

Episode 1562

[INTRODUCTION]

Debbie Wilcox (DW): I think the challenge in the first deal is accepting that to get into a deal, you have to network. And the networking part was so completely foreign, especially after being in your house for two years, not being able to go out and really meet a lot of people in person, and then doing it on a computer was extremely awkward.

[INTERVIEW]

Whitney Sewell (WS): This is your daily real estate syndication Show. I'm your host, Whitney Sewell, our guest today is from Honolulu, Hawaii, she and her husband owned and operated a swimming pool business for over 30 years. Her name is Debbie Wilcox, she's always had a passion for real estate, and knew that they still wanted to pursue their dream. But they had to make some major life-changing decisions to do that. Today, Debbie has invested in over 2500 units as an LP in various markets throughout the US and invest that as a general partner over her and 30 units in Idaho and Missouri, you're gonna hear us talking about that transition today. And really her steps to getting to that first deal, and potentially even the second deal, he and her husband made a big decision to give up this business of over 30 years, so much time invested there to make that happen. But they have done just that they have made it happen. And you're gonna hear that today. Debbie honored to have you on the show 30 years in business. And when you give that up to pursue real estate, I'm looking forward to hearing why that happened, how that happened, why you decided to do that. All right. Welcome to the show.

DW: Thank you, Whitney. It's a pleasure to be here.

WS: Debbie, give us a little more of that story, though. You know, tell us a little about maybe that business success in that business or whatever. And you know, who was involved? And then, you know, let's dive into that transition. I know there's many listening that want to do the same thing and get into the syndication business.

DW: Yeah. So many years ago, I guess, 30 years ago, my husband and I were in college and we read, Rich Dad, Poor Dad, like so many of you out there have. And it was incredibly inspirational. We knew real estate was what we wanted to dive into. But being in college, lack of funds and money and capital, getting into real estate investing was not going to be easy. So we jump ideas and said, Okay, we'll start the swimming pool business, lots of swimming pools in Hawaii. And we did that while we were in college. So basketball, or here we are 30 years later, but along the way, we still able were able to dabble in some long and short term rentals, not enough to scale, but enough to keep us interested. And I would say about 10 years ago, we just started to experience that burnout that I think so many mom and pop business owners might experience after 20-30 years, or a W two job, any anything like that. I think you can relate that at some point we just started to burn out. But the problem was, what are you going to do? And where are we going to go? And how are we going to do it? I think deep down we knew we wanted to do real estate. But at that

point after 20 years and a successful business, it is hard to walk away from something like that.

WS: Especially as much time that you all spend in that together to build that I mean Blood Sweat Tears, right? It's hard to

DW: Yeah, exactly. And we still had our son at home, we have a 23-year-old son at the time he was home and just uproot and change our lives. It felt too risky. And so we just kept trudging along, did more of the same. Fast forward 10 more years. And now our son's out of college. And we're home alone. And we have this big beautiful home and this great business but we're just not feeling fulfilled completely, right. So up to that feeling of welcome. So now what? Is this the time do we do it and discovered podcasts about a year and a half ago? Podcasts. I know there have been around a lot longer, but just discovered that right and so stumbled upon many great ones, including yours and bigger pockets, among others. And I just found myself obsessed, obsessed, obsessed for hours and hours every single day. I kept shooting my husband, listen to this, listen to that.

DW: And so we ended up doing this for like a year sending each other podcasts that we had to listen to, basically started self-educating on the different ways we can get started in real estate and what we didn't realize what we were doing was kind of planting some seeds about maybe how we might make our exit from our business. And then COVID hit. So as we were thinking we're mentally ready to make that jump. We couldn't go anywhere. We couldn't go to any conferences. So we did everything virtually. And lots of books. Needless to say, well, we ended up about, I'd say September of 2021. We decided to sell our business and the real estate market there was just still booming. And you know people come knocking on your door trying to offer you money for your home and we thought I think this is the time we have we're going to do it. This is it. We, you know we're not getting any younger.

DW: And so that was another scary thing to do this late in our life. To try something knew to take a chance. We were We didn't really tell our family and friends, we just made the decision on our own. We didn't want to be influenced, you know, by you're crazy, you can't do that. But we went and did it. And so, we are retired and we made the move to Southern California so that we could go to events and visit markets and just networking person. And also, our son's attending college here in Southern Cal. So that's like icing on the cake for us.

WS: Wow. So y'all moved as well.

DW: For now, I'm not promising it's permanent. But it's been fun for the last year just doing something different. It's like starting a whole new chapter. At this stage of our life. That's been very exciting.

WS: Did the business sell pretty quickly? Or, you know, how did that go?

DW: That was actually a weird thing. Because it's kind of funny. We kind of liken it to multifamily. You know, when you're looking for property, you're kind of looking for those burned-out Mom and Pop owners. Yeah, so this big mainline company, you know, originated there came in looking and kind of buying up some smaller Mom and

Pop companies. And we just thought, this is like, perfect. We were ready, you know, to close that door and move forward. So we got lucky with that.

WS: That is a blessing for sure. Your all's I guess game playing then you and your husband to move in? And to be that serious about moving into the real estate business? What was your game plan moving forward just to have the confidence that this is going to be successful?

DW: That's the part right? So the confidence that was that building up that year and a half of self-educating, talking other investors going to meetups getting more familiar, because there's that fear of failure, which I think is so huge, and that is probably for me, I think the number one reason people don't try new things or, or take risks. And so we definitely had that fear of failure. But we just thought we'll get educated because knowledge cures fear, we'll surround ourselves with people who think like us, and you'll have the same goals and same drive and get educated.

DW: So what helped was we decided to join a mentorship group. And I have to say, I mean, even after a year and a half of self-educating, it wasn't until we invested in ourselves that way that really propelled us into this space. So it was hard, because in the beginning you're thinking, Oh, I got to spend all this money, you know, a lot of programs might cost you 20 \$30,000. And I just, you know, you think about how much money you can lose in multifamily. If you don't know what you're doing. Or if you go the wrong path is hundreds of 1000s of dollars. So this is like, you know, insurance, and you have mentors and coaches who can walk you through deals, and then you have a whole community of other investors that are also resources to you. That's been invaluable.

WS: It does blow my mind. And it's a mindset thing, right? Because you're willing to go and spend 50 100,000 \$200,000 on a college tuition, and really, oftentimes not know what we're gonna do with it, right? And then we're, we have no idea what we're gonna do with it, right?

DW: 100%.

WS: But then, you know, you think about the potential of, you know, a real estate business, and you know, the level of income and all these things that could happen through that kind of business, but we're not willing to spend 10 20 30,000, whatever it is, on a mentorship program to gain that education and really somebody to help hold your hand a little bit, right?

DW: Absolutely.

WS: Maybe you can speak to that value quickly before we move on to, you know, the program, or some kind of mentorship helping you get to the first deal.

DW: Right? Okay. So getting into that mentorship, we did that last September 2021. And because we were here in California, we were now able to take full advantage of attending the many in-person events they hosted. And so we were like we're doing this for a year at least let's just go to everything possible. And it was actually going and being a part in person meeting people meeting investors, building those

relationships that sometimes is not as easy to do on Zoom, you know, you do a lot of zoom networking calls, which is great. But you don't make those quality connections like you do in person. And so it was doing that, that community allowed us to, to connect with some really great people and other investors that we got into our first deal. Within four months, we got something under contract. And by six months, I believe it was in March, we were closing on our first 33 unit in Idaho. And we syndicated that. So that was incredibly valuable.

WS: But it is and what happens after the first deal? How long till the next deal, or has there been another deal? Give us a little bit there.

DW: Yeah, so got into that first deal. And it was great because the team that we've partnered with, you know, they had a little more experience than us and we were brand new. So we were being that we just liquidated out of our assets we were able to help out on the KP side. And so, got learning more on the asset management side once we got into that deal. Now. In the next three months, we joined an affiliated mastermind group with this group, this kind of taking us to another level, and almost immediately we closed on a JV deal in Kansas City. So that got a got us into that next deal for pretty quickly, like it was a 54 unit in Kansas City, we JV that. And then in that same group of people, another network, we partnered again, two months, I just in November, actually, we just closed on a JV deal in Springfield, Missouri, it's a 43 unit. And the thing was on all those deals, where we're assisting out on that asset management, like I said, I'm trying to focus in that area, and learn from these experienced partners.

WS: You know, I'm wanting to highlight that you and I were talking about it before we started recording. And, you know, you had mentioned that you all thought you'd probably come into the business by raising money. And often people do come into the business by building a network of being able to raise some money partnering, you know, with another operator, you know, who has more experience, just like you were talking about, however, you figured out that maybe that wasn't the path.

DW: Yes.

WS: We're going to take, talk through that a little bit.

DW: Yeah, I did think that originally, because of my first thought, I think like many people who are exploring, getting into multifamily syndication, they tell you to think about, you know, your, your strengths, what value can you bring to a team, because it's a team of people, and you don't want everybody just like you will initially or think, well, what value do I bring, you know, I don't really know, I don't know what I have. But I'm gonna I'm gonna do capital raising, I love talking to people, I love educating them about these opportunities that we have. And so but that's a whole another whole another aspect of the business that I wasn't quite ready for. And when we got into our first deal, I did not capital raise for that. So we didn't, it wasn't a big raise anyway. But what I found is we were learning asset management, all of a sudden, all those years of being in business, we just wanted to analyze operations and the numbers and the budget and, and monitoring income and expenses. And I thought, oh, here we go. It's almost like my business mindset was coming out. And that's just where we naturally are drawn right now, even if we're thinking, maybe capital raising

down the road. And for me, I think I'll have more confidence as I get a few more deals under my belt for credibility purposes. So yeah, so was initially capital raising, and maybe that next year.

WS: It's just great to be able to pivot when you can see, hey, I can you know, this is my thing over here, I can get into this, or maybe I already have skills that can apply to that. I think that's a great skill set in itself to be able to pivot, you know, when you see something else, or the willingness to do. So speak to some challenges, getting to the first deal, you know, syndicating that first deal, what was the biggest challenge for you?

DW: I think the challenge, and the first deal is accepting that to get into a deal you have to network. And the networking part was so completely foreign, especially after being in your house for two years, not being able to go out and really meet a lot of people in person, and then doing it on a computer was extremely awkward. So that was a challenge for us. And my husband, I although it will fill your social, but when you feel like you have to actually purposely network, it gets a little you know, it'd be a little stressful. But I think the more you do it, though, it's like getting out of your comfort zone, you just become more natural at it or become more comfortable, I guess. And so you just have to grow that way. And I think that was the hardest part is just believing you can do it and then go out there and take action. Because if your mind that doesn't believe you can do it, you're not going to network, you're not going to go to things in person, you're not going to invest the money in yourself. So those were the things I think we got over pretty quickly in the beginning. So.

WS: Do you think a key part of that was obviously the commitment of selling the business? Right? I mean, I was just sharing, you know, someone the other day, it's like, when you don't have a plan B, your day at the office looks a lot different. You know, like, your mind looks different.

DW: That was crazy. Because, you know, you have your voices on your shoulder and I was just like, let's just do it. Let's go, you know, we have time is of the essence and my husband. He was so good logically, rationally. Okay, well, what is plan B if this doesn't work? So I said, Okay, let's talk about that. Let's it's let's think about that I didn't, I didn't really like the idea of that there was a plan B, I just wanted to make A work. But plan B was we can always go and invest in another swimming pool business, because it's what we know, we could come back and start it again and do what we know. So I think that help is yes, have your plan B in your mind. But I was I'm more inclined to just feel like there's no other choice and we just have to make it work.

WS: Sometimes I think it's helpful, you know, we all want that's something we can fall back on. Right? We think about minimizing that risk and all that however, man, I just think it changes your mindset towards what you're doing. If you know there's nothing to fall back on, right?

DW: Absolutely. You know, it actually helped to because there's that financial side, right? If people say, Oh, if I walk away from all that work, you know, we need income we need to survive until we get this all figured out. So that was part of our planning to do this jump from the businesses that we thought, okay, if we do this, we'll have

some capital and let's start investing as LP. So we got into about a dozen deals. In that first part of two years, we started actually, before we sold our business, so we could kind of get the proof of concept of multifamily syndication investing is going to work for us. So that we like and kind of see the whole strategy from what we had. So I don't know, we probably invested in six different operators, and so definitely got a feel for their markets, how they do it, how they communicate, and how effective their plans are. And so that was really helpful.

DW: And so that's why I also on our first deal that we syndicated, I got a real good feeling for the kind of communication I liked from different operators, some gave a lot, some gave none. And I thought I can have two deals, two different operators performing the exact same way. But if this one doesn't communicate, then you breaking down that trust you have with your investors, and I just felt like communication is huge in that respect. So I kind of volunteered on our first deal that I would like to practice, you know, doing the monthly investor letters, I've seen a few. And so I help out with communications that way. So that being a passive investor has been great, too. And I think ultimately, that's our goal, right? Everybody, you want to be passive down the road, but I feel like we're not quite ready to just sit around and like the checks, I want to still be active.

WS: Yeah, I think that's a key point, too, that you all were able to invest in doing 12 different deals, that's pretty significant. Right? And 61 operators, I would say, majority people coming into this space are trying to get started can't do that. However, I often suggest if you can, it's great to invest passively in a deal, right. And you do learn so much. I mean, like you were talking about, you get to talk to an operator, you get to see the deal, you get to learn more about the market, see how they operate, hopefully you get to see some of their underwriting and right and ask those questions about how they looked at this deal and how they prepared for you know, whatever downturn or, you know, what are the negatives about this deal? What's their plan, and you're gonna learn so much the communication style as well. I've done that as well. There's some select operators I've invested with. And I learned a lot from them. And there's a lot of operators that invest with us. And then we give a lot back and forth by even doing that. But so what would you have done different thinking back, you know, just a couple years ago? Or is there anything now knowing what you know now?

DW: You know, I can't think of anything off the top of my head that I would do differently. My first thought is, I wish I'd done it sooner. But you know, everything happens for a reason. And I really felt like our timing was right. Like it just, I just have to have faith that that was the right time for us at all, you know the line because for us to dive like you were saying deep into these, like even these LP deals, that wouldn't happen unless we were ready to really walk away from our other assets, right? And then we wouldn't be doing that if our son was out of the house, like everything in your life, I just feel like it all lines up how it's supposed to. And so rather than say, I wish I did it different. I don't think I'd be here by do it different. So yeah.

WS: What's a way that you've recently improved your business that we could plot hours?

DW: Recently improved the business law, I guess my mind right away goes to asset management, because I feel like in the last few years, even looking at the deals we were in, I don't want to say there hasn't been a lot of work required. But boy, deals really are doing great with minimal effort, I would say I mean, you just couldn't go wrong rents have been going through the roof, right? But I think now to improve on your business and with way markets going costs rising and interest rates rising, the profit margins are getting slimmer, and you have to be so much more conservative in your cash management and watching your operation very tightly. So I would say it's really key right now, to hone in on that. I mean, if you've been used to just you know, doing things the way you were the last few years, I feel like you're probably not going to hit your goals, your metrics, on your returns for your investors.

WS: You know, I'd like to know too, especially since you invested in six different deals, but from you know, the passive side, but also now that you're on the active side as well. What's been your best form of communication that you've received and why you know from these different operators?

DW: I always just say it's, the best communication is the reliable dependable consistent monthly newsletter, some of them do a video I like that too, but it's not necessary. And I also really appreciate when the operators also share the bumps in the road, you know, not just telling us you know, everything's this and that. I mean if there's a, you know, leaking plumbing bust, or you know what, we've got three evictions this month. You want to feel like you know everything that's going on but it also it's an opportunity for the operator to show you as the investor that yes, we have problems but we're going to show you that we're gonna get through this and and how they're gonna do it.

WS: Yeah, like that. No doubt, we're doing videos now as well. But we've been trying to make that happen. And we've been doing it monthly from the beginning, not videos from beginning but you know, monthly updates. But yeah, there's an art to that, to say the least, we want to be easy to consume. Right but like you said, you know, you provide too much and then investors don't even read at all. I remember exactly right. We all get some emails and but it's great feedback. Also, what about what would you say is the biggest challenge for you now scaling to the next level?

DW: Scaling to the next level, I feel that well, first of all, this the market right now, like, I thought, this year, I'm not really sure the opportunities, I mean, I know their deals are coming, I'm just going to be patient. So I just feel I don't want like, like a year and a half ago, I probably would have jumped into like, anything, you know, just trying to get that first deal, I am a little bit more conservative. And so that is a challenge. I'm not sure you know, just the way sellers are right now, what kind of properties are going to be coming up because sellers are forced to sell due to their debt. So, I'm going to be patient and just use this time to get better at the asset management systems and also to delve into more capital raising, learning. So I'm gonna use this time in the next six months, I think, to just hone in on skills, and postpone maybe more acquisitions a little bit later in the year.

WS: Debbie, what are some of the most important metrics that you track could be personally or professionally?

DW: Gosh, personally or professionally? Well, with with the business? I am very like on my daily habits, I think it's more for me just trying to think of a goal, I have to narrow it down to what am I doing every day to get there. And those are my metrics every day. Am I putting the time in? You know, if I'm not on my meetings with you know, Asset Management calls, then the downtime? Am I continuing to further my education, what am I learning? How many books am I reading, because that always continues to increase your knowledge in the business. And so for me right now, it's I mean, I think that I've only been doing this a year, but I felt like we've done so much. And I've already accomplished so much. So I'm trying to keep it all in perspective. But you have to always be learning, right? So that's for me just forwarding my growth every day with little things, little habits, whether it's my mindset, whether it's real estate, whether it's systems, for me, I just have to keep moving forward every day. Otherwise, it's all that.

WS: Awesome. Yeah, all these things are important and, like, tracking those things every day and any habit. So while you're talking about any habits that you could share that have produced a higher return for you?

DW: That produce a high return. Well, for me, it's a high return for myself, my personal. So again, it's my mindset, my mindset habits, like for example, I mean, every day before, you know, getting out of bed, you wake up and before I do before I grab my phone before I get on the computer and do social media, I do try to just close my eyes and have those moments of what am I grateful for and just every day could be something different. You know, it could be something big, it could be something little, but I do try to start my day on that positive mindset. That's my foundation for the day.

DW: And also on that note, I would say that I also tried to minimize watching the news because I watched little to no news. I used to be a news junkie. And you don't realize is the conscious that used to be can't figure out why you start your day and you're like angry or you're sad. And you're just pessimistic about the world. Now compound this throughout the day, if you're obsessing watching news all the time. So I'd like to start my day with it. I like to end my day with it. I recommend putting it in your news in your feed on your social media read it and then you can just shut it off when you're done. When you watch it live. It's like so consuming and so emotional. And I feel like that has improved me so much over the last year. This not obsessed with it anymore. Yeah.

WS: Something that can dominate your feelings, right? Yes. And I think I you know, I've watched I used to watch a lot of it as well. And eventually, it's just like, you know, what, this is? This, this is not helping me in any way, you know, and over time it does, it just pulls you down. And there's just a few sources now where I know I want to go and read you know, some specific things or whatnot or keep up on on obviously, certain economic trends or whatnot. But most of the sources that were most of us would know of right where you can get your news, man, you know, you just have to be careful about what you're putting in, right? What's coming out? So exactly.

DW: Everything in moderation and just be mindful of it on a daily basis.

WS: How do you like to give back?

DW: Well, right now I feel like I'm spending a lot of time just sharing with everyone I possibly can, especially my friends and family. They're all thinking what are we doing? You know, I'm just trying to give back and share what I am doing and introducing them to the concept of multifamily syndications, which so many people just really don't even know exists. And if they, you talk about it, they think it's some kind of weird Ponzi scheme type of thing, but they just don't understand. So I'm trying to share my knowledge and educate everyone I can about what we're doing. And so that hopefully that they too can build themselves some future real estate well.

WS: Debbie, thank you so much for your time, appreciate you being on the show. Even being a listener of the show, and just hearing your story getting started and giving up the business of 30 years. I think it's such a big step for you and your husband, right? I mean, no doubt, the time, the blood, sweat, the tears that went into making that happen it is it's so much to walk away from, to say the least. And so, congratulations on making it happen and doing it and sharing that with us today and how you did that. Tell the listeners having in touch with you more and more by.

DW: Oh well, you can reach me by email for one debbiewilcox111@gmail.com. You can find me on LinkedIn under my name, as well as Facebook.

[END OF INTERVIEW]

[OUTRO]

WS: Thank you for being with us again today. I hope that you have learned a lot from the show. Don't forget to like and subscribe. I hope you're telling your friends about The Real Estate Syndication Show and how they can also build wealth in real estate. You can also go to LifeBridgeCapital.com and start investing today.

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