

EPISODE 815

[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]

[0:00:23.7] WS: This is your daily Real Estate Syndication Show. I'm your host Whitney Sewell. Today, our guest is Oscar Buendia. Thanks for being on the show this morning, Oscar.

[0:00:33.2] OB: Awesome, man. I'm stoked. Like I told you before this, I'm a fan of this show and I'm excited to be on it.

[0:00:39.7] WS: Awesome. Well, I glad to have you on and first, I just want to say thank you for your service Oscar to our country. He's in the military and just want to support him in that way and I'm grateful for that. But a little about him. He and his brother German are making it happen in real estate investing. They are owners of REI brothers and Good Day Capital. REI is their podcast for financial freedom through multifamily and Good Day Capital is their real estate investment firm where they bring deals to investors.

Oscar, again welcome to the show. Grateful to have you and get us started a little bit with your specialty in this business and and what you all are focused on right now and let's dive into how you've done it.

[0:01:18.1] OB: Awesome. So, a little bit of my background. So, I started, you know, like most people finding the smaller deals whether it was through wholesaling, subject to, I did a little bit of

any of those. And then, recently actually, in 2019, we purchased our first large individual, it was a JV between my brother and I, a 20-unit portfolio, and it was all small multifamily, noncommercial. And from there, I mean, it just opened our mind to limiting beliefs and dropping everything as far as how you can scale, how you can make the puzzle work, and the lending piece of it which up until then, I was looking at just regular residential lending. And then I started looking into commercial, really found this ridiculous interest rates that commercial lenders provide and I was like, “Wow, this is such a better way for margins for everything.” And then from there, just blew up.

We started getting deals anything from 50 units to 150 units. And mainly in Ohio, that's where our entry point, and because Ohio is a cheaper entry point just allowed us to do that. That was our one of our main strategies is looking at what market we can tap into and that are comfortable entry point. If you go to Florida or Texas entry point might be a lot higher. So, that's something that someone scaling, you have to look at it make sure you're comfortable with because you don't want to get in over your head either.

[0:02:52.3] WS: Let's dive into that a little bit. I know there's many of listeners who are in your shoes or have been or almost wish they were maybe, in getting to the point that you have now and thinking through that a little bit. I wanted to back up to how the small multifamily, you talked about expose those limiting beliefs. Could you elaborate on that a little bit? There's just the mindset around that so crucial in getting started.

[0:03:12.8] OB: Yeah, absolutely. So, like I said, I was doing wholesaling at the time and I actually, had a couple of deals taken from me from my “mentor”, where I found like a 50% margin. He basically flipped them and he took a million dollars off the deal. I didn't know what to do with them at the time. But he took them. And then from there, I got kind of sour taste that that level of real estate. So, I started looking at other markets and how to get bigger. And our initial process was, “Hey, let's go buy a few homes, pay cash out in Ohio, entry point is cheaper.” But we were approached with a 300-unit portfolio — portfolio residential, and they wanted to offload it. No, we said, “Okay, well, how do we do this, 300 units?” Eventually, we scaled it down to 30 and then we realized, “Okay, let's stick at 20 as our comfort number.” And it really, even 20 at that moment was hard, because we were talking close to a million dollars. And we were looking at how to structure it — out everything.

So, we started calling people, lenders, you name it. And finally, we got the help to say, “Hey, this is how you should structure it and we can help you.” And we're like, “Oh, wow, man, that doesn't seem too hard. Let's just do it.” Ran numbers, felt comfortable, and just took action from there.

And that's what I mean by crushing those limiting beliefs, because until you put yourself in that situation to say, “Can I do it or not do it?” You won't know before that. Everything's in your head saying, “Oh, no, that's too much for me. That's just out of my realm.” But the moment you get in a situation and your back is against the wall and you want to make it happen, if you truly want to make it happen, you will, right? If not, then it's not meant to be and that's okay, because another opportunity will come. But now you have that experience through that little setback to know, “Hey, I can go and do this at another time, because now I have that little bit of knowledge.” And so that's what I mean.

[0:05:19.0] WS: Can't be afraid to fail, right?

[0:05:20.9] OB: Yeah, it can't be. And it completely changed our mindset, because now we're talking with people and investors with millions of dollars. You would have told me two years ago, I'm talking to people that have \$80 million in reserves, that say, “If you have a deal, let me know.” I would tell you, you're crazy. That's a whole different world. It's awesome.

[0:05:43.8] WS: So, tell me about some of the first action steps then that you took are or like finding a mentor or what did that look like? You already had one bad experience with a mentor, but moving forward, did you use mentors then and how did you find them?

[0:06:00.4] OB: No, this is all trial by fire, initially. Trial by fire, in fact that I had other buying homes in Colorado Springs, where I was stationed at before, and it was all working well. So, I learned how to do it on a smaller scale first, individually analyzing numbers, and then from there, that's when we we did a large single-shot purchase. But we made a lot of mistakes, right? So, we did horrible on due diligence. I mean, this was a true mom and pop owner, she had everything in a notebook. So, we had to verify everything and even then, when we verified there were things that went wrong and we messed up on it, the responsibilities where leases were

actually not correct. And then just to turn over once you take over tenants, which they know and and they don't want to do anything. So, we had a lot of headaches and we learned from that.

But because we had some of the headaches, that right there then forced us to think, "Okay, we need true mentors." And for us, it was key. It was Jake & Gino. We joined the Jake & Gino community. I can't speak any better about them than I do all day, every day anyway, because they truly are. We get like four coaches and everything from analyzing deals to this and that and yeah. And that, to me has been instrumental because it's changed also our level of sophistication and I'm all about reaching out for coaching and mentorship.

With our podcast, we're looking to monetizing and pay people who have done it as far as like, "Hey, how do you properly monetize?" Same thing with affiliate marketing for a website, things like that. I mean, if I'm not an expert, and I haven't done it, I'm going to reach out to the people that have done it. And if I have to pay, that's okay, because I rather pay for quality than stumble my way into people who don't know what they're doing and just taking my money.

[0:07:59.7] WS: I know Jake & Gino personally, I can't speak highly enough of them, they're just amazing guys. So, grateful that you brought them up. But then just also just finding a mentor like that. I know, to me, it was just crucial, finding someone that I could ask questions of, just gives you that extra layer of confidence that you wouldn't have, just knowing that there's somebody there that's on your side unlocked that first mentor, that you talked about, you thought he was going to help you and then they ended up helping himself and I would say he missed out. He could have had somebody to partner with and made a lot more money long term. I think it was somebody that was very short sighted, very short sighted.

What about, now you've got into the business, you had a setback there in the beginning, but you pushed forward, you discovered some limiting beliefs, you found a good mentor, now you're doing somewhat larger deals, you opened your mind up to doing bigger things now in the real estate space. Talk about some of those systems that you all have created that's helped you to think about scaling now.

[0:09:01.0] OB: Yeah, absolutely. So, that has been the biggest thing in this past year, because we realize with our proper system and proper base and a team to take care of and especially

being a W-2 worker, I'm still in the military. My brother is retiring this year, but he's going to be the boots on the ground. The issue or not the issue, but what we discovered is we need to scale that. So, first thing is I hired an executive assistant, and I'm talking about a quality one. I didn't go for a VA. There's a difference right, and she created SOPs for me to create a lot of things that I could do, but I don't have the time to do. Now, for example, our podcast, it turns. I record, she takes the recordings, I don't worry about anything. I just pretty much get on the call like how we're doing now.

But then, with those SOPs, we're going to pass it on to other VAs who are going to handle our marketing, part of the house, and working really hard on the investor relations side which is we have platforms. I'll name my platform, InvestNext, for where we show our deals. And you know, I think that's one of the cheapest and best platforms out there.

[0:10:11.5] WS: I want to give them a shout out. We also use InvestNext and just a great team. We've worked with them for I guess a little over a year now and had done numerous deals through their platform. I can't speak highly enough of them and the customer service alone. You can actually find on our website, on Whitney's recommendations, I think it's under our About tab on our website, you can find a link to InvestNext and put your email in there, we'll get you some information about them and connect you.

But anyway, glad you brought them up, glad you're using them. So, you found a great portal, I wanted to back up, you hired this assistant, you said quality. What does that mean to you? I've used assistants for lots of things and whether it's job specific things versus now I have, for the best assistant that I've ever had, as far as a personal assistant, what does that mean to you, though, Oscar as far as having the quality assistant versus just finding somebody on Upwork or whatever?

[0:11:04.8] OB: Yeah, I think for me is someone that could critically think, based on what I'm giving them. Well, not just follow a simple direction. And also, education is a factor. The person that we are, for example, she has an MBA, has operations experience. And she went to an American satellite school in Mexico and speaks better English than me, probably better English than you. I was so impressed. And that, to me is quality, because it shows that she can also – while she lives in another country, she can relate at a high level with business individuals here in

the US. And she's going to play a key role in investor outreach for Latin America, which we're working on right now. That to me, it's quality. If I hired a graphic designer, it might not be, I don't need someone who has an MBA, I don't. I need someone that can create graphic design and maybe posts here and there for social media. But when it comes to the operations of an actual business, I need someone to know business.

[0:12:09.3] WS: How did you find this person?

[0:12:11.7] OB: I looked through Upwork, Fiverr, what's the other one, there's one specifically for Philippines, I forgot the website.

[0:12:19.2] WS: Onlinejobs.ph.

[0:12:20.7] OB: Yeah, that one, but I looked through everywhere. And then trial by fire as well. I spoke to about 10 to 15 different executive assistants and they're not cheap. I mean, they're anywhere from minimum of \$20 an hour to, you name it. So, you got to pick your flavor and your price range, but you just got to do it and make a commitment. And you'll see, shout out to Michael Hyatt's book, *Your World-Class Assistant*, if you're reading that book, your time maximizes. So, now you have time to do what is important, which is actually plan out and run your business.

[0:12:54.8] WS: Nice. My assistant and I both read that book, *Your World-Class Assistant* and been through some of those things, can't recommend that enough, either. I think I read it in a day. It's a really quick read, but very, very worth your while. Oscar, speak to a couple of systems that you and your assistant have put in place that have helped you to say gain back more time or be better organized or be more productive?

[0:13:16.3] OB: Oh, yeah, I mean, like I mentioned a little bit earlier, just the fact that she created our SOPs for the social media and our podcasts. I mean, social media and podcasts were taking up so much of our time. And anyone that says, "Hey, you know that that's their main gig, that's awesome. But that's not our main gig" We like that because we educate, we also get to meet people and talk to people, and vice versa. But our job is landing deals, and for this past year, it's taking a lot of time. So, she went ahead and created those SOPs, and from there, I

mean, I'm telling you, I don't really worry about it, she records the Zoom. She knows to be annotated. From there, she throws it out, puts it into a folder on the deliverables from the company that we use to create everything. And then from there, she starts scheduling posts on our social media, things like that. We'll comment back and we'll do that piece. But as far as all the minute things, and beforehand, I sat down and I wrote down everything I want to outsource and everything I want to do.

Commenting and interacting is something I want to do, my brother wants to do, but the posting and the little details of how to make it happen. I don't want to do that. That takes time. Just not value added to my time.

[0:14:35.0] WS: What would you do different now, on your first deal, if you had known then what you know now?

[0:14:41.9] OB: Man, it's hard to say, you know why? Because that first deal, even though it brought us a lot of problems, opened up so many doors. So, I don't know if I would have done anything different. To be honest, I wish I would have done a found syndication and join Jake and Gino beforehand, as I think we would have been – maybe we would have been in other deals a lot better, because one of the things that we pride ourselves in, we were pretty good at off market deals in Ohio. We networked a lot with wholesalers, and just guys with boots on the ground and find ways to bring them in, if we close on the deal, and that worked very well.

So, I think we could have done that better, but I can't say I would change anything really, because I mean, it's been an adventure. And it's been a great one. And it continues to grow the way it's supposed to.

[0:15:36.3] WS: Oscar, how do you prepare for a potential downturn in your real estate business?

[0:15:41.4] OB: So, everything that we see is – I mean, I think everyone's seen that cap rates are compressed. I think there's a little bit of denial in the market. But it's all because there are some stimuli that are keeping things alive and going. So, there are factors there. But for us, to be honest, when we look at deals, we're looking at being extremely conservative. We look at low

rent growth in one or two years, even sometimes three, depending on the market. But, really the main thing, and this comes from our mentorship, one of our favorite people, Bill Hamm, I don't know if you know him, but he's our deal coach. And when we talk to him, I mean, this guy had 15 years plus of experience, he tells us, "Hey, look, don't worry about it, just raising rent. That's not the only way you prepare for things. That's not the only way you could create value ad."

So, he's talking about you look at eliminating operating expenses. How do we lower those, instead of just looking at the way everyone does, which is raising rents, right? For us, it's that piece too, because you're not going to be able to always raise rents, especially in a downturn. That's important to know and to know how to evaluate and how to look into a structure and make an operation more efficient.

[0:17:00.4] WS: Do you have any daily habits Oscar, that if you're disciplined about completing that have helped you achieve success?

[0:17:05.9] OB: Man, there's so much that's been such a personal growth, that's ridiculous. I would say right now, the biggest one is time blocking, just because as things have gotten bigger, my life has gotten more out of hand. I do have a family, two kids, a wife. And it's been very, very important to say no to people as well that I will do something from time to time. And when I pick up my kids at 4:30, and I put them to bed at 8:30, that is their time and no one else's time.

So, before I used to be on my phone and doing this and that, and that's how to with outsourcing certain things. But I have to also be able to say no to people who want to talk during those times. And say, "Guys, I can't, that is my time." So, that has helped me because it has created a balance in my life, where everyone in my family is comfortable with and I'm comfortable with. Even the weekends, because don't do anything on the weekends. I cram everything into the week, and the weekends are with my family. And we have to realize that is at least that's my why. I do it for my family. I'm not going to kill my family in the process of growing my business.

[0:18:14.4] WS: What's your best source for meeting new investors right now?

[0:18:16.7] OB: I would say our podcasts. We have so much people reaching out to us in social media. It's been very exciting to see people who just want to talk and we'll meet and we'll chat.

And you know what, COVID has had some good positive things, which is people are extremely open to Zoom conversations. In the past, "Hey, let's meet up for coffee." Well, as a working individual, doesn't have that much time to go drive off somewhere. Zoom has been the best thing.

[0:18:43.4] WS: What's the number one thing that's contributed to your success?

[0:18:46.6] OB: I'm curious and I'm a problem solver. I don't like status quo's, and I don't like being content. I always like to grow and if I see someone doing something that is amazing, I want to know how they did it and I want to pick their brain and ask the right questions along the way. Obviously, provide value if there's any way. That to me is, I go full force and I see someone that's crushing it, and there's no negative energy. I think sometimes as we are growing, we may become a little bit jealous. But I think if you can learn how to curb that, "Oh, I don't know about that guy." And just talk to people because you don't know sometimes first impressions aren't always what they seem. I've met some people in the past would have been like, I don't know if I will talk to them, but now I talk to them, I'm like, "Man, these people are the coolest people ever and their mindset is the best ever."

[0:19:41.2] WS: How do you like to give back?

[0:19:44.4] OB: I think what we've been doing recently is being approached a lot by the Latino community. And we always like to give back in that sense that not everyone knows that there are these private investments out there that create these ridiculous returns and is on assembly also, because it's against the law to advertise to people who are not accredited. But I think people who are really trying to build generational wealth, need to know about this private investment. So, the only real way is to get to know someone who's doing the deal.

So, we like to give back that way and showing people just what you can do and even if it's not with us, because we advertise so many people on our podcast and say, "These people are doing this and you do it too, right?" So, we just want to show people that there are ways that they can do it, and that they can grow their money.

[0:20:30.5] WS: Awesome. I'm grateful for your time today. I'm grateful. Just really walking through your story, and I think a lot of people listening can relate, starting with small multifamily or starting wholesaling even, and you had a setback. You had this mentor that took advantage of you, in a work that you had done, but you didn't quit there is a key thing there. You didn't quit there and you moved forward. You learned from those mistakes, even from the first property or so and found that a mentor that that's helped you a lot, and you all just push through taking action. And we talked about just being willing to take risks and getting no risk, no reward. You have to be willing to step out there.

But then too, I just appreciate you elaborating on some of the systems that you all created and the importance of hiring that assistant and a quality assistant at that. So, Oscar, thank you again. Tell the listeners how they can get in touch with you and learn more about you.

[0:21:24.0] OB: Yeah, absolutely. Thank you so much for for having me on. I can't say it enough. I've been a fan of this show for a while. So, thank you, and anyone can reach us through our social media. We're really active. We have a podcast, REI brothers, and then we're on Instagram, @rei_brothers. We have a Facebook as well, very active on our personal LinkedIn as well. So, reach out to us if you ever want to chat, talk. We've been in other people's shoes, even if it's not about investing, if it's just about personal growth and how to do a certain thing. Let us know man. I've helped people close on a single family even though that's not what I do anymore, and it's just advice, so we can always chat. Let us know. Thank you so much and this has been a blast.

[0:22:05.7] WS: Awesome, Oscar. That's a wrap. Thank you so much.

[END OF INTERVIEW]

[0:22:09.5] 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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