

EPISODE 1085**[INTRODUCTION]**

[0:00:01.6] 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]**0:00:28.5**

Whitney Sewell: This is your Daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Are you in need of a confidence boost in your real estate journey? Remember, behind every success story is a failure and getting up again. Draw inspiration from these real estate success stories that we've heard on the show.

[INTERVIEW 1]**00:00:43.0**

Whitney Sewell: Our guest is Jens Nielsen. Thanks for being on the show, Jens.

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Jens Nielsen: It's great to talk to you, Whitney.

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WS: Would you say that if you weren't still employed that you may be trying to do most of this yourself instead of building a team or you'd be tempted? I know I would be.

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JN: It's that idea of you coming from being in control, being a good technician and like, "I know what I'm doing and nobody can do it as well as I can." You suddenly try to create a business and try to do it yourself, everything. It doesn't work because you can't be in a hundred places at once and you are not necessarily very good at a bunch of things that you want to be good at. I think it's important when you start out, you need to learn as much as you can about all the aspects of your business, but over time trying to leverage other people with what they're good at. That is going to be tremendous in growing and scaling your business.

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WS: Leveraging other skills, I found those tasks that are \$10 an hour tasks as opposed to the \$100 an hour task which most of us have heard of before. Hiring those things out that are \$10

an hour tasks so you can focus on the other things. Who was your first hire and what did they do for you?

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JN: I'm small enough, I don't have any full-time employees or anything like that. The first thing I realized, I've been a guy who was doing my own taxes, my own accounting for my job and stuff like that. That's the first thing I did. I could not figure out how to do my business taxes. I don't even try it. The first thing was making sure that my accounting, my properties were done professionally. I would get a monthly update and status and income expenses, my P&L and everything else. That was the first thing and then hiring a CPA to do my taxes. I looked at it for five minutes. "No way, I can't do this," that was the first realization.

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WS: You first hired an accountant and then a CPA, right?

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JN: That was the two first things I did and that's been tremendous. I don't have to worry about those things. That has been done and it's taken care of.

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WS: Even though those aren't full-time employees, they're still taking tasks off your plate that they're good at and probably much more efficient at. Now you can go work on something else that you're more efficient or that you want to spend your time on.

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JN: That would be stuff that's not value-add for my skill set. That's off my plate for somebody else to do that.

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WS: What was next? What are some other tasks that you finally discovered that's like, "I need to start hiring this out and building a team that can do these things?"

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JN: The other path I've done, I've done some direct mail and other things to try to find that seller for the smaller property and I would try to do a lot of that work myself. Over time, I got some people to help me, just some people in the local community that wanted a little side work and stuff like that. I explained how they go and find the owners, how do you break down the LLCs and all that stuff. After I hired the student myself, I've had people help me create goals to list and then also, send out those letters. I'm not the one sitting there and stuffing envelopes and writing out envelopes and stuff like that. I had people help me with that. It's something I've scaled back on a little bit more because I changed my investment approach a little bit, but that was another task that I've tried to outsource that way.

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WS: Go into how you've grown that. What are you doing now? Do you use virtual assistance, or do you have somebody locally that helps you part-time and what do they do?

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JN: I've had somebody locally help me part-time doing some of these tasks. I know a lot of people use virtual assistants. I've not gone down that path yet. It is probably something that I need to do but I need to look into it more. Property management, a lot of investors are like, "I don't want to fix toilets and all that." Immediately, I was like, "No, I don't want to manage properties." I need professional help to do that. That's another key thing, do what you're good at. Do the \$100 or \$1,000 an hour work versus the \$10 an hour.

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WS: You said you're hiring property management and things like that. What type of systems did you have to develop? With even 82 units and working full-time, you've got to have some people in place or some systems to be able to manage all that. Can you elaborate on that a little bit?

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JN: Property management, I use the same company for all my properties. They have their systems to create the monthly reports, the P&L and all of that. That's helpful in that regard. Personally, I've experimented with various CRMs and I tried customer relationship management so I can keep track on who I'm contacting and what I'm supposed to do. I've gone to a new one that I found interesting. It's an add-on to Gmail called Streak and that's a CRM built into Gmail that consolidates everything in there. Having some system for that, who are you reaching out to? When are you reaching out to them and when is the last time you heard from them? That's the key and that's what I've found.

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WS: I haven't heard of Streak, that's the name of the CRM you're using.

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JN: It's called Streak. If you Google that you can find the company. I think the company is something else. There's another one called Boomerang that's another add-on to Gmail. They're little things like, "You haven't heard from this person in three days." It will prompt you to reach out again and stuff like that. The best CRM is the one you use and all my email flow through Gmail, that way I can manage it all from in there.

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WS: I've done lots of research about numerous CRM and different platforms. Something like that is more towards the syndication business. Where investors can log in and see their investments on their phone or on the computer and have their own account so that they can watch those things. Something like Contactually, HubSpot and Podio and all these. They're CRMs but some of them are a lot more involved than others. They're not syndication business specific. They're more customer relationship management. A little different, not just for investors. It depends on what you're looking for. I appreciate you bringing up Streak. I haven't

heard of that one. What was it about Streak that made you decide on them as opposed to other platforms?

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JN: I had tried some other CRMs and it didn't feel like they were integrating very well. They're very expensive, and even though it may not seem like, a lot of those monthly expenses add up. I was like, "Let me try this one." Somebody else mentioned it to me, "This is pretty cool. You can do mail merge and you can manage a lot of stuff, and it's simple." It integrates with a tool that I'm already using. It's a plug-in so it right away was working for me. Down the road, I may change to something else but it's working for me at the moment.

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WS: I like what you said too, the one that you use is the best one. It's a daily thing that you're having to upkeep and keep putting information in time and time again. It's always current and if you don't do that, then none of them are going to work very well for you. Are there any other things like that or software that you've found that is useful to you or helped you create these systems? You can stay organized while you're still working full-time but managing this real estate business.

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JN: It may sound simple but I love to use Google Sheets. I want to have everything available regardless of where I'm at. I use Google Sheets and Google Docs a lot. I use Dropbox, anything that's in the cloud that's easily accessible regardless of where you're at. I don't run my own property management. I don't have a folio system implemented or something like that. My property management does that.

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WS: I also use Google Sheets and Google Drive a lot. I love it. I can see it right on my phone. I can have an icon right on my home screen on my phone and just touch it. I can see an Excel sheet right there that the whole team can see and that's been very beneficial for us as well. I want to talk about your money raising a little bit. How you've partnered with other teams or maybe you can elaborate on that a little bit. We talked about you raising \$350,000 in seven days. I want to go back a little bit and how you got into the business of syndication. When you had the 82 units, was syndication something that you were even aware of?

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JN: I started investing my own money in smaller deals. I took a shift with my retirement money. I had some IRAs sitting in the stock market, one of the big brokerage companies. One of the big things I learned early on is the idea of self-directed IRAs. I can invest in real estate, private placements and syndications through my IRA. I investigated that and a few years ago, I started moving a lot of money out of the stock market into various syndication deals. I've done twelve deals now through my own IRAs and my wife's IRA because I feel like it's a much better vehicle in my opinion than putting money in the stock market and hoping for it to go up. I started down

the passive route first to learn how this is done and so forth. I have known about syndications for quite some time. I had not done any until this year.

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WS: Tell us how you then started to get into the syndication business.

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JN: I talked a little bit about this joint venture we did with some friends. It surprised me how it was not that difficult to get people involved in the investment because they trusted me to know what I was doing. They looked at the deal and they were like, "This makes sense, let's go." There's probably a lot of people and money looking to invest somewhere. That gave me a boost of confidence to move forward. I also realized that I was not in a position, with my full-time job to go out and go to all these big markets and invest and create the relationships with brokers, look at all these big deals and be the key principal on a big deal at this point in time. I started networking with people that are doing that work themselves. They are the ones finding the deals. Those are ones that are drawn to writing it and once they have everything on a contract, I then look at that and make sure it makes sense. If I feel comfortable with it, I say, "I would like to help you raise money for this deal." That was the path of the investment I took. I felt like that was a natural progression for my business.

[INTERVIEW 2]

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Whitney Sewell: Our guest is Chad Hudson. Thanks for being on the show, Chad.

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Chad Hudson: Thanks for having me. I appreciate it.

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WS: It's impressive that right out of college, you knew that you wanted to be in real estate. I wish that I had known that early on. I find a lot more people are getting started earlier now, but I hear it time and time again that someone that's starting in real estate in their 40s or 50s, they say, "I wish I had known earlier about starting in real estate." What would you say as far as from your experience? You had single-families, you've had the construction business, you started with that condo and then now you're into syndication. Someone that's getting started right out of college or maybe they're 30, what would you advise them from your experience? What part of real estate should they get in?

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CH: Everyone, whether it's a single-family, I don't recommend that. I recommend and going and buying a duplex, a quad. Whatever it may be to start with. You get out there and get your feet wet on that occasion as far as doing it yourself. You've got to get skins on the wall. That's the best way to go in and get your own unit. I've got to tell a story. When I was in college and playing ball, there was a lady named Margie Stibora from College Station, Texas. She piqued

my interest. She would go around and there were probably 40 units and several baseball players that lived in these units. At the first of the month, she'd pick up rent checks. I knew most of those units were hers. She still was a realtor in town, but she had this passive income. I said, "Forget baseball. I know it's one day going to end. I like that gig."

As far as a kid, there are two things. Never hesitate to ask questions. I immediately asked Ms. Stibora everything and she probably got sick and tired of me. She gave me more knowledge and I got out of school down there for a four-year degree. I would watch her and ask questions. To answer your original question, I would say go buy something, be smart about it. Get in there, live there, similar to what I did with the house hacking and then if you want to grow from there and you want to sell it or you think you could scale up. I wouldn't waste too much time on the single-family, more so I would start looking at scaling up at an earlier age. I wouldn't trade how I did it, but if kids ask me now or someone asks me, I would say, "It depends on where you're at or if you're risk-averse. I would go big."

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WS: You also had a construction and renovation business. Was that something in addition to your rental properties? Did that benefit your rental business or is that something that you would even recommend to somebody with a large portfolio having their own construction business?

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CH: It helps me analyze properties. I know construction. I know how to talk to the general contractor and the sub. It's a team sport. I feel like that's another equation that benefits me as far as the future. I can go out and analyze a property ground up and look at the construction and see what's needed. I still do that, Savoy Builders. It is a company that I have. I have built houses still. I've got a partner in that, a gentleman named Chris Pruitt. He knows more about construction than I do. I listen to your shows and the smart people hitch their wagon to smart people. I've said it a hundred times, if you're the smartest person in the room, you need to find new friends.

It helps me in every aspect. That's what I meant by real estate can be a very broad definition. My passion is building and whatever the market bears, I'll build houses if it's needed. For personal gratitude and for my family's sake, we invest in long-term wealth building, slow growth. The greatest saying ever, "Don't wait and buy real estate. Buy real estate and wait." That's my motto. I've got to stay busy and make money to buy real estate. That's the real estate development company that I have. I still do that and it helps me every day as far as investing.

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WS: As far as the syndications that you've completed and been involved in, what's been the hardest part of the syndication process for you so far?

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CH: Speaking of broad, there are so many smart people in there whether it's from the tech industry. When I would go look at deals, I would go touch them and feel them. I never put much

on a computer. It's a computer-based business. They analyze things down to a penny. Sometimes for me, it's analysis-paralysis. It's crazy how much goes into that most of the time. Let's go do a deal. We can be smart about it. It's been fun. It's been fun learning. It's very similar to what I've been doing. It adds another zero at the end.

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WS: What kind of buying criteria do you have now as far as looking for multifamily properties? What size properties are you looking forward? What are some things that when you are talking to your broker, "This is what I'm looking for?"

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CH: I want to be a part of a Class B value-add, very similar probably of what you're looking for. I don't know if I can say this, but I want to be in a red state. I want to be very tenant-based or very landlord friendly. It's a capitalism market and I want to be able to have access to go in and clean up a place and get the rent raised and turn the property around. I look at demographics like we all do and it needs to be in a very positive demographic area that's growing and for the foreseeable future is going to grow. That's my standards. At the end of it, you start adding the crime rate and get down to the nitty-gritty. Just a positive growing place that's well-represented from the town's aspect.

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WS: Is there a specific size of properties? Is it strictly multifamily and certain size of property?

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CH: 200 up. What I've learned you can hire the same amount of people for 200 that you can for a 100. I'm learning every day, but I like the 200-plus.

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WS: You mentioned landlord-friendly states. Are there specific landlord unfriendly issues that maybe we should be aware of when we're purchasing a property that you've encountered?

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CH: Just look where everybody's moving away from. Stay away from that area. Sometimes we want to make a big deal out of it, but it's really black or white. It's so simplistic as far as that. I hate to throw states under the bus, but there are certain states that I look at and go, "There might be deals there, but why would I go and invest there?" You know where I'm going with that.

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WS: In your experience, what's a big reason why people fail in the syndication business or maybe you see ways that people are being too risky or something like that?

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CH: People have a hard time saying no. That's one thing I tell my wife and we talk about all the time. At an early age, you've got to say no. This goes back to extracurricular activities. We have

friends who said, "Go to Vegas and do this." We were laser focused. We said no. We're pretty simplistic. I love my family. I love investing. We love our careers. We would say no quite a bit and obviously, we live below our means and that's important. We grew organically within the company. I get asked to do certain things and it just doesn't make sense because it doesn't make sense for my time. I don't even watch that stuff. It matters when it comes to rates and what the rates are. I don't bog myself down with that stuff because for me, I feel like it's a waste of time. I feel like that's helped us to be focused and to live below our means and stay within ourselves and say no. That's not to say we don't have fun. We've got great friends. You can get asked to do and spread out so many different directions that it takes away from the overall goal. For us, other than our faith and having a great family, it's passive income.

[END OF INTERVIEW]

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[OUTRO]

0:20:05.0 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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