

**EPISODE 1190****[INTRODUCTION]****0:00:00.0**

**Whitney Sewell (WS):** This is your Daily Real Estate Syndication Show and I'm your host, Whitney Sewell. Today is a Highlights show that's packed with value from different guests around a specific topic.

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**[INTERVIEW 1]****0:00:24**

**WS:** Our guest is Mark Hentemann. Thanks for being on the show, Mark.

**0:00:27**

**Mark Hentemann (MH):** Hey, thanks for having me.

**0:00:29**

**WS:** I'm honored to have you on the show. A little about Mark, he's an Emmy nominated writer and producer who's written for David Letterman and the Family Guy and created shows for Fox and MTV. Also maintains an avid real estate side hustle, having bought a duplex with his first script payments as a hedge against the uncertainty of the entertainment career. He since built a 70 million dollar multifamily portfolio and a company Quantum Capital, which manages and syndicates multifamily investments. His mission is to help others achieve financial stability and freedom through real estate investing, so they don't have to become television writers.

Just a conversation I've had with Mark before we started interviewing, he's been great. I'm learning a little more about his business and what he's up to. I'm looking forward to you sharing that with the listeners as well, Mark. Thank you again for your time. Tell the listeners who you are and elaborate a little bit about how you got where you're at and we'll dive in.

**0:01:24**

**MH:** Sure. I'm originally from Ohio, just outside of Cleveland. I never started out with the intent of being a real estate investor. I wanted to be a writer. I didn't know if that was a possible career. I had never known anybody in the entertainment business, or anyone had at

least who had succeeded out there, but I thought I'd give it a shot. I began pursuing that. I started out as a greeting card writer and illustrator in the alternative humor department at American Greetings.

Then my cards got me hired to write for David Letterman. Then moved out to LA, realized – I was in New York, and realized that most of the business was in LA. Moved out here and joined a new show called Family Guy back in 2000, or '99 was when Family Guy started. I was convinced that I was going to be unemployed all throughout the early stages of my career. I was convinced that in six months, I was going to be unemployed and never working again.

What happened is I was in an apartment, my one-bedroom apartment with my girlfriend at the time and my wife now. They raised the rent. The landlord raised the rent and looked at other apartments. We visited an apartment, walked out, and saw an open house across the street and

we – it was a Saturday afternoon, so he wandered in and talked to the broker. Her name was Junan. We said we're not really buyers, we just visited the apartment across the street and she's like, "Well, what's your financial situation?" "I had just gotten my first script payments at Family Guy. I had been in debt and broke for what seemed like an eternity my whole life, but I had about \$45,000 saved up at this point with my first couple script payments."

She's like, "You should put that toward a mortgage." I was, "I don't want a mortgage." If I'm going to be unemployed, that's the thing I want is the burden of a mortgage. I said, the only thing I would ever consider is it would have to be the best investment I've ever made because I could sure use some financial cushion, or other sources of income for when I am unemployed, which I was always sure I was going to be.

We parted ways. She called me a couple of weeks later. She said, "I found the property you need to buy." There's a catch, you need to become a landlord. She showed me a duplex in a great up-and-coming area. It was marginal at the time, but you could tell it was coming up fast and it needed some work. I looked at it. I could see the potential and said, sure. Got into a bidding war. Got this duplex and tried to embrace being a landlord in this real estate purchase I just made, which I was 100% convinced was a huge mistake and was going to be a disaster for me.

I hooked immediately on real estate, turning the property into something that was really nice and full. The economics of it worked. I had my next-door neighbor from Virginia as well, Mike Henry, who is a voice actor in Family Guy. He does the voice of Herbert, Consuela and Cleveland if anyone now watches the show. He was my tenant next door. It was an easy first landlord experience, although somewhat easy. I don't know. Maybe he's a good tenant to learn how to be a landlord within 2000, sold in 2005. Had a pretty remarkable return about

[inaudible]. I bought it for \$435,000, which I was convinced had overpaid, but I sold it for 1.27. By that time, I was completely hooked.

Real estate, I had discovered this thing that I wanted to do for the rest of my life. This was my investment vehicle. It was going to give me security in the entertainment business. Yeah, I was no longer ever going to put money towards just a financial manager who would get me 4% to 5%. I was going to actively invest. I did so throughout the early 2000s and started to build my portfolio.

**0:05:38**

**WS:** Nice. It was neat that you said you're writing greeting cards and that's what got you hired with David Letterman. Then you move from there to another show and then all of a sudden, I mean, I hear it all the time, accidentally got into real estate. You met somebody that said, "Hey, you need this property." Somehow it happened. Now all of a sudden, you start seeing some benefits of owning real estate. It's like, "Okay, wow. This is something I really need to learn more about."

Now you've gone from duplex to so 70 million dollar multifamily portfolio. You've made a few moves since that duplex, that's for sure. What was key in getting you from the duplex to where you're at now?

**0:06:16**

**MH:** I think, I tried to buy a building or two a year once I had wrapped my head around that real estate was so great. Honestly, when I bought that duplex, year one of owning it, I was convinced this – I just made the biggest mistake of my life and that this was going to result in my financial ruin.

Year two, my first tenant had moved out and I had increased the rents and suddenly, it was covering half my mortgage. Year three, I refinanced and suddenly, they were paying all of my mortgages. Year three, I was convinced that this was the greatest thing in the world. I went full across the spectrum from disaster to like, "Oh, my God. I have to do this all the time." I was committed to it. The moves I made, I started buying a couple of buildings a year. I would pump any income I had. A nice virtuous cycle of this is when you have this vehicle that you're committed to. I never wanted to buy a nice car. I never wanted to spend any money anywhere else. I wanted to put it all into real estate investments. I was doing that. I became known as amongst my writing peers and entertainment peers as someone who was doing a pretty aggressive real estate side hustle and was the guy obsessed with real estate.

A lot of them would say like, "Hey, could we invest with you if you find something." It's how I got into partnerships and syndications. I do those sparingly. I do a lot of my own investing.

When I find a deal that pencils out as syndication, I have a group of people I could go to and go into bigger properties that way.

**0:08:04**

**WS:** Nice. Really, you started becoming known as the real estate guy amongst your peers, your network, and then they're looking to you for that guidance, or how to invest in real estate.

**0:08:15**

**MH:** Exactly. Yeah.

**0:08:16**

**WS:** Yeah. Tell us about some of the opportunities you're working on now and what's your focus now? From the duplex to doing one or two deals a year, are you mostly multifamily, or your retail? What's your focus?

**0:08:26**

**MH:** I am exclusively retail. I've grown – I think I have about 300 units and am about to add maybe 75 more. I branched out from LA – I was in LA for eight years. Altogether, I was in LA exclusively for about 17 years of investing. I think it's a great market. It's not a market I selected. It was a market that selected me. It was just a pool that I learned to swim in. Because of my financial situation, I wasn't a millionaire, or I didn't – people think LA is such an expensive market. I just took whatever I had and bought the cheapest buildings I could find in the best locations.

It turned out to be a pretty good strategy because I was buying – I zeroed in on these metrics of trying to target about \$250 a square foot, which may sound high, but it's actually very cheap for LA, given the cost of the land. I would go for – shoot for about 250 square feet and a 5 cap.

Those are challenging metrics to hit. When you hit them, the average cost to build new construction in LA is about \$500 a square foot. The average cap rate in LA is maybe in the threes, mid-threes. I find these old buildings that need work and I buy them for about half the replacement cost. I always make sure they're in the core area of the city, which means not on the outskirts. I'm in Central LA, right next to downtown, right next to the employment hubs. I focus there because I live not too far from there, but also I've been through the 2008 crash and I know that there's going to be a big cushion when you can buy it that far below market, and you're in that tier of workforce housing that I was in the 2008 recession with those properties, several of them, and they were very resilient.

They maintained the rent levels and we wrote it out and did very well through 2008. I've come away. It was a scary time, no question about it. In retrospect I thought, this is a strategy that I

need to stick with because I don't need the anxiety of hanging out there with high-risk properties.

[INTERVIEW 2]

**0:10:53**

**WS:** Our guest is Stefan Aarnio. Thanks for being on the show, Stefan.

**0:10:58**

**Stefan Aarnio (SA):** Thanks for having me, Whitney.

**0:10:59**

**WS:** I'm honored to have you on the show, Stefan, and a little about him; he's an award-winning real estate investor, entrepreneur, author, and winner of the 2014 Rich Dad International Hall of Fame award, has been featured in Canadian Real Estate Wealth Magazine and Entrepreneur Magazine, which named him 1 of the Top 10 Real Estate Influencers to Follow. Starting with only \$1,200, Stefan has built a multimillion-dollar portfolio for himself and his partners and has been recognized on the self-made list.

So, Stefan, thanks again for your time and being on the show. Give the listeners a little more about who you are, and I'd like to dive into your story a little bit, the \$1,200 to get to where you're at now. Then let's dive into one of your current books.

**0:11:43**

**SA:** Thanks for having me, Whitney. So my story started when I was 16 years old. I wanted to be a rock star. I told my mom and I told my dad, "I want to be a rock star, I want to be a musician." My mom said, "That's a horrible idea." My dad said, "That's horrible." But my mom said, "Look. I love you. I support you. Go to music school and maybe you can get a degree. If it doesn't work out with music, maybe you can end up as a teacher or something."

So I went to school. I dropped out of the music school, dropped out of the business school, dropped out of computer science, and I went to the officer. I said, "Hey, how can I get out of here without shaming my parents?" He said, "Take two English classes, and you can have an English degree." So I took two poetry classes. They gave me an English degree and I left. After school, I had a rock band. That was my little business, and it turned out that having a rock band is a super difficult business. I'm playing shows. My band fell apart. I started to burn out.

Laid on the couch for a couple of months, and I read a little book called Rich Dad Poor Dad. It said, "Anybody could become rich." This is like right at the time I was giving up the idea of being rich and famous. I said, "I'm going to give that up. That goal is going to go away." I read

Rich Dad Poor Dad. It said, "Anybody can be rich. Anybody can build a business. Anybody can get passive income and a real estate portfolio." I thought, "Damn! That sounds good."

I had like 22 or 24 clients as a guitar teacher at the time and have these checks. I was self-employed. I was making \$10 grand a year. I thought, "Wouldn't it be great if I can get the same money in the mail passively without teaching guitar lessons?" So I went and took a little Donald Trump real estate 2-day seminar, and then I went to another seminar, another seminar. By 28 and ½, I became a self-made millionaire and did that by flipping houses, buying, fixing, and selling properties.

Now, I'm 33. I've got an education company. I still have a portfolio. I got another real estate company and then also have a social media company. So it's been a real journey for a guy who just wanted to flip a house and make \$10 grand. Now, here I am doing all sorts of crazy things I would never imagine. I've got 8 books that are going to be published by winter, by Christmas. I would've never imagined I'd be here today.

**0:13:42**

**WS:** Wow! Okay. So 16, you wanted to be a rock star. That didn't work out so well. But by 28, you're a millionaire and all in real estate, just like you had read in Rich Dad Poor Dad?

**0:13:52**

**SA:** Yeah. I mean, I made a lot of money buying, fixing, and selling properties. Then I also have a portfolio of holding properties. Between the two, that made me the millionaire. Now, here's the thing. Millionaire these days doesn't do much for you, I'll say that. You're middle-class if you're a millionaire. You own a couple of properties, you own a car, big deal. You can go on some vacations. It's not like a millionaire in 1960 or a millionaire in 1920. Henry Ford was a billionaire. A millionaire was a lot of things. I was like 10 or 20 or 30 million nowadays.

So it's a milestone. It's cool. I don't think it really changed your life. But when you're a millionaire, it certainly takes away the want and the need for money. I can go buy what I want when I want. I can have whatever I want for dinner. I'm down here in Indianapolis to hang out with my friends who do I think 400 to 500 real estate deals a year, and I can just do that. I was in Vegas on the weekend. I was in LA last week. I was in Ottawa, Canada. I was in Vancouver for two weeks. I can do that because guess what, I have the financial capacity to do that.

So there's a certain amount of freedom you get with being a millionaire. But does it get you a private jet these days? No. It's more like maybe 10, 20, 30, 50, 100 millionaire gets the jet. You're still flying commercial if you're a millionaire.

**0:15:06**

**WS:** So what is it in real estate that you're strictly focused on now? I know you did some flipping, some things like that to get that million. But did it stay flipping? What did you move into?

**0:15:14**

**SA:** So there are three things that I'm very good at. One is buying a \$0.40-\$0.60 on the dollar. So very, very good at buying distressed assets. The second thing is raising capital. I'm very good at raising capital. I came from the private equity world, so I learned to raise money for big deals. The third thing is personal branding. So for a long time, I was flipping, flipping, flipping. The last little bit, it's been the buy, fix, refinance, hold. Now, I'm debating as to whether I should go into turnkey and start selling turnkey or should I just go into a private equity fund. I'm leaning towards private equity because I'm a busy guy. I've got a lot of media. I have a coaching company. I'm always flying around, moving around. I can buy ads, buy media. I think a private equity is probably going to be what's going to be on my end.

My partner and I, we're looking at a \$7.7 million or 30 in a building, and we got the money for boom! Like right away. We know how to raise money. My partner is a student of mine. We know how to do that. It's just a matter of, "Okay, how do you organize this into a fund?" So I feel like that's going to be the next thing for me, is some sort of fund, because I am very good at raising money, very good at selling, very good at marketing and building a brand. As far as bricks and sticks and dirt, man, I hate construction. I hate tenants. I don't like doing all the boots on the ground and the dirty stuff. I've done that. I've flipped a house with 129 cats in it. I flipped houses with dead people in them. I had burned down houses. I've got 2 houses to burn down on me. I'm just ready for something clean I think.

**0:16:32**

**WS:** That's why we love the syndication business because we don't want to manage tenants personally on a day-to-day basis.

**0:16:44**

**SA:** Yeah, exactly.

**0:16:45**

**WS:** No, that's awesome. I'd love to hear more about it – Maybe you give us your best tips on raising capital or getting – I know there's like so many listeners who are wanting to get started in this business, and they're trying to do it by raising capital. Maybe you could just shed some light there, and then we'll move into maybe a couple of things about branding and also your book.

**0:17:00**

**SA:** Yeah. So the most important thing I think for raising capital is to educate your clients. I used to work for a company. We raised like \$135 million and something a few years, and the business model was simple. Educate the market more than anyone else. So we gave out more free education than anybody else. Because we give out more free education, we ended up with more money.

When I got into business for myself, I started blogging. So I started blogging. Every day, I was writing articles and every day about something I learned. After 120 days or so, blogging every day, I had speaking engagements. I had a book. I took 35 of the blogs made it my first book called Money People Deal. You can go to [moneypeopledeal.com](http://moneypeopledeal.com). Money People Deal, that book raised \$5 million in capital for me in a year. So I took a little \$3,000 how to make about the course, I spent \$2,000 bucks on production, and I went and raised \$5 million bucks.

With that money – Now, I wasn't the smartest guy back then. I just flipped and flipped and flipped. I should've like bought a \$20 million building. If I was a smarter guy, I would've done that. But I was out flipping houses and I wanted to make 10 grand and 30 grand and 20 grand. I was just small-minded, so that's what I was doing, making 30, 40 grand a month, which is a good paycheck for a kid who's 26.

But the key in that story is it's the education platform that allows you to raise capital because lots of people have money. There are millions and millions of dollars everywhere every day looking for a home, looking for somebody to take those dollars and grow them. But they don't know who or how or what. So if you're providing some of the education and making it easy for them to come and give you money, hey! That's awesome. So that's my first book, Money People Deal. From there, it was just a rocket ride.

[END OF INTERVIEW]

[OUTRO]

**00:18:38**

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