

EPISODE 949

[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]

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Whitney Sewell: This is your daily real estate syndication show. I'm your host to Whitney Sewell. Today our guest is Josi Heron. Thanks for being on the show, Josi.

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Josi Heron: Whitney, thank you so much for having me. This is a pleasure.

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WS: Yeah, it's a pleasure to have you on the show. Josie left her corporate job to pursue multifamily investing and has built Waypoints Equity to empower other investors to join her journey. She has a background in engineering, finance, leadership, and asset management, and is still drilling reservist. She has found that an impact is made between the way points of our lives, and she enjoys growing her business while giving back to veteran and community organizations.

Josie, first off, thank you for your service. I'm just always grateful for our servicemen and women who are ready to sacrifice all, you know, and serve in that way. So, thank you for that in a big way. Tell us a little bit about your background, though, cause getting into this business,

leaving the corporate job - we talk about it often on the show - but it's still such a big decision. Most people are very hesitant, right? You know it's like, 'Wait a minute.' You get so much pushback from family, friends, other people. Give us a little background about, you know, your journey into syndication and how you did that.

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JH: Oh well, Whitney, thank you. I'll try to summarize. I'm sure we could talk for a long time. So, the last, you know, five six years, I worked at a Fortune 500 company. I was an asset management consultant. I was on the executive track. I ran a program. I ran, you know, very large contracts with infrastructure. And it was great. You know, before that, you know, my background you mentioned it - I have an engineering degree, I did get the business degree, and I've kind of, you know, had a career focused along those paths. But for me, making that jump, you know, one it's so tricky, you know, talking to people because I feel like folks want a change or they're looking for something. For myself, I've had a number of, you know, moments in life, that everything just pauses. And it's when something in your foundation, you know, is shaken. For myself that was, you know, a couple really close and hard losses. And then followed by me overachieving in my job and hitting burnout. And it took me a while to recognize that I needed a big change. And I think also having those experiences - and I know everybody has their own life story and things that they're working through - but what it did is, you know, after a certain number of these kind of hard things to deal with, I just realized I really needed to change. Like, I really feel like there's, you know... Life is so precious, and so short, and so unpredictable.

And so you know, I was throwing myself into this job which I loved. It was an amazing company, amazing people that I worked with, you know, but it was for me to feel challenged and successful there, I was making sacrifices that I, at one point, did not want to make any more. You know, I have three daughters. I have a husband. I love them, they love me, they like me to be around. You know, and I think there's a balance there, but I was traveling all the time. And so that was really hard. And so... I named my company Waypoints because I had... I can literally name like four epiphanies that I had that brought me to where I am now. And those are my way points. And I do really focus on right now enjoying the now, you know. Yes, I did leave

my corporate job and I'm all in on syndications, but I know the end goal is something I'm going after, as so many of us are. But I'm also really trying to be intentional about my time and my effort and how I show up with other people now.

And so that's a little bit about, you know, me and I could talk in detail about why and when I left my job. You know, I would say, with the last epiphanies I had when I had started to get into real estate and was looking at syndications was the benefits of bonus depreciation if you are a real estate professional. And I needed to have more time last year as a real estate professional than anything else. And so, that really accelerated my decision to jump because the offset in my previous income, you know, was a benefit in taxes, was a benefit... You know, it was enough to put me over the edge to make that that jump. And of course, you know, then you kind of start over, to some degree, but I'm, I'm well on my way to being established.

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WS: Nice. Well, it's such a big decision, like I mentioned earlier, right, as everybody knows. Leave this corporate job, you mentioned. You know, you were on your way up, you know, this large company. You were in charge of lots of things, very large contracts. You know, most people would say, "Man, you know, she's really successful. She's got so much going on, right?" So, big decision to switch to real estate full-time.

Are there any tips there you can provide to like manage both those things or to finally make that decision to say, "You know what, I'm done with this J-O-B. This is what is best. Yeah. It's not easy, you know." Any tips or any challenges there that maybe... just maybe one big challenge that you had around that, whether it's the scheduling, whether it's the family pushback. Anything like that that could help the listener to say, "You know what, this is when I'm going to make this move.

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JH: Yeah, I would say, the biggest challenge for me was maybe my ego and my pride because I had worked so hard at getting to where I was and I didn't want... and people's perception mattered to me and I didn't want my peers... and also, you know, I come from a service

academy, the Coast Guard Academy grad... you know, I don't want all those people in my, my networks that know my foundation to look at my choices maybe rushed or irresponsible, you know? And so I was...I really spent a lot of time working to get established, and to work on my brand, and to get really solid experience. And I have amazing partners now and all of that has really contributed to where I am now where, you know, I do have a business and a brand and I am, you know, speaking about it, but I was really intentional with that perception. And I really was. It wasn't an ego and pride kind of thing, but I really knew that I needed a change. I need to be able to own my direction and my time because for my whole career, I have knocked it out of the park for other people, for other agencies, for companies, and, you know, and teams. And it just...it was time to make that choice for myself.

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WS: What about just getting into the syndication business, you know? What about some tips as to how did you have the confidence to start syndicating deals, to get into this space? How did you educate yourself? Maybe couple things there, but what gave you the confidence to do that?

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JH: Yeah. So, another one of my epiphanies was, you know, that real estate was such a legit path and an investment. We kind of, by default, found ourselves looking for something to do with capital gains, and we listened to a podcast about opportunity zones and ended up investing in a syndication that was investing in opportunity zones and that would help offset capital gains taxes. But as I'm watching, you know, the webinar, as I'm reading the OM, you know, and at the same time, I was listening pretty intently to a lot of different real estate podcast. It just kind of all came together, you know. Actually, it was like... I remember looking at this pro forma, and I was like, "Oh, I get it. I understand how real estate works. I see the benefits. And that's what I want to do. And that was, you know, more than two years ago.

So, we invested in several syndications as limited partners, and the whole time I was studying, you know, "Like, what are they doing? How are they doing it? I went through an accelerator for real estate investing for military members, and it's named White Feather Investments and that

that was phenomenal. You know, it taught me the basics of cash flow analysis, underwriting, you know, market research, had a great network that has continued, you know, afterwards. That has been, you know, really a positive, in my experience. But the whole time... and that was focused on, you know, entry like single-family, long-term rentals. But the whole time, I knew that I wanted to scale. I wanted to use real estate as my next step, as my next jump. And I went in with the lens of under learn everything I can in this course, and I'm going to do it with the perspective of how do I get that grow bigger, how do I go bigger with this, and make it my next thing.

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WS: Nice. What was the next challenge getting into the syndication business or the growth, you know, to that first deal? What was that challenge and how did you overcome it?

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JH: Yeah, sure. So, it was really getting the experience. So, I went to a bunch of conferences. And, you know, also I was challenged perhaps finding the next path or the next step. There was a period of time I was really confused over whether I should join a big program or another network or another mastermind. And a lot of those seemed phenomenal, and I think that they are amazing but I kind of didn't know which way to go. And so I started to take action. So, in the middle of this course I was in, I started looking at four-plexes that are under contract. One in Colorado Springs, but then I was also learning, you know, the underwriting part, and I realized that it wasn't going to cash flow. Not enough for me to leave my job, right? So, not a four-plex either.

I went to a conference and had already made some connections in Kansas City after, you know, kind of a deep dive into what markets to move into and came back to the conference, called the broker that I had established relationship with and just told her like, I'm looking for bigger, you know. This mindset shifts. You know, I'm looking for more units. Originally, I told her I want to try, you know, to get a commercial loan so five to 10 units, you know. Like let's try that. I caught it back and I'm like I'm looking for bigger and more value-add, you know. I have a project management background. I can handle, you know, big rehabs and so that put me on a

path to purchasing a 24-unit which then gave me the experience. And in the eyes of...The hustle in the eyes of some potential partners that, you know, it really took off from there, you know. As I was under contract on that 24-unit, I met my now partner. And eventually, have had, you know, syndicated with him now three times and we're working on our fourth, you know. We're at 220 units at the moment together. You know, there's four of us in that partnership. And then I am actually leading a 60-unit deal right now, as well.

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WS: Congratulations, by the way. It's incredible to hear that kind of growth, you know. There's something about that first deal. You know, you've heard lots of people talk about that in our industry. But there really is. It takes, I think, you mentally to a whole new level but also other people around you allows them to see, like you said, "Hey, this, you know, this person, she's serious. You know, she made this happen. It's somebody that maybe we need on our team, but finding those partners sounds like were crucial as well. What about... You know, you had a goal of leading acquisition...You mentioned beforebefore we started recording... leading the acquisition of a large property. Tell me a few details about leading that deal now and some things you've learned.

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JH: Oh my gosh. So, I was reading "The One Thing About Focus." And I know, you know, when I dive in and focus on something, that's really when I'm at my best, and also with limited distractions. So, my goal for the year was I want to lead a major acquisition. I was aiming for 75 units. And a couple items that helped me get to the point that I could say that, I did lead with my partners a 44-unit acquisition. With the mentorship of my partner, Nate Morris, we closed in December on that. And so I knew... And I did all the work. I did all the hustle and I would just, you know, touch base with him and say, "Talk with me through this decision. Am I looking at this right?" So, I knew that I could do it.

Every time we go through that acquisition cycle, I learn so much more. And this one as well will be our first, my first agency debt. The deals I've led have been big loans. And so, once again, you know, having a partner who's probably three steps ahead of me. But he's, you know, he's

established enough to know some of the pitfalls. But, you know, that's super helpful. He was leading another deal he had gone under contract on a 42-unit. And this 60-unit came to us. It had fallen out of contract. There was a 1031 buyer who had put... He tied up three different, you know, big properties with contracts, and he had only intended to buy one. And so this one fell out. The broker knew us because we've closed another deal with him. He sent it right to us and. And I jumped on it and so I've been leading that as well.

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WS: Awesome. Tell me a little about the partnership. How did you know that these were partners? You know, somebody you should say, "Okay, we're going to go in business together. That's also a very big decision. I get asked that all the time, you know, about how I knew my business partner is somebody that I'm going to say, we're partners, you know. We treat it like a marriage nearly in that. I wonder how you made that decision. What were some of the thoughts behind making that happen? And I assume it's been a success. Sounds like it. But, you know, maybe you can shed some light there.

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JH: Yeah. Well, absolutely. So, I'll hit that question but then I also will mention some other partners I have on another deal that's a different flavor. But my partners in Kansas City. You know, I mentioned I was under contract on that 24 units. I met in a networking group, Nate, and he had an 80-unit property that he was under contract on. And we start talking offline and really developing rapport. And it turned out that he had used all of the same contacts that I was using. The same bank, the same property manager, same broker, same insurance. And so it just was kind of a natural, you know, conversation. He was really interested in what I was doing. He had done something similar a couple years before and so he was, you know, kind of, helping me with pitfalls and that type of thing.

So, the rapport developed before it was even an option to be partners. Then, you know, he did have this 80-unit deal. We were looking at that as maybe investing in it, and I was able to, basically offer up some services in terms of...I'm really interested in the cost segregation study, like I mentioned before, bonus depreciation tax and legal, and I can run with all of that. And so

he brought me in. He was partnering with his property manager, Jerry Rawlin, at the time. And so the three of us really just gelled and worked really well together and have done, you know, subsequent deals. And we now have our fourth partner. Pete Beck is an entrepreneur and a real estate professional out of Silicon Valley. He's amazing as well. But it just, through many conversations, I would say, the partners, many conversations, many aligned goals, and then also realizing... I think I really met them at the right time because they were looking to scale and grow their business. And I was being able to bring a lot to the table, in terms of organization, property management, and just, you know, having having a little more bandwidth.

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WS: You were you're bringing skill sets as well to the partnership, right? I mean, you all were... They saw they saw benefits in having you as part of the team. I think you did as well. You also had a previous relationship, I like to mention. You know, there were some time there that you knew each other, you know before, it's like, "Okay, we should we should make this a partnership." Well, tell me Josi, you know, like purchasing a property or this deal that you're leading either way. You know, how do you prepare for downturns?

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JH: Sure. Very conservative underwriting.

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WS: What does that mean?

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JH: Sure. So, I do a lot of the long-term projection and I really dig in. I tend to not put on the rosy-colored glasses. When I am underwriting, I would rather tell an investor, you know, "We're going to make 7%." And in the back of my mind know the numbers are stronger than that. But if they, you know, are happy with the 7% mark, then we can exceed their expectations and delight the customer, you know, down the road. But I also, you know, I... With my project management background, you know, we've done some pretty heavy value-add deals and I tend to be conservative in my improvements budget as well and try to have a large

contingency, and a reserve to kind of work through the unforeseen.

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WS: Do you have any predictions just for the real estate market over the next six to 12 months?

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JH: I mean, right now I feel like I'm feeling the squeeze actually. I feel like the markets are very hot. A lot of folks are getting into multifamily. I think that that might be attributed to, you know, kind of the excitement and the buzz about it, you know between, you know, the websites, the conferences, the podcasts, really. And so, more people are seeing it as an attainable kind of thing. And also, you know, how strongly... The fact that the multifamily markets have performed so strongly through a pandemic, I think, is a little bit of an indicator. I don't see a huge downshift. It might plateau if we did have an economic downturn. I could see, you know, things slowing down a little bit, but I do feel like it's pretty stable.

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WS: What about...Any daily habits that you have that you are disciplined about that have helped you achieve success?

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JH: Yeah. So, I think that the standard answer is, Miracle Morning. I get up by exercising, focusing, and looking at my goals. And I am a human. And I have thought so... I am not as consistent with that. I do wake up early. Most of the time, I wake up before four or five, and I get rid of my computer. But I am getting back to my pre-pandemic habits which was, you know, working out. But I would say what I do really well is time-blocking my schedule because for me, having been gone so much, and even with the reserves, I'm still gone quite a bit for my family.

The times that I'm here, it's so important for me to be present when the day ends. And it's so easy also to let my work day run long. Especially, like everyone now, working at home, it's hard to have that wall. But I do time-block and really focus...laser focus. I think, probably more than I

have ever in the past.... What are the big rocks? What do I absolutely need to get done today? And what's the time that I can get that done in? And then I have to walk away and you know, unplug. And that's a challenge but I would say, yeah, the time management is definitely one of my strong suits.

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WS: Is there any other tips around being able to be really good at time blocking? I agree. I had to become very purposeful with my time and my calendar and getting really good at using a calendar. And really my whole team knowing what my time is used for and when, you know. All those things. But do you have any suggestions on how to implement something like that?

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JH: Yeah. I would say, you know, find the important factors that you need to do each day and each week, and set them up on a recurring schedule. And also, be efficient. For example, we had last week, we were trying to get 25 investors to sign their PPM and the, you know, all the legal documents with syndication. And instead of having 25 different conversations to walk people through it, I had three Q and A sessions. When it works for me, come and let's talk through what problems you're having because I'm sure other people are. But I would say, the advice maybe to the crowd would be, you know, block out when you're most productive in the morning, those things that are the most important.

And there's a Huckleberry Finn quote that I tell my kids. I think it's disgusting, but you know, it's 'eat the frog.' Like if you have to eat a frog, don't wait, you know... If you have a big, ugly, hairy task and you need to do it, you might just get it over with. And so those are the ones I try to tackle first, and then you know some of the more, you know... when you're tired and, you know, maybe not as focused, you know, hit some of the email, you know, clean out or, you know, the more you know remedial tasks, I think. I think that works. And then also the blocking in the time for yourself. You know, getting out, getting up, going for a walk, going for a run. Those type of things.

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WS: What's your best source for meeting new investors right now?

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JH: Yeah, so I really found success in niching down. And I'm thinking still early enough in my networking that you know I've networked with my friends and my family, but I'm really focusing on to actually run to masterminds. One for professional women who are looking to get into real estate investing. And that has been phenomenal, you know, kind of hits a couple chords with my past. And then also I have a mastermind for military real estate investors who are interested in multifamily. And I get members, you know, kind of, you know, from the larger community but also from that course that I spoke of who want to kind of take to the next step. So I've really been focusing on those two groups. And I do think as I continue to build my brand and expand you know my circles of, you know, influence and exposure will will grow. But that's been very, very beneficial for me.

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

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JH: I think perspective. Like I mentioned in the beginning, I have had a couple of shifts in thinking. I've had a couple, you know, mindset shifts and just keeping the fact that this time that we have is precious and short. I think that has really helped with me making decisions and also finding the right way. I'm kind of basically trying to hold myself back from diving completely in and getting lost in syndication because you can really easily do that. But I think that perspective to to recognize my corporate job. I could have stayed there for a long time. I mean, it was an amazing job. It was...I was, you know, like I said on the executive track, but the perspective I had about what was important to me, really helped me define, you know, the life I love.

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WS: How do you like to give back?

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JH: Yeah. So, we give back a couple ways. I have committed to give back 10% of profit from our business, Waypoints equity, my husband and myself. And that gets funneled to various veterans' organizations and community organizations. We give funds to, you know, the food bank. But I actually do some volunteering with an organization called Greenhouse Scholars that serves underprivileged students and kind of supports them going through college. And then we actually, after I met you at REI Live last year, and they were raising money for a tiny home in Longmont, that's like 20 minutes from our house, so we we went up there. We met the director, and we went to the groundbreaking, and then decided to also sponsor a tiny home and so we raised. And so we raised \$35,000 for a tiny home for a veteran who's transitioning from homelessness, you know, back into society. And so that feels super good and we dedicated it to my father who was Lieutenant Colonel.

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WS: Wow. Josi, I appreciate you sharing back, giving back in that way, and giving back to us today. It's just great to hear another just motivational story really from, you know, corporate career path to, you know, what massive pivot to real estate entrepreneur. And just congratulations to your success and being willing to share some of the challenges and some of the things that were important to make that happen and how you've gotten to where you're at today. But tell the listeners how they can get in touch with you and learn more about you.

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JH: Yeah, sure. So, the best way is probably through LinkedIn. On LinkedIn, I'm Josephine Heron. Heron like the bird. H-E-R-O-N. Yeah, I definitely will message you back if you hit me up there. I have my website Waypoints, with an S, because there's many different epiphanies in my life. Waypoints Equity and there you can sign up for my newsletter or just, you know, see a little bit more about my story and how we give back, and you know, some of the properties that I'm working on. And yeah, I think that's probably the best way.

And then I have my email address. J-O-S-I. josi@waypointsequity.com. Yeah, please do reach out and if you want to join one of my networks, the women's, you know group, and the

military investors, you know, it's just pretty informal meetup. And it's right now, I'm free so there's nothing going around there. And, yeah, that's it. I also want to give a quick shout out to some members that I am partnering with in California. We are taking down a seven-unit property on Coronado and turning into short-term there. And so we formed a management company called Four Branches, because there's four different services that are represented there. So, all good things.

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[OUTRO]

0:25:35.0 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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