know I think you have answered that today and it is a small step that you are doing every day. You are just a perfect example of that and just sticking to it and grinding every day.

You know making sure that you are doing those things, you are checking those small boxes every day that those small steps that lead into big ones. So grateful for your time today and just sharing how you keep the plate spinning and how you have outsourced and delegated and even how simplifying homeschooling versus sending kids to school, how that's even helped you focusing on what really matters and even outsourcing cleaning and different things in your home.

But you know just keeping the plate spinning but you mentioned like letting some dropped and being okay with that but make sure you keep the one spinning that need to be spinning, right? And so just grateful for your outlook and sharing that today. Tell the listeners how they can get in touch with you and learn more about you?

[0:27:48.9] EP: Obviously LinkedIn and Facebook. I am @emmapowell28 on both of those platforms and I spend a lot of time in the private messages there so reach out. My website is highrise.group and if you want to passively invest or you want to get in touch with me or schedule a call, if you want to be mentored, if you just want to start investing, you can reach out there. I also have a group on Facebook called Passive Investing through Real Estate and what we do there is kind of like a dating service.

Where if you've got a deal and you are looking to hook-up with passive investors or you have – you want to be a passive investor and you are looking for deal sponsors, it is an abundance mindset for finding private capital. I think that I don't always have a deal but I have people who are looking and I'll also come up with somebody else or I will put a deal out there and then hopefully somebody can find each other. So we just get in there, we just talk about whatever we can talk about.

What the SCC will allow us to talk about just meet each other, so if you want to join that group then just join that discussion. We'd love to have you over there and there is a link on my Facebook profile if you want to hope in that group with us.

[0:28:57.0] WS: Awesome Emma, that's a wrap. Thank you very much.

[0:28:59.8] EP: Right, thanks for having me, Whitney. It's been fun.

[END OF INTERVIEW]

[0:29:02.4] 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]

[0:29:42.9] 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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