

EPISODE 1316**[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 Todd Sulzinger. Thanks for being on the show, Todd.

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Todd Sulzinger (TS): It's great to be here, Whitney. Thanks for having me.

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WS: Why mobile home parks? There are so many different asset classes, and you gave up a career to really grow the syndication business, and your focus is mobile home parks. Why mobile home parks?

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TS: A few things I like about them. Again, when I was – Like you were saying, what asset class to pick. When I first started my business, I looked at a lot of different ways places to invest, and I've always liked mobile home parks. But it seems like I'd only heard in terms of people I talk to about it was they're a little bit trickier to manage. The financing can be kind of funny, so it made me stay away a little bit. But there were a couple of operators that I followed. I know Andrew Lanoie and Mike Ayala from Four Peaks Partners who we're building a nice business and Jefferson Lilly from Park Avenue Partners who also has a podcast. We follow him a lot. He lives pretty close to me, and we'd meet up for lunch and chat.

I saw what those guys were doing and really started to learn more about that business. Then from that, there are just a few things I liked about it. There is less competition than there is in the apartment space where people are having like huge dollar deposits go hard immediately, like tons of best and final multiple offers, and multiple bids coming in for properties. So there's less competition. I like the asset because it's recession-resistant. At the affordable housing

level, even if two people are making minimum wage or one person even, you can still be able to afford to rent a mobile home or a mobile home park lot. That was really attractive.

Also, because the industry is still pretty fragmented that the ability to find better deals buying from I wouldn't say unprofessional, inexperienced, mom-and-pop operators, you can sometimes get great deals and also get seller financing. It's much more common in this business than it would be in the apartment business.

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WS: What about just during the COVID-19 stuff? You did a couple of deals last year. Now, you're going through this pandemic and owning mobile home parks. I don't think I've really talked to anybody about mobile home parks since all this has happened, and so I'd love to just hear just about some performance or maybe how you've done things differently. We talk a lot about multifamily and different things about managing them and things different management teams have done to help tenants and whatnot. But highlight a little bit on or as much as you can or are willing to about mobile home parks and how the management side has changed or anything during the COVID stuff.

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TS: Yeah. Well, we have had some issues with collections. We did have some of our residents do. Their jobs were affected by COVID. So like as soon as that happened, we sent out a letter to all the tenants who hadn't paid to say, "If this was related to the pandemic and you lost your job, you just need to get proof from your employer, and we'll work out a payment plan. If you're not responding, then we'll just kind of carry on with the eviction process."

Now, in Georgia where these parks are that I'm talking about, the courts were closed for eviction, so a lot of that was put on hold. But we just tried to have as much communication with the residents as possible to say, "Hey! If you've been affected, let us know. The more you kind of tell us what's happening, the easier it is for us to work with you." Then in terms of showing people homes to live in because we rent out a lot of our homes with us as a park owner owns. That was challenging because we had to – Their on-site manager couldn't always be there. She had to wear a mask obviously. We only can let one person in the home at a time leave an application on the countertop. That slowed things down a little bit, so we had to make adjustments.

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WS: You are in Northern California and your mobile home parks are in Georgia. Is that right? Managing that through this time too is probably not as easy to travel there, and you may not want to travel that far during all this time. So what were some keys to being able to manage those and just make sure things are happening as they should?

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TS: Well, we started doing video calls, either a combination of Google Duo or Skype with the on-site managers. It's not as good as being there but we just had the manager walk through the park with a camera and scan around if there was one they want to get a close upon. I and the property managers were on the call and just tried to slowly kind of walk our way all the way through the park and inside some of the homes. While it's not as good as being there, doing the video calls is the next best thing.

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WS: What do you see for your business, say, over the next six months? After this pandemic and all this stuff, do you see more deals? Do you see just sitting back for a while? What's the kind of your game plan?

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TS: Well, I've got these parks in Georgia and another one in Tennessee that I'm in the process of putting together syndication for. Once that's closed, I'm going to be out looking for another deal. I'm going to be definitely careful about in terms of kind of where pricing is sitting because there's going to be some sellers that are not going to be in a hurry. They're just going to ride it out and keep their price at what it is and just wait until things turn around. Other sellers are going to be more motivated.

In addition to my syndication business, I do consult for the property managers that actually I hired to help me with my parks, and they help people that just want to buy parks outright and help with due diligence and the whole purchase and turnaround process. That side of the business has actually been pretty active. There are a lot of buyers out there, whether it's individuals, other syndicators, or family offices who are actually looking right now to get into this business and buy parks.

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WS: What's been the hardest part, Todd, for this syndication business journey or getting into this business for you?

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TS: I think probably being patient. We talked about kind of how long it takes to kind of get things going and start a business, so I think that's one of the most challenging things is continuing to move forward when it feels like things aren't moving fast enough. I think that's advice I would give to someone is just to like keep pushing ahead. You might think like things are getting rough and you're never going to get there. When are you going to be able to talk to the right investor, find the right property, and get things over the hump? Nothing happens in a

linear fashion. It doesn't happen overnight. I think kind of finding that patience through the process was challenging.

[INTERVIEW 2]

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WS: Our guest is Ekaterina Stepanova. Thanks for being on the show again Katarina.

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Ekaterina Stepanova (ES): Hey, Whitney. Thanks so much for having me, always a pleasure.

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WS: Yeah, always a pleasure to just connect with you and learn about what you're up to and I know your all's business is growing, you're doing some big stuff and so looking forward to just hearing more about that. A little more about Ekaterina; she was born and raised in Moscow, Russia, immigrated to the United States 13 years ago, and now lives in New York.

Partner at M2K Partners which owns several mobile home park communities throughout the country. She's also the co-founder of Equity Tree, a software platform dedicated to helping commercial real estate investors manage their deals and investor relations for an affordable price and with educational support throughout the entire investment process.

I mean, that's just a game-changer, I think when people in this business get some type of platform like that. Because that's such a detailed process, there's so much to it, you know, you can be faxing documents and mailing stuff back and forth that it's such a hassle but man, getting a portal like that is just a game-changer. But you know, Ekaterina, thank you again so much for being on the show, grateful for your time. Why don't' you give us an update on what's happening with you or let's jump into your focus, mobile home parks, right?

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ES: Yup.

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WS: Let's jump into that a little bit and maybe just your journey to you know, your success in mobile home parks and where you all are at now?

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ES: Yeah, well, Whitney thank you very much, you know, that's definitely a journey and what I like to always note to people who are either starting out or considering starting out in the business. I always -- there is nothing better today to do than share your own story. I do not

think that it can be achieved any type of success in anything unless you really put time into it. Time, effort. If you're just selecting a niche and choosing where you would like to get started.

I think, look around, there is so much information available about all types of investment niches but see what feels really right for you, what you can relate to, and pick that one because it's going to be a journey, it's going to take time, it's going to take effort, it's going to take persistence, perseverance, all of that and more. Might as well take what you really feel you could enjoy and stick with it. That is how I started, I thought, you know, "Maybe in six months, I'll buy my first park and I'll retire in the year." So maybe it might resonate with some people but will definitely my plans.

I thought that's just going to be that, I'm going to go market to park owners, buy my first park and retire within a year so it's three years later right now and my partners and I, you know, we purchased three parks and a partnership and with wholesale too along the way, we now prepare to sell one of the parks as it was always the plan, the smaller one that we own but I can tell you this.

Nothing is fast, and nothing is going to happen as you plan it because this is a business I can gather and this is very much a living, breathing organism, it has its ups and downs, there are some times when you think you're on top of the world and everything is going great and then COVID happens and you have to be flexible and agile and if you don't love it, this might be really challenging. That's kind of the journey part.

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WS: Yeah, some good wisdom right there, you do have to enjoy, don't you? I mean, it is, there are such ups and downs and getting kicked in the face, ultimately if you – want to get back up, right? No doubt about it. You know, you've been doing this a few years now, as you mentioned and you know, tell us a little about you know, when did the plans change? You said you wanted to buy a park in six months, you want to retire in a year but you know, obviously, the six months came, the year came, you know, what were you thinking at that time, how are your plans changing or you know, what was happening to say okay, I'm still moving forward, maybe not as fast as we wanted because that can be disappointing, right?

But we can't focus on that, we have to focus on what we can change and keep moving forward. What was that like at that time?

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ES: I think I started to learn some wisdom from people in the industry, from people who have been added for much longer, some for decades and I could see how much they have actually grown to love and appreciate what the business is about. Mobile home communities, initially,

why I got attracted to them. You know, of course, it wasn't easier for me, from my perspective, easier point of entry because at that point, there was less competition and there was a niche for me as an advertising marketing background so it was for me, easier to wrap my head around marketing director owner so I could figure out how to associate with them, how to relate, how to approach them so I felt, that might be my point of entry.

That might be my angle. As I started doing this, I realized, that this is very much a relationship business and you cannot force a relationship to grow and flourish and just takes time if you are in this business to create sustainable, long-term wealth, you will be building relationship. It will eventually, be a focus. For that, you just have to take time and that's just the bottom line here.

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WS: Yeah, when did you start to gain some momentum, or how and when?

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ES: I would say, it all happens, you just need to get your first deal done, this gives you definitely confidence and you learn so much. You cannot learn this from and everybody says it, going and doing your first deal, will feel oftentimes, all kinds of wrong and shaky and very much unknown and very scary but you just have to stick with your fundamentals and go through that process just from start to finish.

It will have to be the process and then after that, you will feel like you know, 200,000% more than you were just at the very beginning of it because there are so many components that go into a deal and I say after we were finishing that first deal, we had a couple of others who were considering and then we also learned how to discern really good deal at a somewhere good deal but maybe it doesn't work out time and for me, being part-time so to speak, investor, still having my full-time job, we simply cannot afford to go to an okay deal or just simply a good deal.

We need a really good deal, a really great deal for us to make it count, that became or focus, we just really learned on the first deal and in the process of doing due diligence on others what is a really great deal. How we can really make the biggest impact for our business and from that, I guess, the next deal became as we see it and so far today, it has been performing really good as exactly as we thought it would and even better.

This is the kind of deals we decided to focus on and those take time to find.

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WS: You mentioned like working full-time and while making all these happen and you know, it's not easy. It is not easy to make all that happen and so I love talking about that, I mean, I've

experienced it first hand as you and I have discussed, you know, but on your part, I mean, it's not easy and so, maybe you can elaborate a little on that because I know the listeners, many are attempting to do the same thing or want to do the same thing. I try to never sugarcoat it because it's just not easy, you know if you want it, you got to commit to it and make that decision.

You know, how is that for you? How has it been, maybe you can give us some techniques too on just scheduling or how you've made all this happen while working a full-time job?

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ES: Yeah. I think this is one of the things that where you have to exercise patience, you have to exercise patience and simply you know, have a schedule and exercise control over what you can control, and just let it go when you absolutely cannot help it.

For me, it was always as again, background and project management and advertising and those scheduling and always out, oftentimes, I felt like I was in an airport control room when you're trying to maneuver all of those planes so they don't collide. Very oftentimes, I had this feeling and you just make it work with preparing your week looking in advance and you know, okay, I have morning's, early mornings, Whitney knows very well and you have lunchtime and you have evenings. Schedule activity accordingly. Think what you can do early morning, you can probably do some prep work, strategize, lunchtime, you could probably make some calls if you reach some owners or brokers or whatever your strategy is.

Evening, again, you could do some calls maybe with investors because investors oftentimes work as well so it's a good time to connect with them after work. You can make those calls then and maybe do some research as well. You can look at your week and see where you have pockets of time and then just look at it, and plan accordingly.

That is the only way. You know you have weekends, see what kind of activity you can schedule there but also remember, again, talking about exercising patience, you need to recharge your engines as well. Plan some rest and family time because we all – most of us have families, we do make sure that we on this journey, we include our family on the journey with us. It's all about kind of being thoughtful, looking at your week in advance, and just scheduling important stuff.

[END OF INTERVIEW]

[OUTRO]

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