EPISODE 1054

[INTRODUCTION]

[00:00:00] ANNOUNCER: Welcome to The Real Estate Syndication Show. Whether you are a seasoned investor or building a new real estate business, this is the show for you. Whitney Sewell talks to top experts in the business. Our goal is to help you master real estate syndication.

And now your host, Whitney Sewell.

[INTERVIEW]

0:00:24.0 WS: This is your daily Real Estate Syndication Show, I'm your host, Whitney Sewell. Today our guest is Michael Holman. Michael is a VP of Development and Capital Markets at Overland Group, a vertically integrated real estate firm, as VP actively oversees the development and financing of over $160 million worth of real estate. He's helped us come to go from 6 million to over $150 million, which I'm pretty sure he said in the interview that it's $200 million or more now in development in four years through his relentless personality and ability to build meaningful relationships. So through this interview, you are going to hear how partnerships and from what Michael said, just through fuel to the fire, just lit the jet engines and help them to go so much faster. You heard an interview with his father, Ken on here probably one to two years ago, I can't remember the exact show number, but I would encourage you even to go back and listen to Ken as well, they just have a great business and developing some phenomenal deals or projects, but as far as Michael, he goes into a deal specifically that they had some difficulty with financing and talks about how they use the TIC structure and 1031 funds and special purpose entities and some different things that I'm sure will be helpful to you, or whether you are an investor or whether you are an operator or both, you're gonna learn something from this interview, he goes into many different things about mentors and everything that would help them to scale fast.

0:01:48.9 WS: Hope you enjoy the show. Michael, welcome to the show. I'm looking forward to is hearing your story, and we're just reading your bio personally, I just see the experience that you have in our industry and in the space, and how fast you've been able to move, that is what so many other listeners are intrigued about, and I know they're going to want to know more as they get to know you more, obviously, we want to know a couple of minutes about how you got to where you're at, a little bit of your back story so people can relate and also give them hope to, Hey, you know what, they can do it, too. To give us a little bit of that. And again, welcome to the show.

0:02:22.7 MH: Absolutely and thank you. So my back story, I kinda took a little bit of a different path, but it's similar to a lot of people's stories in this space, so I came out of school, I got a master's of accounting, I went and worked for a big four accounting firm, Earth and Young... And I was there for a little while, earn my CPA, and honestly, I was less intentional about getting into this space, and probably most people... I had listened to a few podcasts and then some things like that while I was at Earth and Young, but actually my father, Ken Holman, and he's been in real estate and doing real estate development for 40 years now, and so I just kinda grew up surrounded by real estate and real estate development, and after a little while at EY, he actually came to me said, Hey, I got an opportunity, I need someone to fill a development role. Do you want it? And I was really hesitant at first. I wasn't sure if that's what I wanted to do or not. The company was in this little bit of a transition phase, but at the end of the day, it was my swing for the fences moment.

0:03:20.9 MH: I figured, Hey, I'm young, I got my CPA, I got something to fall back on. Let's go for it. And that's really where it all started and how I initially got into real estate.

0:03:31.6 WS: Did you feel like that there was a massive risk around taking this massive ship and maybe you received some pushback from other people... I don't know, I was actually with an entrepreneur yesterday that I respect in a big way, if he was asking me about my background, and I shared about the military law enforcement and course training, and then commercial real estate. He's like, Well, that just sounds like such a natural path, obviously not, but your father has been in this for many, many years, very well known, been on the show, a great guy, and that would seem like a natural path to me, like, Man, you have this amazing mentor that obviously, you know better than probably almost anyone, and so did you feel like that was risky to make a shift like that, what were your thoughts on... 'cause I know there's somebody that are listening that can probably relate to making a big change like that.

0:04:18.2 MH: It was risky for me, from an outside perspective, it probably doesn't feel that risky, you're thinking, Hey, here's this successful real estate developer, you're coming in... I've never intended on going in real estate, that wasn't kind of where I was headed, that wasn't my path that I was headed down, and so when I was going through school, I didn't have... In the back of my mind, I'm doing all this so I can go work in the business someday. I was just doing my own thing. And so Earth and Young, when I left, they had 220,000 employees. Your pay increases are very set. You could talk to almost anyone. It didn't matter where you were, you had to figure out how long they'd been at the firm, and you could pretty much tell what their salary was gonna be, the increases were that set... But they were good. They were significant increases. One of the most stable jobs, rarely does anyone get fired from a big four accounting firm, most people end up leaving. And then where I knew the company was in this transition phase, right... Like most companies, we have ups and downs, we kinda have a roller coaster, we're kind of a little bit in a down phase, we'd come off a really big phase, and we were coming in through a transition phase, and so looking at it...

0:05:28.5 MH: I knew we had a good team, and that's really what convinced me to make the jump, but I didn't come in... When I came in, the company wasn't just this uber successful, we had cash just come out of our eye balls, we just didn't know what to do with it, and it was like, Hey, come over, I just don't know how to spend all my money and help me spend it wasn't like that at all in... We were stripping saving, we were really scrappy during that initial period, I tell everyone, we're kind of like a 40-year-old startup, we have this great experience, but where we were in that transition phase, we were really like almost a brand new startup.

0:06:03.5 WS: It's interesting, and even in your bio, you... highlighted and wanted to bring it up from 6 million in development to over what? 200 now, 200 million? Yeah, 6 million, I don't know. I said that about 6 million in development, but new Reno, 200 million just in a few years. You have grown so much, you got all this experience, like you said, it's like you're a new startup, but man, you all been doing it a long time, but now all this growth, and there's so many things there, I'd love to unpack why... What calls to growth? I know you started then, what was your role in that?

0:06:31.6 MH: I bounced around, I came in to do development, started there three months in the controller quit, so I took over some of the accounting roles 'cause it was like... Everybody sort of looked around, I was like, Well, you're the CPA, you figure it out. So I came in, I had to figure that out, and then I started taking over capital markets, and then I went back and took over development again, so my role has been, where is the need in the company and how do I fill that? And that's really where I've kind of bounced around in it, and that's actually giving me a pretty broad perspective over things, and I'm really grateful to have that, so yeah, we've gone exponential growth over the last four years, and we've done a lot of things right ourselves, we've been working really hard to acquire good property, find good property, a big portion of that, that I will readily admit is the partnerships that we've created in their relationships that we've established, that has been really the fuel to the fire for us, we're great in and of ourselves, but by ourselves, we couldn't have gone from 600 to 200 plus million, I just...

0:07:30.2 MH: That's almost impossible for anyone to do. Unless you are starting in a really, really good spot from the beginning, so we've been very strategic about forming our partnerships, we have capital partners, we have great lending relationships, we have broker relationships, we have really dialed in on who it is that we can benefit from, and they can benefit from us and let's team up, and let's go forward like that, and that's really been the fuel to the fire for us.

0:07:59.5 WS: I love that, and I'm so glad that you elaborated on... You call it the fuel to the fire in... You mentioned that a couple of times. I could not agree more. So many people have a scarcity mindset, right, I don't wanna give any of the deal away that I'm like, You'll do five times, ten times as many deals and make 10 times as much as well, when you're willing to share with other groups and you all go together right. Rising to everybody. Is that saying left all ships in her, but... So what was the piece though, I guess. I know you all are experts in development, and so you're willing to mention to other capital partners anybody else that or is likely, and we need that person, most partner there instead of bringing them on board and say, an employee?

0:08:39.5 MH: The biggest piece, I would say that we ended up really kind of forming together was the capital raising ability, and then we were able to fill in a lot of the real estate when we came in... When I talked about some of those ups and downs, the last up that we had, we had formed a single partnership with a giant institution, and we rode that way for a long time, and then all of a sudden that institution got bought by an even bigger institution, and that institution sent out an attorney to us and said, You have 90 days to sell everything, we've just decided that we have too much real estate and we need to offload and we're in lease up, we’re not at a time to sell. And so we're over here, fire selling me, this is seven, eight major assets, 2-300 plus unit apartments. Golf course is even included in... We had all sorts of stuff in this portfolio and fire sales, so that was kind of the rising ship, and then we went down and was kinda like...

0:09:36.4 MH: Yeah, it wasn't that much fun, how else can we get the money? And so we started with some low level syndication, and then what it ended up happening is we found a partner who had a little bit of experience raising capital, they wanted to be where we were, and so we partnered with them, and it was funny, we've now done three deals together, and every deal that we do together, it's like, Hey, this is a big deal, this is the biggest that we've ever done. And we get it done in a week, and then the next day, come on, this is a really big deal. You know, how are we gonna get it done? And that's just been a really symbiotic relationship, right, 'cause they really understand the capital, they've been working with investors for a long time, and we really understand real estate development, we have lending relationships, we really had at that moment, all of the pieces... We just haven't focused on the equity capital side of things, and that's kind of the main partnership that formed that said, Hey, let's take this, and now we've partnered with multiple people across various assets on different projects, and

0:10:31.7 WS: It's incredible. Often people say, How do I get started? How do I scale like we have... Or obviously, like you all have that fast... And I tell people it is a team sport to say the least is a team sport, and often the guys that I see that seem to move the fastest are ones who have specialized, right. You have five team members, right, if we're playing whatever kinda game. Basketball or football, whatever, you have this focus, this is your job on the team, and it's the same almost in the syndication business. And the guys that are willing to say, You know what, this is what I'm going to be really good at. I love this. This is what energizes me, I'm gonna just focus on that. It's like these other team members come to you, right, 'cause they need what you have and really you need what they have too... I've seen it happen so many times. It's just so interesting, I did the same thing. I'm gonna be great at this thing, and then build the team or find the partnerships, and so Michael... Sure, right now to some people are saying it development right now, why development...

0:11:30.3 WS: Why not value add? Everybody talks about value add, multi-family or whatever, some other asset class, and they're definitely not the same why development? Let’s go into that a little bit and help those that are listening right now are wanting to syndicate development and you're gonna move into that. Help them think through some of that.

0:11:46.5 MH: To start at value adds. Great, so really respect everyone who's doing value add, we do some value-add as well, we chose to specialize in development mainly for a couple of reasons, First, it's a really high barrier to entry into development, I mean, when you're getting into development, especially on a large scale, let's say you're developing a 200-unit apartment complex that might be $50-60 million, you have to put a lot of upfront capital and a lot of upfront risk, we'll spend anywhere between $50 and $250,000 potentially just on the project, getting architectures done before we ever even have approval from the city that we know we can do how we wanna build, and so there's this really high barrier to entry, not only that you have lenders, that they're gonna have more strict requirements when you're doing construction loans, there's non-recourse options, but a lot of your best interest rates, they're recourse, and they wanna know that you have the ability, the expertise, the knowledge to take a development from start to finish when you have a value-add, there's less risk there, and you use that, you go out, you're generally a non-recourse loan.

0:12:56.7 MH: So you're not putting up these personal guarantees, right, when we do a development, we're putting up our homes, we're putting a park cars, we're putting up everything on the line to assure that the development gets done, and so that's inherently a really high barrier to entry. Most people look at that and say, That's not for me. And so that's one of the main reasons, and the second reason we did it is really just the returns, we love that value creation, and we love it to an extreme... For us, there's the value add, and we like to the brand new development, 'cause there's just that value that's created, we right now are just about to start construction on a 240-unit apartment project down in Mesa, Arizona, it's gonna cost us roughly 66 million dollars. We just got an appraisal back for over 100 million dollars on that property, it's 40 million of value creation there, and that's just something that's hard to replicate, especially in the value add, right. You're trying to get that in the value add, but it's a lot more cashflow, we're a lot less reliant on cash flows, and we are a lot more reliant on that value creation, building something for just less than the market value at the end of the day, and so it's a little bit of a drug for us, we're addicted to that value creation, and that's what we really love.

0:14:12.2 WS: It's an interesting dynamic, like the value creation, the way you do it in development, and I was thinking about the buildings created is appraised at 100 million... Well, there's so much value there that's done the day that it starts operating... Right. Where in value add, we're creating a lot of value. However, I feel like we in development, it's like your work in your process, you're working your team, there's obviously tons of things that could happen, you have to work through all those things, but I feel like in a value-add space, spring multi-family, like you're having to manage 200 different tenants at the same time, or just those remodels, and I feel like that could be even worse or more labor-intensive, but I could be wrong though, we're doing some developments now, but not like the level you all are.

0:14:54.2 MH: You're definitely right, there's kind of a lot to manage on both processes, and really where the benefit or the risk reward comes in in development is you're just taking on a lot more risk with a development, essentially there's no cash flow, it... And I kinda laugh because that's what people say, I look at it and I say, Is it risky? If you have a development team that has over seven years of experience developed over half a billion dollars, really understand, is it more risky, but in the general view it... It's more risk you're taking on construction, you're taking on wears, you're taking on all of these... Sometimes you're taking on entitlement risk, so you're taking not into all these risks, and that's really where the reward of that 40 million that we just talked about comes from is when you're willing to take those risks, and so we're doing a lot of risk mitigation with development, development, more so than even value-add, I would say it's about understanding and having foresight in development, it's really easy to lose six, seven, eight, nine, 12, 24 months in the development process, if you're just kind of getting tossed around, you're being really reactive.

0:16:05.9 MH: So in development, it's really important, you have to have the foresight to understand and say, Hey, I know this is what they're gonna need, by the time the city comes and tells you they need something, if you already have it started... That's probably gonna set you back three. Four or five months, right there. So you have to have that foresight and that understanding, so having the experience of going through the process, super important, anyone getting started... I'll just say my one piece of advice, anyone getting started or wanting to get started in real estate development, I highly, highly recommend partner with somebody who's been through the process. Even if you have to give up more than you think you should, that would be an invaluable learning experience, because in development, you don't know what you don't know, and it's hard to pivot around those unknowns in development, like I said, you'll easily lose six, 12 months.

0:16:57.7 WS: Yeah, that is difficult and unexpected, I'm sure often, or you probably plan for a lot of that, but go into... Maybe it's that specific deal... Any difficulties, anything? I don't know, maybe around financing or anything like that, any issues.

0:17:10.1 MH: Financing really, I kind of landed in a specialty and financing it, just coming from my CPA background, but yes, that deal... Actually, we were talking about the 240 units. That was probably the most difficult deal we've had to finance in a long time, so we have a bunch of different components, so just to go across the whole capital stack or how we're getting all of the money. So we have a senior lender who's coming in for the main construction loan, we have preferred equity, and we also have our common, equity are all of our investors who are part of the project, so you have these three different dynamics already, but then within the equity or the common equity with the investors, but not only do we have regular LLC investors, we also have multiple 1031 exchange investors or tic owners, so now you get all of that combined with the preferred equity and the construction loan. My org chart is the full page with a lot of different boxes, so it's pretty intense and it's been difficult to get everyone on the same page, 'cause we're reaching a lot of unknowns, people are familiar with one piece of all of that, but they're not used to putting it all together like we have in the still.

0:18:19.5 WS: Could you speak to just the TIC structure, Tenant in Common structure a little bit, or special purpose entity and how you all have done that a little bit, or give some tips around making that happen successfully.

0:18:29.6 MH: Absolutely. So, an important thing when you're doing with TIC, you gotta understand that some lenders and partners are gonna work with the TICS and the 1031s, and some are... So if you're thinking about allowing 1031 exchanges, just first and foremost, know that you might have to pivot from your usual lenders, you're not gonna have as much flexibility as you might normally have in a deal... So just off the top, that's one thing to understand as far as actual structure on how we do this, so we have the actual property, this 240 unit, that's the actual property, well, the TICs along with the LLC that we've created, this one particular is called The … Commons LLC, so that entity and all of the TICs actually co-own the property together, so all of those owners together collectively own the property, it's a pretty small portion on this deal, specifically, the TIC owners of the 10-31exchange investors own about 1 per to 12%, and we do a lot 'cause we only take 10-31 exchanges, they are looking to be passive, these are people who wanna be passive investors, it's generally... We get hundreds of calls like this every single year, I just sold my rental home, I'm gonna throw myself out the window if I have to go fix another toilet at 2AM in the morning...

0:19:50.4 MH: Right? 'cause people are frustrated. And so we get these calls, so we bring these people in. A quick tip on how you structure these, generally when you're doing a 1031 exchange, that investor will create an SPE or a special purpose entity, and that is the entity that the bank will actually recognize is the co-owner. And then how we do it is we put ourselves as the manager of that entity that allows us to take care of all of the issues, otherwise these TIC owners are gonna have to sign on the loan documents any time there's a major decision, they're gonna have to be involved, they're not looking for that in the first place, and so we do that SPE, we put ourselves as the manager, and then they can basically be a passive investor at... We have a TIC agreement that binds all of those parties together, and that TIC agreement essentially is a replicate of our operating agreement in our LLC, and that's what most passive syndication investors are used to seeing. They'll see an operating agreement at PPM, our TIC agreement basically looks the same as the operating agreement, and so that's kind of how we were able to mesh all of these different groups together, and so...

0:21:00.3 MH: They're all treated exactly the same. The limited partners in the syndication are treated exactly the same as the TIC owners. TIC owners just take a few more steps to really put it together the way it needs to be put together.

0:21:13.8 WS: Yeah, I appreciate you elaborating on that, 'cause it can be confusing often, especially to newer syndicators operators, as you're thinking through the 1031 exchange of on times groups will not take it unless it's half a million or a million, or sometimes minimal in 1030 exchange. Just because of that process you're talking about, obviously there's quite a bit of legal fees, it's gotta be done though, right, you wanna know that it's done at 100% properly and legally, so there is some expense, but it can be very worthwhile for over the 1031 investor and the group like yourself, that's great. Changing gears a little bit, tell me about your best mentor you've ever had and why?

0:21:48.9 MH: I kinda already brought that up, but 100%, it's definitely my father, Ken Holman, and he'd been listening to this show for a long time, he was actually on the show a while back when... You might remember that.

0:22:01.3 WS: I remember he and I talking about 10-31 exchanges, I think. And some tax... That was pretty interesting.

0:22:06.4 MH: It runs in the family. You shouldn't see thanksgiving, our wives and my mother. She can't stand it, 'cause all we can do is talk about real estate, but it's definitely my father, he's been doing this for 40 years, he's been an amazing mentor for me, and even though it's kind of funny when you're in a family business, you realize that not everybody thinks similarly, and people are more open than they normally would be in the business, and so even though him and I might have differing philosophies around certain things, he has been instrumental in helping not only teach me what I don't know, but he's always been really good at getting me to learn things for myself... It reminds me of a story when I was in sixth grade, so I was 11 or 12 at that time. I told my dad, I want a skate park. We need a skatepark. I was really big into roller blading and skateboarding, I was like, We need to see Park in the city. And he was like, Okay, you skate park. I was like, Yeah, yeah. Why don't we have one? I had already know the spot, it'd be perfect.

0:23:01.6 MH: He's like, Okay, you don't know what he did. He took this 11-year-old, he got on the agenda for the City Council of the City, and here this 12-year-old is going... 11 or 12 year-old does it presents in front of the City Council on why we should build a skate park in the city, and that's just classic. I kinda laugh 'cause that's been my whole life, including while I've been here, he's really good at letting me figure things out, and that's been a really important thing for me. Us

Holmans are very stubborn and hard-headed sometimes, and we always think we're right. So to be able to learn and you use say, We didn't get a skatepark in the city, so I partly didn't do that good of a presentation, but the experience was what was invaluable.

0:23:43.4 WS: And I was gonna say that's an amazing mentor. Right there, right. Okay, let's put you in a situation that you already think you wanna be in, Right, well, let's show you some of that process, but you in a situation where you're gonna learn a ton while he's still standing there watching or ready to keep you from doing too much damage, I guess. Alright, that's really... That's incredible, that's amazing. And a great guest, by the way, I'd encourage listeners to go back and listen to his show as well, just amazing family and group, but Michael, tell me a little bit about as far as development, how are you all preparing for a potential downturn? So many more people, I feel like you expect like this big thing to happen over the next six months to two years, how are you all prepared for them?

0:24:22.6 MH: Yeah, I mean, the focus that we've taken is, none of us here have a crystal ball, we're keeping upstate as much as we can, but we are as conservative as we can be while moving forward in today's world, and so what that means is step one, we don't over-leverage our deals, when you get into development, a lot of people wanna get into development and they get a lord in by these people and these lenders who will come in and say, Look, well, how you... 100% of the cost of your project at 15% or 16%, it's gonna be great, you're gonna go up, you're gonna make all this money, and by the way, you also have to personally guarantee it, and it's things like that that's really gonna get yourself into trouble, so we're almost always somewhere in the vicinity of 20% to 30% equity capital in the deal, that just gives us a little bit of a buffer to kinda step one, step two, we do our best to really take on the due diligence on the front end of these projects, but like I said, when you're creating 40 million of value, you have a lot of room for potential downturns, and that's one of the big things in capital preservation is huge.

0:25:31.6 MH: We're trying to get is the highest returns we possibly can for our investors, but when it turns into a downturn, the focus starts to switch and say, Hey, capital preservation, that's the most important thing right now. And so with that, we've been able to really make sure on the front end of the project, 'cause by the time you have a project developed and things are going, if everything you did was razor thin, it too little too late, you're very reactive in that situation, and you're just doing your best to kinda hold on, so that's really what we're focusing on right now, making sure that are in our due diligence, we're having as much give as possible, which is hard in today's market, just to be perfectly honest, land's gone just like everything else... Land's gotten more expensive too for us, and talk about construction, we just dealt with 25% construction increases on some of our projects over the last year, which that was... I really heard... The other thing that I'll say about that is when you go to a downturn, the most important thing is weathering the storm, and so being able to have access to capital, whether it's through a lender, whether it's through investors, whether it's your own money, whatever that is, access to capital can help you weather the storm, we're in a boom and bust market, that's the way our economy is inherently set up, and so you're gonna have ups and you're gonna have downs, they're inevitable, and so planning for it down as much as possible, but if it goes down more than expected, you have to be able to weather the storm, and that really comes in on how much capital you have in the project and how much capital do you have access to, that you can weather that storm and write it back up.

0:27:11.7 WS: I hope the listeners are listening to that, man, that's such a good advice. Is a downturn gonna happen? Well, if you look at history, probably at some point, right, but like you said, we do not have a crystal ball, but not being over-leveraged and having some cash on hand, right, it's gonna separate the top operators and the ones who are trying to make deals happen that are to thin, like you talked about, is just great advice, and again, I know you do not have a crystal ball, but any expectations that you all have over the next six months, a year, two years, Hey, we know this is gonna happen, or expect that or anything...

0:27:43.8 MH: So what we're seeing right now in the development space, we're really focused on a couple of things like construction cost, right, that's one of those things that we've been tracking (That's come down, right?) That has a little bit... And so we're optimistic that not all taper off what we're seeing and what we're expecting as far as construction costs, where do you think that materials will continue to taper slightly... The thing that we're anticipating though is that labor costs are gonna go up, so we anticipate that whatever decrease we have in materials will likely be replaced by an increase in labor costs, and you can see this, this is evident, if you have know nothing about construction. This is evident across the entire economy, I mean, just look at how many restaurants are struggling to get people, trades people are in really high demand right now, and industries across the board are struggling to get... And hire the people that they need. So inherently, what happens? How do you get more people... Well, you pay more when you pay in where that flows all the way up us. So we're anticipating that there's gonna be kind of the switch where construction cost, materials start to come down, but labor starts to rise, and we think that that's going to really counterbalance much effect and the excitement surrounding the decrease in labor materials as far as broader perspective, recession.

0:29:05.5 MH: Things like that, or downturn, looking at that, we did just have a recession, it almost feels a little artificial, like it wasn't truly a recession, I'll say. I think I'm optimistic over the short term, I'm optimistic over the next six to 18 months that things are gonna continue to go up. I like to listen to a lot of people that I consider a lot smarter than me, and what those people are generally saying is that this is a little bit different, they see then in 2008, take the housing market. We're both in apartments. I'm sure a lot of the listeners are interested in multi-family... Well, what we're seeing right now, and what the experts are saying, is that this explosion in demand, it feels like it's very all of a sudden just come on the market, but this has actually been building for almost 10 years now, builders in general have just been under supplying markets time and time again, and then when covid hit, not only was does this build up of under-supply, but you also had the bridge gap of everything kind of shut down and just stop building, and that exacerbated this situation, and then all of a sudden you have all these people that wanted to move into homes through covid, so you had this increase in demand, you had this already stressed supply chain that now we can even more disparity between the two of them, and that's where you're seeing this...

0:30:33.1 MH: It's just trying to catch up right now, and that's what we're seeing and it's expected to go like that for another six to 18 months is what I'll say. I have a hard time forecasting beyond that, but I kind of laugh to myself, I was telling some people and it worked just the other day, this is probably what everybody was saying in 2006, 7 and a... Oh yeah, it's just way different than the internet bubble. Things are going good. I will say some things that have concerned me on the flip side, I've heard a few people say, Oh, you can't lose money on a house right now, and I'm thinking... I heard that phrase before. I remember in 2007, 2000 everyone, you buy homes always go, if you can't lose money when you buy residential real estate, and those have been some red flags for me along the way when I start hearing people say things like that, but right now we're really relying on those experts.

0:31:20.2 WS: That's kind of like you're in that word, G-word, guaranteed right? Like man, that... Michael, what about some daily habits that you have, that you are disciplined about that have helped you achieve this level of success?

0:31:35.0 MH: Absolutely, two things that I'll point to when I think it's fairly common, and it's not a must-have, but I think it's fairly common among high performers, and I get up early, I get up at 5, 30 AM every single day. And my general routine in the morning is... I wake up, I have a morning routine. Really, what I do in there is I pray, I meditate, I read a little bit, and that's kind of my morning routine. I have an affirmation that I'm saying, I'm just trying to start off the day, and that's only 10-15 minutes, I exercise, and then my general routine... I try and spend a little bit of time with my kids. I got two kids, a four-year-old girl and a one-year-old boy, and while my wife goes and exercises for an hour in the morning, I try and take that time between about 6 30 or 7 to 7 30 or eight, and I try and spend time with my kids, 'cause as soon as you go to work, I get to work between 8, 30 and 90 into the office. Once that happens, the day is so hard to worry, focus and re-organize, so that's really importantly...

0:32:36.0 MH: So that's kind of step one. The other thing that I'll say That's really turn into a habit for me, and it's a little more conceptual, I try and be where I'm at, and what I mean by that is, when I'm at work, I try and be 100% committed to what's going on at work and doing the absolute best I can, on the flip side, when I'm with my family, I try and be 100% committed to my family as much as I can. And so that's been really important for me. There's been times at work has been busier or less busy, but knowing that when I'm with my family or when I'm at work, that the people there have my full attention, I think is really, really important, and that's one of the things that I try to just ingrain into call it a habit or characteristic of who I am, but I think that's really important, so

0:33:22.4 WS: To... Such a good advice, and it's difficult though, as entrepreneurs, I'll wake up in the lent, my mind is just like going undermine an hour and I've gotta get up and write some stuff down so I can go back to LA, it's so true, and it's hard to... You're spending that time with family, you're having dinner and your mind is still growing, right, you're thinking about those things you didn't get done, and really you just need to go write 'em down sometimes, so that way you know it's there, right, you're not having to keep thinking about it, so that way you can be present with your family a lot of that first thing too in the morning, just like you've got that hour with the kids, man, they're just not gonna forget that if you're consistent with that over time, it's gonna... So valuable, tell us how you like to give back...

0:34:00.3 MH: Personally, I've been doing a lot of things, right? I work a lot with my university, I try and speak whenever I can on my university and just try and give the knowledge and the information back that we have... One of the things that we recently started doing, and we have I think 10 to 15 episodes up, we just started a podcast, really what it is, we're trying to limit the sales page or anything like that, I'm just trying to define knowledge... Little nuggets of information about real estate so that someone who might be interested who is tired of their job or who... She's kind of frustrated with their current situation, I just want them to hear the negative information that they can hopefully take and go and use for themselves and apply to their own lives. And so we just started that. It's called the Executive Real Estate Investing show, Scott website, ExecutiveREIshow.com, but that's been one of the main ways. And it's kind of interesting, I mean it takes a lot of time and energy and effort in order to do that and to give back in that way. But we feel that right now, the knowledge that we've gained and being able to emanate is really the most valuable thing that we have at the moment.

0:35:10.5 WS: Incredible. Yeah, knowledge is power, and when you can pass that along to others, it's a great avenue to do that as well to Michael, pleasure to just get to know you a little better personally and have you on the show and allow you to just share your expertise with the listeners, no doubt, just great advice on many different things that 240 unit deal and the financing to the tic structure, to the SP, to even your daily routine. Do you think there's so many things there that is so valuable for our listeners, if you can just apply a couple of those things today, you're gonna see a difference over time... No doubt about it. Michael, is there any other way that people can get in touch with you and learn more value?

0:35:46.9 MH: We're vertically integrated, we got a lot different companies, but you can go to Overlandcapitalcorp, that’s corp, OverlandCapitalCorp.com, and on there, one of the first things you're gonna see the schedule a call, it's a big button, if you click on that and schedule a time that actually links directly to my calendar, so I personally do all of those calls right now and plan to do that for as long as I possibly can, those are really important things to me, so I'm happy to talk to anyone on the phone. No matter who you are, if you wanna get a hold of me, like I said, OverlandCapitalCorp.com, schedule a call, it's not gonna tell you that it's with me, but I'm telling you right now, I personally take all those calls.

0:36:25.5 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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