

EPISODE 1595**[INTRODUCTION]**

Whitney Sewell (WS): This is your daily Real Estate Syndication Show and I'm your host, Whitney Sewell. Today we have packed a few different shows together that we call #Highlights to help you to get the most bang for your time and educating you on the topics that you want to learn from. We would love to hear from you. I am grateful that you are with us today. Have a blessed day.

[INTERVIEW 1]

WS: Our guest is Jonathan Farber. Thanks for being on the show Jonathan.

Jonathan Farber (JF): Excited to be here, look forward to it.

WS: What gave you that drive early on? Whether it was golf, house, how successful you were there or moving into real estate? What gives you that drive in your 20s now to be able to say okay, you know, "I'm laser-focused on this real estate business. I'm not focused on buying that new car or doing this over here like all my buddies are doing." How do you have that level of focus in your 20s?

JF: Two things. One was more or less like a reflection moment or deflection moment. But basically, I kind of looked around at my parents who I love and they gave me everything as a base and they came on to, I'd say, a little bit more financial challenge. And I kind of started thinking about, "What do I want in life?" I kind of had just gone through the years with just that go with-the-flow-mentality, like that Steve Jobs video — of kind of stay in the lane and not bang against the walls too much.

Then one day I kind of saw what they were doing and I saw some of their friends and realized that they weren't really set up the way that I kind of wanted. I think if I had any other super power, it would be always asking a question instead of looking at something like a problem. Framing a problem as a question so seeing other people in situations that maybe I'm trying to model or look up to and saying, "Do I want to trade places with that person? Not really." Okay, so in that situation, "How do I not be in that situation?" And then that can give me, like, a game plan and steps to go back to.

The second thing was when I started working in the corporate role, the company had a layoff a couple of months on to the job and that was really eye-opening for me to see people in their 40s and 50s with a family, a mortgage, all these expenses that now the faucet just got turned off. So they had one stream of income, now it's taken away from them. And how are they going to provide for their families? How are they going to keep their mortgage payments? How are they going to keep their lifestyle? And it was really scary for me.

For me, starting with that first moment, seeing my parents have a little bit of financial challenge in the post 2008 years, it was kind of just like a light switch went on and it's never gone off since. And then, a few people just really instrumental to me like Jim Rhon, I just love his content and I got exposed to just a couple of it through a mentor at the time and really became obsessed with it and from there, it's just self-fulfilling.

WS: Awesome. Congratulations, again. I want to back up just a little bit and I want you to elaborate a little bit on or maybe give us an example of how you started networking and growing your network at an even younger age. Or even when reaching out to those cold calling CEOs and things like that. And maybe some other things you did after that and are doing now to grow your network.

JF: I like the idea of turning a lot of things into a game or just putting a system in place and I love Tim Ferriss. I love a lot of system builders and process people-focused. For me, I'm always thinking about, "How can I get the highest result with the least effort and energy." Some people would call that lazy, some people would call it high-impact lazy.

But for me, when I was in college, I came up with more or less a game reaching out to these people. I was on the phone with my friend one day, also that guy, Max Bidna, very smart marketer in New York, runs a digital ad agency. And I was talking, like, "I don't have any internship experience, my grades are so-so, I don't have any connections. Like my family doesn't come from money, I don't have relationships, I'm starting cold, I'm just cold applying and being another number on a pile."

I was like, "You know what? Maybe LinkedIn." We started talking about it, you could reach these people on LinkedIn. Every day, I turned it into a game, I was trying to reach out to three people down at LinkedIn. I had three scripts that I was just copying and pasting, they didn't know it but I was going about it from the approach of *How to Win Friends and Influence People*, another impactful book in my life. Just taking the approach, "What can I learn from these people? I have two ears, one mouth on all these calls and what can I maybe prod with them and lead them to maybe give me a referral, pass me to a hiring manager, or get them to have the idea to help me with a job."

I think the other thing that I like about sales and my strategy is. It's always been a little bit more of plant the idea in someone else's head instead of trying to jam it down. I would ask all these questions of, "How did you get your start? Was there anyone that helped you with at the beginning? What advice would you give yourself starting out?" And that would back them into a lot of times — and then I took this along with sales and my further years. But I found that a long times, that got them to the mindset of, "They actually did get help at the beginning." Maybe they've forgotten that and now they want to try to help someone else.

I just made it a game and every day I had the spreadsheet and, like, a tracker where I would just say, okay, what 40 people did I hit today with the template? And then I would just block out times in my calendar to do these informational interviews and I had a next step. And I was using kind of a CRM before I knew what it was. And that's sort of the approach I've taken in real estate.

Podcasting has been the most incredible way to network, meet people, build my own systems in process — I know we're talking about that a little bit before the call that you have some amazing processes for your set up to do a daily podcast. Like it is incredible what you do but what I found is that by doing a podcast, that it has actually helped me in other parts of my life to build systems and automate, follow-up, Calendly links, templates, things like that. And build a virtual team to fill in some of the gaps of things I wouldn't do.

So I love BiggerPockets. My favorite way to network now is actually Facebook groups and building them. But also interacting in other Facebook groups and just getting on time with people. I guess just one thing I want to comment on and then I will pause is when I first started, I was 21 years old. I went back to every episode of BiggerPockets and I reached out to every single guest that was on the show at that time. And some people say that's nuts.

And a lot of people got back to me and I was 21, I had no idea what I was doing but it was the same approach, pick your brain, virtual coffee, 15 minutes. Now I take a different approach. My approach is always value add before value ask but at the time it worked. So for anyone listening to this my advice would be just do it. Just reach out to the people. They will be so much more receptive than you think so many times like these past month, I have been reaching out to my Mt. Rushmore of real estate idols. To try to get in there network by providing value and I was amazed at the results. I couldn't believe they came back to me because I was just offering value before asking for anything.

So that is my approach now but I guess to just wrap it up would be; just do it and then if you can put a system on it, and then you will get more responses than you think especially if you can add value before you ask for it.

WS: I love that. You reached out to every single guest on BP. I mean that's taking action. That is still stepping out of the box. Most people are never going to do that. I have guests all the time and I have experienced this myself. I have been interviewed. I don't know how many times, and I will put out my number and my email and I don't know if I have been contacted once or twice. A few times but not much. It surprises me that people say they want to do these things but nobody reaches out for help.

So great content right there, Jonathan. And taking action and making it happen. So Jonathan what's been the hardest part of this real estate business for you so far?

JF: I did one flip and it was good learning for me to get a feel for it — if I'd like it or not. It was not something that gave me any passion or energy. And it was really challenging. It was like a \$650,000 luxury flip, I used hard money, all your classic mistakes. Went long on selling it, went long on construction, underestimated the budget, all of that stuff. So I guess I take that as a positive. It taught me what not to do but yeah, that was definitely the hardest thing I have been doing in real estate so far. It is definitely the most stressful.

But for now, yeah I think it is just about picking the right strategy because there are so many fun strategies. And I get shiny object syndrome a lot. You know so I like Airbnb, I like Airbnb

arbitrage. But for me the biggest challenge right now is dialing in and drilling into a strategy that I can commit to for six months and not pick my head up and get my full attention.

WS: And how did you find the investors for a \$650,000 purchase? I just think that is probably a question that a listener probably has right now. So they go, "Wait a minute, he is this young. He didn't have 200 units yet" or whatever. How did you make that kind of purchase happen? We don't have a ton of time but give us a few things on how you did that.

JF: Short and sweet, I called, probably 40 hard money lenders, told them my story, told them my situation and got a few to opt in. And then I just compared the rates and the fees and the relationship with the people. I just came up with the matrix. One of them, I guess, was excited enough to jump in. They did it and that was how I found them. But I think I found the actual sources from BiggerPockets and forums asking people how they recommend for hard money lenders. Googling, looking at hard money brokers. Basically just came up with a list and started cold-calling every one of them telling them the business plan and was just trying.

WS: You are not afraid to get on the phone are you?

JF: No, and the funny part is, I don't even think I am good at it. I would call myself an introvert but it is the thing I need to do so I might as well do it.

WS: I would say the majority of this business, you don't have to be an expert. You don't have to be extremely talented but you do have to take action, you know? What is a way you have recently improved your business that we could apply to ours? Something that we haven't talked about?

JF: Probably the way that I have been finding deals lately. That is the one that I hear on every podcast; having problems finding deals. For me, my struggles more have been on analyzing the deals and coming up to a specific offer price. And estimating repair costs because I feel like some of these deals are very different. But for me, something that I have learned lately, my favorite way to source off-market deals has been in calling property managers instead of owners.

Because if I tell them what I want, I found a lot of success with this, they are willing to carve out something, maybe in their portfolio, and if they are the broker, they double-dip. They get the commission on the sale but they also can control the management from owner to owner. So that has been my way. Through that, I probably found 15 off-market deals in my sweet spot just by calling property managers and then developing relationships.

I kind of looked at it like a double dip. That then I know who the property managers are in the area and have relationships but that is the biggest one. I found that to be my keystone habit of developing relationships with them to find deals.

WS: What is your best source for meeting new investors right now?

JF: Facebook.

WS: Number one thing that's contributed to your success?

JF: Consistency. Small actions consistency. Not the big, knock-myself-out-one-day and then never doing it again. Just a little bit every day.

WS: What are a couple of those things you've been consistent at that's moved the needle?

JF: Recording a ton of podcasts in advance. So I have 30 released now but I probably have a 100 recorded. And now that is how I backed into the system that I feel comfortable enough to do a daily podcast, like we talked about. The other one, small consistent action, adding members to the Facebook group and then another small one is every day I try to analyze a deal.

[INTERVIEW 2]

Whitney Sewell (WS): Our guest is Emma Powell, thanks for being on the show Emma.

Emma Powell (EP): Hey, thanks for having me, Whitney.

WS: Small steps own new real estate business every day added up to 92 units in just two years. Working part-time while homeschooling six kids. Emma Powell shows how sustained action that doesn't look like much day to day adds up fast with big picture thinking. She believes that anyone can leverage their previous experience across training to investing in a way that fits their unique skills and background.

Emma, thank you so much, I'm looking forward to just hearing your story, I think it can be so motivating to the listener who feels like they have too much on their plate, you know? It's like, how can I get into real estate when I have all these other things from maybe a W2, a job, or whatever it may be. You had done it and I'm looking forward to hearing about this, get us started and just some background and how you've gotten to where you're at now and we're going to get into how you've kept all the place spinning.

EP: When we got started in real estate investing, like most of their people do, we just bought our single-family house, the one that we were living in and we discovered really quickly and bought in a brand new neighborhood where there's all the construction trash and the mess scattered around and you're driving over nails and getting punctures in your tire I went to the house with some down payment assistance from our county, a realtor hooked us up with that and we didn't really know that that existed so we got into that first house basically with zero down and within four years, it had gone up in value.

We only made about \$35,000 off that house in four years because that was during a mini downturn. We got out of that one when we had a couple of more kids and didn't fit into it anymore, did the same thing, went and bought a brand new neighborhood, it was a master bed plan community in Texas, one of those 2,500 home monstrosities that we were the very first

people to buy a house in that community, literally, the first people to sign on the line, almost the first people to move into a neighborhood and that downturn was 2008.

The fortunate part was that we never were underwater on that house and so even if my husband had gotten laid off, we would have been able to get out of that house and sell it and even made the little bit of money on it. At the end, we walked away from that one with everything that we put into it and a little bit left over. We've been saving up because of that scary 2009 situation.

I had a part-time side hustle as a photographer and my husband, an IT guy, he was working his job plus part-time job because we were just piling up cash, we were terrified of what was happening in 2009 2010 of the layoff and so we sold that house and bought a total fixer-upper, the southside of Austin and then right after we bought that house, we found out that we were having our sixth child where it's not planned and he lost his job, he got laid off in 2011 so we weathered all of that only to get laid off right at the end of it, we had this brand new house and we had just ripped the back off of it.

He got a job offer out of state and we just couldn't leave the house like that. He convinced his part-time job to pick him up full-time and I had to quit my photography because I was having a new baby. It was just a really difficult time in our lives but we fixed that house up, we did most of the work ourselves, lived in there for six years, and then when we sold it, he got laid off again, that's how the tech industry works, you don't have a lot of control over your income and all that time I was a stay at home mom, homeschooling this little photography side hustle, I did weddings and real estate photography.

I did that for 10 years and when we moved to Salt Lake for this new job, I think it was about two and a half years ago, we had sold that house, we didn't have any debt, we had this pile of cash in our pockets and we'd always want to have rental houses but we just had never done it. But I had this pile of cash and I told him, I said listen, I made this money off of real estate from that first zero down house, to this massive remodel that we did.

This is real estate money and I'm going to take it, I'm going to go make a real estate business and we're finally get those rentals. I just started showing up to meetups, found BiggerPockets, found REIs, found all these Facebook groups that we're about at LinkedIn group, started educating myself. I put that money out with a local flipper so that it could be working while I was figuring out what I was doing and when it came back, I just started buying up stuff from local wholesalers, doing the small multi thing, always with an I, because the REI told me, you should go commercial, you can go multifamily and I started meeting these big multifamily guys and I knew that's where I was headed. And I was just trying to put my money to work to figure something out, learn about property management.

When I saw that first deal, a friend of mine, a local was selling it, a 50-unit. I said, send it over here, I know how to underwrite it and what I was doing but because of that belief that that was where it was at. I took it, ran it through a homemade a terrible spreadsheet and I took it to some people and an REI that I know how to do that. I thought I was a good deal but I wasn't sure and they lived out, I said this is a good deal, doing some help raising capital for it and we

went and bought that 50 unit. That was about a year into my journey to six months after I bought my first investment home.

WS: Wow, incredible. I hear numerous things there that I mean, obviously, you just had a love for real estate, you knew that real estate is how you made that money and knew that it can make more money, you started putting it to work, even started going to the REI's, real estate investment clubs and learning from others, invested with the local flipper, just knew the money could work if you put it to work but then, you know finding that 50-unit, I think it's interesting that you know, you didn't shy away from that, think okay, wait a minute, you know, I'm not ready for a 50-unit.

I want to stop there for a minute and what gave you the confidence to purchase a 50-unit deal that seemed so much larger than obviously, than what you had purchased in the past or anything you'd done in real estate?

EP: I knew that hundred unit was the goal because the economy is scaling at 60 to 150 was really where the property management expenses would go down and that economy of scale of just being able to have everything under one roof with the payroll so I knew that that 50 unit was even a little bit smaller than what I wanted but I just woke up one morning and was scrolling through my Facebook feed because I knew that social media was how you raised capital and how you built your business and so I was really building out my social media profile to gear towards running this type of a business and a lady I knew from the REI said hey, we're selling our 50-unit. It was near my husband's home town, not far from where we were a couple of hours from Salt Lake and she said, does anybody want information and I put my email on there, I said yes, please send it to me and it was right there in public, anybody on Facebook could have gotten it, a bunch of us are friends with her. I know I'm sure, other people ask for the information but I got it and I crunched it that same day and it looked good, like I said, I was completely uneducated and it was a bubblegum, homemade spreadsheet but just crunching a few things like 1% rule, cap rate, those types of things.

Okay, I got some here, hopefully it pens out and it did, we bought that, we closed on that one I think early this year, to almost six months to get it closed because I didn't know what I was doing but it was a good deal so I was willing to do whatever it took to get that thing closed. Went through a lot of hoops to get that done.

WS: Did you syndicate that deal?

EP: We did, it was a 506(c) but that's part of why it took so long to get close because we were going to JV it and they were going to do private debt, JV, and then institutional private debt and at the last minute, we just got to syndicate this thing because it kept not working out, we heard and put a 506(c) syndication on it because we've been so public about it, we didn't want to run into problems with 506(b) on it at that point, that's why we get the C.

Also, gave us a really great opportunity to publicly build our business with our social platforms and net credibility. We knew that if that didn't close, then we were going to have to go back and all everybody hey, this big deal, we made a big deal out of it but you didn't close it. We

were not willing to do that. We had a lot of earnest money hard, it just wasn't an option. We just had to do it.

WS: Yeah, that is awesome. I love hearing stories like that, just your commitment to making that happen and I think it started way before you had that opportunity even for that deal, you know? Even in your bio, you talk about the things you do, the small steps every day and so I want to talk about that a little bit. I would love to just go into that deal and talk more about that but I want to be able, you to be able to highlight those small steps so you get there and just the workload that you had, obviously, I mean, just taking care of a home, I mean, by itself, my wife works at home stays at home and manages the home. I mean, with our kids, it is more than a full-time job, we can't do it without her, right?

I mean, it's just – it was such a team sport here in our home as well and so I can relate to the level of workload that you have but you still were able to make this happen. How were you able to keep the place spinning, what are some of those small steps that you did on a daily basis that helped you to get there, you know, that the listener could put into play this week?

EP: Well, I'll relate that back to when I first started homeschooling, especially homeschooling a large family, I used to think people who homeschooled large families were crazy because if you had that many kids, wouldn't you want to put them all in school because you needed help, you needed to outsource some of that and in this business, it's a big deal and you can't do it all. You need to figure out how to outsource, there's not just how to outsource, it's also how to delegate but simplify and eliminate. Homeschooling for me was a way to simplify and eliminate.

Sending my kids to school was kind of like me having a part-time job, it was a lot of volunteering in the classroom, making sure the backpacks and the homework were done according to somebody else's plan, somebody else's way that they were going to do their classroom management and it was really a big burden on me and I realized, after we had our third kid in school, why people with big families home school. I needed all my ducklings in the row, going the same direction and it was just being pulled too many ways so that was a big lesson and simplification.

Also, what you'll learn from parents and big families and simple housework. You stop folding everybody's laundry, you get a basket, you throw it in there, you put it in their room and it's up to them if they're going to put it in their drawers or not, you just got to learn how to lower your expectations and have focused on what really matters.

If you're trying to spin all the plates, make sure that the ones that crashed are the ones that don't matter. Being able to focus on what's really important and that's no different in a real estate business, I was able to simplify my home school and simplify my parenting where I had a little bit of juice left over to run a business. I have always ran a little cottage business, like I said before photography, I took rapid design online when I had babies and couldn't get out on to location and soon as my kids were older, they start babysitting and I could step away for a couple of hours or work on weekends and evenings where my husband was home, I went on a location and expanded my business that way. I've always had a little bit of that.

But something's got to give. I learned how to outsource by hiring another local home school mom to come in and clean the house a couple of times a week, I made more money doing a photoshoot than I did pay her each week. I just schedule the next photoshoot and pay her and I had more fun doing it anyway than cleaning my own house.

I didn't ever want to hire a childcare because I had fun with my kids. I like being around my kids but I didn't like doing housework. Being able to simplify, eliminate and then delegate the rest was what I learned in my home management and then that's only just carried over into my business. How do you keep the plate spinning? Stop spinning so many plates and make sure that the ones you are spinning are the ones that really matter.

WS: What is the thing you have recently done to improve your business that we could apply to our business?

EP: Systemization. We're trying to e-myth our business right now. If you haven't read that book, *The E-Myth Revisited*, it is basically how to turn your small business into a McDonald's where you can plug any uneducated teenager into it and they can run it and you can tolerate turnover because the systems and the training are such that you could plug people in. So what I'm working on right now are two things. One, getting my underwriting systems screening down.

So they're only maybe five or six inputs into a spreadsheet that I could train an intern or somebody that wants to be mentored to come through an offering memorandum, plug those in. I have a lot of baked-in assumptions and if the boxes light up green then they pass it up to me and then I am only spending time on deals that have some promise. I tend to get really discouraged wasting time on deals that are garbage and so I procrastinate because I don't really like underwriting. I had to force myself to learn how to do it and so we just got that system dialed in and I am starting to train people how to do it now. I'll hire an intern to do my bookkeeping and to start doing this underwriting.

And then the second system is getting my CRM or my customer relationship management software, everybody get entered in so my assistant, my intern is coming through like all my old Facebook messages and LinkedIn messages. And starting to enter them into my CRM so that I can communicate with people in a more organized way to make sure I am touching base. That is something that networking is just this technical skill as underwriting and people tend to wing it but they would never wing underwriting and networking and I think that people tend to think, "Oh you are just naturally social" or "You're just naturally outgoing" or you are just naturally charismatic.

No, there is a lot of technical stuff that goes in towards networking and managing the network, communicating with the network, understanding the psychology of how to communicate with people and so just getting that CRM built and getting that system in place is what we are working on right now.

WS: Many great things there that you all are improving and I love that just systematizing it seems like a big topic right now but I think any business that is trying to scale, I mean it is something you have to do. What is your best source for meeting new investors right now?

EP: As lots of people have said before, LinkedIn. The first \$50,000 I raised was a stranger on LinkedIn with that 506(c). He sent me a private message and he said, "I was really touched by that story that you shared" it was like a three-line story where somebody said, "What's your why" and it is basically that story where my husband got laid off in 2017 and I told him, I said, "Look, I've got to do something. This photography income is part-time it is not going to support our family."

I will never let this happen again, I am going to find some sort of part-time income that can support us on a full-time income. A part-time job that gets a full-time income. I didn't know what it was at the time but I said I will figure it out. So he read that on LinkedIn and he said, "Wow that really touched me and I would love to be involved in investing in your next deal" and I thought wow, LinkedIn who knew? So that's when I started getting more involved rather than Facebook and more on LinkedIn.

Now I have raised money since then on Facebook and that has been a good tool but really focusing on LinkedIn I would say is where you should be spending your time if you are trying to raise capital.

[END OF INTERVIEW]

[OUTRO]

Whitney Sewell: 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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