

EPISODE 794

[INTRODUCTION]

[0:00:00.0] ANNOUNCER: Welcome to The Real Estate Syndication Show. Whether you are a seasoned investor or building a new real estate business, this is the show for you. Whitney Sewell talks to top experts in the business. Our goal is to help you master real estate syndication.

And now your host, Whitney Sewell.

[INTERVIEW]

[0:00:24.0] WS: This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Today, our guest is Nathan Milazzo. Thanks for being on the show, Nathan.

[0:00:32.5] NM: Thank you. Thank you for having me.

[0:00:33.9] WS: Nathan found real estate investing by browsing through podcast while mowing lawns during high school. Today, he is 25 years old and invests in small to mid-sized apartment buildings in B and C areas in the Baton Rouge and surrounding markets. Head done wholesaling, live and flip, or house hack and 100% seller financing deals and department deals. Nathan, welcome to the show. I'm grateful to have your own. It's great to see your success. I wish that I had learned about real estate investing when I was in high school. Man, I wish I gotten started a long ago. I can't imagine how much further we could have been down this road. But anyway, lord has handled all that and I'm grateful. But it's awesome to see what you've done, and I'm looking forward to getting into it.

Tell the listeners a little more about who you are and let's help them to also, especially maybe the younger listeners or people who are looking to get started in the real estate business or

younger in their entrepreneurial journey anyway, and help them to see how you've done it and maybe they can do the same. Get it started with who you are and let's dive in.

[0:01:45.2] NM: Right, yes. So I come from a blue-collared, hardworking family. Hard work has always been a good model my parents taught me as a young age. So I actually stumbled into real estate, believe it or not. I had a little lawn business because I was a little hustler. From day one, I just always want to hustle and make a living for myself. So actually, I started browsing into money and investing while mowing lawns and stuff like that. And I just stumbled into real estate. And started from wholesaling and then turned that into buying my first live and flip. I have to say. I did that for no money down. I was a seller finance, completely seller-financed deal. Then I turned that equity out of my savings into buying that fourplex.

Then here we are, I have a 32-unit complex that we're doing a remodel on now and we're looking at another 64-unit complex to hopefully close. Hitting on with COVID and stuff like that and helping financing it. It's the end of the year, so yeah, we're still pretty busy. It's definitely a building block. You start small and you just kind of work your way up to the big stuff. That's my goal. My goal is a thousand units. That would be pretty nice when I get there.

[0:02:52.8] WS: Well, good for you. That's awesome. Tell me a little about — you had the lawn business and you're in high school, right? You're just striving to have your own business. I think it's incredible. It's just great. Then you started wholesaling, so you're learning about real estate. You did a live and flip, and then all of a sudden, you're buying a fourplex. And then a 36 unit. I mean, that's awesome. Tell me some, maybe some pain points through that process of growth that you can help the listeners with.

[0:03:23.3] NM: Right. Yeah, a lot of pain points. The live and flip was probably the most painful, just because you're living in it. I had roommates at the time, and then my current — my wife now, she was my girlfriend at that time was living there with all these guys. Living in a construction zone. So that was definitely not the easiest part, so I don't recommend that. But it's a learning experience. I still live in the house today. I'm actually sitting in here now, but it's really the hard work. I was actually very blessed to have a situation where I was financially

pretty stable for my age. I was making more money than people I knew, still am most likely. Yeah, I didn't spend that money like most kids would do. I just save, save, save.

The next thing, you know, got 150 grand in your bank account. Instead of going and buying car like most kids would do or whatever, I was like, "Okay. Well, what can step I into — the bigger step now." It's a scary step. You go from a single-family home to an apartment complex and you're like, "Wow! That's scary." And it's even scarier when you tell your family about it and they're like, "Wow! Are you crazy? Have you lost your mind? You're 22 years old and you're trying to buy an apartment complex." Yeah. So that definitely was tough, but once you get past that and you surround yourself with the right people. — And I'm blessed to have great partners today. Like I said, now, we're working on a 32-unit complex, looking at even a double-sized apartment complex. It's really not even the size anymore that matters, really. We had the systems in place to take it down now and it's pretty cool to see how far we've come in a few years.

[0:04:57.4] WS: Nice. Well, I have some questions there for you. I was thinking about, you know, you said, like you didn't spend like most or the live and flip was the most painful. You came out of that and it's like you learned a lot. Then I like how — when we can learn more about — if we act like everyone else, we're going to get what everybody else's got, right? You had to make some hard decisions through that time and whether to live and flip to — tell me a little bit about going from a live and flip to a fourplex. And then obviously, well go to that 32-unit. Thinking through being able to manage that and finance something like that.

[0:05:36.4] NM: Yeah. So the live and flip, I was blessed enough to actually rent out the house from a lady, and I negotiated because she just kept telling me, every time we pay rent like, "Oh man! I can't wait to get rid of this thing." All of a sudden, I was so nervous to ask her to sell it to me, because at that time I was only 19. So I was just like, one day I just told her, "Hey! Ever thought about selling this house?" She goes, "Yeah, definitely would" and she didn't even think that I was interested in buying it. So when I brought her — did the opportunity to seller financing, she'd never heard of it. But I actually was able to get the house for \$118,000 and I

only put \$2,000. And actually put about \$10,000 into it to repair it, and ended up putting more money in it since.

My wife likes to call me cheap but I like to call myself frugal. It's cheap for a reason. We saved — I mean, at the time, I was probably saving about four or five grand a month. I would just — literally, every penny I'd make, I'll live like I was broke and just save, save, save. Then by the time I was doing my live and flip, the lawn business actually — I had a client. It's pretty cool how it works out, but I had a client that I was cutting this fourplex for. And the same thing, older the lady, she told me the same thing. She didn't know how to manage it as she was older. There was a lot of bad tenants there taking advantage of her. I actually was able to buy that fourplex for only \$7,000 down,

[0:07:00.1] WS: Wow!

[0:07:01.6] NM: And negotiated terms on that. I still own that building today too. It's finding the problem — and that's what she wanted because she wanted to avoid taxes and stuff.

[0:07:10.7] WS: Wow! Were all that seller financed deals.

[0:07:14.1] NM: The first two were, yes. I guess that's people who are used to having that monthly income coming in, and I kind of made it to where, especially the fourplex, because she was actually losing money every month because the tenants were just completely taking advantage of her. So I turned the loss every month into a \$1,400 a month gain. She couldn't believe it. She asked me at closing — she was like, "Are you sure you want to buy this thing?" And I said, "Oh, absolutely." Because we have a big university here, LSU, so I knew I could easily rent it out. She just didn't know how to market it or anything like that. So I definitely went really, really big in that one. And the equity plus my cash turned into into this 32 units.

[0:07:55.8] WS: Wow! So you found that by mowing a lawn and getting to know her, then you created a win-win situation for both of you, which is incredible. That she's stressed out about this. I mean, I was there at one time. Not knowing how to manage these tenants, getting taken

advantage of, losing money, losing sleep. Now, all of a sudden, she doesn't have to manage it and she's getting \$1,400 a month for income. What a great way for that story to end for both of you. But then you said you took out a line of credit. Was it on the fourplex that now you can do a larger property?

[0:08:31.8] NM: That was on the single-family home. I have about \$120,000 equity in this thing.

[0:08:37.4] WS: Congratulations.

[0:08:37.8] NM: Then I had about \$100,000 in my cash — yeah, thank you — that I also have. And we bought this 32-unit. Again, we bought the 32-unit for a really good deal too.

[0:08:50.6] WS: How did you find the 32-unit and how did you finance it.

[0:08:55.0] NM: Yeah. The 32-unit is actually in the same area near LSU as the four unit. And it was actually listed for a year and we had known the guy who was managing it. We negotiated with him for months, and then when we're about to close, COVID hit. So it delayed us a few more months. But yeah, they're originally asking a million one for it, we got it for \$878.

[0:09:16.1] WS: Wow!

[0:09:17.1] NM: We've got a \$150,000 line of credit on it. Yeah, I know. COVID was definitely a motivating factor for that. But yeah, we actually got it for \$878, \$150,000 line of credit and we put \$150,000 down. Once we're done with it, we should be all in about \$7,000 dollar in unit renovated. We're kind of being real frugal right now just because we don't know where the refinance market is going to be, whenever we go to refinance that. But the good thing about it, the way the debt is set up is, it's a rollover loan, so we had — it's kind of like a bridge loan but it's a local bank. Say we don't refinance, it would just roll over with the line of credit on top of the actual loan. We don't want to do that because the rates aren't very attractive, but if we actually had, so we could.

[0:10:04.4] WS: Nice! No, that's awesome. Now, tell me — I just think it's incredible that you went — at your age too, that you went from this live and flip, to a fourplex and then all of a sudden, you're getting essentially a million-dollar loan for this next property. And able to think through that and make it happen. It's just — it's incredible. I just think it goes to the listeners right now that are thinking, "Oh, I'm too young" or "Oh, there's no deals out there right now." I mean, you're out there making it happen." What would you say to that listener right now that's maybe thinking that right now or there's no deal out there, or "I'm too young for people to take me seriously"? I hear that all the time also.

[0:10:50.8] NM: Well, I hear that still all the time. You should see the faces on people the when we get to closing. They're like, "Is this kid — is this like your assistant or something?" But hey, you know, I love it. It's all about your mindset. If you have a big enough goal and you break those goals down to the small enough accomplishable milestones, that's really been — it's been a credit to my success. And I have a supportive wife that helps me too. But like I said, my original call, my [inaudible 11:24], I call it, is my thousand units. If I can hit that before 30, I'll be ecstatic. But if not, it's okay. So you have — my year goals and am I in touch with that? And then you have your monthly goals, and — am I in touch with that? And then daily goals.

All those daily, month, and yearly goals need to be added up to that same vision of the thousand units. So having a very, very strict — you cannot be too strict in yourself, I'm just a little bit strict. But having it set up to where you know exactly — and your clarity is there, and you have the team in place and you have your partners that are supportive, it's fairly — the noise gets blocked out, at least for me. It gets blocked out pretty easily. We've been told "No," tons of times and that didn't affect me anymore. "So, okay, he said no, let's go to the next one." So yeah, you have to be this frugal once, save your money. Two, you have to be relentless and just don't ever give up and just don't let people get you down. At the end of the day, they're going to be the ones saying, "Oh, I knew him when he was broke. You should see him now."

[0:12:29.8] WS: Yeah. That's awesome. There are so many good things there, that, like, minute and a half there of you just sharing that because that is so important, just the mindset. People

think that, “Oh, he must have some kind of special skills or he must,” whatever. I hear it all the time personally. Or “He must know something about real estate that I don’t.” And I try to tell people, “No.” It’s not a special gifting, it’s like just being able to have the mindset to say, “We’re going to keep moving forward no matter what and just not giving up.” That’s what you have done.

And I want to get into that a little bit more in a minute, but I like how you mentioned the supportive wife. I try to always give my wife credit. The lord first, you know, but if it wasn’t for my wife and her support, we would not be where we’re at. I mean, I could have not done all this work over the last couple of years to get where we’re at. And I would imagine, you can relate to that in a big way. Is there any advice you could give on just how you helped her to get on board with this? I know she stayed with you in that live and flip. She was a tenant there or whatever and that was probably kind of crazy. I can imagine now, she’s on board about this whole rental thing, but she is. How did you paint that picture for here to make that happen?

[0:13:51.3] NM: Right. Whoa! Tough question, yeah. It’s never an easy task. That’s how — I’ll always tell, that’s how I knew she was the one, because she stayed with me with that. That was rough. You have other guy roommates, and we were young and stuff like that. The horrible, horrible living environment. But yeah, how I got her involved is really letting her know that, “Okay, yeah. This seems crazy now.” But then you paint the picture of like, what we could live like then. When you have a guaranteed income — whether you work or not, because I work really hard still. But letting her know that I know what I’m doing, one. Two, I’m not spending more money on — I’m not taking a severe risk, I’m taking some but not severe risk. Then three, we have the savings and financial coming back and coming in from different forms of income. Say we do lose money on one deal or something like that, I have several streams of income that could probably take that hit. But really, just having the same goal too.

We like planning trips in advance, that way it’s kind of like a reward system for myself and her. But it’s a daily struggle for sure. It’s definitely — because there’s a lot of like questioning yourself and then she’s questioning you and you’re questioning her. So it’s tough, but it’s definitely worth it and it’s definitely good to have that person on board.

[0:15:16.0] WS: What about when you mentioned — now you have systems to take down larger deals or you have the systems in place to handle just the processes, whatever to give you the confidence. Well now, it's not that big of a deal for you to think about doing the 64-unit or do whatever, larger property. Can you elaborate a little bit on those systems or processes to give you that confidence?

[0:15:38.7] NM: It's also a daily improvement too. It's something that we're always looking for the better software but at the same time, we don't want to switch to something. We have to pre-learn it. But property management software, having the right people and staff. So on this 32-unit on particular, we actually inherited a living property manager. Usually, I'd be against something like that, but this gentleman, in particular, a really good man of faith. And then my business partner is actually a preacher too, so they actually knew each other from that. He's actually an older gentleman.

The way this man in particular takes his job is like, "Okay, I'm housing young kids also," so I want to keep this — because the management before — it was kind of a dangerous complex. If you have the right people and the right vision in place, you can accomplish a lot of things. Now, we're trying to admit — that gentleman there, teaching new people that we hire in the future to come on board with that same vision and that same company goal of like, "Okay. We're not just buying apartment complexes, we're buying homes for these people to live in. We want it safe, affordable, and just a good home environment." Kids playing football in the courtyard and stuff like that. Really, it's people and systems.

Now, without thinking about, I'd probably say, people are way more important especially in this deal in particular. Because it's been a tough road but we've had the right people involved and everybody having the same goal and this is a very positive environment.

[0:17:08.7] WS: What's been the hardest part of this process for you to getting to larger multifamily? And where do you see yourself a year from now?

[0:17:15.4] NM: Hardest part has been the financing one. Two, has been contractors, even though we have great relationships with them and we don't have any hard feelings against it. We just probably went a little bit over our budget for phase one, especially with COVID stuff going on. I see ourselves probably bringing on our own in-house property management. And our own in-house construction company. We're actually working on building that now, again, with the great partners I have. So I see ourselves in a year having our own in-house property management and our own in-house construction. That way, we can control the expenses there and there's not any — because you're going to have expenses that come up that you're weren't planning on, but it makes it a little bit easier to handle those if you have it all in-house. Just because — and you can't blame the contractors because it's more work. But we definitely spent more money than we thought we were on phase one for sure. But that's okay. Lesson learned.

[0:18:13.0] WS: How do you prepare for a potential down turn?

[0:18:15.3] NM: Well, being frugal, save a lot. And that's kind of the thing we're really working on because I've never been through one. I will always just network with people who have. And really, we have a pretty blue-collar work ethic here. We don't really get affected too crazy. We don't really see any big ups or downs here. So knowing your market, I would say, would be the number one thing. And saving your money and being frugal. Maybe wait on some of those big-ticket items. Well, not say big-ticket, but upgrades and stuff. Fix stuff, the stuff that needs to be fixed now and then kind of save your money and make sure you are in a good financial position to roll that way down if we have to. And we're prepared for that, we've definitely saved money and being frugal, each one of us. So that's really the only thing I have. I'll just going to say, I haven't been through one yet but just being frugal.

[0:19:06.5] WS: What do you expect to happen in the real estate market over the next say 6 to 12 months?

[0:19:12.5] NM: Well, in our local market, I'm hoping that we're diversified enough just because we have the university, it seems to be. Now, with COVID, we have classes going on now and

stuff like that. But we do see that — we probably could see, there's not going to really have any rent bumps. We don't really anticipate there being any rent increases there, so we're kind of already have accepted that. As for our market, hopefully since we have a lot of good jobs here, we don't see it going down too much, like you'd see somewhere like in California. But locally, I think we'll be okay. Nationally, I'm not really sure. I don't really pay attention to those big markets.

[0:19:48.7] WS: Sure. Nathan, I believe that anyone that's successful in business has a high-level of self-discipline. How have you gained such a high-level of self-discipline, especially at a very young age?

[0:20:01.9] NM: I think my parents. Growing up, we've always been pretty frugal, my parents especially. They worked really, really hard for all three of us. I think it's just been instilled to me since I was young. Then always having that goal. That's really — I think that's my main driver, is having that vision of what the future would be like. But really, I think — I credit my parents a whole lot for that. Just teaching us the value of hard work. We grew up on land, so we always had to maintain a land and go out there and we had chickens and stuff like that. It's how it works, getting up early and just putting that good hard work in.

[0:20:39.3] WS: What's the daily habit that you have now that you're disciplined about that's helped you achieve success?

[0:20:45.2] NM: I really just have my daily goals, my monthly goals. Like I said, my yearly goals. My habit for success really is writing everything down and having the list of things to get done during the day. That's probably my main thing. And then I feel good about it, checking those things off my list. That is what makes me kind of feel good about the day. That's really — it's nothing special. I have my little list of things to get done, and I get it done every day and there's not even an option for it me. It's just like, you have to get them done. Can't do this until it's done, kind of thing.

[0:21:17.1] WS: What's the way you've recently improved your business that we could apply to our business?

[0:21:20.8] NM: Bringing in the right people for sure, then networking with people, learning new systems that we didn't know about. Systems and people again. It's crazy. You don't know what you don't know. So we were kind of flying blind for a little bit. We went to a few network and events pre-COVID and then we had a few digital ones too. But yeah, getting aware of some software that we didn't know and then have the right people, and then train them in certain things on different scenarios that we weren't aware about.

[0:21:52.5] WS: On that note, how do you document your processes and your systems?

[0:21:56.6] NM: We're still doing Excel for the most part. I would say we're still learning. We have Cozy that we use also. We had Buildium. We actually didn't really like Buildium as much because it wasn't really designed the way we wanted it to be designed. Some people like it, but we just decided not to. We're really, we're looking into getting into a bigger software. We're just not big enough for that yet. So right now, we just scaled back down to Cozy and Excel. We have a pretty good system for that.

[0:22:26.7] WS: As long as they're documented, right? I mean, that's the first step. You can improve the software later and the hardest part really is getting it documented initially and taking that step. So what's the number one thing that's contributed to your success?

[0:22:42.6] NM: I think just my grit. And just that goal mentality of just hard work and just getting after it every day. And I look forward to it every day. I wake up, excited, ready to see what the day has. I think it's just a lot to do with genetics. It's just instilled in me since day one.

[0:22:59.6] WS: How do you like to give back?

[0:23:02.8] NM: I have employees in the lawn business. I still own that till this day. I still enjoy it too. It's a good time. But I have young guys, namely as college kids and I'm trying to start a

program to pay your way through college. I actually have one of my guys who paid his way completely through college debt free. I always try to tell my guys, because they look up to me somewhat, so I like showing them, “Hey, this is what I did. Here’s my mistakes. Don’t go this way. Go this way” kind of thing. I love seeing these guys get excited about it and — because most kids don’t even learn about financial independence or education or anything like that until in their 40s. Really, my goal is to have my guys follow my footsteps somewhat if they’re interested, and more importantly, pay their way through college. That’s the thing I’m really harping on them for. Because I didn’t go to college, I barely graduated high school, so I just want to give my guys a good environment and a good work environment and really teach them as much as I can.

[0:24:01.9] WS: Wow! Nathan, it’s a pleasure to meet you and I want to thank you one, for being a listener of the show. You were telling me that before we got started. I’m grateful for that. Just grateful to meet you and I love having guests on too that are just out there and making it happen. It reminds me of the quote from Henry Ford. I think it was Henry Ford, but he said, “If you think you can, you’re right. If you think you can’t, you’re right” — or vice versa. One or the other. You’re such a great story and example of how important the mindset is. And just that you can make it happen even if you are young and you can make it happen even if you don’t have all the money in the very beginning and that are still deals out there to be had.

Thank you again just for sharing that with us. Tell the listeners how they can get in touch with you and learn more about you.

[0:24:52.5] NM: Yes, so I’m on Instagram and Facebook @nathan_milazzo on Instagram and on Facebook, just Nathan Milazzo. Just message whenever. I’m glad to message people back. I also have — my email address is milazzo171@gmail.com. Feel free to email me there too.

[0:25:13.3] WS: Awesome. That’s a wrap, Nathan. Thank you very much,

[0:25:16.7] NM: Thank you so much. I had a good time.

[END OF INTERVIEW]

[0:25:19.0] WS: Don't go yet, thank you for listening to today's episode. I would love it if you would go to iTunes right now and leave a rating and written review. I want to hear your feedback. It makes a big difference in getting the podcast out there. You can also go to the Real Estate Syndication Show on Facebook so you can connect with me and we can also receive feedback and your questions there that you want me to answer on the show.

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[OUTRO]

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