EPISODE 95

[INTRODUCTION]

Jeff Donis (JD): Learn how to do creative financing. And what that meant to us was subject to, which is when you take over a property, leaving the existing mortgage in place, and also owner financing, which is when there's no mortgage, the owner owns it free and clear. And they're going to be the bank, meaning we'll make payments to them to pay off whatever amount we agreed to.

Tejas Gosai (TG): Ladies and gentlemen, welcome to Real Estate Investor MBA. My name is Tejas Gosai, and I've had the honor of helping hundreds of investors achieve the American Dream by creating generational wealth through real estate. I've spent the past few years interviewing the most knowledgeable experts I could find in the business to cut your learning time and conquer the hardest subjects in the game. Check out rei.mba, which my team and I have packed with over 75 interviews and free access to our real estate roadmap, webinars and publications. If you're listening, I am rooting for you. And you're already on your way to financial freedom. Cheers and happy hunting!

TG: What were you doing when you were 21 years old? You probably don't remember because you were drunk, and 21-year-olds are lost most of the time and they don't know what they're going to do in life. But my next guest, Jeffrey Donis is 21 years old. He has transacted hundreds of multifamily units. And he got his start with his brothers in college, being in a dorm room, wholesaling, and calling sellers to get an assignment fee and fund their business. And they did. And then they quit going to college. And they syndicated some pretty large deals. It's amazing. They also own a portfolio. And their goal is to retire their mother. True immigrant story. Jeffrey is amazing.

And it's important that I bring guests like this on the show to show you that you can do this in whatever way shape or form you want to. I've had 100 podcasts with a hundred and some people, all of them have a niche or proprietary system that they've developed with a team of people to hack the real estate market. That's what I'm a big proponent of in one way or another, you can figure this out whether you're starting out in real estate, or you're a seasoned investor or a lot of my clients now are physicians, dentists, lawyers, engineers, high net worth individuals, entrepreneurs that work really, really hard, restaurant owners that are just, you know, they're making money, lots of money, but they

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want passive income. And that's a big thing that I focus on in this program, having people get to generational wealth or a financial freedom and be able to create generational wealth for their loved ones. It's the mantra on our website, [rei.mba](rei.mba) and this will, this is a fantastic interview with a young gentleman who is on his way to the top. So I hope you enjoy. I hope you're inspired. And I hope you listen to us on iTunes, Spotify, Stitcher, Google Play. I Heart Radio, and I have a bunch of tools on our website financial analysis tools, and a roadmap that I created that will lay out your your educational journey into the real estate world. I love you guys. Cheers.

[INTERVIEW]

TG: We got Jeffrey Donis here with us today, Jeffrey, thanks for making the show.

JD: Thanks for having me, Tejas.

TG: Thanks for making it. I love having energetic folks on the show. And you have done so much in a short period of time. Over 1000 units. And you've worked with investors, you are in the landscape right now. Rather than me go on about you. Welcome to the show. Tell me about yourself.

JD: Yeah, thanks for having me. I really appreciate it. As you mentioned, my name is Jeffrey Donis. I'm 21 years old. I work with my two brothers. One of them is my twin brother. He's also 21. And my older brother is 24. We live in Durham, North Carolina. We initially got started in real estate a few years ago. Now it seems like so long, but time flies, it's been about three years. And initially, we got into real estate through single-family. So we were all college freshmen. I was a college freshman at the time. My older brother was an upperclassman in college. And we heard about wholesaling to fast forward and not to make a long story too long. But we eventually did a lot of deals in that space and transitioned into the multifamily space about two years ago. And since then, we've been able to get into a few different deals here in the southeast. Now we are full-time owner-operators here in North Carolina and we're looking in South Carolina in Atlanta, as well. Our background, just a little bit more in depth, my mom is a single mother. She came from Guatemala, which is obviously a Central American country. She came in when she was very young, I grew up low income, and my goal and alongside my brothers and I is to retire her. So that's really what motivated us to get into real estate.

TG: Bravo, immigrant. I'm born in India. I have a lot of folks. And we do talk about that, like immigrants around the country to some degree. And it's honorable to say that hardworking people, America is the melting pot. Good story. And I love it that you're young, eloquent, and you're able to talk about multifamily that type of growth is pretty incredible. 1000 units, you have a bunch of investors, where exactly are your properties?

JD: Yeah, so we own two in Atlanta, Georgia, two in Jacksonville, Florida. And then one is in Waco, Texas.

TG: And this is where the pool of investors that you accrued.

JD: Yeah, so we've co-GP-ed on four deals. And we are lead sponsors on one. We've obviously syndicated all those deals and raised capital on all of them. In regards to where our investors are coming from, we can get into that too. But to answer your question, yes.

TG: Definitely want to get into that. So before we do, though, I also wholesaled. I am a commercial real estate agent and I manage a private equity funds. We have a lot in common. I'm a little bit older than you. But I was building some pretty big hotels and large projects in my early 20s. So I don't think age is a factor here, especially if you've done that many transactions. But to the folks that like don't know what wholesaling is, and how did you catapult that into owning properties? Can you share?

JD: For sure. So wholesaling for us was pretty much for anyone that I think shares this definition is when you find a property. For us, it was off-market. So we were cold-calling mainly to get in touch with these owners, going direct to seller, we would try to negotiate a price where we could then assign the agreement that we'd signed with the homeowner, which we call the purchase and sale agreement, we would then go and assign that contract using an assignment of purchase or assignment of contract to an end buyer, typically a fix and flipper. And we would tag on a fee on top of it. So that's what we call the wholesale fee. So the way that initially the first year just give you a bit more background on that. So we were cold calling in our dorm room. I was a freshman obviously. So I was a full-time student trying to become an entrepreneur and I was reading books like Rich Dad, Poor Dad and Think and

Grow Rich, which sparked my mindset and sort of started this journey for us eventually led me to listening to BiggerPockets and different podcasts like that. Slowly we started to learn more about the space and you'll learn how to pull a list of data. We learned how to cold call, really just by doing it, eventually six months into that we had gotten sent home from COVID because we were all at school right and all the classes that we were in, obviously there was a lot of people there so you were not slowly they started just getting people to quarantine and then they just sent everyone home. So now instead of us having maybe an hour to two hours a day to cold call in our dorms in between classes and homework and dinner and hang out with friends. Now we were all back at home, where we all live in Durham, and my brothers and I went to different schools. So we weren't all at the same university. So we would have these early business meetings, it was on FaceTime, it was hard to get a lot done, because you know, you're putting like an hour a day, and you're not getting many leads. But once you're at home, slowly, the number of calls we were making increased.

Fast forward, it took us about six months to land our first deal, which ended up being the biggest deal that we did. And once we closed on the first one, we did about 15 transactions that first year, mainly wholesale deals. But to answer your question in regards to getting into investments, wholesaling is marketing versus we wanted to be investors. So, we learned how to do creative financing, and for what that meant to us was subject to, which is when you take over a property, leaving the existing mortgage in place, and also owner financing, which is when there's no mortgage, the owner owns it free and clear. And they're going to be the bank, meaning we'll make payments to them to pay off whatever amount we agreed to. So if it's 100,000, we'll typically try to get them to the least amount of a monthly payment, so we can go and rent it to someone else and cash flow. So that's how we got our first two rentals, was do creative financing.

TG: Man, you really ran the gambit to get to that point. I can't imagine how hard you hustled. And hopefully you enjoyed college too and had a couple beers, right?

JD: Yeah, it was great.

TG: So, then you're getting to a whole new level, different ball field when it's going after bigger deals, raising capital, it's still marketing, which is, what you definitely conquered in that initial part of it. I think it's hard for people to understand the jump of like, it's marketing, and you're just kind of doing it in a different way. How'd you do that with your first big deals or with the ones that you syndicated?

JD: Yeah, so as you mentioned, we learned a lot in the single-family space. And the reason we ended up transitioning was because we, one, we like to think we're lifelong learners. So to give you a bit more backstory, my brothers and I eventually left school after COVID, we never went back, we just were full-time entrepreneurs from that point on. And instead of paying for traditional school, we started investing in mastermind groups and things like that, which taught us the creative financing, and how to syndicate deals and those kinds of opportunities. But since we had already learned a lot, just by hustling, and as you mentioned, doing it, versus actually just watching YouTube videos, we were cold-calling ourselves doing marketing. Eventually, we kept doing our own active education. And we'd heard about syndication through different podcasts and different mastermind groups. And they kept saying commercial real estate and people on these podcasts kept saying they'd wished they'd gotten bigger sooner. And we were working pretty much all day nine to eight, on most days of the week, including weekends. So for us, the hustle was already there. We just thought why not apply the same work ethic into something that we want to be in? Because we didn't really want to be in single-family forever. We knew that from the first year, after doing it, it really wasn't something we enjoyed, because we were talking to, although it's a great way for us to get started doing we don't throw any shade on it. But we have we knew where we wanted to end up. We went, eventually, decided to pull the plug on that. We took all the money that we made in profits and invest it in a mastermind group. But the first thing was we read the Best Ever Apartment Syndication book by Joe Fairless, which laid out the foundation and pretty much let us know what the next step was, which for us was to find a mentor.

TG: So find a mentor, find a property right? So you had to go scour the market for the right asset that's like what everything's based on. So then you found it and got it under contract, right? And started the process of like, hey, investors were buying this property.

JD: Yeah, good question. So for us, we were now in this mastermind group. And I didn't answer your question, the first one that you asked, so I'm sorry about that, but I'll get to it. We were in the mastermind group now. And not only did we continue to learn about syndications and how it was structured and how it works, we initially tried finding our own deal. We thought we could do it ourselves. At first, go after, you know, large 100-plus-unit apartment complexes, quickly realize that brokers don't take you seriously if you don't have a track record, which we didn't have. So, after joining this mastermind group, they gave us access to a few different things. First thing was a team. So in the mastermind group came a key that we now use a key principle, a partner in that same key principle, who's now a mentor in life really, outside of business.

TG: That's great. You need good people.

JD: 100%. And his team was now someone that a team that we had access to. So that included an insurance broker a debt broker and an attorney, which all played vital roles, obviously, in our business. But outside of those, that immediate team, there was obviously a network of other people just like us, but they had a lot more experience typically tend to be a lot older and more successful in various aspects in their previous lives. And now we had access to them. So we were quick to realize, okay, we may not be able to find a deal as fast as we'd like to, because it does take time to build those relationships with the brokers, which my brother Kenneth handles for us, he does our acquisitions, and asset management. But that was taking time. So we quickly realized there has to be another way for us to bring value to someone who already has deal flow, which means brokers are sending the deals, because they only trust them.

TG: Gotta get the inventory.

JD: Exactly. So that's where the co-GP model for us at first was what we took action on. So initially, that's how we found our first deal. It was not by finding it ourselves, but by bringing value to another team member within our network.

TG: It's amazing, man, I love it. I love it. So now, bring me up to speed. So right now I talk to folks on this program. I'm like, what's your crystal ball? What do you see happening? You're probably analyzing and tracking a lot of stuff. So you have a bunch of properties, 1000 units, you want to get bigger, better. Are you looking in the same market? Same areas? Deal size? Can you share, you know, purchase price range? Things like that?

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JD: For sure. So as I mentioned, I live here in Durham, we like to be close to where somewhere where we can drive within a few hours. So we look as far as Atlanta, Georgia. And we're looking in North Carolina markets like Charlotte, Raleigh, Durham, Greensboro, Winston, Salem. And then for South Carolina, there's a few different markets like Charleston, Spartanburg, Greenville, there's a few that I'm missing. But pretty much those three states in the southeast, including Atlanta, not really a state, but a big MSA. Yeah. And then outside of that, in regards to deal criteria, it's 100 to 200 units, B class 1980s, vintage or newer. And we learned a lot the hard way I wouldn't say but after doing our last deal, it was a little bit of an older vintage C-Class property in a lower-income area, for sure. So we got it done. But that sort of solidified what we wanted our criteria to look like moving forward, when it came to our capital partners. I wouldn't say problems with the property, more so a lot of them don't like those kinds of properties. So we learned what they're looking for. In my opinion, if deal flow for us is something that we don't have a problem with, the last thing I would like to have a problem with is capital. So if we can just match the two, I think that will help us scale a lot faster. So that's sort of the approach was to match our criteria not only with our own investment philosophy but also where we won't have as much trouble raising money.

TG: Yeah, so let's talk about raising money. Who did you go to? What kind of investors do you have? How many do you work with? If you don't mind sharing?

JD: For sure. So initially, it was just family and friends. Honestly, I didn't have many, I had a lot of friends. But in college, you know, so they don't have a lot of money, right? And typically, our minimum investments, obviously, are anywhere from 50 to 100k, which most people our age don't have. So what we did was, we were always active on social media, posting content on Instagram, LinkedIn, Facebook, TikTok, YouTube, where we were already building an online presence, which helped establish credibility, which is one thing that we learned from reading that book, the Best Ever Apartment Syndication Book by Joe Fairless.

It talks about being a thought leader in your space and building a thought leadership platform, which was what we had already been doing in wholesaling. We just weren't really under with the intention of trying to do that. So when we look back it was like, oh, cool, we kind of already have that. So on top of it, we created a podcast, I started going on other people's podcasts, doing podcast tours, we've been on some pretty big ones. So over time, investors have come from family and friends who hooked us up and saw that we have a legit website, a legit team. And when they speak to me, obviously, you know, I'm young, but to be able to answer their questions. And if I don't have the answer, which honestly, I don't have every answer, I have a team that I can go to who I can get the answer from, which I think is an important thing for anyone who's new.

There's a book behind me called Who not How it's really about who you know, my limited experience versus what you know, obviously, we all know something. But to get back onto the topic. We then just started talking to those people who were coming through our marketing funnel, which my brother had created, where they would find us on social media or through a podcast, they'd sign up for some type of lead magnet and then get into our email automation, which will pull them through and eventually book a call with me now so eventually I just talked to the investor build a relationship, and with the intention of adding them to a portal and them investing in a deal. So far, we're probably at 10 to 15 investors, but you also don't need that many investors. It's repeat investors.

TG: And they're making sizable investments.

JD: Right, exactly. And that's growing pretty, I wouldn't say exponentially, but it's growing. Referrals. As we start coming full cycle on deals. I expect that to grow as well.

TG: That's excellent. Man. I love it. Who's the boss, you got a couple of brothers there?

JD: Yeah, it's a good question. We have exact thirds of the company so we're all the boss. It’s a good thing every time we have a question about something.

TG: Sure, of course. And I mean, I'm being facetious but yeah, you seem like a systems guy. Can you share some of the software and stuff that you use to be able to execute and do use virtual assistants?

JD: We don't. Not for this, not yet. Honestly, none of us are systems guys. But I do understand the systems to a certain extent. I'm more of like a phone guy. But some of the systems that we use that have played tremendous roles in helping us get to the point where we are is Active Campaign for email

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automations. And the number one tool for raising money, in my opinion, is some type of investor portal, which for us, is Syndication Pro. Really, I have a good relationship with those guys. And they're really helpful whenever we have an issue with the software. But overall, this software is awesome. Do you use this software?

TG: We use Juniper Square.

JD: Do you think it serves a similar purpose?

TG: What's yours called? I gotta write it down.

JD: Yeah, it's called Syndication Pro.

TG: Awesome. So then it packages up your deals, financials, everything makes the offering and then keeps it legal.

JD: 100%. Exactly.

TG: Are you using private placement for your deals?

JD: Yep. Our attorney will create it. And then we'll upload it into the portal.

TG: Sure. And you're doing that deal by deal because they're pretty sizable.

JD: Exactly. When we syndicate every deal.

TG: That's awesome. Accredited investors? Unaccredited?

JD: In the past, they've been 506 B, mainly, so non-accredited and accredited. But moving forward, we have a growing online presence. So I think there's something to say about potentially doing a 506 C.

TG: Yeah, I'll tell you from my experience, accredited investors, and having a fund in that space is incredibly difficult, but rewarding because you're dealing with a lot of very educated folks that usually are doctors or lawyers or engineers. We've had a good run my fund's only a couple years old now. And yeah, it was grueling to get to that point. I know exactly what you're kind of going through a bit and scaling up and getting to that next point, it is mentorship too it's like, if you don't have the right people, you really can't get to the next level. Let's talk about that. What's your dream? What's your goal? And how do you see the market right now and what you're navigating to help you get there?

JD: Yeah, so on a selfish personal level, my goal is to retire my mom, first and foremost, and with my brothers, and then alongside that, we want to become financially free ourselves. Business goals is to do about one or two deals a quarter this year, we'll get into sort of what the outlook is. But that's difficult in this environment, we've done a lot of deals, penciling out for various reasons, including the interest rate environment, lenders, capital markets, all of that. On top of it we do have a lot of people in our close network, and then on our platforms that follow us that we'd like to help inspire. I think just by being young, it seems like a lot of people who are new, are attracted to us whether they're older or just young, we're seeing that gain traction. And we hope to be that kind of light in the darkness if you will. That's something that we like to do and also to spread God's message for us is big. On top of that, in regards to the outlook of what we're seeing, my brother, he's our acquisitions guy. So obviously, we talk pretty much all day every day. And what he's seeing in the market is there's still that big buyers, or seller and buyer discrepancy between when it comes to pricing. And last time we checked. I mean, we weren't getting anywhere near what the listing price was. The closest we've gotten has been 10% below what the listing price was, which is still a pretty big gap for us. We still are seeing some deals pencil out, but majority of them aren't. In regards to interest rates. I don't know what's going to happen, but I'd rather just go in fixed right now I think anyone who is, somewhat responsible but has less of a risk-tolerant, they will be looking to go fixed, which is something that we're looking to do as well.

TG: Yeah. What about in the markets that you're seeing, any softening? Is it coming down at all?

JD: Yeah, for sure. So in North Carolina, there's a few markets where just last year properties that were trading at 160, a door are now closer to 130, 140. It's going down. But with interest rates being so high, they still don't pencil for us. So we needed to be now, instead of 130 two months ago, now, we needed to be at 100. Regardless, I think it's hard to find a deal that pencils for us, but on top of it, I think it's still a great opportunity to buy if you can find a good deal, regardless of where interest rates are, if you carry the philosophy, or if in regards to my perspective, we're looking for deals that cash flow. And if there's cash flowing today, given the interest rates that we're going in with, most likely, right, I mean, who knows, but I think there's a higher probability of when we're planning on exiting, that interest rates are lower. And even if they're not, we're gonna still do okay, but if they are lower, then you can either refi or sale and initiate into a better interest rate environment. So I think it's a good time to buy, because we're able to get bigger discounts.

TG: Who's handling the underwriting?

JD: My brother?

TG: Okay. So you're still putting out letters of intents offers, you're trying and they're just not landing where you need them to be?

JD: Exactly.

TG: So you got to be patient, which is cool that a young dude like you and your family can have that patience early on. What do you tell somebody, I have a bunch of people who listen to the podcast, or even just friends and colleagues that have seen me and my story, and I'm on social media. And they're still like, not, you know, they want to do something in real estate, they're still not there. They want to buy their, you know, first single-family. I'm like, dude, just just buy a single family, just one, deal with the headaches, you'll hate it, you'll like it, you might do something else. What do you tell people? How do you inspire some of the folks who get them to move the needle?

JD: Yeah, so a lot of people that come to us have little to no money, to be honest. So what I'll say is, typically, if you don't have any money, I'd say education, getting the right mentorships sort of

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changing your mindset is the most important thing. So I'll recommend a lot of books. But outside of that, I think wholesaling or getting your license, so you can build up your income streams, so that you can then go invest is a great way to do it. Now, if money isn't really an issue, which seems like maybe your audience who might not be, then I would say, for me, I like to go into multifamily, personally, even if it's smaller multifamily, but residential, single-family investing is awesome as well. It's all about understanding what you're doing. So education for me is the biggest thing is making sure you're getting the right education.

TG: Love it. Good answer. So, in closing, anything you want to share about how hard your brothers are working, are they working more than you, less than you? Who's working? Who's up the latest? Are you guys competing with each other?

JD: Yeah, I think it's a healthy competition. So it's not necessarily like we're keeping score, because we do have the same goals, right? So it's pretty much in alignment. But we all pretty much have our own seasons. So when I'm raising money on a deal, it's obviously a lot busier than potentially my other brothers, but my other brothers might like my marketing brother, who does our marketing, pretty much is always busy, because there's always marketing to do. So I'd say overall, he's probably always working on projects. And for me, I meet with people every day. But some days it's a little slower. So I just tried to educate myself a little bit more on those days.

TG: Love it, man. Well, your story's amazing. I wish you nothing but the best to you and your family. Keep inspiring, folks, and I appreciate you being on the show.

JD: Likewise, thanks for having me, Tejas. How does somebody get a hold of you or invest with you?

JD: Yeah. My brother made a really awesome checklist that he made for any passive investor looking to any passive investment opportunity, you can visit that at www.donisinvestmentgroup.com/checklist. And our website is the same link just minus the backslash checklist. You can visit our podcast at the Real Estate Monopoly. And you can find us on all social media platforms @Donis Brothers.

TG: Love it. Love it. Love it. So that's Jeffrey Donis, it's Tejas Gosai over here. Real Estate Investor MBA. rei.mba. We love you guys. See you next time. Cheers.

[END OF INTERVIEW]

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