

EPISODE 839

[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]

[00:00:24] WS: This is your daily real estate syndication show. I'm your host, Whitney Sewell. Today, our guest is Seth Bradley. Thanks for being on the show, Seth.

[00:00:32] SB: Yeah. Absolutely, Whitney. I really appreciate you having me on.

[00:00:35] WS: Seth is a real estate entrepreneur who has closed billions of dollars in transactions as a real estate attorney, investor, and broker. He's the Managing Partner of Law Capital Partners, a private equity firm focused on commercial real estate acquisitions, and the Managing Partner of Bradley Law Limited, a law firm focused on real estate and asset protection. He's also known as a passive income attorney and is the host of The Passive Income Attorney Podcast, educating attorneys and other professionals on how to stop trading their time for money so that they can practice when they want to, not because they have to.

Seth, welcome to the show. I'm grateful to have you on. I know you and I had connected a while back, but I'm looking forward to just hearing more about your story. It's an incredible journey to where you're at now, and I think it's going to encourage a lot of the listeners, but then too just learning about becoming the passive income attorney and how you're helping these busy professionals. You had mentioned in your bio just trading their time for money,

getting that time back, and being in better control of that, taking control of that time. Get us started. Give us some background about yourself because, like I said, I know it's going to be an encouraging story for many of the listeners as well.

[00:01:47] SB: Yeah. For sure, brother. Again, I'm really grateful to be on. I thank you so much for having me. I'm a journeyman of sorts. I started out thinking I wanted to be a doctor and I went to med school for a little bit. I wasn't into it. I made the really hard decision to walk away. I ended up getting my MBA, followed by my law degree. I've done the whole gamut of graduate schools. If anyone needs advice on that, I'm certainly the guy to talk to, but I've always been interested in entrepreneurship and business and real estate.

I've reflected on that but I can't really seem to pinpoint where that came from it's just really who I am. As I was growing up, I was never really exposed to real estate or entrepreneurship. I grew up in countryside of West Virginia. I was adopted when I was just a few months old from South Korea by two of the most wonderful people on the planet, my mom and dad. They came from the bluest of collars though. My dad's a retired coal miner. My mom's a retired grade school teacher. They are just the absolute epitome of work really, really hard, provide for your family, save as much as you can, and really just live a simple and happy life.

That stuck with me and my sisters well throughout our lives and our ventures, but I was just never really exposed to entrepreneurship or owning real estate, and it didn't really seem attainable to me while growing up in a very, very small town in West Virginia. But later down the line, I kind of figured that out and I figured out that that's exactly what was missing.

[00:03:12] WS: Wow. Yeah. That's an incredible story. I appreciate you sharing that but why real estate and why moving in that direction full time? You have the education that you've worked so hard to obtain. I know you've worked for some big firms, and you've been in that sector as well. Why try to move away from that now?

[00:03:30] SB: Yeah. I got my MBA, and I started meeting business people and decided to take that to the next level, and I went to law school. I finished toward the top of my class and ended

up getting a really good big law firm job out of law school. I worked in big law for about six years. At that point, I was exposed to real estate because I was a real estate attorney. I still am a real estate attorney. I did some corporate law as well and made really good money by any W-2 person standard. If I would have stuck with it, I would have made a partner and made more money, and you go down that pathway. But I've just always had this underlying kind of entrepreneurial fire to do more and kind of be out on my own.

I think there were just a couple of aha moments while I was working at those big firms where I just started questioning what I was doing, and the first one was just being part of these big real estate deals. I mean, these are \$100 million plus acquisitions, financings, and meeting with clients, and just being on these transactions. These clients, they weren't Bill Gates. They're just regular guys like you and me, and I just thought, "You know what, I want to be on that side of the table. I want to be the principal on these deals. I want to own the properties. I'm sophisticated enough. I know real estate. If they can do it, then I can do it."

I'll just go into the second one. The second aha moment was really seeing some of these guys that were in their 70s, and they had "made it," but they were still in the office all the time and they were still practicing a full workload and along with all the administrative duties that come along with that. I just kind of thought to myself, "How can this be?" I mean, he's making tons of money or these guys are making tons of money, but why are they still here? Why are they still in the office? Why aren't they at home or hanging out with their grandkids or on vacation or something?

You get to realize that they're really married to their jobs, and they're really good at what they do. They've spent countless hours perfecting their craft, but they haven't spent those hours living their life. At that point, I was building tons of hours and working late, no free time, probably not exercising enough, probably drinking too much expensive scotch. I just realized if I kept down this path, I was going to end up like them. It could be good and bad. I mean, I don't know how their relationships were with their families and stuff, but I didn't want to put that at risk.

A lot of times, your lifestyle follows your paycheck, and you've suddenly acquired what I called and what you've heard of the golden handcuffs. You make a lot of money but you spend a lot of money and then you have all these bills pile up. All of a sudden, you're not able to save, you're not able to invest, and then you have no choice but to keep continuing on that path. Before you know it, you're 70 years old, and what have you got to show for it? You're in the office for 60 hours a week your entire life. I would prefer to be wealthy and full, so I started looking for alternative assets, and it eventually led me down to participating real estate deals.

[00:06:32] WS: That's such a big transition and a big moment to have that just aha moment and being willing to say, "Okay, I'm going to make a change because I know personally, I mean, I had to be willing to work 78 hours a week for like two years to be able to get the business going while still working full-time and doing all these things." But then all of a sudden, when I was able to leave the W-2 job, it's a big mindset shift because I still feel mentally like I need to be in the office 60 hours a week. I mean, like I just have to be in there working or else I'm just not being productive enough.

Coming from that, it's like mentally is such a big shift, and I can see why guys are getting stuck in that, and have to keep going, have to keep going, have to keep going. It's difficult transition but a great one. It's a great one. So tell me about maybe some pushback that you receive. I mean, I know personally my W-2 position that I had before the real estate business, I was probably the biggest income earner in my entire family. To leave that to them, I mean, it seemed like such a secure position. You got retirement. You got benefits, all these things that they see is so valuable. It's difficult for them to see me walk away from that. How about yourself?

[00:07:43] SB: The people that you're close to are a little bit confused. They're like, "Well, what are you doing?" I mean –

[00:07:47] WS: You've worked so hard.

[00:07:48] SB: Right. I think I'd already shown them that I'm not going to just kind of follow every single straight line path. I mean, I had dropped out of med school already, and that was a huge thing at the time to kind of transition into something else. Going my own path has just kind of been who I am all along.

[00:08:07] WS: Nice. Well, I've received some push back there, and I know others that are listening are as well and thinking through that as they are trying to pursue this real estate business just like you have done and walking away from something else. Tell us how you're helping individuals now who are in those shoes like you're talking about. They have the corporate position, they're spending 70 hours a week, and they've been doing it for a long time, and they're just dreaming about that time when they can make that transition.

[00:08:32] SB: Well, I got started in real estate in the residential space. I have experience in fixing flips and fixing holes, house hacks, just about anything. I mean, I love real estate. I don't have anything against residential and I'll likely continue to look for opportunities in that space. But everybody knows at this point, especially your listeners who are seasoned, it's very difficult to scale, and it takes a lot of transactions, and it's just continually next deal, next deal, next deal, and you don't have those economies of scale. I started looking for what's the next step. I've been in commercial deals on the legal side, so I started investing passively in syndications and kind of got my feet wet, and that really kind of opened my eyes a little bit more.

I'm an active person, so I wanted to be on the active side, so I started transitioning to that. My company, Law Capital Partners, it's a private equity real estate firm currently specializing in large multifamily, but we look at other asset types on an opportunistic basis. We're really focused though on educating attorneys and other professionals about these types of deals to show them that there is a pathway kind of out of Wall Street. Because most attorneys and doctors and folks like that, they're used to just investing in their stocks and bonds and mutual funds through their 401(k), but we're trying to show them that pathway to Main Street where, as you know, man, institutional money and intelligent investors have played in that space forever.

[00:09:53] WS: I think that too is a hard transition when you're first opening their mind to like the syndication industry or syndication business when they're used to 401(k) stocks and just investing in that way. That's the way my thought process was before real estate as well. Maybe you can speak from this experience as well or people you're helping, just getting past that, really opening their mind to this opportunity in real estate, in the commercial real estate business as opposed to just putting money in the stock market.

[00:10:22] SB: Yeah. I'm not going to lie. It's tough, man. I mean, if you're starting with them from ground zero and they don't know anything about real estate, I mean, you've got to educate them. You've got to be an open book and just answer any questions. Sometimes, that's really time consuming, and it's tough to get them over that hump, especially attorneys because they're very conservative, very inquisitive. They're like, "Oh, I don't know. I'm doing just fine as I am. Why would I change?"

But then when you show them these returns, sometimes that can go better or worse too because they see these returns, and they're a lot bigger than what they're used to. They're like, "Well, this is too good to be true." It just takes a lot of patience and walking and hand holding, getting them over that hump. It really just comes down to education I think.

[00:11:05] WS: What do you find is the typical investor like that? Are they – Is it going to be what I'm going to do, just the minimum on one deal, see how it goes or they're more gung-ho about getting into this business after you've educated them?

[00:11:17] SB: Yeah. I mean, the first deal is usually the minimum. If you'd let them in for \$10,000, they would come in for \$10,000. I think that's pretty typical for any passive investor. But after that, yeah, a lot of people, they love it and they get excited about it and they're like, "Oh. Well, let's take the next step." They start getting interested in possibly being on the active side and having their own deals.

[00:11:40] WS: From just your passive investing experience and how you're helping others as well, what do you like to see as far as when you're talking to an operator about being prepared for a downturn? What do you like to see?

[00:11:51] SB: Everybody says that they underwrite conservatively, but you've got to really just dig into that underwriting and make sure that they're practicing what they preach. I mean, for instance, market rent growth. Everybody says typically in the past you've done like two or three percent each year, something like that. But right now, it makes more sense to underwrite it at zero, at least for the first year, maybe for the first two years. The last deal that we did, we underwrote it zero percent market rent growth for the first two years.

Now, that doesn't include the forest appreciation rent growth that we're going to have. But as far as just the market rent growth, zero percent for the first couple of years. That's just one instance of how you can underwrite conservatively. Another one is taking on less debt, raising more capital for the deal to have more equity so that that debt position is a little bit smaller.

[00:12:40] WS: Do you ever have any questions about reserves or type of financing, anything like that that you like to see or even – from the legal side as well which I'd love to get your opinion about anything as far as their legal docs.

[00:12:51] SB: Yeah, for sure. I mean, financing it, I don't think that's changed too much, even with the pandemic and the potential downturn. There's always risk with bridge financing. There's nothing wrong with it, and sometimes that's all you can get because it's a heavy value-add of some sort, and you can't get agency debt or long-term debt. But that's a risk. If you can get some sort of a long-term debt at least five years or longer with some extensions, then that can kind of get you through any sort of downturn or hopefully get you through any sort of downturn. If you can get that or agency debt, then that's a big risk off the table financing wise.

[00:13:25] WS: What do you like to see as a passive investor working with operators? Anything specific that stands out to you as maybe a red flag or something that tells you, "Okay, this operator has done his homework."

[00:13:35] SB: I mean, there were things we had to do differently during the pandemic. It's a little – we're starting to kind of come out of it now but initially we had to build in longer due diligence periods with big extensions. You'd normally see a 60 to 90-day close. We would have two or three months of extensions in there, and the sellers were okay with it because they understood that it was very uncertain times. They were okay with that.

Other than that, you don't really see a lot of force majeure type of clauses in your purchase and sale agreements, but we would build something similar to that in order to give us that extra time if we needed it or if title office closed down or we weren't able to get vendors in there or something like that and no access to properties. There are different things that we had no idea what was going on, so you just had to build in some creative contingencies like that to make sure that you had an out.

[00:14:22] WS: Seth, what do you predict to happen in the next 6 to 12 months in the real estate market and how is that affecting just your plan for the next year for your real estate business?

[00:14:32] SB: I mean, nobody knows where it's going to go. I've even seen the last few months and I'm not sure when this is aired. But towards the end of 2020, the deals have just picked up incredibly. I mean, everybody's kind of sitting on their hands for a little bit, and now it's just you're seeing a ton of deals kind of see the market. I think that's going to continue. I think that it was a healthy real estate market before the pandemic. I think it's going to be a healthy market after the pandemic, but there is always that looming downturn that at some point in time we'll be due for it. Now, I don't think that we're going to have it in 2021 necessarily but who knows? Who knows?

[00:15:12] WS: Coming from your family background and but then accomplishing all the education that you did and now the real estate business, no doubt, you have a very high level of self-discipline. Where did that come from and how did you gain that? I believe it's so important in being successful in any business? Where did that come from for you?

[00:15:28] SB: Yeah. Again, I think it came from my parents. I mean, they're blue collar folks, the nicest, most awesome people in the world. A dad coal miner, my mom a teacher, and they worked. They didn't hate their job. They worked and they made a good living. I think that was instilled for me from day one.

[00:15:47] WS: Any habits that you have that you're disciplined about doing every day that have helped you achieve success?

[00:15:52] SB: Sure, yeah. I have kind of a weird morning routine. I mean, I get up, and the first thing I do is 50 push-ups in a row just to kind of wake up because I get up pretty early. I normally get up around 5:00 AM, so it's about right now. Then I go kind of do my morning stuff and then meditate. Then I do a little bit of more of a workout, get my coffee, and get going. I like to try to sit down at my computer and get one of those number one tasks off the table right off the bat because I think that's when your mind works the best. As soon as you kind of wake up and get the wheels turning, I think that first couple of hours is really when you can get the hardest work done.

[00:16:28] WS: Is there a way that you've recently improved your real estate business that we can apply to ours?

[00:16:33] SB: Systems. I'm really into systems right now and building kind of email automations and funnels and incorporating automatic texts and things like that just to try to make it as systematic and automatic as possible. We can't be on the phone 10 hours a day every single day. We're going to get burned out. The more things you can automate and put into a system and even assign to a VA, the better off you're going to be in the long run and the faster and bigger you can build your business.

[00:17:04] WS: Any software there specifically you're using to do those things?

[00:17:08] SB: I really just use ActiveCampaign mainly for automations and things like that, and I use Upwork for VAs, for different assignments. I'll give them a small assignment. Then if they do that well, then I'll just bring them on to do similar assignments more. If it's graphic design or email funnels or things like that, scheduling, I think it's really good to try to train up your VAs because that helps out a lot.

[00:17:32] WS: What's your best source for meeting new investors right now?

[00:17:35] SB: Well, the podcast is launching pretty soon. It's probably launched by the time this is aired. The podcast and really just getting on webinars and taking on any kind of speaking engagements that I can get on. I really use social media quite a bit. I use LinkedIn. Very frequently, I try to post every single day and then Facebook. There's a lot of really good groups that you can get involved in that have investors that are willing and ready to invest. You just have to find those right groups and you have to do it in a delicate way. I mean, a lot of the people that have these groups, they don't want you just spamming people, so you've got to you know add value. It takes time and effort but the opportunity is there.

[00:18:15] WS: What's a way that you've been able to add value to people through groups like that?

[00:18:19] SB: I usually use my legal expertise, either legal or real estate experience. A lot of times, these groups are really interested in residential real estate because that's what people know. If I can kind of give them a little bit of a nugget about a fix and flip or a wholesale or something like that, that kind of really gets them interested. Then you kind of open their mind up to commercial and syndications and things like that. It's kind of a step-by-step process.

[00:18:43] WS: What's the number one thing that's contributed to your success?

[00:18:45] SB: Outside of God and my parents that I had already mentioned, I would say my discipline. I'm up at 5:00 AM, I'm getting started, and I work all day. I mean, even though I worked at big firms for a long time, that was a different type of work. I mean, you know, Whitney, that we work like crazy now, but we're working on our business, and it's enjoyable. I mean, we can work 12-hour days and it's okay, whereas if we're in the office working 12-hour days. It's taxing and you just feel bad about it. You're like, "Oh, my gosh. I hate it. I can't go to work tomorrow." But when you're working on your business, you're doing what you love, then you can work all day, and it's fine. But I think the discipline and the time management, that kind of goes hand in hand with everything.

[00:19:31] WS: How do you like to give back?

[00:19:32] SB: Right now, I have a lot of folks that are kind of thinking about law school or thinking about med school, and I do advise them quite a bit on what they should do and have them think about what do they want to do on the back end. Is this something – It's a big commitment. It's expensive. You're probably going to come out with debt. I like to talk to students before they go into these professional professions before they make that commitment and kind of advise them and just tell them what it's like on the back end in a neutral way so that they can make a more educated decision.

[00:20:03] WS: It's a great way to give back to those looking to go into all the debt and that large commitment like you mentioned. Not that it's bad but it is a big commitment. No doubt about it. Just to have somebody like yourself that's been there and done that is so helpful. Well, Seth, I'm grateful to have had you on the show and to catch up and just to get to know you better and just hear your story again, where you came from to where you're at now and have been so disciplined and accomplished so much and have learned so much about passive investing, now helping many others do the same thing, even how you've grown some in your business and software you're using. Tell the listeners how they get in touch with you and learn more about you.

[00:20:39] SB: Thanks, brother. I really appreciate it. My podcast is called The Passive Income Attorney Podcast. Check it out. It's on all the platforms. The website is passiveincomeattorney.com. There's a few free gifts on there for download, so check that out and also look at lawcapitalpartners.com. That's the private equity website.

[00:20:56] WS: Awesome. That's a wrap, Seth. Thank you so much.

[END OF INTERVIEW]

[00:20:59] 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. Subscribe too, so you can get the latest episodes. Lastly, I want to keep you updated. So head over to lifebridgecapital.com and sign up for the newsletter. If you're interested in partnering with me, sign up on the contact us page, so you can talk to me directly. Have a blessed day, and I will talk to you tomorrow.

[OUTRO]

[00:21:40] 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.

[END]