EPISODE 1624

[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 educate 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 Nick Ameluxen. Thanks for being on the show Nick.

NICK AMELUXEN (NA): Yeah. Thanks for having me.

WS: And Nick spent a decade in the automotive industry as a technician before transitioning to real estate. He invests in a senior family, turnkey multi-family and multiple markets. He's a real estate coach, hosted the Austin Chapter, the South Texas multi-family and more meetup, and as a partner in asset manager at Quantum Capital. Nick, welcome to the show. Give us a little bit about your focus in real estate and the syndication business right now, and let's jump into some of your expertise…

NA: Yeah, we focus value add properties, B and C Class, and to… Our main markets are Los Angeles, in Austin.

NA: I got started with my partner Mark, we met at the end of 2018, I believe, somewhere around that time, and kinda just took off from there and scale up pretty quickly in Austin, and now we're expanding a little bit south of Austin, but that's kind of our main focus.

WS: Nice. Tell me a little about the, I'll back up a little bit and tell me a little bit about… You were a technician and you decided to get in the real estate industry… Why? For one, and then tell me a little bit about that transition.

NA: Yeah, I actually love being a technician, I thought it was a really fun job, I was really good at it paid very well for what I did, but at the end of the day, it was very physical work and you reach a cap really quickly on what you can earn and achieve. And as I reached that, and I also started having kids, so that kind of changes your mindset as well, we're just looking for ways to diversify where my income was coming in, and after failing a few other paths, I kind of landed in real estate. It's always been kind of an interest of mine, I bought it a great time in a bear market, so that kind of showed me early on the benefits of real estate investing, and then as… my wife and I got more and more into it, it became really fun and interesting, and I thought, How can I make a career out of this? How can I do this full-time? And through that, that's kind of of how we transition to multifamily when I understood the scale of the business aspect of the…

WS: Give me just one or two key things that helped you to go from the W2 to full-time commercial real estate

NA: I mean, treated as a job. I think it's a big part, especially if you're trying to make a business out of it, so having that mindset where it doesn't matter if I don't wanna do something today, it has to get done. It's easy to kinda glorify the investment in real estate process, but a lot of it is tough, hard work. It's late night and then deadlines, and I think going in with that mindset helps have always been… I get my work ethic from my parents, so I think that's helped a lot, and patience. You know being patient and willing to do a lot of work on the front end for a reward down the road.

WS: I think that's very well said. You have to be patient to have, to be willing to work hard, you have to be able to see the bigger picture. That's much further out. It's not today, it's not happening tomorrow, but again, the listener ship, we say this all the time, it's the small consistent actions over a long period of time that lead to bigger things, so I appreciate just those words of wisdom. What about… You mentioned finding your partner, and tell me a little about… How did that affect your business? Maybe shed some light in… How did you know he's the right partner? And what did that do for your business? How do you know he's the right fit?

NA: Well, starting out, I was a technician in Austin, so it's not like I had a lot of capital or huge network, but I was in a very competitive and high-priced market, so early on, I knew I had to find individuals with both experience and a network and liquidity, to want me do the size of deals I was looking to do, so as I was networking and I paid special attention to people who had experience and brought all of that to the table, so as far as what they could offer, that was the main focus when I was looking for that, and through that, I've found a lot of people who out of our state, but interested in our market, very typical for Austin who are looking to invest and just found a partner where we just kinda clicked, our philosophies were the same. What we were looking to achieve were very similar. I had an abundance what he was lacking, which was time and being both on the ground, and he made up for a lot of my deficiencies. So it worked out really well. As far as how do we decide to be partners, it was kind of organic process, we started looking at deal…

NA: I was looking at deals and as I was finding interesting ones, I would be on kind of approach them and see, this is something he was interested in it, we didn't start out as a partnership looking for deals together, it was as I'm going through the process, finding opportunities is when I was kind of approach 'cause that was the value I could add, is finding good things to invest in.

WS: I like thinking through partnerships a little bit, when somebody like yourself has done that, I did the same thing, and I was finding that individual where we aligned on so many things, however, one thing that was very different, I was… I was just a complementary skill sets. The different things that we brought to the table, which was so important to our success or moving very fast and strategically. So tell us a little about your first syndication and how you got to that deal. What were some key things that made that happen. Was it a partnership? Was the things you've been working on before or was it something you were even doing while you're working full-time? How did that work?

NA: It first deal came about just after a lot of searching, at that point, I had started developed pretty good relationships with the brokers out here, it came pretty quickly across my desk and it looked very interesting, so luckily I was able to just when I was still working full-time, but I was able to get out there very quickly, get our offer turned in before it hit the market, so I think that gave us a little bit of an advantage and then… Yeah, leveraging… a partner like Mark, who's my partner, his experience and track record. When you're starting out, it certainly helps you get your offers taken seriously, and so just being a newbie with really nobody behind you to kind of back you up.

WS: Tell me how you approach that a little bit, like with that broker conversation. How did you express that track record and experience, even though it was somebody else's…

NA: Well, sure, at this point, we had offered on a bunch of properties together, so it kind of starting to know who's with me, who's not… I like to use the royal we a lot when I'm talking with brokers, just 'cause I'm kind of leveraging, but no matter what, I would have had somebody with experience in capital behind me, but at that point I knew it was Mark and just kind of expressing it as our track record as quantum capital and that…

NA: Here's partner Mark track record, here's mine. It's a quantum capital 'cause that's how we came into that deal… It just made it easier, I guess.

WS: No, that's awesome. Most have done that or do that just to… You gotta have experience on your team and getting started, nobody had experience on the first deal that they did, and say You have to bring experience one way or the other, whether it's your property management or a partner or someone that's extremely helpful. So can you share anything about the deal, the size it was, or any struggles that you all had getting that deal to posing table, being that first one for you?

NA: So one thing that we did, it's a 53 unit in Austin, it ended up being about 7 million all in… I think the biggest struggle was just not really having all of our team members in place as we went under contract, even though we kind of been offering… We know kind of who was there when it got time to hit the ground running, a lot of inspectors and things like that kind of fell through when we had a short due diligence time just to be competitive in the market. So that was kind of the biggest curdle, and at this time, I still work in a W2, so it's not like I could drop everything and focus on this, but at the same time, we had a lot of capital tied up. So that was a very stressful, 17 days. I swore after that, I would never do due diligence period that short again, and then I think on the next deal we did short as well, but at that point we had our team and everybody in place… it's a lot easier.

WS: So you learned a lot?

NA: Learned a lot.

WS: Yeah, you learned a lot, especially about that team and having those people in place, so what was different on the next one? What did you lack on the first one and what was different on the next one that made that much more smooth?

NA: Yeah, just your go-to, when it comes time for your third parties, you're in your engineering reports, you… You're gonna walk through all that done for the first year we had who we wanted to use… And then that fell through and then it was like, Okay, what do we do now? And now we're scrambling trying to find back-ups, at this point, we had had a team that had been tested, we confirmed them ahead of time, which is something we didn't do it on the first deal, so we had everybody lined up, so when we signed the contract it was the next day when we were out there on the property.

WS: Yeah. Wow. No, that is awesome. Tell me about… How did you all raise the money for that deal?

NA: That one was actually just a joint venture from my partner and myself, so we had the car ready to go.

WS: Nice, nice. Okay, and so what about moving forward now, how are you all raising money now from investors or how is that growing?

NA: Oh good, we were supposed to close yesterday at a deal, there's this free snowstorm out in Texas, so it's been delayed a week, but we take a bit of a break in 2020, just kinda see where things were landing, and then as we started back up in June, Austin's just been on a tear. So it's been a very competitive market, but we finally found a deal that kind of met what we were looking for finally enough, and actually brought to us in December of 2009 and then fell off and came back, but we're set to close on that soon and the cameras went smooth. There's a lot of investor interest out there right now.

WS: Awesome. Tell me a little about… You said you took a break in 2020, tell me about your thoughts behind that and what you learned…

NA: In retrospect, I don't know if I would have made a different decision. I think we were probably safe to continue by, and it's just so much was happening… limited requirements, we're in tighter occupancy levels in Austin at least, and I feel like most major urban areas were following… Rents were softening, but prices, there's no fluctuation, prices… if anything. They would go in the opposite way. And part of our pausing was just kind of assessing where we're at and trying to figure out where we go from here, because we're also fiduciary… fiduciaries are people's money, so on the front and we don't only make bad deals and not knowing where the market is, is a good way to over-pay, and then also we're big investors in our deals as well, 'cause that's why we do what we like to buy property, and we bring people along with us, and so if we're not comfortable, it's hard for us to feel confident bringing other people into a deal as well.

WS: Of course, very respectful. No doubt about it. Tell us a little bit about managing your time, family, those things while working full-time and getting to that first large deal and making that happen, you talk about a stressful to do diligence all this, if it was… But getting up to that point was a lot of work that's already gone in for that even happens, and most, especially while working full-time and growing family is difficult… I know it was for me. How did you do that and manage all that?

NA: You really gotta take advantage of any downtime you have, especially when you're working in W2… Now, luckily, I was in a career work and at a level in my career where I have a lot of weight and expertise, so I'm gonna throw that around and take breaks when I need to up on calls, but also a lot of my time was my own and so that prepared me for not being a W2, but having that kind of compensation structure. There's more of a production versus you need to punch a time clock. And so as long as I was getting work done, they worked out, so there were definitely some long nights that weren't making up for some short days coming up where I knew I had to go on a tour at 12 in the afternoon that was gonna take an hour and a half and so I couldn't take a lunch that long. I think family was the hardest part, kind of balancing that, but also coming home and having a bunch of deals underwrite and email to follow up on. And just had some late nights. I mean, at the end, you just gotta do what you gotta do.

WS: You just have to do what you gotta do. Before we started recording, Nick you said, whatever it takes to get a great deal done, kind of said you're as focused… And do you have an example or two of that? Just 'cause I like that mindset. I just like the mindset, you just have to keep pushing just to never give up mentality that'll talk about… So any example of that where you said, do whatever it takes, or maybe we were at that time talking about JV versus syndication, and you all were gonna look at each deal and figure out what the best option is, how have you all done that or maybe give us an example or we can think like that too.

NA: To do whatever it takes in Austin, and probably in every market, you gotta move quick, especially on a good deal, they go fast. So I guess just referencing the first deal, I got the email that morning, I end up having to take a very long lunch to go toward the property that afternoon, took the next day to submit our offer, or once again during lunch, then I ended up having to work all weekend to make up for that time, and then the 14-day, I started 17-day due diligence period. It was a lot of waking up to get to work at 6:00 instead of 7:30, so I could leave at 3 so I can complete what I need to complete. And then you're up to when 1 AM… I don't know if there's one solid example in there of where it was doing whatever it takes, it's more of a long-term grind in that respect, but when it comes, it's kind of the same with deals, if you're getting into a deal and you have capital raise or you're underwriting and it seems like, yeah, man, this doesn't work in section where you still like to long-term prospects of the property, you just keep exhausting, I guess all options until it just…

NA: you're out, but most of the time it's in the out of options, if you're doing your job correctly, there's always a way to get a good deal done.

[INTERVIEW 2]

Whitney Sewell (WS): Daniel, welcome to the show, honored to have you on just after reading a little bit about you. I know you're motivated. I know you're somebody who thinks big goals, tackle things that maybe most people wouldn't tackle or wouldn't attempt to tackle as well. I like talking to guys like that, and gals. I feel like I relate to that. And you know, I want to go after it right and make big goals. I feel like you've done that. So, give us a little bit about your focus your business model, and maybe your background, let's talk about that.

Daniel Kwok (DK): Yeah, by the way, I love that you said you know, the hard runner, the motivated. And, you know, that's something that I've actually been reflecting on recently, I have a lot of friends who are, you know, my age, but we're all crushing it in the field of entrepreneurship. And one of the things we talk about how is all of our lives and there's three friends I'm thinking about in particular, I have a buddy named Chris, Kevin and a buddy named Alex and every single one of them run probably an eight, nine-figure company, you know, so we're all kind of at this. We're all peers, you know, and we're all kind of going the same place. But at the same time, we're all in our late 20s.

But one of the things we talked about, and you reminded me of it, so sorry if I'm going off on this wild tangent than you'd expect me to go to, but I feel like our generation were so enamored by the whole Gary Vee philosophy, right? The whole hustle 18 hours a day, you know, you eat ramen noodles, and all this stuff, boom, boom, boom, and we're talking about that's, that's awesome. And that's attractive, because I think people are attracted and they fall in love with the idea of being told that they need to work harder, because a lot of us have this narrative, right. And these concepts like impostor syndrome wouldn't exist if this narrative wasn't in our head.

But there's this narrative that we feel like we're not good enough. And we feel it, our wives feel it, our friends feel it, like every single human being 90% of us at least have this narrative playing in our head that to some degree that we're not good enough. And I feel like when someone like Gary Vee gets on stage and just goes oh, you're not gonna, you have to work harder, you have to work 18 hours a day. That's what you know, a lot of times us millennial entrepreneurs we are attracted to, but there's another guy that not a lot of people know, a guy named Dan Kennedy, who you know, is one of like, the big like The Godfather of marketing, right. And he was one of the arguably one of the most successful people in business. And it's crazy that not a lot of people know who he is. But, I mean, his whole philosophy is like, no, like, you get as much done as you can in eight hours because, you know, I gotta be on horses by the time it's 4pm. And, you know, he talks about the idea of learning how to do in four hours, what it takes most people 10 hours to do.

And that's actually what I personally experienced, when I got married, when I was dating, when I was single, I would work that 14, 15, 16 hours a day, you know, like the whole Gary Vee, go get it, get after it, you know, motivation, you know, stay hard, right. And then when I got married, I was worried that we were going to actually lose revenue, I was worried about that, that I was gonna be less productive. And I was in a position where I can only work nine to 10 hours a day. And surprisingly, our revenue almost doubled year over year, and I was significantly more productive because I told myself alright, I gotta, I gotta find what it means to get done in seven hours, eight hours, what it usually takes me 20-30 hours to do. And that was one of the things that led me to hire a performance coach. And not only that, but really just sit down and learn what it means to slow down, but in exchange know that I'm going in the right direction.

A lot of real estate entrepreneurs are running 120 miles per hour right now in the wrong direction. And I'm not talking about, you know, just buying really bad deals during a market crash, you know, I'm talking about in every aspect of life. So again, sorry about the tangent. But to answer your original question Whitney, was my business model was my specialty. So, I've done a lot of different things in real estate. So, I started a real estate fund about four years ago, that's a 506(c), and we do lending. So, we do lending that is collateralized by real estate deals, I myself still do real estate deals as well by target 50-plus unit buildings. I'm currently going after helping somebody acquire a 98-unit building. And you know, they've graciously offered some GP shares to me, and then I'm going after some other, you know, 80-some units and whatnot.

But obviously, just based on today's investment landscape, I'm very selective. And I'm very choosy about how I structure those deals. So, on top of that, I've got a nice YouTube channel. That's kind of like my hobby. We talk a lot about geopolitical finance. And we talk about this fun stuff, things that I personally find very interesting. And then my brother and I have a couple of finance companies as well on the side.

WS: Nice. Now, honored to have you on and I appreciate the tangent as well, because I think we can all relate to that, you know, in a big way, or to some degree anyway. And I wanted to I want to focus on that just a moment, because I think it's crucially important as we get married, or we have kids and just the mindset of man, you thought that you were gonna lose revenue, but it actually doubled. And I find that man, it's, you know, we can, you talked about, you know, you just run, run, run almost run directions, like running on a treadmill, right? You're not going anywhere. So, I want to harp on that almost just a moment, or let you, what does that look like? What changed for you? You know, it almost takes something like that to push us to a whole another level. So, we think differently about things.

So, we, it pushes us to do things right that much more efficiently than maybe we would have. And so, what did that look like for you, Daniel? How did you learn to double down on things in a way or change the way you looked at goals that were maybe really big or tasks that would have taken, you said, what 24 or 23 to 30 hours, something like that, you know, but now you can do it in you know, in a fraction of the time? What does that look like? How did you learn to do that help us to think through that?

DK: Yeah. But I, you know, I think first and foremost are the entrepreneurial culture of today. They don't reward that, right? Because if you think about on social media, on platforms, on public platforms, the internet just period, we reward short-term success. And a lot of times, you know, when people fall, we don't post about that, right? Like, we don't share anything about oh, hey, I lost half of my portfolio because of this because of that. So, it's just people assume that speed is always better than direction. So, I think a lot of entrepreneurs would be surprised how much more efficient they could personally be if they just sat down for 30 minutes a day, and just said, okay, here are my three, four biggest projects that I currently have, that I have to do the next seven days.

For me, what are my own ideas on how I can do them better, faster, more efficient. And number two, who are the people that have done these tasks before that can help me do it much better. And for me, that was one of my biggest cheat codes, right? And I'm all about cheat codes. I remember when I used to play video games as a kid, I would only play if I had cheat codes, like there would be no playing the game. You know, it's been normal, normal way. I'm like, no forget that, like, give me the cheat codes. So, one of my cheat codes has been developing relationships with people who have just gone before me, you know, mentors. And every task that I do you know, what I call KPIs, right, what people call key performance indicators, you know, I'll bring them to my mentor. And I'll ask them, hey, like, is this the best thing for me to do right now at this moment, in this way, and I'll just go crazy with the amount of questions I asked.

So really quick story. So, in January 2017, January 1, I did what's called a New Year's resolution, we all do them, right? Like a lot of people are like, well, I wanna lose 30 pounds, I want to stop watching this much TV. My New Year's resolution was I wanted 20 rental doors. That's what I wanted. I told myself if I can get 20 doors by December 31, 2017, I would have considered this year, a massive success. And so, I shared that with my mentor. And he goes, that's done. And I'm like, why? He goes, Daniel, word to the wise right, never set goals, always set standards, and expectations. And I looked into that, and that phrase, it's stuck with me, I got I don't know why but I just became obsessed over and I started reading about Olympic athletes world-class, you know, chefs, athletes, you name it out for a lot of them, you know, their standard and expectation is what gets them towards success as opposed to a goal.

So, I started asking myself Okay, so what are the standards and expectations I can set on myself? Every day, every week every month focused around you know, my tasks that produce 80% of the results stuff like recruiting investors, underwriting, looking for properties, you know, developing my team, you know, like you know, what are these things I could do so, I spent a week just writing every single day I just wrote down, you know, a bunch of items, bunch of tasks that I could do that helped me gear towards success, and then through a two-week process of sharing them with my peers research and bringing them to my mentors. I nailed it down to five things I did every day three things I did every week. And one thing I did every single month for a total of nine regular action steps that I did, and I established my flag, I said, these are my standards and expectations I do every single day.

There's a lot of things that we got to do right, the elephant is certainly a big thing to eat. So, my mentor and I whiteboard, he wrote down 20 rental doors, and we reverse-engineered all the things that we had to do. Okay, so let's start at closing and let's work our way back. Right? So before closing what do we have to do? Okay, we got to do this, we gotta do that. And all we got to the point where it's like, okay, what is your deal-finding strategy? What is your lead people seller-finding strategy? And that's what we focused on.

And you know, if you think about any other business, right, like you have marketing, and then you have sales, and it's the same thing with real estate, whether you're raising capital, or you're trying to buy a property, you have marketing, and you have sales, the reason why most people are really bad at negotiating is because their marketing sucks. They don't know how to put them in the best position for the individuals to say yes, so I teach this to my coaching clients all the time, where it's just don't focus on saying the right thing so you can sell them. Focus on building the environment so that they can't say no, right? Focus on creating a situation and finding the people that are not going to say no to your product, as opposed to finding people that you can sell to.

So, a great example of that is, so my specific goal was to do 20 rental doors, but kind of subtitle below that was buying them seller financing, mainly because part of my story is at 18, you know, I had negative $187.65. In my bank account, I had to max out credit cards. And one night, I found myself trying to look for my dinner instead of a dumpster. So, I didn't have the best credit. I didn't have, you know, 10s or hundreds of 1000s of dollars in capital saved up to buy buildings. I didn't have a massive network, you know. So, all these excuses that people come up with, well, guess what, buddy? I've gone through them myself and probably worse situation. So, I couldn't go to the bank.

I actually told a commercial lender one point what my DTI was, and, you know, my financials. And they, they laughed at me, right? They were like, yeah, no way, kiddo. So, for me, like what most people would see as a handicap, I saw it as a benefit, because most people are like, oh, like, I have to buy them seller financing, I have no choice, right? I saw it as I get to buy these properties, seller financing, and I the mindset shift, focused on what I needed to do, which was okay. And this was the reverse engineering part, right, that my mentor helped me walk through, it was okay, if I have to buy these 20 rental units, seller financing, let's talk about how do I create a situation where people want to buy and I don't have to sell them.

So, I started listing off all the benefits of seller financing everything from hey, like, you know, you get, it's an opportunity for you to defer your taxes, right, or at least at the very minimum, depending on what state you're in, put yourself in a lower tax bracket. Number two, it's an opportunity for you to make money, like the largest entities in the world, which are the banks, right, you get to make money, like the bank, make money on the interest. And on top of that, you get continuous money coming in. So, I asked myself, okay, those three, four, or five benefits that I drew up, who benefits most from those benefits? And this is the question that every single successful business asks, which is, who are the people that benefit the most from my product? Right, who resonates the most with my message?

And so, I started thinking about it. And I started asking you a lot of questions. And you know, asking a lot of mentors, and you know, after about three or four days, I realized, and forgive me if this offensive word that I'm gonna use its old people, right? It's well-seasoned individuals, I'll use that. There you go. It's well-seasoned, experienced individuals who resonate the most with that message. Because, well, if they've owned the property for more than 27 and a half years, well, like, chances are that the Oh, it's paid off, right? And then there's no loan that they need to pay off and, you know, they've depreciated the asset, there's a lot of depreciation recapture a closing. So, they need to find ways to save money, you know, to, to mitigate not only the ordinary income tax, that they depreciate, but also the capital gains tax because well, what does real estate tend to do over a plus 27-and-a-half-year period tends to appreciate, right? It's one of the things we love about it.

But not only that, but you know, these are individuals who, they are in their phase in life where they wanted their money to work for them, a.k.a. make money as the bank off of the interest and also, you know, get money coming in every single month, right? These are the golden years, as they say they want to travel they there's a certain lifestyle they want to uphold.

But now the question then became how do I find seller financing deals all the way to how do I find seasoned landlords? Right? And it became more simpler, right? But then I started thinking of ways well, how do I attract and find seasoned landlords? So, I started doing things like calling the for rent ads on the newspaper, I started doing stuff like driving around and calling the for rent signs, you know, because, again, this is a stereotype. But I know that older landlords probably aren't going to use the most technologically advanced way of marketing their property, I again, that's just an assumption that I made. And I started building relationships with property managers who are in their 50s and 60s. And sure enough, like 90% of all my leads that I talked to were landlords who are 65 and older, and that led me to some of the best deals I've done. So, my KPI is my regular, you know, action steps, but one of my weekly ones was actually spend four hours a week driving around a particular neighborhood and calling the for rent signs. And I have like a two-hour training I do on just how to do that.

But, you know, just to give you an idea, that's that was one of my weekly action steps that I had is every week, you know, it's like a 20-mile march, right? Every week four hours, no matter what I'm gonna get up, and I'm gonna do four hours of calling for rent signs, you know, every single week, newspaper ads, you know, I'm gonna build at least one relationship, one new relationship with a property manager, or a banker or an attorney, somebody that might know a landlord that's 65 and older, I'm going to build a new relationship every week. You know, that was another one of my weekly stuff.

[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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