Man: Welcome to the R.E.I. Diamonds Show with Dan Breslin, your source for real estate investment jewels of wisdom.

Dan Breslin: Mr. Wyatt Simon, welcome to the REI Diamond Show, how are you doing today?

Wyatt Simon: Hey, I'm doing great, man. How are you?

Dan: Doing well. I mean, I did the background on you and did my research, but for listeners who do not know who you are, do you want to give the introduction and maybe kind of how you got to the point where you're at in your real estate career today?

Wyatt: Yeah, I'll give you the quick synopsis. I'm probably best well known for the guy who took a 200k line of credit and turned it into a $20 million portfolio. It started slow, buying a duplex, living on one side, running out on the other, eventually started using the BRRRR strategy in single family, going slow and steady until I was able to set up my own direct-to-seller system off-market and eventually buying enough properties that I could not be in my W-2 job anymore. Set up a property management company and now, just do real estate deals.

Dan: Nice. What is the main focus of your deals these days? What gets your real estate juices flowing there?

Wyatt: Looking for value-added assets in Omaha and Lincoln, Nebraska.

Dan: Omaha, Nebraska wasn't where you were born. How did you land in Omaha, Nebraska, Wyatt?

Wyatt: Well, I went to play college. I grew up in Colorado and played basketball in a small, small school called Doane University in the middle of nowhere in Nebraska. But that is where 511 white guys go to play basketball. That is where I landed.

Dan: Then what? Did you like to meet a significant other or something that kind of kept you?

Wyatt: Met my college sweetheart, who's now my wife, [inaudible] Omaha.

Dan: Congratulations.

Wyatt: Thank you. Omaha's got some benefits too. Yeah, I'm enjoying the less traffic, lower prices, and a nice tenant base here.

Dan: Yeah, and I think that's what it is Warren Buffett is the famous guy from Omaha. The Oracle of Omaha.

Wyatt: Absolutely. The Oracle himself.

Dan: Nice. Maybe it's like one of those Meridian points on the globe. Maybe Omaha is like one of the secret ones. You know, you just you land on that and become this great wealth-building financial guru, right?

Wyatt: Don't tell anybody.

Dan: Yeah, right? Let's pull on the thread for that market. Omaha, Nebraska, what kind of a population base is Omaha, Nebraska? Do you know roughly what the population is out there?

Wyatt: Yeah, so the metro is about a million. We're a little over a million in Omaha itself. We're growing at about a 2% rate per year. Yeah, it's really it's just a great family base. I'll tell you this. When I first moved to Nebraska, I grew up in Colorado, right? No one ever said hi to each other. There's a lot of people. But I'm walking down the sidewalk and everyone's saying hi just on the sidewalk in Nebraska. I'm like, "What is it? Why are you looking at me right now?" Yeah, I've learned I've learned that the Nebraska base is a little bit different than the Colorado base. It's a good time. Good people.

Dan: That's pretty cool. How many are from Colorado? Where in Colorado was it?

Wyatt: I grew up in the Fort Collins area and in a little town called Severance, but it's located really close to Fort Collins.

Dan: What's the elevation out there? Do you know?

Wyatt: I want to say it's about 7500.

Dan: It's up there then, right?

Wyatt: Yeah, it's it's a little different than Omaha here.

Dan: Yeah. When you came to Dome and went to the university, did that training your whole career in basketball at elevation? Did it make it any easier when you got down to sea level to compete?

Wyatt: For about two or three months, I was a superhuman and then I got used to it and then it was just the way it was. Not too much.

Dan: Yeah, I recently heard a fact that mitochondrial biogenesis, which is like the mitochondria is [inaudible]. That's like what's creating ATP. That's what's giving basically the energy like it comes from the mitochondria inside the cell. Biogenesis means it duplicates. You can exercise in zone two specifically, like on a treadmill, a bike, or whatever. They've done the test. You will you will like double the number of mitochondria. As you age, they actually shrink and they're like having over time. An older person is going to have fewer mitochondria than any younger, part of why your body can fight infections. But the fact was there were two things that would sort of by default create mitochondrial biogenesis. One was living at elevation and the other one was like cold exposure. A lot of these people with the ice baths and you know, you name it. But his fact was people from Colorado have this much higher immune system, and a healthier climate because of those two facts, like by default, whether they're exercising and riding a bike or eating healthy or not, like those two things put you at an advantage. You've given that up now for Omaha.

Wyatt: That would explain why in college I was never sick as a kid and then I got sick in college. I thought it was calf food, but might have been that too.

Dan: Wow. Two percent growth. Why are people moving to Omaha? Do you know what's driving that? Is that just like a natural growth of population? People have more kids there. What is it that makes the population increase there while it's not everywhere?

Wyatt: I'd say a lot of people are just staying put. There's not a lot of people moving away from Omaha. You got families that are that are having babies and you got colleges that are bringing kids in. I know creating basketball is a big one. Then there's a lot of tech going on. There are a lot of tech jobs here. Between all the three costs of living, right? Yeah, there's some population coming in. There's some families that are just continuing on to live here. I've realized a lot of Nebraska families, you don't get too far from speaking from experience.

Dan: Yeah. She was not going to Colorado.

Wyatt: Not yet. We'll just say that.

Dan: Yeah, I met my fiance. I'm living in Chicago and she's from Milwaukee. I'm originally from Philadelphia. A lot of listeners already know. Chicago has turned out to be this middle ground between where her family is in Milwaukee and then Miami, Philly. I know the significance of the pool of love, right? Wyatt, one of the things I've also learned, observed, maybe it's an opinion, but you got like West Coast real estate and you have East Coast real estate, we could say Sunbelt real estate, Sunbelt and West Coast seem to be boom and bust, right? For the last five years, everyone wanted everything in the Sunbelt. Florida, Austin, Texas, Dallas, Georgia, Atlanta, Georgia, all the way up in the Carolinas, Tennessee, et cetera. A lot of those markets have seen a tremendous amount of apartment development. There's... I forget like 80,000. I don't remember the number, but a ton of new units are coming online, and starting to hear people gripe and complain about, well, now the rents aren't, they're not growing like they were. In fact, they're even falling as a lot of this inventory comes online and we probably have a pipeline of new construction apartment inventory for another, I don't know, deliveries for another 12 to 24 months to maybe impress that market. The reputation that the Midwest would get, right? Chicago real estate. They did not put up the volume of apartment buildings that they did in the Atlanta, Georgia market or in Florida is that we don't see that boom and bust. We don't see the rapid growth, but we also don't see the rapid decline. There may be a more subtle wave, if you will, wave function in the growth. Does Omaha operate like kind of the Midwest reputation of apartment real estate?

Wyatt: Absolutely. Yeah, I saw a crazy fact. I know you're talking about apartments, but I'll say this. I saw a crazy fact from 2006 to 2008, the Omaha housing market dropped 6%. You had Vegas, Phoenix, and other markets dropping 60%. But we're very insulated. I would say we lag behind a lot of the curves. On that note, too, in quarter three and quarter four last year, I believe it was the quarter three last year when we were starting to see rent decline across the nation, Omaha was actually the number one for apartment rent growth in the nation in either quarter three or quarter four last year. We are lagging behind the nation on that front. Now, we do have some waves going on. I can tell you, during COVID, we didn't build and I think a lot of the nation didn't build, right? Then the year after COVID, we saw a lot of construction permitting taking place. Now, we're seeing half of that has halted as interest rates have gone up. We're still seeing our rent continue to go up, but it's not going up as fast as they were. They're not decreasing like the rest of the nation here.

Dan: Yeah. We're doing some development deals up to that observation. In quarter three, and quarter four of 2022, builder sentiment went to like zero. I mean, you probably relate. Everyone on the podcast relates. I was like when the interest rates went from three to seven, it was just such a shock. How does anyone do this? Like 7%, 6%, [inaudible], I refuse to pay it. Everyone else is good. But people started to pay for it. I'm like, look at this, right? They were seized up. Quarter three, quarter four. Then quarter one this year, I bought a place in Florida. I remember, like signing the contracts, I know the interest rates are high. I'm like, "I'm not going to pay 7% interest. Then I had to have this mental gymnastics around me paying the seven and it turned out to be seven and a quarter percent interest. That's what I'm paying on the mortgage. Most of America has done that. We'll probably see some relief here coming up soon. Then what is the follow-up to the [inaudible] near quarter four of 2022, we all pretty much assumed it was like 2008 or 2009, all over again from a new construction perspective, and probably most of the existing real estate in the country. I mean, January, February, March Sentiment came back a little bit. But by quarter four of 2023, Builder Sentiment is back up again. [inaudible] myself, we're doing deals and builders are paying cash for land, and they are planning to put shovels in the ground or putting in shovels as we speak. It was amazing to see this Sentiment in the market fall so quickly and then come back so quickly. It was another whipsaw, just like the interest rates, just a total whipsaw. Here we are, I guess, what January 2024, I'm amazed that the prices have held up, right? In 2022, prices dropped pretty drastically going into December and January. I mean, we had 15 and 20% lower sale prices on the retail side, and then they ripped right back up to where they were before. I was amazed to see the price recover. I think a lot of people, including myself, are like, is this now the new normal? I mean, what do you think? Are we are we looking at more actualized prices? I know we have Austin and we have California that are really taking a hit. Maybe that's what's going to show up elsewhere. I'm curious what you would think about that.

Wyatt: Yes, here's my take. If we printed 40% of the population's money in the last two years, then that's going to affect pricing because that money needs to find a home, right? You mix that with what we didn't build during COVID, right? There are still some supply and demand shortages. Then we didn't build because of what you were saying with interest rates, right? Some developers need to get massaged into the interest rate environment that we're currently in to build. You kind of mix all of that. I truthfully think that we're just seeing a dip. That's the "crash" because we're not experiencing 2006 or 2008 where the housing market is just crippled by an actual crash. We're still chained to supply and demand. The supply is not outpacing the demand that there is for the apartments and the amount of money that wants to find a home. I think we're starting to really reach an equilibrium, at least in my market, where sellers' expectations are very close to what we're able to pay now. I think if you miss this next quarter, one quarter, or two, you might miss where we're headed.

Dan: Yeah, a couple of good deals now. When you say the sellers' expectations, your willingness to pay is that residential single family or the multifamily assets?

Wyatt: In the multifamily assets?

Dan: Okay.

Wyatt: I mean, it was just exponential sellers' expectations of our interest rates. It was just not even close. Now, we're starting to see sellers come down and hopefully, we start to see interest rates drop a little bit. We're really starting to see equilibriums coming up. I'll say instead of a million dollars off, we're six figures off. That's better to see.

Dan: Yeah, that's a start. I know we didn't give a context. One of the reasons I was excited to have you on the show when I saw the application come through the booking channels was you put together a pretty high volume of units in a short period of time. Would you mind elaborating on that with some details?

Wyatt: Yeah, I mean, I've been blessed. I read the book Rich Dad, Poor Dad when I was really young. Then that just stemmed. Okay, assets can make money while you sleep so that you don't have to work for assets. I'm sure your audience knows that very well. Then I started using the BRRR strategy, right? I didn't have a lot of money, but I was in my younger 20s. I said, "Okay, learned about the BRRR strategy." Anybody doesn't know that means buying, renovating, renting, refinancing, and repeating. The reason why that's so powerful is I was able to use a little bit of capital to then buy a property and prove it and then refinance that capital back and keep the property. Now, I was able to buy these assets for "free" and recycle that little bit of capital again and again and again. I did that with 42 single-family houses in a matter of 40 years.

Dan: Wow.

Wyatt: That was all after work, right? Just go to my W2 job and then hustle after work. Eventually, we thought, "Wow, this is a lot of work. Why don't I do this with multifamily?" I stumbled across multifamily. I got mentored by some good people. Shout out to Jake and Gino. Then I was able to take the same strategy and pivot into multifamily apartments. Man, the reason why I love that is they're evaluated based off the net operating income. I'm sure your audience knows that. Now, we're able to really force appreciation through value-added assets. That's really what I cut my teeth on. I love being the infinite return investor. We just look for deals that are mismanaged so that we can go in there and really streamline it with our in-house management team.

Dan: Nice. What do you guys get? A hundred-plus units or so right now for the multifamily stuff?

Wyatt: Yep. Currently at 176 units and looking to buy more.

Dan: Nice. That's all in the Omaha region?

Wyatt: Correct. Yeah. Within 60 miles of Omaha and Lincoln, Nebraska.

Dan: Is Lincoln included in that same MSA of a million people or is that a separate city?

Wyatt: Separate city. They've got about 250k of people.

Dan: Okay. Yeah. They're decent-sized markets. I came up in the Philadelphia region. We're talking about an MSA that's probably five to 8 million, depending on where you draw the line. If you drew it a little further, you're including New York City. It's like a megalopolis, right?

Wyatt: Yeah.

Dan: I moved to Chicago, which has an even more population. I think we had like 8 million people in the five-county region when I moved there, right outside the city in the Collier counties. In Atlanta, I'm like, man, we're going to this like really small market here in Atlanta and we're opening an office. I think it was like 4.9 million people in Atlanta. That made me nervous. It's interesting you're saying, I mean, I've grown since then and I realized the power of 250,000 people is a substantial sustained community. That's enough. You know, in fact, 50,000 is probably a sustainable community, depending on the size of the asset, 50,000 may be enough as long as you have population stability there. But it was just like have you told me that it was a million people in Omaha? Oh my gosh, I don't know how that's going to work for him or 250 in Lincoln, I would have been thinking you're like off the rocker, but you know, there's tons of real estate. All those people have to live, eat, shop somewhere. It's plenty of people there to be stable. How do you go about finding these?

Wyatt: We go directly to the seller with a lot of our stuff. That's kind of how I cut my teeth. Again, with all the single-family houses that I have under my belt. Direct to sellers is one route. We also go with brokers and brokers pre-market, and brokers on market, right? We've been building broker relationships been in multifamily for two and a half years. Can't sit here and say, I'm Dan yet, but we're slowly developing relationships with our team here. Omaha is definitely a good old boys club. I'll say that.

Dan: Okay. All right. The 42 houses, were they all in the Omaha region as well?

Wyatt: Correct. Yep. All over, like good neighborhoods, bad neighborhoods, we, wherever we could get them at a price that made sense for us to get them with no money out of pocket, that's still cashflow. We took them. Yep.

Dan: What was your cashflow requirement on houses one through 10 versus houses 35 through 42, was there like a $200, or $300 per month? Like how did you look at that and say, "Okay, this passes the test"?

Wyatt: Yep. How I looked at it was if I could [inaudible] out, so if I could refinance all my money and break even with a buffer for CapEx and OpEx, then I'd do that deal. That was obviously a lot easier when I was really getting my reps in and really going through it from 2017 to 2022 when interest rates were low and dropping. Then obviously that has gotten harder for those assets to be picked up with the current debt service requirements that we're at.

Dan: Yeah, I hear that. What was the buffer?

Wyatt: The buffer? This is...

Dan: You said the buffer for repairs?

Wyatt: Yeah, 10% for CapEx.

Dan: Okay.

Wyatt: CapEx and then I had 6% for property management and then PITI.

Dan: What are the rents on an average deal?

Wyatt: That's about 1500.

Dan: Have they gone up dramatically at all from 2017 to 2024 now?

Wyatt: Yeah, the first deal I bought, I think I rented out for 1250 and now we're at 1750. That was, I rented that out in 2018.

Dan: Nice. Same tenant?

Wyatt: No.

Dan: Okay, all right.

Wyatt: No, unfortunately not.

Dan: Yeah, I think you landed in... I mean, it works in a lot of markets. It doesn't work in every market, the BRRRR method. I think your timing wasn't techable. I mean, not that it can't be done today, but I think a lot of people are going to be playing more of a game of getting in there, and probably need it for a lower purchase price than maybe you could have made work in 2018 or 2019 at the moment. Then taking a gamble on the back that the interest rates are going to level off, you're going to be able to do some kind of refi here at some point in the future. The 176 units, let's talk about the first one. Now, you're going to do multifamily. How did you find it? How did you put it together? How did you fund it, finance it, fix it up, whatever it was to execute on your first deal? Could you give us a rundown of the case study, if you would?

Wyatt: Definitely. Well, I'll share this story first. I'll tell you about my million-dollar lost opportunity. I was running a lead for my foundation company. It was a basement waterproofing lead. I go to an apartment complex and this guy's smoking and cussing and he just eventually shows me the problem. I make the sale, he signs the contract. That's where I was a little taken aback. I thought he was the maintenance tech. Turns out he was the owner. This guy is like, I asked him like, "Are you the owner?" He's like, "Yep." Then I'm like, "Well, do you want to sell this thing?" Like, I kind of inherently am like, "Okay I just purchased a duplex, but maybe I can get this 76 unit, whatever."

Dan: Nice.

Wyatt: Knowing nothing about multifamily. But anyway, he says yes. I was like, "Okay, great." Well, I'm 22 years old. I can buy multifamily. Send me over your stuff and we'll see what we can do. He sends me his analysis on or he sends me his T12 and rent rules. I don't know what a T12 and rent rules are at all. Then I'm just sitting there for a week, just trying to like Google, like, how do I do this? I am so clueless. I don't have a mentor. I don't have anyone close to me that's ever done multifamily. I'm just learning about this house-hacking thing. Then he starts calling me. He's like, "Wyatt, where are we at with this? I want $2.4 million." I'm like, "Dude, $2.4 million. I'm in debt at this point. Like I don't have a negative net worth. I don't know what $2.4 million I'm going to do with that." Then he calls me again in three days and says, "Wyatt, where are we at with this?" I'm like, "Hey, I need a little bit more time. I don't know." Eventually, I called him back and said, "Hey, I'm sorry. I just don't know what I'm doing here. Like you probably need to go with someone else." He says, "It's too late. I listed this with a broker. I'm listing it at 3 million." Then that thing sold for $3.4 million.

Dan: Wow. A million bucks left on the table, huh?

Wyatt: Yeah. There's my lost million-dollar opportunity as a 22-year-old. But to take that further and to answer your question, I said, "Okay, I never want that to happen again." right? I know there's an opportunity cost to not getting educated on how to buy apartments. Then I got educated and later on, it was someone in my network had a property that they wanted to sell. It was a 23-unit in Omaha. I was able to get out there and negotiate with them. I brought a mentor with me that helped me set it up, right? Because I was 26 at the time. Then we ended up buying it. We renovated the units. When I say we ended up buying it, I bought it with a different business partner. We negotiated 90% seller carryback. I brought 5%, my business partner brought 5%. I also got an acquisition fee. I was all into a 23-unit with 25 grand out of pocket. Then we were able to improve the NOI significantly by over 50%. Then we were able to do a six-figure cash-out refi and still own that to this day.

Dan: Nice. Was there a lot of [inaudible] involved in bumping those rents, by 50%?

Wyatt: There was not. It was a well-maintained asset, but rents were just not raised and we charged RUBS. They weren't charging for utilities. We just built utilities back, raised rents about 200 bucks per unit, and didn't really do, didn't have to do much to the units themselves to attain that.

Dan: Can you describe RUBS [inaudible]?

Wyatt: Yeah. RUBS is essentially billing back utilities. It stands for Ratio Utility Billing System. Now, you can hire companies to actually get the water bill and then distribute it back pro rata to the tenants. What we do and it's legal in Nebraska to do is just charge a flat rate for utilities. Then you don't have to involve a company within that. We always look at our water bill. If it's 24,000 for the year, we just pro rata that out per unit. Then just make sure the two and the three bedrooms are charged more than the one bedroom.

Dan: Interesting. It's just kind of an accounting and billing thing on your end here in this 23 unit [inaudible]?

Wyatt: Correct. Yeah. Think about...

Dan: No water meters and all this, like there's no sub-metering going on, anything like that. How about that?

Wyatt: Nothing like that. We just took a $24,000 expense and put that right into the NOI.

Dan: Okay. Cool. The 23 units, nice cash-out, refi, love the seller financing piece. That's an interesting component of that first one. What about the most recent deal that you did? One of your recently closed, how did that one shake out? How did you put that together? How did you find the deal, et cetera?

Wyatt: The most recent one we closed was an 18-unit in Lincoln. It was located right next to a 36-unit that we syndicated about two years ago. It was a neighboring one. We had reached out to all the owners nearby whenever we buy something to let them know that we're still in the market and we'd love to make an offer if they're looking to sell. Well, it just so happened that the sellers reached out to us about a year afterward and said, "I love what you're doing with the other place. We're actually looking to sell at this point." We were able to line that up. Then I structured that as a JV partnership with me and three other partners on that one, four other partners.

Dan: You did this syndication on the 36 units. Now, you have a JV with three or four partners. You had only one partner on the original deal. I imagine there's a handful of others. I'm not going to pick your whole portfolio apart here. But you're doing some capital raising. I mean, you're going forward or scaling. What does it look like? Are you kind of like, "Hey, whatever this deal is comes by, I'll peel off all the exterior, I'll get underneath and whatever's going to fit for this one, I'll do...?" Or do you kind of have this plan for how you see yourself scaling forward?

Wyatt: I like to be a long-term buy-and-hold investor. I like to align myself with investors and partners that align with that. Then I love using the value add burst strategy investing to that, right? To answer your question, if we get 100 units, I'm not going to be able to JV that myself. I'm going to be syndicating a 100-unit deal. We're going to be raising capital with investors who are completely passive and believe in the strategy that we're doing. If we have a smaller, like a 12-unit deal, then that may be a JV opportunity with me and a few other partners where we can just hold this thing forever. Otherwise, our syndications are usually a six to 10-year hold. We're long-term hold investors. We like letting real estate do the work after we improve the asset, we like sitting in it and letting the cash flow on it once we're done with it. Because we're doing a lot of work on the front end.

Dan: What did you use to underwrite the 18 units? Was that like a price per unit? Was it an app rate? How did you come up with the offer that you made to that seller?

Wyatt: We were looking at achieving at least a 15% IRR for the investment itself. For any cap for all of my partners that I had on the deal.

Dan: Okay. That would be, you had two or three partners on that one?

Wyatt: Yeah.

Dan: Okay. All right. What was the capital raising on the purchase price on that one?

Wyatt: That one we bought for 1.7 and I think we raised 500 for it.

Dan: It was like a regular go-to-the-bank for-financing kind of deal or did you get to sell it or participate?

Wyatt: Yeah. For that one, we used a local bank. We've got a lot of great community banks that'll do work with us. What they did is they'll do 80% of the completed appraisal. We brought 20% plus we'll bring 20% of the rehab. Then they [inaudible]

Dan: Okay. That's like 90,000 give or take a unit. How do you describe that section of Lincoln? Are we like class A, B, or C? What are the rents per door and something like that?

Wyatt: I'd give it a class B area and it was a class C asset which is exactly what we looked to do. We're taking this class C and taking it to probably a B minus, right?

Dan: Okay. [inaudible].

Wyatt: It's a 1964 build, most really big one-bedrooms, and then the other half are all two bedrooms and a lot of it hasn't been updated since the sixties. We're taking that, we're doing brand new flooring, all new kitchens, all new bathrooms. We're putting in about 14K a pop and then that really elevates our rent so we can get about 350 bucks plus utility fees plus wifi. There's a lot of ancillary income that we add to it as well.

Dan: Was this one fully occupied when you closed?

Wyatt: It was. I think there may be one vacancy, but yeah, mostly fully occupied.

Dan: What's the strategy there? Are you like exiting everyone or is it like we're raising rents across and six move out, we're going to do those six, [inaudible]?

Wyatt: Yeah. Man, let me educate the audience on something I learned. Don't do what I did, okay? What we did coming into it is we said, "Okay, we're going to do rents raised across the board about three units per month and just renovate as we go and get this thing turned in a year." Well, what ended up happening is we have had about 6 units that have become available during

December and January. Those are not times that you want to have your units come available. We had 17 inches of snow on the ground for the last week and we've had school shut down for over a week because it's been so snowy here. Long story short, we do map out our business plan for when we're going to be raising rents and we expect tenants to leave or move into a renovated unit if they're qualified, but we will equate the seasonality to it next time.

Dan: Yeah, that's smart. I have, I don't know, 39 or something like that units. I think 10 of those are houses. For me, it was more a place to put some cash. I think of it like an IR**Wyatt:** Like I have cash tied up in there. I did some burrs on a couple of the houses early on when I didn't have them as much cash, but at this point, it was like, "Hey, I bought this 14-unit building all the rents are low and I'm going to turn them over time." I think we did two, or three renovations in the first year. I have a third-party property manager and I'm not really making a ton of cash on it. If I dug in and put together my own team and really tightened up the management, I'm sure I can get more money out of it and go ahead and scale it. But honestly, we're kind of busy with the house-flipping operation and diamond equity. It's just not where I have to allocate my time. It's just those rents are increasing that that's paying down. Some of that it's going to be good to have that aspect. My philosophy is going to be completely different than what you're doing and what a lot of listeners are going to do as well. But yeah, doing the... what are we doing? We raised a lot of the rent and a lot of the tenants paid it because they hadn't had a raise in like 15 years, a lot of them. They just paid this somewhat increase. I mean, we're not going to get to $1,400 a unit from 6 without renovation, but we could get to 900. We could get to 950. A lot of people looked around and there's nowhere else available for that kind of rent in the neighborhood. But that seasonality is legitimate. That is a very legitimate thing. I would [inaudible] to anybody listening who has adjusted seasonality. I mean, we're literally, we'll do a 15-month lease if we [inaudible] to them in January. I'm sorry, it's just a 15-month lease, that's it. Just a 15 month lease. We've done 8-month leases so that I would have my vacancy occur in March, April, or May, could do my turnover and I could come on in June, July, or August and get, I mean, it's two, $300 a month difference to come on in the summer versus coming on in January, at least in the Chicago market where I am.

Wyatt: Yeah. It's the same way in Lincoln. Lincoln is primarily the Husker stadium, so Nebraska Cornhuskers. There's a lot of college. I mean, the rents are significantly higher during the spring when all the students are finding a place. That's about 20 to 30% of the rental base.

Dan: Nice. If somebody were... I mean, there's probably some level of experience, maybe no experience at all and they just read Rich Dad Poor Dad. I mean, would you suggest going ahead and trying to jump right into 4, 8, 12, or 20-unit buildings? Like, what would be your advice for someone listening right now on getting started or moving into multifamily?

Wyatt: I would say there's two different, right? If you're just getting started, start with a house hack if you can, right? If you don't have a huge family or even if you do, and you can live on one side and rent out the other and you're okay doing that, that is going to be the best way to change your cashflow and have equity starting to be paid down, get introduced to what being a landlord is like, and then you can see if it's for you, right? You can get into a home for three and a half percent down with an FHA loan, right? It's very attainable for a lot of people to get started. Now, if you're maybe a little older in life, you got a family, maybe you got equity, maybe you got a business that's going well, then you don't need to start with house hacking. I would say it really depends on what is your end goal. Like, maybe you should just buy a couple of houses because that's just kind of what you want to do. If you want to do something on the side, or if you want to get into multifamily, then you're going to have to know that it's a larger barrier to entry. It's going to take more education, it's going to take more action, and it's going to be a longer lead time to get into multifamily. But once you do, it is very rewarding. I'd say you really need to know thyself to make that decision. It's not a bad thing to get your training wheels in a single family.

Dan: Yeah, you're right about that. I bought my single-family house was because they were familiar because it just happened to be there with a tenant paying a thousand bucks, I could get it for 50 grand done, so I bought it. I think that was the first rental that I ever bought myself. Then the apartment buildings became sort of the next thing. For me, I kind of learned that I don't want to go to 99 units, and I like the syndication deals. I think syndication for anyone listening, means I'm the passive guy participating in the deal, putting my cash in, and I don't have any day-to-day responsibility. I get an email four times a year with the report. Ideally in a perfect world, I'm getting the ACH Distribution also three, or four times a year when that syndication is successful. Each of those stages for me, Wyatt, so I've been in business since 2006, there were... I don't know if it was like a building block of trust, maybe in myself, maybe in the other partner.

The first block of trust was, is that thousand-dollar tenant going to pay the rent? It was like, "I'm losing sleep." From the 30 days I'm under contract to when I'm going to close. The morning of closing, I got the deed package, I'm getting ready to drop it in the mail or send the wire that day, I don't remember which. I'm like, "I need proof that the tenant's paying." The guy's like, "Look, you just gotta fucking close the deal or you can get that out of the deal." I'm like, "Okay, moment of truth, wire off the money." Then it ends[?], I'm [inaudible] "Oh my gosh, there's going to be now 14 different tenants who are all... I'm going to rely on all 14 tenants to pay the rent, what if six of them don't pay? There was that moment again, I gotta wire off the money, that moment of truth. As I got now, in the most recent years, I have had that feeling with this syndication. It's like, well, you hear this guy on a podcast or you're supposed to trust them, you meet them at a seminar, you're supposed to trust them. I think I did my due diligence the best I could. I talked to people who invested with them, but at some point it's like, I've gotta have this distrust in the situation to participate in that deal. I like this syndication because I've been able to scale the amount of money I've been able to invest without having to scale the responsibilities, which is you go from 9 houses to 49 units to 176 and you got to put a team together, right? How much time versus money and what are you trying to accomplish there? Where do you fit into the business? I would say if you're thinking you're going to syndicate and you have cash, you don't just listen to the podcast and then fire off the wire and think it's a hundred percent sure thing. You got to go to the seminars, you got to go to the events, you got to read the books, you got to understand the businesses. If you're buying that asset yourself, in my opinion, you got to understand population growth, you got to understand the demographics, you got to understand vacancy rates, how much construction is being built in this asset class in this area, right? You got to get a feel for how to evaluate the risk. I'm saying all that right now, doing a lot of that work after I had already sent the wire off to make myself feel better. But I did become a better [inaudible], I hope, right? [inaudible]. All those syndications are still in motion as we speak. But you definitely have to get the education before you jump in, even if you're just going to be the syndicator partner.

Wyatt: Yeah. I mean, think about it this way, right? If you're investing in a syndication, you're investing in a good operator who can save a bad deal. A bad operator can ruin a good deal. You're betting on the jockey, not the horse. That's one of the reasons why I set up the property management company because we are responsible from A to Z. I had two experiences with property managers that were not executing my business plan. I'm like, "Well, it's either you or me." I figured it was you for the first one, the second one failed to execute it again. I was like, "Well, maybe it's me, I'll set it up and I'll do it. Then I executed it." Man, what a concept, right? When we do anything, we're vertically integrated investments. I control it from A to Z to make sure that if something goes wrong, it's my fault and I can fix it. I'm not relying upon something else.

Dan: Yeah. As you say, I did not intentionally choose the syndications because those syndicator operators had their own management in-house. But looking back now, I'm glad they did, as I hear you say that I'm like, "Yeah, that's actually part of why I really felt I could trust each of those partners because they had all the answers to my questions and they had the marketing plans and they had far more nuance on the management of the self-storage facilities or the shopping center that I'm invested in, then I would have had or that the third-party manager would have." Like my third party manager is good, they do a good job, they handle evictions and they're like kind of managing the snow is going to be removed when it snows and it's off my plate. But 100% for sure, they're not going to be making decisions from being in the shoes of the owner. It's very comforting to hear when the operator has that in-house and has a close communication channel with the in-house. It's not this who not how said it and forget it and I'm off on the beach with the coconut bowl and the umbrella and like that's not real estate, the operator should be very close to the asset and to the management team. That's that strong. What would a syndication deal look like for you? How do you set that up? Is there a split with the partners or prefer return? Like what would investors expect if they were going to invest in Omaha with you?

Wyatt: Yep. I'll just kind of go through the last deal that we did. We are investors in that deal and are on track to get a 20% APR return per year on that deal. Now, that includes the cash flow and the equity that is built. That last deal that we did, we bought for 2.78 and it's probably evaluated about 4.2 right now, a year and a half later. We're just looking for value-added opportunities with that. We also look to do a cash-out refi to give our investors back their capital so that they can invest again. They retain equity and cash flow and we do that. I just take the burst strategy, we just do the same thing with bigger buildings so that other people can enjoy it as well. To answer your question, we do that one was a 6% preferred return with an 80-20 split.

Dan: Who's getting the 80?

Wyatt: The investors.

Dan: Okay. Yeah, that's strong. That's fair in favor of the money. That's that's good. Do you guys do any depreciating cost segregation upfront? Are there any tax benefits on your deals?

Wyatt: Absolutely. Yep. Our investors, I believe we got about 35% of the purchase price taken back out to all the investors in depreciation on year one.

Dan: Did you split with the investors the appreciation 80-20? Or did you put the allocation for the depreciation on the 80% only?

Wyatt: The allocation was only for money invested.

Dan: Wow.

Wyatt: Yeah, for the investors, and we invested money too. We're part of that. Everything I do is aligned interests, right? Just like you said.

Dan: I get it. Yeah, the deal I did the first one, I don't feel like. Now that I know what I know, and I've read through everything, I don't necessarily feel like the interests were quite aligned. Then the second deal, the guy had like $10 million of his own money. He was like allocating it across three funds. I'm like, "That's why he is much more favorable, because of the same reason that you just said, it's like his money gone in there too. That is the most fair and equitable way, at least in my opinion, if I'm the guy bringing the money to the table."

Wyatt: Definitely. [inaudible]

Dan: That's cool. Cool. Wyatt, what book recommendations would you make for the audience? I know you had Rich Dad, Poor Dad, I read it, love it, and lots of people have. Let's cross that one off the list and share one or two more that have been instrumental in your success.

Wyatt: Well, for me, The 7 Habits of Highly Effective People by Stephen Covey has been an absolute game changer for me. I read that when I was 21. I started with having... I had my own eulogy, right? It goes through a practice of you actually going to your own funeral, and having your four closest people next to you actually give speeches and you write down what they're going to say, right? It did really did... I did a deep dive into my life of, "Okay, what are they saying now, as a 21-year-old partier in college, versus what do I want them to say" Right? That helped me begin with the end in mind, which really shaped and reformed what I did. Another piece of that in there, too, is you do your personal mission statement. It's like, what do you truly stand for? What do you take action? What do you not take action on? Right? What do you live for? Having that clarity at that young of age really helped me, I think, have this drive that maybe not everyone has. It just helped me push through the hard times because anybody can get through the easy times. It's when it's hard. If you have that deep why that that's what will continue to push you forward.

Dan: Nice. Yeah, I did 7 habits. I was probably 26. What do you what do you like 30, 31?

Wyatt: Twenty-nine.

Dan: Twenty-nine years old. All right, that's cool. I was probably 26 getting into the business, 27 when I found Stephen Covey. I don't think I did the homework the way you described. I don't think I actually wrote it. I think I wrote the eulogy. It's been something that's always been on my mind and trying to calibrate to live my life for the right reasons. I've had a lot of trials and tribulations since then. But it's cool to hear that had that impact. That's such a young age at 22. It's the evidence that is kind of trying to hear and speak for itself at this point. Wyatt, if you could share the crown jewel of wisdom with yourself, you're 29, you're going to go back to 21 again, and you may be reading 7 habits, what will be the crown jewel of wisdom that you would share with yourself then knowing everything that you know now?

Wyatt: It's a great question. I would tell myself that you don't need to use the word should, that you don't need to use absolutes, and that you can take pressure off of yourself, right? Like, everything is the way it is for a reason. You were made for a purpose. You're going to do you're destined for great things. Just continue to be grateful and, and focus on the lead measures. Everything else will work itself out.

Dan: Would you mind giving me an example of the absolutes when you say no absolutes? What do you mean by that?

Wyatt: Never, always, every time, right? I've recently just kind of gone through and reshaped and reframed how I think of things and how the language you use communicates the thoughts that you have, right? I've had to learn that like should, for example, implies that something is the way it isn't, or something isn't the way it is. If you say should, and it also, number two is it implies inaction. It's like if I should do this, well, it's like, okay, well, that means it's not the way it should be. Also, you're not doing anything about it, right? It's like, cool, right? Then the other thing for like the absolutes, it's like, when you're talking to your family, you should never use the word, you always do this because there's hardly ever a time where there's always or a never. Your language is very powerful. It can shape how your environment reactions are with each other. Now, I start to listen to it and I can hear other people's maturity and how they talk or the language and I can just see how they're thinking, right? It's like, yeah, I can hear what they're processing up here.

Dan: Yeah. It's funny you should say that. I read the Bible from 2010 through about 2013, cover to cover to proverbs back and forth. I really gave my life back to God during that time. What many great lessons, foundational spiritual lessons came from the Bible. One of those was the power of the exact words. Like, you can believe what you want about the past, but God said, "Let there be light. Then there was light." He didn't say God [inaudible] should be light. He spoke. There's a light. [inaudible]. There's a man. All he did was speak the words and was like God can create with specific words [inaudible] to that just in the past three months or so, the focus of my own meditations I've been around where am I speaking from? I'm observing myself speaking in conversations and does that reflect the beliefs that I want to hold in my mind? We're developing real estate. That's a new thing for us in the last 12 months, but for a while, I'm going to do this and we should do that. We want to do this. Well, we have property under contract and it's waiting to go to settlement and it will be the best deal that we've ever done. We had to shift the way we were talking about it so that we're not poking around the bear of, "[inaudible] get into buying an apartment complex. Should I do it? [inaudible] Is it really going to [inaudible]?" It's like, "No, you got to step in the game. You got to figure out the vernacular and you got to speak that way." Then a friend of mine recommended a book. It's called Force versus Power, I believe. It's a book on consciousness and it ties in to, I guess, the transformation of my own spirit and life in regard to consciousness. One of the main focuses of the book is the little nuances of a lot of different words. They give a ton of examples of these different words and how they apply. It's like, it's not even what I thought it was. There's even another level to this, like, an elevated way of living life in harmony with the consciousness of the entire human spirit and the entire living spirit of the universe. [inaudible] be very boring and [inaudible] at times, but it is very interesting [inaudible].

Wyatt: Yeah, that's so good. In the beginning was the word and the word was with God and the word was God, right?

Dan: That's right.

Wyatt: The word is important.

Dan: If it's good enough for him, I mean, what about us?

Wyatt: Yeah. Amen.

Dan: Power versus Force by David R. Hawkins, if anybody wants to check that one out. That's a recent read and it's impactful for me so far. Where can listeners get some more information about you, Wyatt? Do you have a website or anything you'd like to point people to?

Wyatt: Yeah. I've got two links for people that are wanting to invest passively and invest in our deals, you can go to FC stands for Full Circle. fcfequitypartners.com. Then you can schedule a call with me. We can line up more stuff to see what they're going to fit. Then if you're more intrigued about wanting to get coached. I do coaching. I help people scale portfolios, then go to www.wyattsimon.com. That's wyattsimon.com. You can schedule a free consultation with me on there. I'd love to unpack what you can do and then supercharge it with the power of financing so that you can reach financial independence, what I love. I want to create 100 millionaires through real estate. That's my that's my mission this next 10 years.

Dan: Nice. Love it. My final question is, what is the kindest thing anyone has ever done for you, Wyatt?

Wyatt: That's a good one. All right. I'm going to say the kindest thing that anyone has ever done. My story, I grew up in a private Christian school, and then I totally turned my back on God and I went and partied in college. I was just not that great of a that great of a kid. I was living for myself. I was doing drugs. I was drinking. I was playing basketball and just living totally for myself. Okay. I met my college sweetheart freshman year. It was extremely strenuous in our relationship. We were breaking up. We were back together. We were broken up. My beautiful college sweetheart and I ended up breaking up senior year. I moved back to Colorado for a very brief stint. I came back to God. I found God and gave my life back to him. I put my whole self on fertile ground, on solid ground. Then she came out and visited. It was the best week of our life. Long story short, she has forgiven me for being a young, dumb, and sinful man. We were able to build an amazing marriage together. I'm going to tell her and I love her very much.

Dan: Yeah, very cool, man. I'm getting chills because a lot of listeners who paid attention to the show while know that I have a similar background. In 2011, when I picked the Bible up shortly after that, [inaudible]. I was on drugs and drinking and it was a weight on my life that I'm lucky I lived through. I had two years clean from 2006 to 2008 and the market crashed and so did I. But the January 21, 2012, I was able to let go of the drugs and the alcohol. With the power of God, I always struggled with that, Wyatt. I always would go back. I'm praying so hard for it not to happen again. I'd go back again. In 2012, it just like fell off for a week. It was miraculous. It was like the power of God. Here we are today as a result of. Yeah, thank you. Thank you. It's really cool. Thank you. I appreciate you sharing this.

Wyatt: Great. Yeah. Thanks for sharing, too, Dan. That's amazing, man. There's power in the test [inaudible]. Yeah.

Dan: Yeah, 100%. Well, cool. We are all out of time. Wyatt, great episode. I really appreciate you coming on the show.

Wyatt: Thanks so much for having me. Had a great time.

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