

**EPISODE 846**

[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 your daily Real Estate Syndication Show. I'm your host Whitney Sewell. Today, our guest is Amanda Neely, thanks for being on the show Amanda.

**[0:00:32.5] AN:** Thanks for having me Whitney, great to be here.

**[0:00:35.5] WS:** Amanda is a small business and financial professional, she works with business owners to develop personalized financial strategies and profitability strategies for businesses. Her goal is to work with people to take charge of their cashflow, leverage their assets and increase their profitability. I mean, how many of us don't want that, you know?

It sounds so good, Amanda. However, most of us don't really think through those things much. I find it like, before we started business or even after, we just kind of, keep pushing forward and we're not really planning much all the time. Looking forward to just leaning on your expertise a little bit, asking questions about this.

Get us started a little bit, maybe give us a little background about yourself and let's just jump in to what you do for people, how you're helping them with these financial plans and how you can help us as investors?

**[0:01:24.8] AN:** Yeah, it took me a long time to find my passion and what I was really good at. I went to a liberal arts college because I was like, I have no idea what I want to be when I grow up still. Now that I look back, I see all kinds of pointers to – I was one of those nerdy kids that had a planner when I was like eight, right?

I was like, sitting down every week to plan out my week and you know, things. When I was a teenager, I sat down with my mom and helped her get out of credit card debt. My mom and dad were fighting too much about money and I was like, “We got to stop this.” I made her figure that out, we’d sit down every month, pair our bills together and we had a plan to do that.

When I got out of college, my first job, I just happened to land into a position as an assistant to a grant writer and found I loved grant writing, it was with a non-profit and the whole process of developing the proposal that we’d send to the foundation to get that grant and then planning how we would use that money if we were to get it was just amazing.

Then, that directly translated into writing my first business plan when I was 24, seeing that plan become a reality, we owned a brick-and-mortar coffee shop for a number of years and then the whole plan for how we sold that, transitioned to our new role as financial professionals. For now, I get to sit down with people and develop strategies, develop ways forward for them with their money and how it can help them actually reach their goals and dreams.

**[0:02:53.1] WS:** Nice, well it’s so interesting to hear too, how people get from one path to another and I knew it myself, it’s just crazy when I look back and think about all the things that how I got to where we’re at now.

I guess expose a little bit to us some common things that in real estate investors, you know, problems that they have when they come to you and say, “Amanda, here’s what I have going on and it’s you know, things that maybe we don’t normally see”.

Maybe even highlight some of those things that we know the listeners and myself are probably dealing with or maybe don't even know yet that we should have in mind and let's go talk about them.

**[0:03:23.7] AN:** Yeah, I work with a lot of different real estate investors from all different kinds of real estate investing. I love working with the syndication people, for sure. The biggest thing that people come with, if they're just at the beginning, they have money in different places or they're trying to figure out where do they get the money to begin.

A big question that I might have is, "How do I do this without tying up all of my money" right? I still want to make sure I'm maintaining enough of an emergency fund, you know, being smart with my money this way, right?

How much should I put in, all those kinds of questions, we can talk through, when people are a little further in, the big question is, "Well, am I doing this right?" Is this actually going to help me reach my goals and dreams, especially if they have a business idea and they're using the syndication or the real estate investing as the passive income so they can pursue that passion.

How soon can I actually pursue that passion? What does that really look like and we can then map out the trajectory where things are going from there.

**[0:04:28.7] WS:** more times than not, you got to have some money invested into your business, into yourself, whether it's training, whether it's a mentor, I mean, there's so many things that you do have to have some capital from somewhere to invest in yourself in your business or branding or even starting a website.

I mean, that's not free. Maybe you can do it yourself but still, there's some expenses. You started with like where do we get the money to begin, what are some common things there to help people think through or maybe we have some money where we could start a business or maybe we could wait 'till we do.

**[0:04:58.8] AN:** A big question is like what should I do with qualified funds, right? Should I do a self-directed IRA, should I go ahead and take that early withdrawal penalty, how do I leverage these funds, should I keep contributing to those kinds of 401(k) or IRA, Roth or traditional?

All those kinds of questions and then also, if somebody is going to look for a lender, right? Maybe they're putting in a down payment and they want to work with the bank to do the rest and that kind of real estate investing or maybe a hard money lender, we talk about how do you position your credit? How do you position your down payment so that it's easier to work with the banks or the hard money lenders?

You're not too overly leveraged, you know? That kind of thing. Also, let's have a plan from the beginning, how you're going to actually make money, what the profit looks like, what's your plan for what you're going to do with that profit and all of that kind of thing. A lot of people don't think about that, they're just like, "Okay, I'm going to go, I'm going to do this, I'm going to get this rate of return or this ROI" but they don't think about what they're going to then do with it and I love to talk about that to kind of the begin with the end in mind idea.

**[0:06:08.1] WS:** How are we going to make money, right? What's – we may have a business plan, we have a great website, we have – we're helping people do whatever but how are we getting paid? What are some I guess, misconceptions about that or do people typically know how they're going to get paid, what does that look like?

**[0:06:23.3] AN:** Yeah, a lot of people, either they're planning just to take whatever profit they have and put it right back into the business. Keep building that big portfolio, keep it growing. Without really an exit plan in mind and without kind of rewarding themselves along the way.

A big part of this concept that I love that I've been using for a while is called "profit first" is that you should profit first from your business and that that can start day one. It doesn't have to wait until you sell the property or you exit.

Maybe part of why I'm a big fan of syndication is you start getting the return on your investment, not when the property sells but throughout time and then if you're going in with that kind of thing in mind, you know like, "Okay, well then, I know I'm going to get this monthly check, what am I going to do with it?"

Should we invest 100% of it into the business? How much should I put aside for my longer-term future and keep it out of real estate, you know, maybe have more of a diversified or maybe I want to wait until the market gets to such and so condition, right?

Maybe the real estate market has a bubble that burst and I want to have a bunch of cash ready then so I'm not ready to make another investment now. Where do I put that cash in the meantime? Those are some really great questions to be asking.

**[0:07:42.1] WS:** The exit plan, right? I remember like first property about in 2009, I never thought really about when I was going to sell the property. I just thought, "Okay, this has to make sense" and it wasn't the best deal. However, but I bet looking back, I learned the hard way that we didn't really think about when we were going to sell, how we were going to sell, when we were going to make money.

I can really see that in myself, you know, things you were talking about right now and even profiting first. If we don't have any capital coming in, we're really not earning money from the investment yet, what does that look like to profit first?

**[0:08:14.4] AN:** Part of that might be that even if there's no passive income yet, you bought the home, it's sitting there, maybe it's still doing rehab, maybe there's no passive income from a renter, you know, something like that. I think a good thing to be thinking about is whatever income you have, even if it's not from real estate, maybe it's a W2 job or a different business.

That you're at least keeping some aside for yourself from that too. Kind of in personal finance, it's the idea of save first rather than spend everything, that's a great way to make sure that you

are profiting because if you're not saving, everything's being spent and that's going to everybody else, right? But to set aside something for yourself first, that's profit, right?

That's something you get to keep for your medium long-term future or even just vacation next year or you know, whatever that might be. That can come from a W2 job or a business or whatever. Making sure that you're making that a priority because it's too easy to just give all your money to other people, whether it be the internal revenue service or vendors or coaches or the grocery store, the list is endless.

**[0:09:22.9] WS:** Yeah, it's nice to see some reward, right? As you're going, if possible. We do have to invest so much back into the business no doubt but like you said, you do need an emergency fund, you do need to reward yourself a little bit if possible.

What about, you talk about, "Am I doing this right?" I'm sure people are much further into their business sometimes, they become, "I'm not seeing maybe what I expected or not where I hoped I would be, you know, this far into it." What does that conversation look like and how do you help them?

**[0:09:51.4] AN:** Yeah, sometimes it's, I had this line of credit and now it's frozen, right? There's some like freak-out moments that happened with some people where they realized they're not doing it right but other people just want to check in and say, "I just want to cover my basis, make sure I've thought of everything, get a second opinion" things like that.

That's kind of — that's fun, what I found is that a lot of people in that conversation don't realize as much risk as they're taking and when they come face to face with how much risk is really part of their portfolio, they want to take steps towards safety with at least a portion of their money, whether that looks like moving from 100% stock market to doing some real estate investing, right?

Or if it means taking even some of the real estate investing money off the table and putting it into an even safer place. Those kind of steps are often what come up just because people,

they're seeking after growth that's kind of a natural thing to do. You want that huge ROI, you're pouting money out there, we've been tied – you have to speculate to accumulate no risk no reward.

When you have those kinds of conversations where you're checking in with a financial professional saying, "Am I doing it right?" A lot of people realize, "I'm taking more risk than I thought I was. I'm not comfortable with this, I need more safety in my portfolio".

**[0:11:14.4] WS:** What does that typically look like to have more safety? We're mostly invested in real estate like a lot of us probably listening are. How do you direct that a little bit or how much and where do we put it this more say?

**[0:11:27.2] AN:** I'm a big fan of one of the other guest that's been on your show before that I'm sure your audience loves, Mark Willis.

**[0:11:33.3] WS:** Great guy.

**[0:11:34.3] AN:** Yeah, Not Your Average Financial Podcast. I started working with him as a client seven years ago and it's been amazing. I'm a huge fan of the bank on yourself concept and using high cash value dividend paying whole life insurance as a way to have money that's safe but growing, you know, predictably and also able to leverage when I want to. Actually, that's part of my future plans since I'm seven years in now, I've built up this nice cushion of money. I used a portion of it earlier this year to do a down payment on the home that I am living in now where I'm recording.

I thought through a lot of these things that we're talking about like, "Is this property rentable? What is my future sale value?" I'm planning to live here for 30 years but what if, right? Then when I think about real estate investing, I now can use that safe portfolio that I have within my bank on yourself policies to then go to some syndication and have my money growing for me in two ways at once and if the syndication doesn't go well, which you know that's kind of a highly unlikely thing but it's possible.

**[0:12:38.6] WS:** Very possible.

**[0:12:39.5] AN:** I still know I've got that foundation to fall back on.

**[0:12:40.9] WS:** Yeah, that is interesting you bring that up, the bank on yourself method. We have done a few shows, I always encourage my listeners to listen to some of those. It's one of those things that I know most are so skeptical of still and I've tried to learn a little more about it personally as well. I thought maybe you could share a couple examples of people you've helped and maybe the situation they were in and what you all did to increase profitability.

**[0:13:02.8] AN:** It kind of depends on the business. Some businesses are really heavy in inventory and they'll have some inventory just sitting and that's impacting their profitability because it sits there for too long and so we talk about how to move or how to manage the inventory purchasing but for the majority of businesses, no matter what type it's really the operating expenses that if you can revisit those, think creatively about ways to keep those in line and maybe even have a goal.

My operating expenses can only be 30% of my revenue and then you figure out how to make your business work on that 30%. That can be a lot of fun and not feel like you're cutting back but you are making strategic choices there. Then of course, always growing your topline. Not your topline revenue but your real revenue. Thinking about anything that's going to materials, sub-contractors, right? That kind of comes off the top, managing those things can really help.

Then of course, if you're thinking about running my business on 30%, you also think about well, every time I get paid I am going to give myself 5% right? Or 10% or 15% like that's just going to go automatically to me before anything else. That can often give people, if that happens, you make it automatic. You have no choice but to run your business on what's left.

**[0:14:25.8] WS:** How many do you find that just have them budgeted, they don't know where their money is going?



**[0:14:28.9] AN:** Oh yeah, a lot especially a lot of business owners because QuickBooks or whatever accounting software, the numbers are so hard to interpret. Accountants are so busy and speak a totally different language so it is hard to know what's really going on. I've come up with some different ways to crunch the numbers and to show what is really going on and then people will realize like, "Oh that expense, I didn't even know that was happening" right?

Or "I thought I was making more on this product than I am" and all kinds of things like that end up coming when people know their numbers.

**[0:15:02.6] WS:** You know, people that are tracking these things the best, what tools are they using to typically do that? Ones you see that they really know where their money is going.

**[0:15:10.8] AN:** Yeah, my favorite is called You Need A Budget or YNAB for short. I run my personal finances, my business finances, my bank on yourself policies for medium and long-term savings, all through different budgets within that tool. I've got a couple YouTube videos where I share about that and I know lots of people that do the same thing. I still keep my accounting software for my accountant, right? To run the taxes and stuff but to really know my numbers, I also put it somewhere.

Where I can interpret it and know what's happening. You could probably do it in a spreadsheet to write something like that but particularly actually, this *Profit First* concept by Mike Michalowicz, he has a whole system of like different bank accounts that you can use that you don't even need any software or any spreadsheets. You just use the bank accounts to tell you how your business is really doing.

**[0:16:04.7] WS:** Awesome, yes. I actually have that in my wish list. I have not read that book yet but I heard it's pretty good.

**[0:16:09.5] AN:** I highly recommend it. It's also on Audible. I love his Audible books because he'll like add things that are not in the book, just a little tip there.

**[0:16:18.5] WS:** Okay, no that's awesome. This would be like in your – you say YDB, the budgeting system, is that right?

**[0:16:24.5] AN:** YNAB. You Need A Budget.

**[0:16:28.4] WS:** Oh I got it messed up.

**[0:16:29.3] AN:** I talk really fast.

**[0:16:30.4] WS:** That would be something like you know, instead of something like QuickBooks?

**[0:16:34.1] AN:** I still use QuickBooks or something like that to do the accounting part that my accountant needs because I know he's not going to be able to interpret YNAB for tax purposes and then I just do YNAB separate. I keep it really simple so it's really fast to do and update it when needed to see what my business is doing.

**[0:16:55.4] WS:** Nice. Okay, now I look forward to getting into that book. Tell me, you know, what do you see is the hardest part for syndicators that you work with in doing this and in becoming profitable and knowing where the money is going?

**[0:17:06.1] AN:** Yeah, I think it's really deciding how much to put in because you know, you've got a pretty stable ROI when you are doing syndication, right? You don't have to worry about the active management of the funds. You're the expert, this is kind of how I understand it but to figure out how much can I really put in? Can I go all in? Do I need to keep any off the table? That's probably the biggest question people have and every individual has a unique answer to that and it's really fun to dig in and really discover, well, what are the ultimate goals.

What are the ultimate dreams that you have that's accomplishing for you beyond just an ROI and then what does that mean for what you should do with your money then?

**[0:17:48.5] WS:** Nice. No, I completely agree with that. There's things you just don't know until after you've almost done it, you know? I've heard this after I've done this for a while, I've learned from other operators as well. This is a common problem like you know, we all want to invest in our deals right? We do and I think it's very important to ensure the line of interest with investors and things like that and you just want to create more passive income for yourself, right?

However, it's a common issue or problem I found that syndicators or operators will invest too much too early and so because you want to, right? You want to get this passive income started, however to do the next deal, you need earnest money or you need liquidity and things like that and so, you know even recently we post two deals just in the last few weeks and you know, we didn't know that second deal was going to come up that fast.

You know, my business partner and I, you know we, as far as earnest money, liquidity, those things, first deal we find but guess what? The second deal comes up. Now thankfully, we have a great team. We can still take care of that but we may have planned a little different or not invested as much in the earlier deal if we have planned either maybe another deal coming up pretty quick as well but the more I've talked about that, the more I found people, "Hey, I have that problem too."

Do you have any daily habits that you are disciplined about that's helped you achieve success?

**[0:19:03.1] AN:** As you might expect, being a planner I love not just the long-term planning but the micro-planning. Every Sunday sitting down, mapping out the week using a bullet journal, right? Limiting my to-do list to two or three items per day in terms of moving the business forward, having projects back office kind of things and then tracking my activity in terms of number of calls I made, number of podcast interviews I did and having set goals and then tracking my progress to that over on a weekly/daily basis.

**[0:19:35.8] WS:** Yeah, documenting those things I guess. Anything else in the mornings that you're like, "I got to do this for my day" to get going correctly?

**[0:19:41.0] AN:** Yeah, I'm a huge fan of this guy name Perry Marshall and he calls it Renaissance Time, where every morning you read something that was written before the Guttenberg Press and then you do some journaling afterward. That is how I start my morning. This morning it was some collected works of Plato that I'm reading through and then just journal a little bit and try to do that every morning.

**[0:20:06.8] WS:** What's the number one thing that's contributed to your success?

**[0:20:09.6] AN:** Planning, thinking things through not just jumping in. Of course, eventually you've got to pull the trigger and thankfully my husband is more of the ready-fire-aim kind of person. I think we balance each other out really well that way.

**[0:20:23.8] WS:** How do you like to give back?

**[0:20:24.7] AN:** I love supporting some really awesome non-profits that I am a big fan of. Obviously, my faith community but then also one of my favorites is called The Southern Poverty Loss Center. They've just done some really good things to impact people that are experiencing poverty.

**[0:20:39.2] WS:** Awesome. Well, I appreciate you sharing that Amanda, giving back in that way. I appreciate you giving back to us today. I just think as operators, we need to know people like yourself to think through these things that you just don't know at all ever really but especially when you're getting started, right? There are some key things that you can do like speaking to someone like yourself just helping you have some plans in place.

It can go so far, you know, helping you over the first few years and many years later into your business. Grateful for you just sharing things that you talked about. You said, where do we get the money to begin? You know, thinking through that emergency fund and not being

over-leveraged and how do we plan to make money having the exit plan in place, rewarding yourself and profit first and am I doing this right so grateful for your time. I hope the listeners will reach out to you but tell them how they can get in touch with you.

**[0:21:25.7] AN:** Yeah, so I've actually got two podcasts, The Grandma's Wealth Wisdom, where we dive a little deeper, think about what Grandma would say about our money from generations past and then the FIFE Movement Podcast. It is about financial independence from a feminine and entrepreneurial perspective and kind of creating our unique path to financial independence not just what the powers that be would tell us should be our path.

**[0:21:56.1] WS:** Awesome, that's a wrap Amanda. Thank you so much.

[END OF INTERVIEW]

**[0:21:59.6] 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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