

EPISODE 953**[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]

00:00:24.000 Whitney Sewell: This is your daily real estate syndication show. I'm your host, Whitney Sewell. Today our guest is Laura Adams. Thanks for being on the show, Laura.

00:00:32.000 Laura Adams: Thank you, Whitney. It's great to be with you.

00:00:34.000 WS: Now, Laura is a senior real estate analyst at Aceable, a mobile first digital learning platform. She's nationally recognized personal finance and small business expert who's been a real estate sales agent and investor. Her mission is to make complex finance topics easy to understand. So you can live a richer life. Laura, welcome to the show. Grateful to meet you. Interesting to hear a little bit about your background before we get started. And the podcasting side as well. There's not many people who has done as many shows as you have or as I have. But grateful to have you on. Give us a little bit about the real estate piece. You know, just your background and what your focus is now, and let's dive in.

00:01:13.000 LA: Yeah, so thanks. It's great to be with you and to connect with you as well. For me, I always had a love of real estate and became a homeowner very early in life. I got married in my early 20s. We bought a home immediately. And I had an interest in real estate not only personally, but my family. Both my husband's side of the family and my side of the family were in real estate. I have lots of family members that were investors, sales people, etc. And so I had some good role models, I think. And that was really key to getting started, kind of knowing what was possible.

And I got into investing really after I got my sales persons license. I really wanted to get licensed first and fully understand the landscape, you know, understand everything I could. So, I'm the type of person that likes to do my homework first. I don't just jump in and then do anything without doing a lot of research. So, for me, getting the license and even spending a little time as a salesperson was critical for me to have the confidence to go out and become an investor for myself.

So, that was really kind of a stepping stone for me. I did not sell very long. I finally kind of realized that my passion was more on the investing side than the selling side but of course I kept my license so I could save some money on the commission and kind of kept me connected, kept me really in a good network of folks, to find properties and really just trade information about what was going on. So, that's kind of the the beginning of where it started.

00:02:48.000 WS: You know, you mentioned, obviously spent time in sales. Tell me how that's benefited you long term or even, you know, getting your license, you know. Would you recommend that to people that are, you know, maybe new to this business or thinking about getting in?

00:02:48.000 LA: I would absolutely recommend it. As I mentioned, for me it was really a critical part of gaining the confidence and understanding the landscape. So, you know in my day, we didn't have a site like Aceable to go to to learn and get licensing 24/7. It was really a much more arduous process. And I can remember studying for that course while I was on my lunch break at my job and, you know, really kind of trying to fit it in. And then the whole process took quite a while but thankfully it's much easier today for folks to get licensing, education.

And because it is so easy, Whitney, it's like, why not do it? You know, I'm not saying the course is easy in terms of the content, but if you put your mind to it, absolutely. You can get that under your belt. You learn so much than you wouldn't expect, you know. Not just about law, but about the different types of careers that you can pursue within real estate which I found super interesting. And it gave me a perspective of what's it like to be a landlord, what are the laws on the landlord side, what's it like to be a buyer, you know, what's the psychology of a seller. And I really think it helped make me a better negotiator, understanding both sides of the transaction a lot more clearly.

00:04:20.000 WS: That would definitely be helpful. I mean we're negotiating all the time, right? It doesn't matter really who you're speaking to you, right? Grant Cardone talks about you're in sales, you know, all the time no matter who you are. And I believe there's a lot of truth to that. What are some of the complex financial topics that you're, you know, helping people to understand, particularly before they, you know, start investing in real estate?

00:04:39.000 LA: Yeah. So, you know, for a lot of people, they have a dream of being a real estate investor but don't, you know, really know a whole lot about what it takes. And so I really try to encourage people to get their personal financial house in order before going out, you know, thinking about investing as... Just as other types of investing, you need to be in a position to afford to make those investments. If you're not really building a solid foundation... So, I'm talking about, do you have an emergency fund? You know? Are you looking at your retirement and making some consistent contributions? Do you have the right insurance products that you need, etc.

So, really making sure that your financial house is in order before you make those investments is key. Now, will everybody have their, you know, their finances 100% perfect before they become an investor? Probably not. And making profit in real estate is maybe a solution to help you get out of debt and maybe a solution to help you build your personal wealth and making sure that you are on the right path. Obviously, that's the point. But if you get into a situation where you're not profitable, you know, you get into, you know, an issue where you haven't thought through all the numbers clearly, you can find some really unexpected expenses and challenges as an investor.

So, it's really key, I think, to understand what are the basics and follow those fundamentals before you jump in feet first. Do all the homework that you can. Maybe partner with somebody who has more experience that you learn from them, leverage their skills and talents first. And that may be a good stepping stone for many people before they go in on their own.

00:06:20.000 WS: Is there a number around or is there some kind of metric around emergency funds specifically that you recommend people have?

00:06:27.000 LA: Yeah, absolutely. And it does change from time to time, you know. Right now,

I would probably say, people are thinking more about emergency funds than ever with the pandemic and all of the financial challenges that we've had. Typically, the rule of thumb has been at least three months' worth of living expenses. So, that's not necessarily a full replacement of income, but thinking about what your major expenses are? So, housing, insurance, your medical costs, kind of your ongoing fixed costs, and maybe some of the variable expenses that you can't live without. Figuring that number and then multiplied times three is kind of the the minimum I recommend going to six months, even better. And hey, if you can go up to 12 months, that's even better. So, I would recommend at least six months before jumping into some big real estate moves. That's just going to be a smart runway to have to make sure that you know if something doesn't go the way you've planned it, you've got that financial cushion there to keep you and your family safe.

00:07:27.000 WS: What do you say to the person who's running, say, a small business? That's their job, right? You know, they're a small business owner. What about an emergency fund for the business also?

00:07:35.000 LA: Yeah, you know, it's so important. You do need savings for your business. You do need to think about it just like your personal finances. How you set aside enough? Do you have the cash reserves that are there for a lot of unexpected things? So, if you can forecast some numbers, maybe a year's worth is would be fantastic again. That may be difficult for some people but having a goal just building up to a wise amount, you know, having that on your radar and working toward it bit by bit. Will you accomplish it all in one year? Probably not, but if you look at it over a series of years, you can definitely build up and make sure that you not only have the business checking, but you got business savings. And that's really going to help you from having to go into debt - if you don't want to go into debt - and will also just give you a lot of peace of mind. I find having that savings in the bank may allow you to take some risks that you wouldn't ordinarily take that can really pay off. So, it will give you confidence and a lot of peace of mind that your businesses in good shape.

00:08:39.000 WS: You mentioned retirement planning, and I'm sure there's some listeners who say, "Well, that's why I'm investing in real estate. So, what are you talking about?"

00:08:46.000 LA: Yeah, absolutely. And I do think, you know, real estate should be a component of everyone's portfolio for retirement. I wouldn't recommend that it's 100% though.

So, you know I would say come up with a number that's right for you if you are really pro real estate. You know, maybe 50, maybe 60% of your portfolio might be a good number for you. For the average person it's probably going to be much much less than that. But yes, I would say, let that... Definitely, let that real estate pay for your retirement. Just make sure that you are diversified, making sure that you've got some other options whether they're just, you know, you're investing in the total stock market, you're looking at some balance funds, making sure you've got a little bit more diversification in addition to your real estate holdings.

00:09:33.000 WS: Where do you most mess up around insurance.

00:09:35.000 LA: Oh man, insurance is such a complex topic. You know there's insurance for your business, there's insurance for your rental properties, you know. Really thinking about limiting liability as an investor is key. And you may want to of course structure your properties, you know, in an LLC or in some other business structure. Get some advice on that depending on where your properties are, the number of properties you have, you know, certainly use some business entities to help you limit liability. But insurance is also key, you know.

I always maintained at least a \$2 million umbrella liability policy insurance when I had a lot of rental properties at a minimum. So, thinking through what is the worst case scenario, that's what insurance is for, you know. We hate to pay for insurance but we love it when it's there and it saves us. So, having a conversation with an insurance professional about your real estate business is critical. They need to understand what your goals are, what liability are you exposed to. Let them help you, you know. Let them help you make recommendations. Maybe you get a few different quotes and talk to a few different professionals as your real estate holdings, you're going to want to reevaluate. As your net worth grows, you're going to want to reevaluate insurance. So, I would recommend doing that at least annually.

00:10:55.000 WS: Where do you suggest that we begin to invest in real estate. Obviously, there's so many trains of thought, you know, around, you know, "Maybe I go find a single-family home or duplex or maybe I just invest passively in somebody else's deal or do syndication or, you know, maybe I try to find a flip." What are your thoughts around, you know, where somebody should begin to look?

00:11:14.000

LA: Yeah. I do think maybe it lies with your talents. So, for me, I really enjoyed fixing and flipping. And so, my husband and I were very handy. We enjoyed that work. It was something that we had a lot of connections in our community with handy people and folks who can do work on the cheap. And so for us that was a lot of fun. We enjoyed it. For other people, they would say, "What a waste of time. I don't want to be part of that, you know. I just want to buy and hold." So, you know, it really does depend on the goals that you have. We also enjoyed renting out properties. We enjoyed that for many years, until we didn't, you know. And then we decided to liquidate as the values went up, you know, finding a good property manager cash.

I mean, I can't say, you know, enough about that. That can definitely make you think about real estate in a whole new way and thinking about them as a partner, especially if you're investing in other areas. I was investing all over the Southeast, so I had to have local property managers, and they really, you know, made it profitable which is counterintuitive. A lot of people say, "Well, you know, if you're paying them, how are you paying yourself?" And what I found was they were able to raise rents significantly, you know, way more than I would have, and they definitely paid for themselves. So, starting where you feel most comfortable, I would say, and if it is just, if it is going in with a partner on a duplex, you know, fantastic. You know, just thinking about what you have knowledge in. Where's your expertise? Or maybe, where's your partner's expertise?

00:12:51.000 WS: Couldn't agree with you more. I find that property management companies can manage so much more efficiently, right? They understand the market typically much more than you ever will and know what rent should be and can get them rented faster as well. And so, we are different trains of thought. I know very few people who can self-managed as well, you know, as third party.

But what are your thoughts around debt? You know, like somebody's fixing to invest, you know. Or somebody who's, "I just want to pay cash. I don't want to go in debt for that property." Or, "No, you know, I'm going to use debt." You know, so many people say, you know, "I can build more wealth with debt." What are your thoughts around that?

00:12:34.000 LA: Yeah, I am of the mindset that you really can use debt to build wealth. I'm, you know, a big proponent in using good debt in order to fund purchases like real estate, education, certainly not consumer debt. That's not good debt. We don't want to be going into debt for anything that does not have the potential to appreciate in value. So, you know, real

estate is one of those few assets that we can purchase that will appreciate in value in most cases. So, I do believe that if you've got the ability to borrow, it's definitely wise. Obviously with real estate investing, you're going to need to put more down. So, you know you can't get away with the 5% down, 3% down, the way you can perhaps with some residential properties for primary ownership. But, yes, leveraging other people's money in general is a wise way to go.

00:14:20.000 WS: What about choosing just the best performing properties? Any tips around how you've done that successfully.

00:14:25.000 LA: Yeah, you know, it does come down to knowing the market for sure. And, you know, I would say a lot of people ask me, "I'm in a home. I'm thinking about instead of selling it, I'm thinking about turning my home into a rental property." And in a lot of cases, I really caution people about that because I say, "Okay, if you did not own that home today, would you buy that home as a rental property?" If the answer is no, you need to sell your home. If you actually think, "Yes, this property that I'm sitting in right now is the absolute perfect real property to buy," then keep it. You know, I think in a lot of cases we become biased with the home that we're in, you know. We think, "Oh, you know..."

00:15:04.000 WS: Some sentimental value?

00:15:05.000 LA: "It's sentimental and I love the home. I've enjoyed being here so why wouldn't a renter enjoy it?" Well, you know there might be amenities there that are not conducive to renting. Maybe you've got a swimming pool. Maybe you've got, you know, some issues there that would just not be great from a liability standpoint. So, thinking about what do renters want. If you are truly looking to buy and hold you need to understand, "Is it a three bedroom? Is it a four bedroom? What are they looking for?" You can pick the brain of local real estate agents and property managers and easily find that out, you know. What are the neighborhoods that are renting the most? Where's the most value? So, that's really where you want to be looking.

00:15:47.000 WS: And then, you know, managing a real estate investing business could seem pretty overwhelming, I think. You know, especially for when you're first getting started. Any tips to just managing a real estate investing business and doing it well, you know like you all have.

00:16:00.000 LA: Yeah, it is something that I kind of had to work out over time, you know. It's

something that you're going to develop systems. You're going to develop processes. You're going to develop a team, you know. I think it really does come down to working with good people. Do you have a good accountant who understands your business, you know? Are you leaning on good people for legal advice? Making sure you've got people around you who really understand your business. I understand what you're doing. They understand not only how you're making profit, but where could you slip up, where are your potential risks and liabilities.

So, leaning on people to help you. Definitely get a good CPA, somebody that can help keep you organized. I would not try to do taxes myself. Again, that's another service that is well worth the cost. They're going to help you find, you know, ways to be efficient with what you're doing. So, if you don't have all the answers, that's okay. Just know that there are people out there that do have the answers. You may have to pay a little bit for their expertise but I think in a lot of cases, it's going to be well worth it.

00:17:02.000 WS: Well worth it. Now, my accountant has saved me so many times more than I'll pay, you know. It's a no brainer. An attorney, also. So, you know, Laura, what about just being prepared for a downturn potentially, you know, like this last pandemic over the last year? You know, a lot of times at that point people say, "I'm never getting into real estate, you know. It's just all over the place. People aren't paying rent and, you know, all that fear builds up, right? So, how do we prepare for a downturn?

00:17:28.000 LA: Yeah, so I do think having cash reserves is key, and really trying to be strategic about the debt that you are paying down, you know. Have a plan. Understand if that is one of your goals, have a really good strategic plan about which property that you're going to tackle, what order, how does it, you know, what order makes the most sense for your situation. So,,you know, really just trying to build as much equity as possible. Making sure... Again, I think if you're buying in the right neighborhoods, you're in the right areas, that can really help buffer some of the potential problems when they come along.

But nobody has a crystal ball. None of us know what can be around the corner. So, you know, it does come down to having all your ducks in a row, having your finances both with the business and personally, having that in shape, and having that in order is really about as much as you can do. Making sure you've got good relationships with your tenants, as well. You know, right now on the problems with tenants, you know. It's a difficult time, you know. If your tenant is not

able to pay due to COVID hardships, there I think is something to be said for knowing who your tenants are or making sure your property managers are carefully vetting your tenants and really looking at folks who you have confidence in will be able to pay long term, are going to be responsible tenants. That's key. So, if you need to get involved with that and kind of supplement what your property manager is doing, that may be a wise move until you fully understand their process and trust them fully.

00:19:03.000 WS: What about any predictions that you have just in the real estate market over the next six to 12 months?

00:19:08.000 LA: Yeah. It's such a crazy, such a crazy space we're in right now, you know, thinking about hearing people who are buying homes without even having inspections done on them because, you know, they're so anxious to have their offer taken. I do think it's going to pass. I do think we're in a kind of a frenzy right now. I think rates are going to pick back up slowly. That's going to kind of put the brakes on the market a bit. And, you know, I think that things are just going to settle down from the pandemic. People are not going to be perhaps relocating or moving, maybe as vigorously as they have. Maybe things will kind of settle in with their job and they'll know where they want to be or have their relocation under their belt. So, I do think it's going to be an interesting year, but it's going to pass. So, I would say "Hold on." You know, don't buy into the frenzy.

00:19:58.000 WS: Are you continuing to sell or are you looking to buy as well? Are you waiting?

00:20:03.000 LA: Yeah. You know, right now I'm actually waiting. I have a couple of properties that I will probably be selling over the next couple of years. I've kind of liquidated a lot of properties except a few that I just really wanted to hold on to. So, right now I'm actually in a holding pattern.

00:20:21.000 WS: Do you have any daily habits that you are disciplined about that have helped you achieve success?

00:20:25.000 LA: Oh, that's a great question. I think that there's so many habits we can get into, good and bad, that will help or hurt our success. For me, I really focus a lot on health. I think health and wealth are just hand in hand. You can't separate the two. It's hard to think

clearly. It's hard to, you know, make good decisions when you're not healthy. So, I really focus on that and I feel like if I'm concentrating on, you know, good diet, good exercise, good sleep, all of those things that help me make wise decisions in general and helps keep energy up so that you know when good opportunities are there, I can jump on it and take advantage of it because I've got the energy and the interest to do it.

00:21:14.000 WS: Do you have a certain amount of sleep you try to get each day?

00:21:17.000 LA: I like to get at least eight hours. I love my sleep. And I find that if I get less than about seven hours, I feel it. So, that's been a big priority for me over the years. It's really... I used to sleep like a rock. I mean, you know, get in bed and not even like turn over and be in the same position in the morning. But as you get older and your sleep patterns can get disrupted, it becomes a new challenge. And so, working on that and making sure I'm just doing everything I can to get great sleep. And thankfully I do. For me it really makes all the difference. So, when I hear people say, "Oh, you know, I can get by on four or five hours of sleep. No problem," I just don't believe them. I just think that it's so important. And it's integral to everything else that's going on with you physically. So, yeah, I think focusing on on health care is just a huge part of financial success.

00:22:13.000 WS: Yeah. I asked that because my wife and I've been thinking more about the quality of sleep or length of sleep that we're getting. When I hear that as well, I think I've gone on 4 or 5 hours of sleep a night for a long, long, long time, especially when I was younger. But I see the difference when you're well-rested the, like you said, making better decisions, being able to take advantage of opportunities, and I hear people say that as well. "I'm going on four- or five-hours sleep." And I think it's pretty impressive what you've been able to accomplish, probably at a 50% or 60% operating, you know, power. You know, personally, you know, just imagine if you are well rested. But what's been the number one thing that has contributed to your success?

00:22:49.000 LA: You know, for me, I think that I've been fortunate enough to have some really good role models, not only on my side of the family but my husband's side of the family were some really great real estate business people. They have been in sales and been an investing. My grandmother on my mother's side was just... had an empire in her small town and she was just the real estate woman in her town for many many years, decades. And I always looked up

to her accomplishments and she would always tell me, "Laura, real estate is just sticks and bricks." And she meant, "Don't get emotional about it. Look at it objectively." And that was a really great advice. And I saw what she was able to accomplish with her, not only her selling career, but also all of her investments at her rental properties. And I inherited actually some of them after her death.

So, it was a good reminder that, you know, these properties can really stand the test of time, you know. And if you want them to be passed on to your heirs, they certainly can. So, I've had great role models and I think that gave me a huge leg up. And just for me, it's passion, it's interest. I love all things business. Real estate has always been a passion of mine. So, just following those interests, you know, even podcasting has been just a passion project of mine and following that interest, kind of pulling the thread and figuring out, "Okay, how do you do this? What, you know... What do I need to learn? Who do I need to talk to in order to master this subject? Being curious and following that curiosity will always, I think, help you become more successful.

00:24:37.000 WS: Laura, how do you like to give back?

00:24:39.000 LA: Yeah. For me giving back is really my podcast. It's a big way that I like to give back. I get questions from people all over the country about different topics, and I try to personally answer those questions. And I hear from folks that say that the show has touched their life. They've started investing for retirement, or maybe they became a homeowner because of a show that they listened to. That really is incredibly satisfying for me. So, I try to give back to the listeners and readers. I've written nine books. So, I've got a lot of loyal readers out there and really trying to provide up to date information and staying on top of everything in the finance world. It's a win-win. It helps them and it also helps me stay up to date.

00:31:35.000 WS: Well I'm grateful to have met you. It's been an honor to have you on the show. I just... Many great things that I wish I had known when I was getting started, you know, in real estate that we've discussed today. I mean, whether it's emergency fund or retirement planning, insurance, I mean, even suggesting where, you know, you've invested and where to start, and things around debt. Grateful just for your willingness to share.

How can listeners get in touch with you and learn more about you?

00:25:48.000 LA: Thanks so much, Whitney. I appreciate it. Yeah, they can find me at LauraDAdams.com. Also, Aceable.com, if they're interested in looking for a real estate licensing course or continuing education. It's a great way to catch up with me.

[END OF INTERVIEW]

[OUTRO]

0:26:04.0 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.

[END]