

WS891_ Jerome Maldonado

WS891_ Jerome Maldonado

whitney@lifebridgecapital.com

scribie

Audio Transcription, Perfected

<https://scribie.com/files/089709b6c2f148bf9d300464bfa7e58af1c88759>

0:00:01.5 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.

0:00:23.5 WHITNEY SEWELL: This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Today is a continuation of yesterday's episode with Jerome, he was providing. Such great content. And I tried to push the show a little more to continue the conversation, and it made the show quite a bit longer, so we decided to split it up and so you can listen to it on your normal routine again, I am grateful that you are here listening today and every day. I wanted to remind you that you can always email us at info@lifebridgecapital.com to provide some feedback. If there's questions you would like us to ask, if there's specific people you would like me to interview or if you have different suggestions to improve the show, I would love to hear those. There's even a button on the podcast page on the website now where you can provide feedback, we would be so grateful for any feedback. We're always trying to improve the show to provide better content and instruction to you.

0:01:17.5 WS: I would love to hear from you. Thank you again for your support, and I hope your business is growing because of listening to the show. Have a blessed day. Going through 2008, what happened there you said for five years? How did you prepare for a downturn now versus maybe what you did then or from what you learned from that?

0:01:33.8 JEROME MALDONADO: Problem... 2008 is I didn't prepare for any downturn, I was in denial, like I see a lot of people... I didn't think I'd be ever affected by it, I heard it around me and heard the buzz around me, but in my little world, it seemed that things were just going just by, and was still scraping dirt and building residential subdivisions. That was great in terms of building retail malls, it wasn't until I actually started using leases on properties that weren't that finished completion yet. That I realized that, oh my God, like, how am I gonna get through this? I'm servicing this then, and I call the trash man money, and when you're servicing six figures in debt every month on big projects, because we were evolving capital, right? We were building, and like anybody that's ambitious that wants to do this, there's a level of leveraging what you have to do... And it just happened that we were over-leveraged, we had debt going on 8 million project, we had another 4 million project, plus we were... in a subdivision, that was worth at least 3 million at the time, we have that outlay of cash that we weren't getting from a bank, but we were using our own in-house capital, and so what we do now is, again, like I was talking earlier about finding market sectors, I pick my head up every once in a while and I say, Okay, what's going on around me? I read a lot more, now I pay attention to the unemployment rates, I look and see...

0:02:47.1 JM: One thing I learned is that when unemployment is lower than 4%, you know the run the risk of a downturn economy, and so if things are going really good everywhere, you know that there's only one way to go. If you only stay at the top for so long, there's only so long you can stay up here, and so once we get to a point where all the warning signs are on the wall, I start to pivot, so I started to slow down on development, the way I negotiate... Land is different, the way I go back in, I do longer go in and work on purchasing based on options to buy, not just buying the land, or before I would just buy the land and then I do the infrastructure in the development. Now I go in with an option to buy the land and I start working on the pre-development stuff, which takes about a year or better, and all I have a Samaras money on the table, and if everything falls apart on me,

Whitney, I just dust my hand of it and I walk away or I just go slow enough on the project, but my outlay of capital is getting outlaid really, really slow, and I get ready...

0:03:40.6 JM: Like what we're doing now is I have a 40 acre development that we've had for over a year, but I knew something was coming. I didn't know it was covid, and so I've been dragging my feet... Dragging my feet, dragging my feet and when covid hit, I went back to the owners in the lab and I said, Hey, I need another 12 months or you can take your land back and they say, No, no, Jerome. We don't want him, please, I will work with you. We understand that there's circumstance beyond your control, and so I was able to exercise that option for an additional year, and so now we already have approval from the municipalities for our zoning approval, our pre-development plans are curving butters or hydrology. All that stuff done. And now, at my leisure, I have that land tied up well, where I can go in you to close on it and push forward, or I can just take my time. Knowing that it's gonna take me five, six months to build out the first few homes on that sub division, I'll just drive my feet a little bit 'cause I don't know what the economy is gonna be in five or six years, so I'm willing to be a little more conservative now, I don't need to have that rush in my life, I can afford to be a little bit more conservative, just run my construction company. Let revenue come in and I can go in to other market sectors like industrial warehouse space, the hotel redevelopment. And so we just position ourselves differently, we just take things on a little more methodically and a little slower to be able to position ourselves where we can profit long-term without the stress and the risk.

0:04:55.9 WS: A lot of... No, I'm grateful for you. Just elaborating on that and on that same thought process. What do you predict or see happening in the next six to 12 months? I know you talked about it a little bit, but just in the related market and what's your plans for this year? What do you see happening?

0:05:09.3 JM: Well, right now, it's hard for people to notice it because of the supply and demand issue that we're experiencing Whitney on due to covid. What's happening is people are staying in their homes and there's just not enough supply on the market, and there's the moratorium that they just gotta extend it over to June. Biden just signed off or to extend the whole closure and these rental moratorium to June, and so people are protected to not have to pay their mortgages, they don't have to pay rent that have been affected by covid and this plays a big factor under economics and on our housing, and people don't realize it yet, they're sitting back on, Oh my God, the housing market is driving and to buy a million dollar homes and money's cheap, and they can get debt for low interest rates. And so they're leveraging this stuff and all I see on the wall is for closures, and the reason I see it, 'cause I've seen this before, and so just a matter of time, I believe that in about six months, we'll really start seeing... We're already seen it when I'm talking to buddies there, mortgage growers are more bankers, they're already starting to see people that have exercise the moratorium and they're going back in to refinance and they can't...

0:06:09.6 JM: Because those moratorium on the back end have to get paid, which means that if you paying off your mortgage, even if you're just refinancing that note to that institution has to get rectified, that money wasn't free money, it wasn't just free debt. You still have to pay that. And so all that money that's supposed to be in the back into your note when you go to pay it off and refinance, gets pulled forward, and so now they're a position where if their house doesn't appraise for what it once did, or even if it appraises and they have all this back debt and they don't have the capital to pay that debt off, they can't refinance. So if they're leveraged, they're gonna be in a position where they have to go back to home or stay there, one or the other. And so we're gonna

start seeing this unfold slowly over the next six months, but I think it's gonna be brightings on the wall, it is to be very apparent to nine to 12 months from now, and there it can be a lot foreclosures. It's gonna happen in the commercial sector as well, and so we'll start seeing that stuff.

0:07:03.5 WS: So cash reserves, no doubt about it, you need a low leverage right? So you're prepared.

0:07:04.8 JM: You do. You know... equity right now is king, you wanna have assets with equity, this way you have cash flow, 'cause cash flow is gonna make things right for you, this is not a time to be over-leveraged on anything commercial or residential real estate. This is a time where you go in, you can leverage debt, but leverage it wisely, go in with 70% debt income ratio and make sure you have 30% equity in that deal, and I urge people have some equity right now, the time to get a debt will be coming, you'll be able to leverage some of these properties and leverage a mark when they're available now you got maybe a five-year window, maybe less, but you'll have a window and that's the time to leverage. When you can get assets inexpensively and leverage them, leverage them, because then the appreciation will come up, you can refinance and position yourself to be able to take advantage of writing to stream up. And take advantage of the upside to your asset base and the wealth and people can generate. Right now during a downturn. Economy is gonna be more substantial than they'll ever get anywhere else over the course of even a 20-year span, if they exercise it correctly.

0:08:03.6 WS: Great advice. A few final questions before we run out of time, Jerome. A couple of daily habits that you have, any of those that are you are disciplined about that have helped you achieve success?

0:08:12.7 JM: I think just getting up and getting going each day. My daily habits change as I age, and so as much as I hate admitting it, it is, but I get up each morning and I looked at my wife and thank God every morning for her 'cause she's been a great piece of keeping me level-headed through everything and making me recognize when I'm doing things wrong, at least if I... In the home. And so I thank God for her every morning, and then I just get up each morning, I get going and I take a moment for myself where I took 20 minutes to stretch. Get my body right, my mind right, eat, and then I get my day going. And so my daily rituals and the things that I do is prepare myself for success before I go out and battle it, and then each day I remind myself, and this is really important in 2008, Whitney, where I remember sitting back going, okay, this is all out of my control and I felt very vulnerable, and I said, you know... I'm gonna do each day what Jerome can do each day by the grace of God, and then everything else I just gotta put into God's hands. And honestly giving on his day of work to everything that I do, and I think most people forget to give that honesty of work. They go in and they function on hope with their fingers crossed and they don't do what it takes. I do what it takes, and I urge people, you know each day when you wake up, really give you day, 100% of you, and God will give you the rest, and so if you're scared and you don't know what direction you're going, I've always believe I used to make the sign of the cross every day before I leave the house and say, God just give me the ability to make today the best day Jerome can make it, and then I'm just gonna leave the rest into your hands. And it worked for me, it always worked for me, and I've never been left to fail, and so I just thank God every day that I've kept him on my side because I truly believe that that's the big determining factor overall keeping me moving forward and everything I do in life.

0:09:42.2 WS: I appreciate you sharing that, and what's your best source for meeting new investors

right now?

0:09:46.9 JM: Virtual meet-ups. We've been very active staying consistent, some of what I was really bad out before all of the pandemic as an online doing this type of stuff, doing these podcasts, who in our Wednesday night free Q and A where we're educating people. So I think you give first... And you get back in return. And so I always tell people, and you say, Jerome, why do you do these? They're free of your time, and I tell them, You know, it's because if I can teach people how to do what we've been doing, I know that it's gonna come full circle and it has... We're getting a great outreach from people that have money, they feel comfortable and confident in what we're doing... They begin to know who I am, right? they trust in the process that Jerome does, and by being consistent at it, by me showing up every week, they show up every week. And so by doing our Friday YouTube lives, by doing our Wednesday Q and A's... And then being consistent, those meet-ups where we're present have been a huge factor in our success in meeting investors and syndicators and the right professionals that we need to continue moving. So I urge people just to stay consistent and continue doing it virtually when we were doing in person do it virtually, and it actually...

0:10:45.8 JM: You get them to do more of the e more easily with more ease now, virtually because it's socially acceptable. So that's what we're doing.

0:10:52.0 WS:What's the number one thing that's contributed to your success?

0:10:53.7 JM:Consistency. I always tell my kids in sports and everything you do in life, I tell my kids, I tell them, Look, people will show up, but the question is, how long would they show up for, and the biggest factor that determines the difference between you beating them or them beating you is who sticks around longer, the person that's gonna win is the one that says the most consistent for the long iteration of time, even if you suck, I'm not by any student imagination, I'm not the smartest person. Not the smartest tool in the shed. I've just been the most consistent, I've just showed up more days and I've just put in more time, and I've been more consistent what I've done over the long duration of time, and that's the biggest contributor my success you have, stay consistently for a long duration of time, to get from a starting point to where you wanna get... And that's the biggest contributor...

0:11:35.0 WS: That's a great answer, and I can completely relate to that.

0:11:37.2 WS: I love that answer. And how do you like to give back?

0:11:39.8 JM: I get back in a lot of different ways you know... Educationally, I do a lot of stuff for free. I try to give out as much education as seemed really possible... It never seems like enough. You know, we've done a lot over the years, and a lot of people do what we do to give back, we don't talk about a lot, but I think just by being around, I try to get back by being as humble as I can in respect of my time, and so for those people that are just getting started. And if they respect my time... And what I mean by that is that they're really trying ambitious-ly to do something. I give back by trying to give my time to young professionals or even money and young professionals, aspiring professionals that are even older veterans coming out of retirement from the military, whatever it is, just by giving back some more time to try to get them from a place where they wanna go to a place where they can actually make some viable... We do a lot of that. Plus, we do a lot of other stuff.

0:12:28.0 JM: I love kids, my kids are the world to me, so anything I can do for kids and the next generation, my wife and I try to give back in a lot of areas in that regards. So...

0:12:37.9 WS: Jerome pleasure to have you on the show, you just added a ton of value to the listeners and myself today, without a doubt, in so many areas of real estate in that you've been through, whether it's different asset classes, your thoughts on the process of renovations and warehouses and hotel conversions to even just a level of debt that we should be thinking through, so we're prepared for a downturn, which you have been through and learn so much from, so just thank you again for your time, your transparency, and just being willing to share those things. So we can all learn from your experience, how can the listeners get in touch with you and learn more about you?

0:13:09.7 JM: My same profile picture is everywhere you go into YouTube and you Google search, Jerome Maldonado. I usually pop up on Instagram, it's Jerome Maldonado and the number one behind the name, and then everywhere else is just Jerome Maldonado on Facebook, on LinkedIn, on Twitter. Our big push has been on YouTube, we have a lot of valuable content on there that we had been positioned in different areas in different sectors of social media, and we really found the direction in YouTube has been that direction, and so subscribe to our YouTube channel you guys like content that we're talking about. Whitney and I today, we have tons of it always coming out, and so go in, give us a big fat thumbs up. Subscribe to our YouTube. Follow us every Friday. We do real talk on real estate, and we have a new talk at every single Friday, so you don't love to be able to share and get back to you guys, it's a free live every single week and... Great thoughts of your content.

0:13:56.7 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.

Thank you for choosing Scribie.com

Cross-check this transcript against the audio quickly and efficiently using our online Integrated Editor. Please visit the following link and click the Check & Download button to start.

<https://scribie.com/files/089709b6c2f148bf9d300464bfa7e58af1c88759>