

EPISODE 1170**[INTRODUCTION]****0:00:010**

Whitney Sewell (WS): This is your Daily Real Estate Syndication Show. We are introducing a new segment called The Real Estate Syndication Show Highlights, where we're bringing you a look back at episodes focused on a specific topic that we believe added a lot of value to you in your syndication journey.

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[INTERVIEW 1]**00:00:29.0**

WS: Our guest is Jack Gibson. Thanks for being on the show, Jack.

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Jack Gibson (JG): Thank you Whitney, I'm excited to be here.

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WS: Tell me about your team.

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JG: Yeah, we have – okay, there's two partnered companies so there's High Return Real Estate, we're the sales and marketing and we provide all the financial capital to be able to acquire all the properties.

Then, in our job is really to market and sell the properties and then Urban Haus is a sister company, those two are – Shecky, Jeff Schechter, AKA Shecky — I think he was on your show. He and I are the partners in High Return Real Estate and then we definitely have very distinct personalities which are awesome like we complement each other very well.

Then Urban Haus, Property Management Group, they do all the acquisitions, the rehabs, and the property management. And so the two of us, we're totally intertwined, I mean it might as well just be one company because we're producing and selling the product altogether as one team.

Then we have two office girls and then we have eight construction teams that we deploy out to rehab properties and to do maintenance. So it is a pretty nice operation. I mean not a gigantic company but you know we can definitely, we are producing anywhere from right now 10, approximately, new properties per month.

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WS: Wow. That's a good system. If you're doing that many, did you all know that you had these complementary skills before you partnered?

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JG: Well, you know, Shecky was my digital marketing coach for my nutrition company. That is how we first met. He was in Austin and I live here in Michigan and we met through some Facebook advertising where there were marketing their companies, consulting, and digital products. So I got to see the way his brain thinks and I knew it definitely was more systematized, more procedural, and more organized and he is very in tune with details.

My personality is more like, what do they say, ready-fire-aim? I think I fire and then I get ready and then I aim, right? So I am just like, "Let's go, let's get this done," and it's not — I think much more like he thinks big picture but I can see maybe how all the component parts of the whole picture kind of come together and the personnel, I put together almost all the team together that we have currently.

So yeah, it is a pretty phenomenal partnership when you can complement each other like that

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WS: Yeah, I agree very important. Very important that you don't have the same skillsets. Yeah awesome. So what about as far as being able to grow, are you all happy with your growth where you're at now? Are you planning to do larger deals? Are you planning to increase your team? What does it look like years down the road?

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JG: Well how much money is enough? Just a little bit more. How much growth is enough? Just a little bit more, right? So yeah, we're definitely not satisfied by any stretch with where we're at. We understand in this game like systems are, in order for us to scale, systems are everything, you know? So that is what we are really trying to dial in, even more, is when you have two different companies still that are working together, you know we are not always dialed in together.

So we're just really trying to work at how we dial in so that it is a smooth, seamless transition from each of these stages of the property, post-sale issues that are come up inevitably on

properties to take care of our investors. How is that going to — continually trying to strive to provide a more seamless experience for our investors and we keep getting better. Just last week, we hired a VA, Jade. She's incredible, she calls all the tenants in C-class, which you need to stay on top of C-class tenants.

They definitely need a little more handholding than some of the other tenant classes and then there's an incredible yield in this particular class, which you really got to be on top of collections. Well, she calls and texts the tenants every single day if they're late until they pay and that's our collections — best they have ever been since she started.

So we are looking at things you know just like that that we can do that we can add in pieces to keep getting it better. But overall, I mean our goal ultimately we want to be at 20 deals every month that is completed, go through all the processes, at least stop performing assets and close transactions and we got a long way to go to be able to hit that.

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WS: Wow, you know I was going to ask you what's a way that you have recently improved your business that we can apply to ours. But maybe you would say hiring that VA. But you know, is there any other way that you would improve your business or anything that's been a big help or game-changer recently?

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JG: Okay, so we instituted a 32 point checklist with our rehab teams. But better than that is that they all have an iPad. So when they are out on the field they just check the iPad off, of the scope of work that they did on the property, and then once they hit complete automatically uploads that into our investor folder.

So now I mean, getting sometimes pieces of information out from the field especially contractors that can be like pulling teeth. I mean it is very — so it doesn't sound like it should be difficult but it really is. Because I mean they're all solving problems and they're grinding and that you know they're a myriad of things that are throwing happen throughout the day. I get it but at the same time, in order to keep the funding going and to sell properties, we need this piece of data right?

So we were just trying to figure out how to get this flowing more seamlessly from them in the field to us in our investor folder. So that boom, we can submit that and be transparent to our investors. Because they all want to see the scope of work that was done to the property. You know, what am I looking at capX wise, right? So that was another I think pretty small but, you know, a significant type of change that has really helped.

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WS: Our guest is Buck Joffrey. Thanks for being on the show Buck.

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Buck Joffrey (BJ): Thanks for having me, Whitney.

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WS: Why multifamily, why syndication?

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BJ: So, listen, I think the answer to that is multi-focal but in terms of why syndication, I think for me, the interest initially started with real estate and real estate acquisitions in general, which I had started doing on my own initially. I had a lot of luck early on, which also contributed to my ability to leave medicine early. I had a lot of people who were interested in potentially investing with me and that was something that was new to me, but I realized pretty quickly as there was no reason why I couldn't do something at the same type of thing and it is a much higher level. Rather than taking down two or three-million-dollar buildings, we're talking about taking down 25 or 30 million-dollar buildings, you know? That's why I went into the syndication route ultimately.

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WS: Nice. You know, so, would you share with the listeners a little bit about what you and I were talking about before we started recording and even up to your ability to raise capital now and how you've grown so quickly. I'd love for us to dive into that, I know that they would love to hear that.

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BJ: First of all, what is syndication? I think that's one of the questions that I think is really important for people to understand. When I first started thinking about the business of syndication and how that looked. It was very different from what it ended up being in reality. I don't know about you. Do you know who Ken McElroy is?

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WS: I do.

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BJ: Ken McElroy, real estate advisor to Robert Kiyosaki. Ken, I'm an investor with Ken, limited partner, but I've also got to kind of be friends with Ken in the last few years. And he comes to my events and what I realized about Ken was, you know, when I used to look at him, I used to think that he was a one-man show, just a Ken McElroy show, right?

But in fact, it's not quite like that. There's an entire business behind Ken and MC Companies. It's not a one-man show. What is syndication? Ken McElroy is not syndication. Ken McElroy is a company; MC companies is a company that acquires and operates real estate on behalf of its limited partners. Syndication, specifically is just the act of raising capital, right? And so, I bring that up because pulling these things apart is really important to succeeding in this area. If you are in this space, you are going to have a hard time if you're a one-man show, right? If you invest with Ken, for example, you know, you go to mccompanies.com and you sign up as an investor, you're not going to talk to Ken right there. You have like an acquisitions team, you have, you know, you have people who are onboarding investors, you have Ross, who is Ken's partner doing all of the financial sides of stuff.

So, my point is that understand that syndication is only one part of the business of acquisitions and management of whether that's multi-family real estate, whether that's self-storage. Whatever the cases may be. Now in my case, understanding that syndication is about raising money and not about a specific asset gave me a lot of freedom.

Because I said, well, listen, "I am interested in acquiring assets. I'm good at due diligence, but I don't really want to do due diligence. What I want to be is, I want to be a guy who looks at deals. I'm a deal guy. I like to look at them, et cetera, find them and if I'm interested in them for whatever reason, I can raise capital amongst my investors because my investors have a level of trust in me."

So, what's that give me is the opportunity to be sort of on the frontlines, curating opportunities and partnering with good operators, and raising capital. So, I've carved out a niche for myself in that whole dynamic, that whole business and that's what's been able to make me successful.

The people who I think have a lot of trouble in this area are the people who can't wrap their heads around it. Syndication is not about both being the guy who walks 500 units to do due diligence, who is flying around the country doing acquisitions who are doing the spreadsheet and absolves for raising capital. That's – you're never going to get anywhere doing that, just not going to get anywhere. You think that's what my takeaway is on those.

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WS: I love that answer too because it is a team sport. I mean, no doubt about it. Even talk a lot to people, a lot of people ask about hiring VA's and how we've been successful, even using VA's as part of our team. You know, I'm just like, as soon as you can hire one because it is a team sport, you know? It is a team sport and I love being able to be focused on certain things

and even you know, my partner, just like we're talking about, having a partner that's focused on other things.

And so, we can do those roles much more efficiently and get a lot better at them and provide a lot better service as well to our investors. How did you find your niche, you know, how did you do that? I think it's important to be able to do that and think about that early on.

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BJ: Yeah. I mean, for me it was somewhat easy in the sense that listens, I'm a physician. I'm a surgeon. And I was successful in alternative assets and real estate and some of these other things. And so, there are not that many people like me. And then on top of that, it actually started not with the intention of raising capital but in the intention of my podcast, Wealth Formula Podcast is a complete financial, it's an education-based podcast. It's not just about real estate, it's about the economy, it's a fine art, it's about collector cards, you know, it's about all sorts of stuff.

But it's really focusing on a group of people that I guess I used to be one of those people, right? It was easy for me to talk to that person because I know what they're interested in and I know that they're not and it's really fun for me. And so, I actually started that podcast with zero ideas that it would end up being a source of investors, but the request started rolling into me, and then now it's become much more systematic on how that works. But I think finding the avatar and who you're speaking to first and you know, I think at the end of the day, everybody invests with ideally with people who they know, like, and trust is giving an opportunity for people to know they can trust me and understand how I think, which is really important.

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WS: I like that a lot. You know, all that you shared, if you're willing, just like before we started recording, you briefly mentioned the number of accredited investors and how much you've raised in the last 12 months. I think it's incredible. I don't know very many people, you know, that have done that and especially in this – in a very short window since you started doing this. And you know, congratulations to you as well but I'd love for us to kind of hash that out a little bit in how you got to that level, how you started doing that, you know, within these last 12 months, and what you've accomplished?

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BJ: So, I've been doing the podcast for three years, been trying to – I just get the idea of raising capital, maybe at about two and a half years ago, I started something on wealthformula.com. I just put a little icon there that said accredited investor club. If you're interested in looking at stuff and private placements then click here and if you meet these criteria then, "Hey, you're part of the club." And who doesn't want to be part of the club, right?

That's the way it started and then the first year was really slow and it wasn't because I didn't have capital raised, I probably could have raised a lot of capital. I just didn't have anything I would ever invest in myself, right? So, if I would invest in something, I'm not going to pick anybody else's money and have them invest in it without me. So, I couldn't find any deals.

But really, I have a couple one main partner, a couple of other sorts of minor partners that I really, really liked and who I felt like a very comfortable to put my own money in with a lot of my own capital into those operators and ships. And so, having that ability to have deal flow right now is really what's key and so, it really just helps me to sort of at that point, you know, raise whatever capital is needed.

In terms of how much, yeah, it's been – it's a tricky thing because you don't want to – I don't think that how much money you raise is necessarily a badge of honor because you have to make sure that you're also putting your investor money into things that you want to put it in. But placed probably about 70 million dollars in the last 12 months and that's you know, coming from a group of about a thousand accredited investors. And yeah, I mean, probably active, I would say probably maybe 400 of them are really active. So, only 400 of them came up with about 70 million bucks in the last 12 months.

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WS: You know, I think having that club is a great idea, you know? I can see how people want to be in the club, right? You know, it's a special thing. And so, you said, the first year was slow, and then you know, what really made that start to take off for you?

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BJ: Just finding the partners. I think I probably could have raised, even at that first year I probably could have easily raised 20, 30 million dollars if I actually found the opportunities that I thought were people's money, but I just didn't find them.

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WS: So, tell me now, how you continue to make that, how you continue to grow that database, that club?

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BJ: It's funny because I don't really market it. The one thing with syndication that I knew it was going to be very difficult for me when I thought about doing it as a business was, I never want to ask anybody for money. Just not the type, right? I'm just not the guy who says, "Hey, why don't you join me in this?" It's just not my thing, it's just kind of – it feels weird to me, it's awkward, right? But I think for me, it's really quite simple. I talk about what I talk about, people learn how I think, more and more people listen to my podcast and if they like the way I think,

they begin to trust me and they join the investor group. It's not – you know, I never go out there and say, “Hey, you know, invest in my deal. I just don't do that.” I get people who come to me and they say, I want to invest in stuff and then we have webinars and there are opportunities and if they want to participate, they participate.

And so, the beauty of it for me is that I'm putting things out there that I can stand behind and that I'm putting my own money into and I only offer opportunities, which I think are compelling for some reason and it's very easy for me to talk to people about something when I truly believe in it like anybody else, right?

But to your point, at the end of the day, it's all about something completely different, you know? People who are syndicating and doing multi-family, you know, you see ads for opportunities and reg D506(c) and having proformas and stuff. I don't do that. Everything we do is reg D506(b), you have to be in my group before you ever see a deal.

[END OF INTERVIEW]

[OUTRO]

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