

EPISODE 1286

[INTRODUCTION]

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Iven Vian (IV): This is a people business at the end of the day, right? I like to say we're leading not managing. Lead people, and manage the processes.

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Whitney Sewell (WS): This is your daily real estate syndication show. I'm your host, Whitney Sewell. Today, our guest is Iven Vian.

He's a full-time apartment investor whose a primary asset manager for Anthem Capital. He went from a 20-year career in the air force to nail owning a full-time syndication business after retiring. He now has owned 16 deals in roughly 2,100 units. He spent 20 years flying bombers, and jets. I mean it's incredible background. There are probably not many people who have done that for 20 years ever grown as fast as he has. He takes many of those techniques that he learned from the military and applies them to our business, right? Or our industry and his business, but into asset management specifically. So you're gonna hear him talking about, a lot about communication but, who those teams are, who those people are, specifically around property management – brokers, lenders, insurance – and what the cadence and quality of the communication should look like. KPIs, project management tools, I know you're going to learn a lot and improve your asset management by listening to Iven today.

Iven welcome to the show. We always need help in your area of expertise and that's asset management. It's so crucial, right such an important role in our businesses as we are operating these large commercial deals. It's crucial, so I'm looking forward to getting into that. I want to hear a little about you though, and I know there's, there's something that you committed a lot of your life to and I'm so grateful for it, but they help prepare you for this path in apartments as well, but so share a little bit about your background. Let's Dive in.

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Iven Vian: Thank you, Whitney. I'm just excited to be part of the show, and thank you for the opportunity to share. My name is Iven. Previous to becoming a full-time real estate investor, the multifamily arena, I spent 20 years in the air force. Always wanted to be a pilot when I was a little boy. Had that boyhood dream of being a pilot someday so, I was fortunate enough to go to air force academy, go to pilot training, and I ended up standing the jet 20 years in my career.

Kind of stumbled into the real estate arena about halfway through my career. I was getting relocated from Rapid City down to Abilene, Texas, and my mother lost it. "Hey, there is someone selling a house down the street. She's going through a divorce. And maybe you can go see what you can buy the house for," long story short, I bought that house for like 30 some thousand dollars back in 2008 and rented for like 850 a month, and I was making like 300 a month cash flow. There in my eyes was open to the real estate arena like there's something to this cash flow business

right, and so that's kind of how I got my start in the real estate world. But you know, as I started diving into it, I realized it was taking a long time to hit my financial goals. Buying these single-family houses went out of time. It wasn't until I joined a mentorship program located in Dallas where, where I was living in Texas that it really opened my eyes to the power of multifamily. That's kind of where I knew I wanted to be when someday I retired from the air force.

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WS: That's awesome. I'm in... first, grateful for your service. Thank you so much. It's interesting to be in a jet for 20 years, that's... that's incredible. You've been faster than most of us. Grateful for that. And, you know, speak to a little bit about, you know, even your, your military experience prepare you for, you know, this type of business, you know, and even, you know, those that weren't in the military, maybe some skills that they could even work on that you learned in the military that would help them.

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IV: Yeah, absolutely. You know, as I think about it more and more on my experiences in the military, I realized that a lot of what I did in the military directly crosses over into the multifamily arena, although maybe different material at the end of the day and we're not talking about how to fly airplanes or operate in a military operation if you will, we're talking about how to operate multifamily properties but there are a lot of lessons learned that I now apply to my multifamily career. One is teamwork. The military is definitely big on teamwork and realizing you don't have to do it all, right? In the fine world, we have these overall objectives we're trying to achieve in a particular engagement, in my case I flew bombers, so it was always understanding what the end goal objective is and destroying a specific target and working backward from that target. Well, in the multifamily arena it's kind of the same. We have these end goal returns on investment we're trying to achieve, and actual numbers were trying to hit for investors to realize a return on their investment, and then we work backward from that end goal target knowing what that dollar amount needs to be and we devise a plan that a team that will come together and executes upon. So, in the multifamily arena, I work with property management companies. I don't do vertically integrated property management myself, we always hire out third parties and align with them to clearly communicate what the vision is, what the end goal is, and then, guide and lead them to ensure they hit that target at the end of the day, similar to what I had to do in the military world. So that has taught me a lot about people, taught me a lot about different personalities, and how different people think differently. You know, as an instructor in the airplane, you have to find a way to break down a very big problem into simple bite-size pieces for a student to learn using the building block approach, and similarly, I do that in the multifamily arena. We know what the big picture is, but we have to have clear action steps on an ongoing basis for our team to take to allow us to hit the end goal, in this case from a syndication standpoint to hit the return on investment they're looking for, for our investors.

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WS: No, that's incredible. I love the approach, and even thinking through how somehow, you know, flying a bomber is like operating a multifamily property. That's incredible. So, speak to, you know, even knowing what didn't go well, is coming up

with that in goal, when are you involved in the project to help determine that in goal, right? You know, you may not be the acquisitions guy even but, man, some of those goals are determined up front, right? Or I mean pretty quickly. You're thinking through what is the goal of this investment obviously before you probably put it under contract I hope.

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IV: Oh, most definitely, right. In the very beginning stages of the acquisition process, operational person has to be involved in the process. We have to vet the assumptions that being made and look at it from an operational perspective and give it either a thumbs up or thumbs down, like sometimes those assumptions are very aggressive or not doable, where for example, we're going from a T3 income to year one income, and we're looking at it like a 25% income growth, and from T3 to year one we have like, you know, a 30% delinquency issue at the asset, and I'm like, "Wait a minute. Are you telling me we're gonna kick all these people out when we have all these units and we're gonna bump all the rents and also bump all the other income that we plan to realize and achieve that 25 percent income growth with the team you have in place? I don't know if that's actually achievable. Maybe we need to be a little more realistic and come up with more realistic assumptions, right?" And so, I provide that operational perspective during the underwriting, acquisition process to ensure it is a executable plan at the end of the day.

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WS: Speak to the team involved around... you're providing asset management piece, speak to the team around that and, you know, who's focused on that in goal but specifically in asset management with you, or is it just you?

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IV: Well, first of all I have a business partner. His name is Tariq Sattar. He's definitely of course, part of the success of Anthem Capital while we are where we are today. So, Tariq and I work hand in hand, and we work in hand in hand from day one, but typically we partner with other general partners and JV-type arrangements to acquire, take down and operate an apartment. And so, it's a a collective effort, if you will, and all of us provide our perspectives in the underwriting process. And then, of course we involve the property management company, because the end of the day they're the ones that are gonna be kicking all the tenants out, raising the rents, writing new leases, performing being part of a lot of the rehab work that needs to go on so we, of course, mean to get their perspective. And then, the real estate broker provides a lot of color to the story of what's going on and hopes you clearly understand what it is that we want to accomplish your at the propert... what the opportunity is, if you will, right? And so, the broker does provide a perspective in the overall plan as well, and also the the mortgage broker, the... the lender. We needed to clearly understand what's going on with the interest rates, what the potential risks are using a particular loan product and definitely want to get their tape because that loan solution has a lot of impact on the return on your investment at the end of the day. It is a variety of people that are involved in the upfront acquisition process, and then also on the back end after you close.

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WS: No doubt. Speak to involving the property management company, you know, and working through helping them, I guess, envision that goal, how do you all work through that? And then we'll move to maybe them... you know, how you ensure that they're accomplishing that goal, but at least initially, what is that first initial conversation? And, you know, about the specific project look like?

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IV: Right. I mean, again, you want to define what your end goals are, what type of pro forma income levels you expect to achieve in year one, year two, all the way up to year five. We typically underwrite to a five-year pro forma, also we take a look, a hard look, deep dive on the operational expenses and understand what those numbers are going to be moving forward, and other two big components that I actually left out in the previous conversation is the insurance. Definitely need to understand impact that the insurance cost is going to be and understand what are the physical attributes of that particular apartment that's going to influence your insurance cost, and insurance is a number that is going up significantly each year. Seems like just 30 percent plus year-of-a-year basis, and like, "Oh, my gosh!" It has a huge impact on your return. So, you take all of those numbers into account and then, and then you communicate again, like, what is the (inaudible). If you look at the rent roll, you do a deep dive in the rent roll, you see that there's a lot of in place lost the lease, maybe because we have a lot of tenants that have been living on the property for a long period of time and the current property management company has not been pushing out these long-term tenants, or forcing them to market rate, and then maybe you see there's an opportunity to do that. And so, then you communicate that plan to the property management company, and once they understand what you you see need to be done, and also to hear their perspective and and allow them to validate your perspectives. And then you talk through a plan to see again if that's feasible and how we're gonna go about doing it. In some cases you may want to, if there's a lot of delinquency an asset, you may want to rip the band-aid off early, if you will, and kick a lot of people out, maybe you'll have a temporary drop in your physical down to the 80% tall range, knowing you can quickly turn units because you have a very strong construction arm to quickly rehab the interior units to get your physical occupancy back up to the 90 plus percentile range, to allow you to be in a healthy position to continue improving the property on a going basis. But you have to talk through those mechanics, right, and understand the manpower that's going to take, and how the, also the construction arm, construction rehab solution is going to fit into the overall process because you can bring in a third party to do rehab works as well as work internally with the property management company, because a lot of property management companies also have their own internal construction arm. Well, you have to talk to the logistics of that, right? And some other things going on, especially in the market that we're in. As we all know, there are supply chain... supply chain issues, right? And labor shortages. And, have to get a realistic understanding on what type of impact that is going to have on your capital improvement plan so that you can plan accordingly and have realistic timelines, and those interior permits is what's going to drive your income growth at the end of the day. If you're not able to execute that, meaning, say you have a plan to turn 10 units on a monthly basis, but in reality for whatever reason, you're only hitting five to six. And obviously your income growth is not going to be at the rate that you originally projected and, that needs to be reflected into

your budget and your plan, so that you can have a very realistic understanding of what you actually project to hit for that particular year.

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WS: Now, many great points there and I can't go back and highlight them all, so many great points. I hope that... and the listeners was really thinking through some of those things, and you know, what I heard, to, it sounds like, you know, thinking through the property management company, right? They need to be very familiar maybe with this type of asset class or the business plan, right? You know, this location, all those things. You need to know as the operator that, hey, they have the team or the ability to complete your business plan, right? (inaudible)

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IV: Let me make a few more points here.

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WS: Please.

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IV: Some things that we found to be viable lessons learned, and this is... some of these have done by mistakes, where we have found that property management companies that are homegrown in the sub-market you're operating in, in our case may not be the same for everyone, but in our case have performed the best, where we bring in someone from the outside in, you're exposing yourself to a lot of operational risk. So, we typically like to align with people who understand that sub-market and, operating properties, as your listeners may know, is a very micro-type environment. Like, you have to understand what's going on at the ground level. Who are these tenants that you are attracting to your property? What are the things that they like and don't like? You know, what type of... what is the demographic at stake? And identifying the key manager to really find someone who truly understands the demographic that they want to market towards, so that they can: one, align with these people, connected with them at a very human level, to bring them to your asset and then create a community environment as a result. And so, those are a few key learning points I wanted to share with your audience as well.

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WS: That's great. You know, go also into, maybe the cadence and quality or type of communication that you have. You know, let's say you've closed on the project, well, what does communication look like after that? Maybe with... not only with the property management company, but even with the rest of the operations team, you know, or even investors?

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IV: Yeah, absolutely. Will start with a property management company. One, we have found that with multiple general partners, maybe in one particular deal we'll have say four, five, or six general partners. Need one voice, one voice communicating with the proper management company. It gets to be too much and too much to track and oversee for the proper management company to have three or four different voices. So, we use to identify one main person to be communicating with. Two, very sensitive to the first 30 days of takeover. There are a lot of moving parts going on

and we are involved, but we like to give the proper management company an opportunity to wrap their arms around the apartment that they are now taking over, okay, and that may take from two to four weeks. Within that time period, we'll have touch-based calls, we'll chime in, and we'll have... well, of course, see communication going back and forth through email.

But once the dust has settled a little bit, they've taken over, they've hired the people that need to hire, we got the right operational staff in place, a manager, at least an (inaudible) and full-time, you know, maintenance lead, and maybe a make ready kind of maintenance person, then the case will be weekly KPI calls. And we have a very systematic way of going about it, we have a whole sheet that needs to be filled out, and it will make sure that they fill out that KPI sheet and have a story built around why the numbers are the way they are, and then we'll use that KPI sheet is our tool to keep us on track and understanding what the end goal.

Again, the target is, the objective is that we're trying to work towards or work from, I should say, as we move towards it, right? Additionally, we have a project management tool that we use to keep track of all the tasks. There are so many tasks that go on in this arena, right? So, in our case, we use something called Zoho, Zoho Project as a tool. Many people have different tools, Monday.com or Asana, for example, but we use Weasel, which we find out to be a very useful tool, and we also have a back-end asset management team to keep track of all the communication, all the tasks that need to be done between us and the property management company to ensure we stay aligned and synced up throughout the entire... entire processing. And, your one is like, you're all in for sure, right, like you gotta be all in, I should say. I mean, you're full, like married to this property because, especially in a value-ad type proposition where you have a demographic, you want to reposition it with the, maybe a different demographic and you have to go through, say, you know, 50% unit turns full exterior proven plan like you need those weekly meetings.

Same time, I like to be efficient with my communication. I like to try to keep most communication within that meeting and walk away. There were certain action steps that we want to take to accomplish within the following week, and then follow up on those tasks during the following KPI meeting.

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WS: That's great. Speak to them though how that breaks down to the operating team. Yeah, I couldn't agree with you more about, like the one voice needs to communicate with the property management company. I mean there's a relationship there, right? It's crucial, but then, how does that break down into how you share that with the operating team, even to how the team then shares that with investors?

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IV: Right, great question. So, first of all, we like to keep our investors informed. You know, one of the things we value is transparent communication and consistent communication, so for us, we give very detailed monthly reports. We take the financials and put them in our own financial sheets, issue our own variance reports to understand the economic occupancy variance, NOI variance, physical occupancy variances, and operational expense variances, and provide reasons behind why there may be favorable or unfavorable variances.

And then, we provide an exact summary of what occurred the previous month to drive those variances. So we show operational improvements and physical

movements, and then we also provide our own charts and graphs, and then we also attach the T12 ret role to our reports, give that to investors every month. Of course, the number one thing that they want to know at the end of the day is whether they're not going to get distribution and for what amount, so of course, we touch on that as well.

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WS: Nice. No, that's awesome. Yeah, there's a lot to it, no doubt about it. And speak to, I mean anything else as far as asset management. We're running low on time unfortunately but, as far as I said management for the listener, you know, they're getting into this space, they want to do asset management, will...could you just give them some tips or days in the life of an asset manager, things they need to know, maybe you wish you had known when you started this?

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IV: Some things, you know, like this is a people business at the end of the day, right? I like to say we're leading, we're not managing. Lead people, and manage processes. And so, those that come in on day one like top-shelf WWF style, and like, start point in talking to the property management company and let him know everything that's going wrong like that's not good. I hate that you got to find a way to lead people, and connect with people at the end of the day.

And that's how I like to approach it like these are human beings you're working with and they want to be encouraged, they want to be motivated. You got to encourage them, you got to motivate them, you got to cast a vision, you got to be able to communicate well, right? Ask yourself, "Do I have those abilities, or is that something I feel aligns with me or not?"

For me, that's very, very important. But you know, like tools and back in support team is very critical because there's a lot of stuff like, so that goes on and like, don't be afraid to hire out sooner than later. And that lack of hiring out, we're not hiring out, and what may be preventing your growth at the end of the day, right, where you can go quicker earlier in your career, right?

And so I think I was a little late to the table to that and you kind of have this, "I could do it all mentality," when you have to learn to let go and build your teams, and again, the same thing, cast a vision, empower them, give them the resources and let them execute. Let them perform. And so that's we're focused on this year's, doing a lot of that at Anthem Capital.

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WS: No doubt about it. That can apply to so many parts of our business. I think I just stressing that all the time, people always ask, "When should I hire the first person?" And you know, I'm like, "yesterday," you know, get some help on this thing, you know. Great advice. I appreciate that. I have a few final questions. Tell me some daily habits that you are disciplined about that have helped you achieve this level of success.

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IV: Daily habits, man, mind, body, soul, like, every morning I have the routines that I do my own personal affirmations. You know, I have my own goals, and I want to accomplish them, I write them down, I have personal mentors, personal coaches, and I go to the gym and I gotta stay fit, right? I like to keep my body healthy, my

mind healthy, eat well, exercise, and then take time throughout the day. I get in habit of sometimes back-to-back-to-backs, back-to-back calls, back-to-back meetings, and I don't take time for myself, and then by the end of the day like I don't have much left to give and, I'm married and have my family, you know like I want to give to them. So, a lot of times maybe less is more. Take time for yourself, it's okay, and it's gonna be fine.

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WS: Take a deep breath, right?

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IV: Deep breath. Everything's fine. Even in the worst of times in this business and the day, everything always works out just fine.

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WS: How do you like to give back?

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IV: Give back? That's a great question. I mean, we all have our charities and programs that we give back but, I have a vision of my apartments given back. I have a vision of my apartments making an impact in the local community, right? For example, in a Salt Lake City apartment, we're aligning the property management company. They have this whole program where they team up with the residents and build... create leadership opportunities and then we identify and align people that are making an impact in the community.

We align with that, with their vision, making an impact or make a, you know, a type of gift there in that particular whatever a program that they're giving in. So, I like to align what I do and everything in life. If I'm doing apartments, I want my apartments to give back. This is what I do – live, breathe, and eat. This is how I do that, it's through my apartment investing

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WS: That's awesome. I mean I appreciate your desire to give back, appreciate you sharing today, just your journey from flying a jet to, you know, apartment asset management and apartments. And it's incredible, you know, how that prepared you and how you relate all that to succeed, you know, in this business, and just the team component, the goal component, and how to reverse engineer communication. All these things are so important. Oftentimes people from the military learned a lot of that there, and I hope the listeners are learning it one way or another even if they weren't in the service. But I'm grateful for your time, Iven. How can the listeners get in touch with you and learn more about you?

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IV: Absolutely. Again, thank you so much for allowing me to be on the show. It's been a great experience to have the opportunity to share.

I like for them to visit my website, anthemcp.com Anthem as in national anthem, cp as in Charlie, Papa dot com – anthemcp.com They can find more information about Anthem Capital and also a contact form for them to fill out and they can schedule a

call to get to know more about Iven and also my business partner Tariq and Anthem Capital.

[END OF INTERVIEW]

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WS: Thank you for being a loyal listener to the Real Estate Syndication Show.

Please subscribe and like the show. Share it with your friends so we can help them as well. Don't forget, go to www.LifeBridgeCapital.com where you can sign up and start investing in real estate today, Have a blessed day!

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