Mastering Multi-Family Property Investing

Host: Josh Cantwell

Guest: Jason Yarusi

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Josh Cantwell: So hey everybody welcome back. This is Josh Cantwell, the CEO at StrategicRealEstateCoach.com and Freeland Ventures, real estate private equity. Welcome back to the Strategic Real Estate Coach podcast, an interview series. I am really excited today to be with all of you to be meeting with and talking with a brand new friend Jason, Jason Yarusi from New Jersey. And Jason is an active real estate investor, he's also the host of the Real Estate Investing Foundation podcast, and Jason actively invests in single family flips and also holds over 400 units of multifamily investments and I'm excited to get Jason's take on kind of what he's focused on today. Also in real estate and real estate investing, what he's really thinking about his goals and objectives are for the future to kind of open up all of your eyes on what's possible with your real estate investing and then get some ideas from Jason about some advice that he would give his former self and some advice that you can take away in your own real estate investing to kind of take your business to the next level. Jason so welcome. I'm so happy to have your on. So happy to learn more about you and your investing. So tell us a little bit more about what you're focused on today. What's your primary investing strategy and how does that help you achieve your personal and financial goals?

Jason Yarusi: Sure. Well thank you so much for having me on the show. Super excited to be here. And to just thank you for that great introduction. So yeah, just as we've said, we are actively flipping here in New Jersey. We are doing heavy rehabs that align with our heavy construction company where we're actually lifting homes that are in flood zones, making them FEMA compliant and then basically being able to put them back in the market and it'd be safe havens for homeowners to go in there and now live in a place that's been remediated and we're turning that income to turn that over to buy large, multifamily in the Midwest where the numbers make a lot more sense compared to what we have here in New Jersey.

Josh Cantwell: Fantastic. So tell us about so I funded a lot of deals in New Jersey. So through my private equity fund we funded a lot of deals out there. I have some high level borrowers and clients and students that operate there, seems to be a very active market for flipping for wholesaling, obviously a lot of New York money that flows up that way, that corridor seems to be jam packed with people and with cash you've Got Philadelphia and Boston and Jersey and New York and all that kind of seems to be very, very active. So tell us a little bit more about, you know, some of those specific FEMA type of properties. We've done a lot of properties in New Jersey that have had oil tanks, so it's like New Jersey has some of these unique, opportunities to buy properties that are, I guess out of compliance, either oil tanks or flood zones or FEMA issues. Just help us understand that a little bit more.

Jason Yarusi: Sure. Well, as you can imagine with New Jersey being on the east coast and just the way homes are developed over you have homes that are anywhere from 1700, 1800 homes that are built today. So there's a whole mix and towns can be comprised of these homes. And so where we had Hurricane Sandy basically about six, seven years ago now, you know, you had almost 200,000 home was affected somewhere on the east coast and over the six, seven years, a lot of these homes have not been able to be rehabilitated or if they are now living back in them, they're still getting crushed because over the next still seven years, their flood insurance is continuing to uptick. So at this point, towns are requiring homeowners to now become compliant, which means taking the home and lifting that home to whatever is the height regulation to basically make it compliant. And with that, make the town safer because of the insurance adjustment. And also now cut the homeowner's insurance down from what could be five, 10, $15,000 a house to now maybe $500. So if you think about just your insurance in general, you got to have a mortgage payment and then now you have your, your insurance, and now you're tacking on maybe another two, three, four, five, $10,000 just for flood insurance. Well, if you look at just the scope of America, most people at a good majority unfortunately are still living paycheck to paycheck, so if you're going to have this increase of insurance that's going to tack on, it's really going to hurt homeowners. So there was a lot of assistance that was put out through federal grants that comes down of course, from the federal government that goes to the state and these programs enable homeowners to be able to have a grant that allows them to become really just FEMA compliant and whether that means that they flood proof in some way or they elevate their house.

Jason Yarusi: And just so happens my crazy dad had this awesome idea some 45 years ago and he said, we come from five generations of construction background. I got uncles in everything, even aunts. So my dad said, you know, instead of having a framing crew, which I'm doing every day, and just now competing with someone who now just fails at the hot dog guy or fails on Wall Street becomes a framer. He said, I'm going to go move houses and okay, so however you start that process for the last 40 something years we've been lifting and moving buildings so you never expect, of course have a storm of this capacity come through and I hope we don't have it again, but it actually just encouraged such an uptake in the business because we went from, you know, doing, you know, 12 to 15 projects a year to doing a 150. We've done a almost 17, 1800 lifts since Hurricane Sandy. So the business just absolutely blew up. And one okay, that's great. And we've been able to help, you know, many homeowners, lots of towns really just get back on their feet and it's been great to see. But it's also now just evolved our business as well. And that led to the point is we're doing all this active work and as you can imagine, if you think about a house, they weren't built it to say, okay, hey, let's build this house and I'll five years down the road we'll just plan on lifting it. It just no house was ever had this point that we're going to lift the house, so every house, no matter if it's the same builder 10 times over, always has this new complexities and my family's able to streamline the process and make it look easy, but it's still very rigorous and hard work. And so with that said, we've always been looking at avenues of how we could create more positivity to our, to our business because everything is just, you know, heart.

Jason Yarusi: And especially when you have, you know, maybe a third of the year is sub very cold temperatures. Especially right now, you know, we're out here, it's 12 degrees here today. It can be very, very difficult to get the work done and then days get very short. So that's where we started moving into real estate and learning what we didn't know. And everyday of course brings that battle. And so we started with some flips and flips grew to wholesaler to more flips to some small investments out of state learning that process and that really spawned, you know, we, we had a couple small multifamily in Indianapolis and it just, they were just doing so much and it was just looking at this where we were really involved, which, which besides really just creating a plan and it just spawned that if we could just multiply this by 10 times or 20 times or 30 times in units and get one large complex, well what could that look like? And that's on the whole evolution of, okay, let's learn everything we can about large multifamily that sell off all the smaller assets and let's go strictly into a big property. And that took us from the first one where we sold off our last three unit and jumped to a 94 unit and that was our first bigger buy there.

Josh Cantwell: Fantastic. That's great stuff. So the houses that are, that are going flood zones that need to be lifted. I wanted to ask you, how have you incorporated that construction strategy where you're kind of working for construction, general contracting dollars into actually doing flips? If you just said, okay, this house is maybe damaged from the storm, I'm just going to go ahead and buy it and lift it, make it compliant and sell it for a profit, and then you walk away like a traditional rehab, but it just has this extra lift component?

Jason Yarusi: Correct, and that actually is a huge part to it because there are certain towns now that if the homeowner goes to sell their home to me, I couldn't go even if the home was perfectly livable and everything's working beautiful home, but if it's not compliant, meaning lifted to the new elevation meeting all the town ordinances, I would not be able to get a CO and go there and live I would be in violation. So we're able to pick up these houses at discounts because ideally the scope of work can be extensive when you're lifting a house that's one cost and then to replace the entire foundation or even add to the foundation is the other cost. Or you're grading, extending your utilities or replacing them new if they didn't do anything after the storm with all the salt water that hit the utilities and then everything else that comes with it of course adding stairs in any of the other requirements that come with the town, so we're catching these houses at pretty substantial discounts, but what's happening now at this phase of time is that certain towns that were down and out before have now revived from this because it's pushed, pushed out some of the weak points in the market and now towns that really were pretty dim before are starting to really get life back to them. So some of the houses aren't rehabilitated. We're catching up point that even sometimes during the rehabs we're catching, we're not banking on the appreciation but were catching appreciation over the course of these. And the thing that is the one difficult point to manage with these types of projects is there are certain aspects that are out of your control and one of the requirements here in New Jersey is that you actually have to have utility companies shut off the utilities and that comes in two factors.

Jason Yarusi: So you have to put in letters and then they will come out and that could be anywhere between three and six weeks and shut off the utilities. And then the same thing when you're ready for the project, you get the house lifted up to the new height, put the new foundation up higher and set the house back down. You have to do the same process in reverse. Send them another letter to have utilities come back on. So you have to plan correctly because in your holding costs there could be a two to four month part right there where you're in limbo and there's no power. You're dealing with it. You're dealing with just, you know, some entity that is in full control. And if they're very busy, like in some of the summer, some of the peak weeks of summer or some of the peak weeks of winter, then you're just basically out. Actually, when Puerto Rico, when the big hurricane happened down there, a bunch of New Jersey, the companies send a bunch of trucks down there. So it actually delayed the process even longer. So you have to make sure to account, even though you get big discounts on houses, you may be into projects where you could turn it around three, four months. Generally you're talking six to seven and a half months for a project here.

Josh Cantwell: Wow. It's interesting to talk to you about this, Jason, because I have a coaching student of mine his Teddy Slack. I'm not ignore if you're familiar with his company's called Qualified Investments and they do oil tanker, an oil tank removal. It's almost the same exact story as yours. Very, very parallel, but doing oil tank removal instead of the lifting of the house and he was able to acquire a house for a dollar that had significant contamination and his company came in and she bought the property as opposed to just doing the general construction work, bought the property for a dollar, did an amazing job and making sure all the oil was removed and remediated and just made a killing. It was well over a six figure profit on that property and it's done that over and over and over again. I have property actually that was, you know, we're a private lender and at a big private equity fund and we made a loan to a borrower out in Jersey. The guy ended up defaulting to take the property back and we found that there was an oil tank right in the front yard and we had a buyer for the property at 165, which was essentially enough for us to cover our initial private lender loan and as soon as you remove the tank and put it back on the market, we actually got an offer was 20,000 higher, same house just minus the tank. And Teddy actually, did the oil tank removal for us. So a little bit of a niche strategy but seems to be in New Jersey that type of stuff out there quite a bit

Jason Yarusi: Sure is. And when you can find that, because of course once we elevate the house, it's basically just a typical rehab again that. But that's the big cursor here is there's a actually a licensed an elevation license. So there's a lot of states do not have a license for house that thing, but New Jersey, there were so many issues after the storm, the house that the community pushed together, just one, it was more of an insurance reason. There were so many people out there lifting homes and typically when you're, when you're in construction and maybe you're framing a house, you'll have your general liability, have a builder's risk insurance. Well, if you're lifting a home that doesn't cover you. So if someone just had builders risk and said, I'm going to lift your home, and they take the home and take it off the foundation and whatever happens to the house, falls over to house has a ton of damage. They're not covered because they don't this is basically crane coverage that we're carrying. This come from the crane industry. It's called rigging. Rigging insurance can be called care custody control, or even cargo insurance, which is the old way where you're basically putting a house on a truck and maybe moving it down the road. Maybe you've seen that in Texas a lot. So we pushed together a coalition just to make sure it was really most important if people are properly insured because there was, it was given the industry a bad rap because you were just seeing people break apart houses. When that doesn't have to happen and it's completely avoidable.

Josh Cantwell: Got It. That's amazing. You're the first person I've ever met that out of all the real estate deals I've done and people I've met in the last 13, 14 years that lifts houses is great.

Jason Yarusi: I get that. I get that more than you can imagine. We get so you move the furniture, no we take the whole house.

Josh Cantwell: Yeah. That's great. So your, your strategy, which is what I teach my students and what I did in my own personal life was we were wholesaling and doing rehabs to create current income and then taking that income to invest in commercial, our private equity fund which invests in both residential and commercial as both an equity investor and a lender. And then also with apartment buildings. Sounds like you've taken the same approach. You guys now own over 400 units. So tell me about that. You talked about it briefly. Are those 400 units, you got that 95 unit that you've mentioned. What was your, what was your sort of attraction to the apartments? Was it, was it the equity build the little amount of work that went into it and help us understand what that portfolio looks like now? Is it a bunch of multifamily, small apartments? What does that look like? And the reason why I'm asking you this in a particular part of it is a selfish reason is because through our private equity fund, we fund a lot of apartments. We love to fund value at apartments and we fund both on the debt side, the first mortgage side. And we fund a lot of equity. Matter of fact, I got a deal closing on the 15th we're funding two point $2 million of equity into a $30 million dollar apartment building. The actually, acquisition is about 14 and a half million. It needs about a million and a half of improvements reposition. We're only going to be into it for $16 million but on a seven cap, it projects out of performance out at $30 million after it's reposition. So I'm asking because I want our audience to get to know you better, but I'm also asking for a selfish reason to see if you and I can do more deal flow together.

Jason Yarusi: And I love that. And that's what the great part about meeting new people, right? And so I appreciate those questions and it just came to the point is that we're very active, right? And so we know here that if it, if it's in front of us, sometimes our biggest Achilles heel is that we're going to be prone to do the work even if it's not the best use of our time. And that's what we're always trying to do is size out. How can we make this more efficient? And so my dad, being a stubborn old Italian man, he really, really knows it. But, but if I, if I said, dad, hey, let's get this done you know, maybe we got to go dig a hole and we got 10 guys there. He'll be the one digging the hole because he wants it done right, and you'd be like, listen, we've got 10 guys, let's do it, but that we're all prone to that. So I figured if we could find ways that we could use our knowledge but not be allowed to do the work and just really set it up right with the process it actually could align us to have the best use of our time and our knowledge. So started learning just and it came down as you know, we didn't just go, just go and do this, right? We started watching what everybody else is doing, like what are, what are people like yourself doing? How are you doing successfully? And just figuring out, okay, these are the steps they're taking. I don't have new don't have new ideas because those are the ideas that other people are doing and they're doing it successfully and that's sometimes the biggest thing is just you always want to find a way that you could do it better, but sometimes it just following a process that's proven track record and find ways to improving that process of really concrete success.

Jason Yarusi: So we started small. We had friends that were buying single twos and three units out in the Indianapolis, had put together a project man company had construction out there and just had a team in place and now the first aha moment is that we had to focus on building the team out of it and focus on the market. So saw that and saw the use of these two and three families and it just it they were cash flowing tremendously. Of course, there's not a ton of appreciation you're going to find it in Indianapolis, but we were just having great turnaround with them, but we were seeing, okay, I got it I got a duplex and I'm now I'm one unit down on 50 percent occupied and now I got a roof and that's taken it down. Well, okay, we're still cash flowing great., but if I can turn this around and find a hundred unit property, well what do the numbers look like? Can I, can I afford to now have onsite management? Can I afford to have a maintenance guy, a leasing office and now maybe I have one or two routes across 100 units, so my, my economies and my efficiencies get broken down a lot more and it really just came down that it's the same process it was just more zeros and as we could start getting our mind around that, that really from a two unit to a five unit to a 50 unit to a 100 unit, there's not a substantial amount of difference as long as you have the team in place, the process in place and the understanding of the mindset that it just all comes down to zero. So we went back and look at what people are doing and it came across that never even knew about syndication, just learning the syndication model and now started honed in on the market.

Jason Yarusi: The first one we honed in on was Louisville, Kentucky. It was actually the third mark was the one who really took home and it came down to the moderate population growth. Really just ho hum, you know, nothing to see here. But we weren't going to have big ups or downs no matter what happened. Great job growth, you know, same thing. Moderate job growth but a really good job diversity. You know, you've got a FedEx, Humana, Humana, UPS, and GE. And just one of the wildcards is my sister is the only, I will say smart one who doesn't want to work in a construction business. Yeah, that's right. So she moved out. She lives in lives in Kentucky. So I had been Louisville enough and so I, I had the idea in the framework, but I just started making introductions to people, you know, through sites like Bigger Pocket, just saying, hey guys, you know, I see your a flipper there. I see you're a there can I just chat with you and just started learning about the path of progress and just understanding. Okay you know the east is a little outside of the price point. I want to be in the west seems to be a little to crime ridden. The southwest maybe to poor downtown was downtown, but the blue collar working class really just send it on to south and south central sub market, so that's what we're going to hone in on it and once I was doing that I was learning the terms. I was finding the metrics to make sure it worked. It was great MSA. We started now having that talk and building our team. We found a great property manager who was really aligned with EC Assets. They had about six, 7,000 units under management. Still work with them today in house construction, real time data. So we align with them.

Jason Yarusi: We're able to start now having talks with brokers growing our network and we started having deals come across and as we were doing this, we're building ourselves out, finding our point. We were having an investor talks just because you have Jason who's lifting houses and now I'm telling, you know, our friends and our network, oh, now we're buying apartment buildings. Of course that's a that's a hurdle for them to get to and people we hear a lot, you know, we, we run a meetup here in New Jersey wish they could give back and we hear people like, I've never done a deal, so how can I ask people for money? It's more that you've got to get people over that mindset that now you have to get used to what you're doing and then a lot of people have only maybe if they have invested maybe in the stock market, maybe they thrown some crazy money at crypto these days, who knows, but rarely have they invested in, in an apartment building. So they now have to understand that and that whole component of why would I invest in apartment building? What are the opportunities that come from an apartment building? So now they get used to you. They get used to the idea of an apartment building. So now when you actually have this real deal that comes back, it's not that they have to get used to you and now get used to the idea of an apartment building and the real deal and now you're within, you know, 30, 45 days of due diligence trying to make sure you have the money and all the other moving components. So we actually were putting together an investor network by showing them a mock deal what we're looking for. So when we did find a deal, which took time, right?

Jason Yarusi: It wasn't a hey, we just asked for an apartment building and it showed up. It was about, you know, 11, 12 month process, which actually. So I said I want an apartment building, next thing I know I turned around and was right behind me, you know, exactly. So it actually was one that we had offer on a sometime earlier. We had offered on it sometime in 2016 and came back, they, we offered a two point one they wanted three point two and it was just the numbers worked. It was a old gentleman, 90 something years old, passed away and so his kids had the apartment buildings, but they lived all out of state. The guy had like a thousand units. They wanted nothing to do with it even though the dad had done it forever, you know, the kids, they were just like, no, but they had this price in mind. So we said okay. They came back and just said, no, we want three point two. We just said, all right, we're just too far apart, right. So we just said thank you went our ways. But we've been tracking the deals we're offering on seven, eight months later we saw that it was still hanging around. It was off market, it was still there, but no one had picked it up, went back again. We went back in $50,000 higher. So we're at two point 1,050,000 and they're $3.2,000,000 asking price dropped down to two point six. Huge huge discount, right. And so we said, okay, let's keep going back and forth. And so over the course of the next, you know, 30, 40 days, we got the price down to $2.3 million and it just went to the end, we showed them actually our underwriting and just said at the end just said, hey guys, not trying to beat you up, but just based on the current operation of the property, we're not in state, we have to hire a third party management this is what it's going to cost, operate it, we're bringing in investors with them that we have to meet returns. So we're not trying to beat you up and low ball you here this is just with the numbers work out to, we'd love to do deal with you. Let's make this happen. Sent that over to them and after that fact they came back and said okay, we agree to 2.3 million and we got it to the finish line.

Josh Cantwell: Nice. Nice. So help me understand. So a couple of apartment deals that I've been in recently, it's not traditional syndication, it's actually they're all value at apartment. So there's either bad management, the building needs fixed up and repaired and in these cases, what we've done with our investors, so I have over 200 private lenders, we've got an eight figure private equity fund and then those investors are also looking for other kinds of, one off opportunities to kind of diversify. So they might plunk down 200 grand or 500 grand or whatever in our private equity fund and they're always coming back to me, Josh and said, hey, you know, what else do you got? I don't want to put all my money in your fund, but we've, we've been performing and performing and performing for years and years and years. So what else you got? So when we structured these couple of apartment deals lately is, you know, the operator sponsor is a friend of mine and he got a first mortgage personal guarantee, for about 80 percent of the deal.

Josh Cantwell: The other 20 percent, which is, you know, your rehab, your down payments and your soft costs, something like that. We came in with equity and the way we structured it was a 10 percent basically in a, in a fixed note, unsecured because the first mortgage lender wouldn't allow us to secure a whole bunch of second mortgage, right, so unsecured, but a first mortgage, a second mortgage note, essentially for 10 percent fixed interest while the property's being repositioned, leased up, improved, etc. When we get to a certain point within, usually between 18 to 30 months, 36 months, we're looking for that permanent finance refi with an agency loan, Fannie Mae, Freddie Mac, etc. And at that point, with the way the pro forming out and projecting out is we'll be able to pay off the, the original 80 percent construction loan give all the investors, all their principal back. And then there's in a lot of these project out to have cash out refi proceeds. So we're giving the investors their principle back. They've gotten 10 percent fixed return during the reposition. They're getting some refi proceeds back and we're leaving the investors in the deal in perpetuity so you've actually got four cashflows. They got the 10 percent, they got cash out refi, now they've got cash flow from the building long-term and equity. So that's how we structure does and it's really cool. Our investors seem to be like, oh my god, that's awesome. I want to do that. It resonates with everybody because who doesn't want four streams of income? So that's one method and I'm curious not only for, you know, hopefully I can help you raise some capital from this interview and podcast and send some money your way, but I might be interested in investing. But how are you guys doing your deals? Are you doing them similar? Are you doing a different? Everyone's got sort of a different structure. So help us understand that.

Jason Yarusi: So we are similar in, in most components accept we've been able to go agency right from the start. Even though we're finding these properties, they've all been 90 percent occupied or more. So we've been able to pick up a Fannie or Freddie loan from the start. You know, and just remember 90 percent occupied doesn't mean that everybody's paying. You could have 100 people in the building, but zero people paying and so it's occupied versus effective, so we had 90 percent or more in all of the buildings, but would have been able to find the values really just in the management inefficiencies really, because you're finding these from mom and pop owners. We just did a 48 unit about two months ago now. The guys had it for 20 years, had literally zero financials, had the three leases from about seven to 10 years, so we had a work this all back in and put this all back together and we had a relationship with the lender so they knew that we knew our numbers were able to build back what our per unit expenses were.

Jason Yarusi: So we were able to get this over the finish line by having the owner go in there and get month to month leases and putting some things in line, but it added another complexity layer to this, but we do a preferred return generally a seven or eight preferred return with a split after that to the limited partners and then to us usually 70/30, possibly with a waterfall to 50/50 if we hit a certain IRR marker generally about 20 percent. And then we do look to refi because the first one is 94 unit. It was actually a Fannie Mae seven, six arm and it will allow us to roll the cap ex into the property, but we didn't want to be stuck with a rotating interest rate, especially with now. So our anticipation was that between year one and two where we're going to actually be able to go in there and refi the property after making all the improvements. So we had the lender repairs which were six month and 12 month lender required repairs that they want us to do and plus we had our art capital expenditures that we implanted. We actually knocked them all out in five months. So at that point we had everything right. It was great. We went through and we were rocking and rolling, so we felt really good. We had a way that we always want to make sure that we're able to pay our investors from the start and just tell them, you know, so if this is a property that we're going to go in there and stabilize and get going, we want to make sure that we have a moderate rent rate strategy so we're not ripping the band aid off and why we're doing all this construction now having a big uptake in vacancy because we want to be able to meet returns every quarter we pay our investors and go through on that part. So we kept our investors, paid our investors all the way throughout and then at month 13 because we had a one year blackout period on the loan, we were able to go to go in there and refi into a Freddy fixed rate product 10 year term and back 75 percent of the capital to investors.

Jason Yarusi: So we didn't tell them that that was the plan because of course, you know, we do look to refi but, but there's of course no guarantees but at that point we went there and it allowed us to take that capital that we gave back to all the investors. And the good thing with that is, is if you do this process, make sure you have another property ready to go so you can just say to the investors, hey guys, by the way, that strategy, we're just going to take that strategy, rinse and repeat right over here with this property, how does it look. And we basically filled that raised within a day. Just had everybody ready to go. So he's a really nice move right into another property.

Josh Cantwell: Nice. I like it, yes slightly different technique but a really, really effective stuff and we'll have to talk.

Jason Yarusi: We're not opposed to doing a heavier lifts. It just the opportunity to be found so far just haven't, haven't aligned with that process, but you know, for that we're comfortable with the heavy construction component. We just been now with our core been able to find these properties that just worked out, that allow us with agency.

Josh Cantwell: Yeah, love it love it. Yeah I want to talk more about some of the deal flow you're seeing and if you guys need equity for some of that stuff and what that might look like, I look forward to working with you on some of those. So you've talked a little bit about the past. We talked a little bit about your strategy now. So Jason, tell us a little bit about the future. Like what are your big goals your sort of embarrassing, crazy ideas for yourself and your family and your business? Where do you want to go? And again, the reason why I asked this is a, you know, even really, really experienced operators constantly need to be sort of shocked into thinking about the future and opening their eyes even bigger. I tell him my audience all the time, look, you are going to become the sum total of what you think about all day. You are going to become the sum total of the habits that you have. And if you're thinking about mediocrity, you will have mediocrity. And so I always like to talk to really experienced guys and interview people like Jason and really think about like, what is this just embarrassing big, audacious future look like, to not only for you and I didn't get to know each other better, but for our audience to think bigger. So what are your thoughts on that?

Jason Yarusi: Sure it's actually a good time and we just did a, we had our yearly recap, my wife and I, we sat down, you know, right the beginning of the year and just said, okay, let's look at the highlights from 2018 and just really talk about 2019 what we want. And just broke it down of course, into family, fitness, financial. Just really looking at where are we going here in the direction moving forward. And uh, my wife is part of the team, she, she's a real estate agent. She helps with a lot of core core processes we have in place here. And for us, we're just working at ways that we can get our time back. And because we have three young kids four two and six months, so you know, time goes real quick right now, it's, it's amazing. But you know, you look up and uh, you know, two years have gone by and you say, where is that? And I love the work we do. It's great work. It's great to work with family. Of course, you know, a group of Italians, we could find our differences as you can, but that said, we found a rhythm and we're looking on how can we take that rhythm and really accelerated. So we want to have 10,000 units in five years. And, and it's not that, it's not that we want, we will, it just how are we going to do that? And now taking that back because you think about it, like if anybody's sitting here today, I want to flip my first house or I want to, you know, I want to buy a house to live and I want to buy a duplex and okay, how do I take that and turn it into daily, weekly, monthly, achievable, actionable goals. And that's what we're trying to do now is just create that environment where, okay, I want 10,000 units.

Jason Yarusi: That's great. That's wonderful. I want that. I've said that perfect. Nobody cares until I started building that into actual achievable task and I can track. So does that take, you know, creating two or three relationships a week is that take, you know, entering into other markets and really learning about this new market, how many, how many properties do I have to look at to be able to have, you know, how many offers go out to have, how many, maybe LOI's accepted to how many properties I'm going to close on, what does that look like, how many investor talks do I need to have going forward? So we're building back that to be really checkable achievable goals and now tracking our progress from there. My, my wife grew up in Hawaii somehow she's crazy enough to live with me here in New Jersey, so I don't put her outside much in the winter. So I just put out a bunch of bright lights and the, you know, put the heat on and just say, okay, and then make sure we get to Hawaii with the kids, but we want to be able to live in Hawaii for a couple months a year and allow my parents who have just worked so damn hard for all these years just to really pick and choose how they want to work and when they want to work because just because you, you get your time back doesn't mean you want to stop working. And I think if we could do whatever we want whenever we want, however we want, my dad would still want to work because that's just what he wants to do and that, that's fine, you know, everybody knows what their wants. So we're just trying to allow ourselves to create a lifestyle that really can be part of the business instead of having the business push us to what we have to do.

Josh Cantwell: Yeah. That's great Jason, we've got a lot in common. So I have a, a thoroughbred 100 percent Italian wife as well. She's got big, beautiful black and brown hair and dark olive skin and her father is similar to yours. You know, he's 81 years old and still has been a barber for 56 years since he immigrated. He's been working, you know, five and six days a week as a barber and standing out as feet and, you know, he cuts my hair, cuts my son's hair, you know, his grandson, and he still goes to the barbershop like two, three days a week because he's got customers who've been with him for 20, 30, 40 years been cutting the same people's hair, you know, the cut the grandfather's hair, cut the fathers hair and now is cutting the grandsons hair and sounds a lot like, you know, your father, your father that he's, you know, just, just worked so hard for so long and it's awesome to have a goal to kind of retire your parents even though your dad and my father in law would never retire. But it's the, the idea of choice, right? To do whatever they want to. Also to have that goal. I want to give you a piece of advice to just kind of man to man. I had a friend of mine and his kids. My kids are Ten, nine and seven. I've got two girls really close in age and then my son and a couple of years ago I was at his house and he's, he's my head coach in my coaching business his names Kyle. We're at Kyle's, we're going into this country club to pitch 25 investors to invest in his fund and his deals and we're sitting in Kyle's basement and having an a beer his daughters there, some kids. And he says, you know, you think you got them. He's talking about his kids. You know, you think you got them until they're 18 or 22 or 25. He's like, you don't.

Josh Cantwell: He's like, you got them until they're 12. And I said 12. You know, my oldest daughter at that time, seven. I said 12 what are you talking about? He was like, look man, when they're 12, they're still, they want to be part of the family. They want to hang out with mom and dad, but now they're starting to explore hanging out with their friends, right? And doing sleepovers and going to the mall and you know, maybe they have a brother or sister, their friends have a brother and sister who has a car and they're able to drive a little bit, go places. So it was like you really got to cherish it man, because you really think you have them longer but really 12 is about the time when they care more about their friends and being with their friends. Even if you're a super fun dad, even if we're a super fun family and you get to travel to Hawaii and do amazing stuff and we do all kinds of things like that. They're still going to, for whatever reason, look at their friends as slightly more fun than their parents. So just wanting to pass that along to you man as just man to man, dad to dad. Enjoy it now man, because it is so important you don't have them forever. And man putting in that time now for me, I've been able to put tons of time into my kids and I'll have no regrets. So hopefully, hopefully take that to heart. And, and we can share that going forward. Second thing I want to tell you as an Italian, I don't know if you like comedy, do you like comedy? Are you familiar with this Italian comedian Sebastian Maniscalco?

Jason Yarusi: No, but I need to look it up.

Josh Cantwell: Alright, now we're talking brother. So this Sebastian Maniscalco, I was actually just in Washington, DC about a month ago and we drove up from Washington and Baltimore and I've seen this guy live twice, most recently in November. And you being son of an Italian being an Italian you will up this dude. and if you have Netflix, right? Everyone's got Netflix. So he's got a brand new special coming out on the 15th of this month on Netflix it's called The Stay Hungry Tour. So for my audience, if you guys like comedy, this guy is fairly clean like jobs, a couple f bombs but fairly clean and just the funniest dude. So we saw him in Cleveland and we saw him and in Baltimore, my wife just loses it when she listens to this guy because this is her whole upbringing, it's her whole childhood as an Italian. And even if you're not Italian, you can, you can definitely resonate with some of his, uh, his humor of just observing today's world is good stuff, man. So we're actually, my wife and I are like dying till January 15th to see when this comes out.

Jason Yarusi: So you saw him twice so that means I definitely have to see him. When you go once, I think I got everything, but if you go back again, that means that this is a, a no brainer.

Josh Cantwell: Yeah, I just took my wife and I bought we were in second row down in the front and she just, you know, one of her favorite experiences ever. So check them out on Netflix and, and you'll love it. So I wanted to kind of wrap up, Jason and just asking you, really two questions. One is you, you, with your real estate experience, everybody has that one crazy deal that they've bought some crazy story. I once bought a house where there was a double homicide in the property that I never, never knew about until I owned it. So everyone has that crazy story. So is there a crazy deal that you've done that kind of sticks out? Is that one crazy deal that you've done and what did you learn from it?

Jason Yarusi: So I guess we'll say the first flip we did, usually people go in there and do like a paint and carpet. I'll go in there and you know, maybe I'll freshen it up while we said okay, since we lift houses, let's take a house that was basically a ranch on the ground that was a 800 square feet and we're going to take that ranch and if you can imagine literally on the ground, so it's about 12 feet high and we're going to take that structure and lifted in the air 20 feet. So 20 feet in the air, we're going to lift it. So now it's of course FEMA compliant. So we actually built a whole first story underneath the existing first story, flip flop footprint to move it downstairs, made it from 800 square feet to about 3000 square feet and built a garage underneath which the garages can't be below grade, but they can be accelerated and above, so now we solve the point that there was no off, off street parking in this town. It's very difficult to get it. So now we had a garage, we had a driveway, we had about 3000 square feet from 800 stacked it up just imagine Jenga blocks and you see this house that now you couldn't, you couldn't even recognize from a block away and now you can see it all the way down the block. But it's in a really desirable part of um, the, the Jersey Shore. So we knew that adding square footage that the cost for construction we could get back in at the price point. But of course, you know, we hadn't done that type of project before in terms of all the house stuff we do we've never done finishing work on that part at least myself, you know, my dad's done everything in his own mind. but at that point we had, you know, we generally have somewhere between, depending on the time of year, sometimes 20 to 50 projects going on. So we had a lot going on trying to do that one as our first flip, you know, it turned out great, but it was, it was sure a lesson and the big lesson came again with utility shutoffs is that we lost so much time. There's so much out of control just at that point, so just trying to size it all up, doing this extensive rehab, flip flopping the footprint and making sure that just in our minds imagining how it was all going to lay out, flipping the footprint was quite an experience.

Josh Cantwell: Yeah I'll bet. And last question I love to hear people's advice that they would give their younger, former yourself, whether it's as a father or whether it's in business, whether it's entrepreneurship, real estate, leadership, you know, it doesn't have to be necessarily real estate related, but is there something that you would tell your younger of self that you could pass along to our audience and that can help them on their journey wherever they're going?

Jason Yarusi: Sure. So there's a lot of different ways you can go, but you just need to start now. Whatever you want to do, you want to start now. If you want to start real estate, you know, you can learn forever. You can go to real estate meetings, you can go to the REI's, you can do things for the next 50 years and still not know everything, especially in this moving dynamic business. Starting out you're going to fail. That's fine. Learn from your failures and grow on it. And the way that you can make your failures and curtail them is surround yourself with the right people. Put in place the processes to get out there and meet people because there's so many people that are so giving back that, that really, you know, maybe they need help, you know, run the Home Depot if you want to be a flipper, maybe they, you know, if their apartment, the buying apartment buildings, maybe they don't have time to go out there and learn about markets are so many different ways you can help someone else and really see the interest of their process for it to become real. And a quick example is that, uh, we had a couple of people that want to buy apartment buildings and they actually invested in, in one of our deals just so they could, they could see behind the veil and just understand how it's working and when they see it's, you know, this isn't magic, it's not like some unicorn, it just, it's just buying real estate, large real estate. And they saw that understood like the steps they were doing just, I guess, validated in their mind that this is what they, what they were doing was on the right track and allowed them to take action and go out there and now find their own opportunities and they are, which is awesome.

Josh Cantwell: Yeah. Fantastic. Yes start now. The only regret I really just started early. I started really young. Started even sooner. Right? The other piece of advice I would give is, man, like if you're flipping properties for income, that's great if you need it. But if the other piece of advice I would give myself would be I would hold as many properties as I can. That's the ultimate goal, right? Is massive passive cashflow, personal freedom and that ultimately comes with cash flowing assets, so hold as many as you can, whether it's apartments or single family, multi, whatever. Hold, hold, hold flip for income if you need it. And then hold everything else that you possibly can. So Jason has been awesome, spending time with you today. I want to make sure that if any of our audience wants to connect with you, uh, whether it's at your meet up, whether it's through your website, investing in one of your deals, whatever. So is there a website or a phone number, an email or some way for, for them to connect with you if they want to?

Jason Yarusi: Sure, absolutely. So YarusiHoldings.com, YarusiHoldings.com is our website. You can find our podcast there. You can find our email is there. Welcome to come to the meetup. It's once a month. New Jersey Multifamily Investment Club. It's a no pitch, no frills. We just come there and just talk about what we're doing and have other guys bringing what they're doing. Other ladies, real case studies, just about people who are actually doing it just for everybody, just grows a community. So thank you so much for having me in the show.

Josh Cantwell: Yeah, absolutely. Guys, if you enjoyed the show, leave us comments. Leave us a five star rating and review. If you have questions for Jason or me, put those right, those platforms. This will be up on Stitcher and ITunes and YouTube. My team met monitors those platforms for questions. If you've got something for Jason, you can leave it there or you can email my office. And you know, Jason and I talked a little bit about funding. If you get funding for your deals and your listener of this, you can check out our website FreelandLending.com. You can submit an inquiry there. If you need some sort of training coaching, you can always check out our mentorship application at JoshCantwellCoaching.com. Reach out to Jason YarusHoldings.com and just make sure you plug in. You know, we love doing deals with friends and students and colleagues. We do a ton of deals. Jason does a ton of deals, let's do deals. I actually have a student of mine who says we all do better when we do deals together and I liked that one. So thanks for joining us today, Jason, and best of luck with all your endeavors and especially in lifting all those crazy houses man that's fun stuff. Alright, you bet. Thanks guys. Thanks so much for joining us at The Strategic Real Estate Coach podcast interview series. We'll talk to you soon. Be daring and take care

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