

EPISODE 1609**[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]

Whitney Sewell (WS): Our guest is Mark Davenport. Thanks for being on the show, Mark.

Mark Davenport (MD): Thank you for having me.

WS: Mark and his partner, Phoebe, sold their single-family house five years ago and have been on a real estate investment journey since. Moving from duplexes and 60 units to most recently, a 12-story tower block. It's been a fascinating journey so far, he says.

Mark, thank you for being on the show. I'm looking forward to hearing more about your journey and some things we were talking about before the show and just how you've been aggressive to scale and being willing to take risk and being willingness to take that next step.

I think, it's just so crucial that we hear those things when we're getting started in this business and we understand we can't do it. It's difficult. It is not easy to be willing to take the risk and take the next step. I'm looking forward to hearing how you have done that. Give us a little more about who you are, what you're doing in real estate and then I want you to help us and the listener to be willing to take that next step as well.

If you're never willing to take the next step, even though you don't have this amazing plan in place, you're never going to get there. You're never going to get to that point, where it's like, okay, like you said. I mean, "Oh, here's the amazing plan. Let's get started."

Well, no. You do have to have some faith in yourself and just your ability to keep pushing forward. You do have to have a plan of some kind, but it's never going to be this amazing thing that you're probably dreaming of in your head. Mark, can you speak to just aggressively scaling and being willing to take risk? I mean, what that looked like for you.

MD: Yeah. We were living in Brooklyn, New York at the time and we had developed a duplex and a four-plex in New Hampshire. Then we relocated to Brooklyn, New York. The properties were cash-flowing. We'd renovated them pretty much top to bottom. Tenants were great. It was really good. In many ways, a really great situation. Then I read a book

about Elon Musk and I had this epiphany and I was so impressed with just one part of him. There's probably a lot to be said about many parts of him, but I was impressed with one part of it, which was he wasn't nostalgic about the companies he'd started. He was always looking for the next thing and happy to surrender his current position, or his current company, back in the early days, in order to get something new.

I was just like, "Oh, man. These properties we have. They're doing so well. But you know what? They're now worth so much more than what we purchased them for." All that equity is sitting in the house doing something because the property's cash flowing. Man, if we could reinvest that equity and have the same success we had with those initial properties at the next level, man, we'd be scaling.

We just decided, will put one of them on the market. We have nothing to lose. It's already cash-flowing. We'll see if we can get out what we want. Then of course, it sold. Then the other one sold as well. Then we bought two six-units and a three-unit, so we went from six to, I don't know what is that, 15 in the course of six months, eight months.

The key for being aggressive for me was appreciating the past, enjoying it, seeing it for a good – if you've developed a situation, you are now in a better situation. Then, also seeing well, if I cash this in, I can make plays from here on out and I can go to the next level. We did that with that particular thing, then we did it again with those 15 units in New Hampshire. We did another property in the process.

Anyway, we had this portfolio in New Hampshire. When we moved to Kansas City, which is where we are now, it was like, "Well, we have this New Hampshire portfolio and it's doing great again, because it's all cash-flowing, no problem." Again, if you take the equity that's in it and sell it and you're able to realize that and get that money out and then reinvest at the same level as you did before and then you jump.

We did it. We bought a 12-story tower block and just acquired another six-story one. It's now 109 units. Really, it's just the idea of oh, you do one thing. You do what you have on your heart to do, I guess, or whatever. Then once you've done that, it's like, cool, that was great. All right, what's next?

WS: Nice. Now you're at 109 units. Is that what you said?

MD: Yeah.

WS: Yeah, congratulations; just being willing to take that step. Most people aren't, or they just never will take that step. I would just encourage the listener right now, just to listen to Mark's story and just realizing, "Wait a minute. There's a big opportunity here." Man, you took that step. What about just getting your wife, or Phoebe onboard as well? Or was she just gung-ho about this decision and moving into real estate and taking these risks as well?

MD: I don't get her onboard with anything. I mean, that's just not the dynamic of our relationship at all. In fact, I think, probably it'd be better for her to be interviewed and then be asked, how did you get Mark onboard? That's probably the better way for that to go. I mean, from day one, it was like a joint thing. We make decisions together. She shapes me, I shape her.

Initially, it was more me, because there's so much renovation initially with the duplex and the four-plex and even the six, it was more me hands-on doing that. So much of our growth was tied to the physical improvement of the property and how we decided to do that was leverage my time to do it. Now that things have grown, she does so many different things. No, I didn't get her onboard fella. It wasn't to go down that way.

WS: Well, tell me about the purchasing of this 12-story block. Tell me a little about that deal and how you moved. I mean, how do you purchase that, coming from smaller properties to getting into that?

MD: Yeah. Well, I mean, it's a whole story there. I mean, it was February this year. February this year, we'd sold our New Hampshire stuff and we used a 1031 exchange to do that, to defer the capital gains. The resources are there and we're like, "Ah, okay. What can we do?" Saw this building on the MLS, on realtor.com and I was like, "Wow. How is it even possible that you can get a project like this?"

It's in a town, a couple of hours away from where we are. We drove in. Saw the property. We're like, "This is exactly what we want. This exactly represents scale, opportunity to renovate, to improve management. It's in not a small town, but town with a population of about 40,000, so we're very familiar with working in those types of towns. That's where we worked in New Hampshire." It was just a wild ride. It continues to be a wild ride really, because I reached out to all the banks in the area to see if they'll finance the deal.

Of course, COVID is kicking off at this point also. A couple of the banks were up for it and one bank in particular was really keen, so we ended up working with them to underwrite it. The seller was an interesting character. There's lots of stories in the property as to why it's in this position. Yeah, we closed the deal and we got it done. It was a wild ride though. It really was a crazy journey.

WS: What were a couple things that you learned through that process? I mean, whether it was working with the bank, or working with the seller, or just closing a project of that size?

MD: Yeah. For me, most of the stuff I learned, most of the significant things, they're all internal things. It's all me learning to not let my fear motivate my actions, or learning not to be anxious about a situation. The biggest thing for me was walking into a bank, or talking with our commercial lender and just being confident and allowing and presenting myself to them. Seeing that as a legitimate thing, because it's all internal for me.

I think, that's one of the reasons why I love to scale is because I'm also improving myself, because I'm afraid now of a 200-unit building. Or maybe I'm not, but that's only because I've done so many of them that I've learned to handle my fears in terms of properties, but it's all internal. It's the anxiety.

It's like, "Oh, what if this happens? What if all the tenants leave? What if I can't underwrite it?" There's just so many – your mind can be this fear factor and it's like, how do you get a grip on that and choose to live a different way? For me, it's all self-management. I guess, there's probably some other things as well. The bigger things are all internal.

WS: Yeah. No, I'm glad you said that. The bigger things are internal. I've said this numerous times on the show, that people think that I, or our team have some big magical gift, or extreme knowledge from the beginning about whatever, about commercial real estate, or multi-family. I just think more than anything, it's just a willingness to keep going, keep learning, keep pushing forward. I think anyone listening can do what we've done, what you've done. The hardest part is that mental part, like you're talking about from the very beginning and learning.

I love how you said, you learned how not to let your fear motivate your actions. So important. So important that you can learn to think clearly in a time where most people are fearful. It's such a good skill. How did you finance that and why was that lender so interested in this project?

MD: I had the idea that we would approach local lenders, because it's a local situation. There are obviously banks that are much bigger, have even a footprint across the whole US. We were like, this is a property that is managed and has been managed a certain way, it needs optimization, it needs renovation, it needs lots of the vacancies filled. The local banks have a stake in this.

Surely, there are some local banks who have a vision to see this building and the downtown actually, because this is the biggest building in the city thrive again. That was what it was. It was a bank that the lady who I met with, that we still work with, because they're financing other projects we have. There was a meeting of vision, I guess. The numbers worked. We came in with our down payment and everything. All that stuff is still, you have to tick your boxes.

At the end of the day, I think they were willing to go with us, because of the vision. That to me is incredibly profound, because I'm just driving – we're just driving into this city. We don't know anyone. We've never been there before, but we have a history of developing some real estate, yes, smaller projects and they've taken a risk with us by doing that. My guess is I mean, you'd have to talk to her, but my guess is that they saw the vision and wanted that for their town.

WS: Nice. I just think it's incredible, just talking about you painted it. You ultimately painted a vision for them and they could see that vision, wanted it for their town. I think it's incredible. Mark, what's been the hardest part of this journey to commercial real estate in purchasing something like this, whether it was something in the beginning, or something in that deal specifically, what's been the hardest part for you and Phoebe?

MD: That particular deal was super – We didn't contract until we've done all of our due diligence. We'd inspected the building. We'd gotten a loan commitment. We had no agreement with the sellers. We've done everything, which was risky. Typically, I mean, the contracts and then you do your inspections and everything. You start investing, once you have an agreement to buy it. We did all of that first.

That was something of a challenge. Again, the real challenge was the fear, because I was afraid. I was like, "What if I lose thousands of dollars because this deal doesn't close?" Really, actually, even underneath that, it's a mind game.

[INTERVIEW 2]

WS: Our guest is Oscar Buendia. Thanks for being on the show this morning, Oscar.

Oscar Buendia (OB): Awesome, man. I'm stoked. Like I told you before this, I'm a fan of this show and I'm excited to be on it.

WS: Awesome. Well, I glad to have you on and first, I just want to say thank you for your service Oscar to our country. He's in the military and just want to support him in that way and I'm grateful for that. But a little about him. He and his brother German are making it happen in real estate investing. They are owners of REI brothers and Good Day Capital. REI is their podcast for financial freedom through multifamily and Good Day Capital is their real estate investment firm where they bring deals to investors.

Oscar, again welcome to the show. Grateful to have you and get us started a little bit with your specialty in this business and what you all are focused on right now and let's dive into how you've done it.

OB: Awesome. So, a little bit of my background. So, I started, you know, like most people finding the smaller deals whether it was through wholesaling, subject to, I did a little bit of any of those. And then, recently actually, in 2019, we purchased our first large individual, it was a JV between my brother and I, a 20-unit portfolio, and it was all small multifamily, noncommercial. And from there, I mean, it just opened our mind to limiting beliefs and dropping everything as far as how you can scale, how you can make the puzzle work, and the lending piece of it which up until then, I was looking at just regular residential lending. And then I started looking into commercial, really found this ridiculous interest rates that commercial lenders provide and I was like, "Wow, this is such a better way for margins for everything." And then from there, just blew up.

We started getting deals anything from 50 units to 150 units. And mainly in Ohio, that's where our entry point, and because Ohio is a cheaper entry point just allowed us to do that. That was our one of our main strategies is looking at what market we can tap into and that are comfortable entry point. If you go to Florida or Texas entry point might be a lot higher. So, that's something that someone scaling, you have to look at it make sure you're comfortable with because you don't want to get in over your head either.

WS: Let's dive into that a little bit. I know there's many of listeners who are in your shoes or have been or almost wish they were maybe, in getting to the point that you have now and thinking through that a little bit. I wanted to back up to how the small multifamily, you talked about expose those limiting beliefs. Could you elaborate on that a little bit? There's just the mindset around that so crucial in getting started.

OB: Yeah, absolutely. So, like I said, I was doing wholesaling at the time and I actually, had a couple of deals taken from me from my "mentor", where I found like a 50% margin. He basically flipped them and he took a million dollars off the deal. I didn't know what to do with them at the time. But he took them. And then from there, I got kind of sour taste that that level of real estate. So, I started looking at other markets and how to get bigger. And our initial process was, "Hey, let's go buy a few homes, pay cash out in Ohio, entry point is cheaper." But we were approached with a 300-unit portfolio — portfolio residential, and they wanted to offload it. No, we said, "Okay, well, how do we do this, 300 units?" Eventually, we scaled it down to 30 and then we realized, "Okay, let's stick at 20 as our comfort number." And it really, even 20 at that moment was hard, because we were talking close to a million dollars. And we were looking at how to structure it — out everything.

So, we started calling people, lenders, you name it. And finally, we got the help to say, "Hey, this is how you should structure it and we can help you." And we're like, "Oh, wow, man, that doesn't seem too hard. Let's just do it." Ran numbers, felt comfortable, and just took action from there.

And that's what I mean by crushing those limiting beliefs, because until you put yourself in that situation to say, "Can I do it or not do it?" You won't know before that. Everything's in your head saying, "Oh, no, that's too much for me. That's just out of my realm." But the moment you get in a situation and your back is against the wall and you want to make it happen, if you truly want to make it happen, you will, right? If not, then it's not meant to be and that's okay, because another opportunity will come. But now you have that experience through that little setback to know, "Hey, I can go and do this at another time, because now I have that little bit of knowledge." And so that's what I mean.

WS: Can't be afraid to fail, right?

OB: Yeah, it can't be. And it completely changed our mindset, because now we're talking with people and investors with millions of dollars. You would have told me two years ago, I'm talking to people that have \$80 million in reserves, that say, "If you have a deal, let me know." I would tell you, you're crazy. That's a whole different world. It's awesome.

WS: So, tell me about some of the first action steps then that you took are or like finding a mentor or what did that look like? You already had one bad experience with a mentor, but moving forward, did you use mentors then and how did you find them?

OB: No, this is all trial by fire, initially. Trial by fire, in fact that I had other buying homes in Colorado Springs, where I was stationed at before, and it was all working well. So, I learned how to do it on a smaller scale first, individually analyzing numbers, and then from there, that's when we we did a large single-shot purchase. But we made a lot of mistakes, right? So, we did horrible on due diligence. This was a true mom-and-pop owner, she had everything in a notebook. So, we had to verify everything and even then, when we verified there were things that went wrong and we messed up on it, the responsibilities where leases were actually not correct. And then just to turn over once you take over tenants, which they know and and they don't want to do anything. So, we had a lot of headaches and we learned from that.

But because we had some of the headaches, that right there then forced us to think, "Okay, we need true mentors." And for us, it was key. It was Jake & Gino. We joined the Jake & Gino community. I can't speak any better about them that I do all day, every day anyway, because they truly are. We get four coaches and everything from analyzing deals to this and that. And that, to me has been instrumental because it's also changed our level of sophistication and I'm all about reaching out for coaching and mentorship.

With our podcast, we're looking to monetizing and pay people who have done it as far as like, "Hey, how do you properly monetize?" Same thing with affiliate marketing for a website, things like that. I mean, if I'm not an expert, and I haven't done it, I'm going to reach out to the people that have done it. And if I have to pay, that's okay, because I rather pay for quality than stumble my way into people who don't know what they're doing and just taking my money.

WS: I know Jake & Gino personally, I can't speak highly enough of them, they're just amazing guys. So, grateful that you brought them up. But then just also just finding a mentor like that. I know, to me, it was just crucial, finding someone that I could ask questions of, just gives you that extra layer of confidence that you wouldn't have, just knowing that there's somebody there that's on your side unlocked that first mentor, that you talked about, you thought he was going to help you and then they ended up helping himself and I would say he missed out. He could have had somebody to partner with and made a lot more money long term. I think it was somebody that was very short sighted, very short sighted.

What about, now you've got into the business, you had a setback there in the beginning, but you pushed forward, you discovered some limiting beliefs, you found a good mentor, now you're doing somewhat larger deals, you opened your mind up to doing bigger things now in the real estate space. Talk about some of those systems that you all have created that's helped you to think about scaling now.

OB: Yeah, absolutely. So, that has been the biggest thing in this past year, because we realize with our proper system and proper base and a team to take care of and especially being a W-2 worker, I'm still in the military. My brother is retiring this year, but he's going to be the boots on

the ground. The issue or not the issue, but what we discovered is we need to scale that. So, first thing is I hired an executive assistant, and I'm talking about a quality one. I didn't go for a VA. There's a difference right, and she created SOPs for me to create a lot of things that I could do, but I don't have the time to do. Now, for example, our podcast, it turns. I record, she takes the recordings, I don't worry about anything. I just pretty much get on the call like how we're doing now.

But then, with those SOPs, we're going to pass it on to other VAs who are going to handle our marketing, part of the house, and working really hard on the investor relations side which is we have platforms. I'll name my platform, InvestNext, for where we show our deals. And you know, I think that's one of the cheapest and best platforms out there.

WS: I want to give them a shout out. We also use InvestNext and just a great team. We've worked with them for I guess a little over a year now and had done numerous deals through their platform. I can't speak highly enough of them and the customer service alone. You can actually find on our website, on Whitney's recommendations, I think it's under our About tab on our website, you can find a link to InvestNext and put your email in there, we'll get you some information about them and connect you.

But anyway, glad you brought them up, glad you're using them. So, you found a great portal, I wanted to back up, you hired this assistant, you said quality. What does that mean to you? I've used assistants for lots of things and whether it's job specific things versus now I have, for the best assistant that I've ever had, as far as a personal assistant, what does that mean to you, though, Oscar as far as having the quality assistant versus just finding somebody on Upwork or whatever?

OB: Yeah, I think for me is someone that could critically think, based on what I'm giving them. Well, not just follow a simple direction. And also, education is a factor. The person that we are, for example, she has an MBA, has operations experience. And she went to an American satellite school in Mexico and speaks better English than me, probably better English than you. I was so impressed. And that, to me is quality, because it shows that she can also – while she lives in another country, she can relate at a high level with business individuals here in the US. And she's going to play a key role in investor outreach for Latin America, which we're working on right now. That to me, it's quality. If I hired a graphic designer, it might not be, I don't need someone who has an MBA, I don't. I need someone that can create graphic design and maybe posts here and there for social media. But when it comes to the operations of an actual business, I need someone to know business.

WS: How did you find this person?

OB: I looked through Upwork, Fiverr, what's the other one, there's one specifically for Philippines, I forgot the website.

WS: Onlinejobs.ph.

OB: Yeah, that one, but I looked through everywhere. And then trial by fire as well. I spoke to about 10 to 15 different executive assistants and they're not cheap. I mean, they're anywhere from minimum of \$20 an hour to, you name it. So, you got to pick your flavor and your price range, but you just got to do it and make a commitment. And you'll see, shout out to Michael Hyatt's book, *Your World-Class Assistant*, if you're reading that book, your time maximizes. So, now you have time to do what is important, which is actually plan out and run your business.

WS: Nice. My assistant and I both read that book, *Your World-Class Assistant* and been through some of those things, can't recommend that enough, either. I think I read it in a day. It's a really quick read, but very, very worth your while. Oscar, speak to a couple of systems that you and your assistant have put in place that have helped you to say gain back more time or be better organized or be more productive?

OB: Oh, yeah, I mean, like I mentioned a little bit earlier, just the fact that she created our SOPs for the social media and our podcasts. I mean, social media and podcasts were taking up so much of our time. And anyone that says, "Hey, you know that that's their main gig, that's awesome. But that's not our main gig" We like that because we educate, we also get to meet people and talk to people, and vice versa. But our job is landing deals, and for this past year, it's taking a lot of time. So, she went ahead and created those SOPs, and from there, I mean, I'm telling you, I don't really worry about it, she records the Zoom. She knows to be annotated. From there, she throws it out, puts it into a folder on the deliverables from the company that we use to create everything. And then from there, she starts scheduling posts on our social media, things like that. We'll comment back and we'll do that piece. But as far as all the minute things, and beforehand, I sat down and I wrote down everything I want to outsource and everything I want to do.

Commenting and interacting is something I want to do, my brother wants to do, but the posting and the little details of how to make it happen. I don't want to do that. That takes time. Just not value added to my time.

WS: What would you do different now, on your first deal, if you had known then what you know now?

OB: Man, it's hard to say, you know why? Because that first deal, even though it brought us a lot of problems, opened up so many doors. So, I don't know if I would have done anything different. To be honest, I wish I would have done a found syndication and join Jake and Gino beforehand, as I think we would have been – maybe we would have been in other deals a lot better, because one of the things that we pride ourselves in, we were pretty good at off market deals in Ohio. We networked a lot with wholesalers, and just guys with boots on the ground and find ways to bring them in, if we close on the deal, and that worked very well.

So, I think we could have done that better, but I can't say I would change anything really, because I mean, it's been an adventure. And it's been a great one. And it continues to grow the way it's supposed to.

[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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