How Starting a Meetup Group Will Help You Find More Deals

Hosted by*:* Joe McCall
Guest: Adam Adams

Joe: Hey everybody, how you doing? Welcome. This is the Real Estate Investing Mastery podcast. Glad you're here and we've got an exciting episode because Adam was just telling me something, I thought was really cool. He said 0.6%. That's six tenths of 1% of all the podcasts out in podcasting world have more than a hundred reviews. Guess how many reviews we have? I looked last night, I'm a little egotistical. I don't know. I like looking to see how many reviews we have. We have 506 reviews.

But guess what guys? That's not enough. We want more reviews. We want more reviews. So, if you liked this podcast again, I say it every time. Subscribe to the show. Leave a review in iTunes and Spotify, and Stitcher. You can't leave reviews in Spotify. You can leave reviews in Stitcher.

Anyway, we're going to be in for a special little treat here with Adam. We'll get to him in just a second. We have met in passing briefly at events before and I finally got Adam. I said, Hey, let's get you on the show. Let's talk about what you're doing these days. But so, this will be, Adam and I have never really had a chance to like sit down and talk with like, Hey, what's going on in your business? What are you passionate about? What are you excited about?

So, we're going to be doing that on this podcast. You're going to learn some really cool things, and one of the cool things you're gonna learn in this podcast with Adam is how you can use meetup groups to find deals and how important branding is. That's one of the things that Adam is really, really good at, understanding branding and marketing and stuff like that. So, we're going to be talking about that on this podcast episode.

Joe: But first I just came out with a new book. It's called REI Secrets: Daily nuggets of real estate investing wisdom. I'm so excited about this book. It's just taken me forever to get this done and it's ready to go almost, as you're watching this live right now. If you are, this will be available in about a week. If you're listening to this on the audio podcast, it should be ready to go. Go to REISecrets.com. REISecrets.com to get my new book. And the reason I wrote this, each chapter is like two or three pages long, talking about the three keys to success in this business, marketing automation and delegation. And every chapter is just a quick little bite size nugget of wisdom that you can take and apply to your business today that can help you start getting more leads, making more money.

Joe: Like this chapter right here, it's called Stop Doing That, Start Doing This. Isn't that interesting? This chapter is called Never Stop Marketing. Ooh, I wonder why marketing isn't. What about this? Knowing What Your Buyers Want: Why Is That So Important? This chapter: Are You Asking This One Question? So, these are really good chapters. You're going to get this book for free. If you go to REISecrets.com. REISecrets.com and just pay a little bit of shipping and handling and I'll get it out to you cause I'm excited about this book. It's so cool. It's coming soon.

Joe: So, all right, enough of that. Adam Adams, who goes by AKA Triple Adams. How are you doing man?

Adam: I'm fantastic. How are you?

Joe: Awesome. Triple Adams. So, explain the name. Adam Adams. What's your middle name?

Adam: Abel: A. B. E. L. I was born somewhere crazy and my mom didn't want to remember all of that. So, I got my mom's maiden name when I was four years old.

Joe: Really? Very interesting. On Facebook, you're known as Triple A Adams or Triple...?

Adam: Yeah, everyone just calls me Triple A.

Joe: Triple A. I love it. That's okay. And I've seen you more on Facebook than anywhere else. You're pretty active on social media. So, Adam, what got you started in real estate? How long ago was that?

Adam: 2005 is when I owned my first piece of real estate. But growing up in, you know, the 90s, my families always had self-storage units and multifamily and single family and land. So, I kind of got my start by growing up in a family that it was a normal thing to be real estate investors, at least on the side. I always thought it would be something that I just did on the side. And that started in 2005 and it was a side gig until 2016 so it took me 11 years of doing it on the side until I decided to pull the trigger and make it my only gig.

Joe: So, you went full time?

Adam: Yeah, three and a half years ago.

Joe: Very cool. And what are you doing now these days? What does your business look like today?

Adam: The main focus of Blue Spruce Holdings, we buy larger apartment buildings. So, we have a 250-unit apartment complex that is under contract right now. It's a value-add property and we're going to add value to it, make $10 million on it, share the profits with passive investors. That's really what we do. And I found myself teaching coaching and mentoring for free for a really long time and I loved it. It just took a lot of time.

Adam: And so I finally decided at the beginning of 2019 to just do coaching and mentoring and only help people that are paying me. And it's solved a little bit of issues and really helped me be able to focus more on the business and be able to just selfishly for the first time, cause I'm a very unselfish person, but for the first time I can say, look, I need to save this time for my coaching clients. So, it's new to me.

Joe: Yeah, and we have a mutual friend, Sean McCloskey, who talks a lot about that. That's something, one of the biggest things I've learned from him is to value your time, have boundaries, things like that. Right? Cool. I got to tell you man, your, your microphone sounds really good. How does mine sound?

Adam: Yours sounds excellent, but this is the second best one I could find. The best one was 500 bucks and this one was $65.

Joe: Is that a USB mic?

Adam: It is. It's a USB mic.

Joe: I am shocked. It sounds really, really good. Or else you just got a good voice for radio.

Adam: No, it's not my voice. The other one that we have, it's like a $500 mic and you have all of the mixers on top of that. And this one sounds almost as good. It sounds great. And it's a USB mic. $65 bucks.

Joe: And it's straight into your computer?

Adam: Yeah. Straight into the computer. In the back of the computer.

Joe: No mixer. You're not doing anything with it to...

Adam: No, no.

Joe: Is it on a good mount? Cause I don't hear anything else in the background. Is your room soundproof?

Adam: Yeah. Yeah. You'll see... I've got my whole room is soundproof. Yeah.

Joe: Gosh. How do you keep your desk soundproof? Cause when I had a USB mic, anytime I would tap the desk like I'm doing now you could hear it.

Adam: Good, good question. Can you hear that?

Joe: Yeah, but it's different. It's...

Adam: Okay. Okay. Yeah, I don't know. I don't know. It's got this suspension system here. Yeah. So, I think that helps a little.

Joe: What do you think of my mic? Does it look cool?

Adam: It looks a lot cooler than mine. I'll, I'll tell you what, yours looks a lot better than mine.

Joe: I'm really proud of my mic, but I wish I had a better... yours sounds better. But anyway, okay, enough of that. Sorry, we'll talk about it after.

Adam: I'll share with you the Amazon link where you can get it shipped to your house within a day.

Joe: I've bought so many mics, I'm done buying microphones cause I'm going to stick with this one, but it sounds good. Okay. So, big apartment buildings, what got you interested in that? Like I'm assuming you started off with houses, single family homes, right?

Adam: Close. Close. Yeah. So, so first off, my dad's been in all sorts of things, commercial, self-storage, whatever, land. And in 2005, I got my first piece of land. It was a tax deed acquisition. My dad actually is the one who bought it by writing a letter. He wrote a letter to this person on a tax deed sale and basically said, Hey, you're about to lose your land. Would you rather just make a hundred bucks off of it? And I'll take the risk and the hundred dollars will be for a quick claim deed. And then the guy said, yeah, let's do it. So, he went to the bank, did a quick claim deed, got it all notarized, and now my dad was the owner. And this was October fifth of 2005. And then a couple months later, my dad was like, I was in college and my dad had been trying to get me to be in real estate since junior high. And so, he finally just gifted me this piece of land.

Joe: Was it vacant, rural, very rural land?

Adam: It was, it was a cabin lot. And it was Aspen Hills Owner's Association out in something County, Utah. And at the time that we had purchased it, there was no water or electricity to the cabin lots. And since the time that we purchased it, they actually putting in all the infrastructure. So, by the time 2007 came, somebody offered me $12,500, which was a lot lower than it was worth. But I didn't have to move a finger and I just made a giant, giant return.

So, this is the answer to your question. What made me get into multifamily? I sold that piece of land, started to say to myself, well, my dad has something, right? He's figured it out. I need to be in real estate. So, I am dyslexic and being dyslexic, at the time, I didn't want to read the book Rich Dad, Poor Dad that my dad kept making trying to make me. But after making this giant return, I was like, I gotta read this book. This is like the best thing since sliced bread.

So, I started reading and learning more about Robert. I took classes from him or from his coaching coaches. And as I studied, I found out, and I never knew this before, and a lot of people don't know it, but I found out that Robert did two things to get there. Number one is he built his business and made the most amount of money he possibly could. And number two, he skipped a lot of the single family and land and he went right into syndication, which is larger multifamily where you pool your money with a lot of people. And so, I remember in 2007 when I learned that, I said, this is what I'm going to do. This is how I'm gonna do it. I've got to do what Robert does. I got to skip the single family. Got to go right to multifamily.

Adam: So, the first step was taking, was learning the ropes by being a property manager when somebody else had the risk. And I just got to live there at an 18-plex and just manage it, lower the expenses, raise the rents, and that guy made one million bucks that year. And so, in 2008, I bought my first multifamily. So, I had never done single family until 2015. I did one flip in 2015 I did maybe like a dozen flips in 2016. And, most of them single family. But other than that, it's been all multifamily since the beginning.

Joe: So, you're buying and holding them?

Adam: We hold them only for a short amount of time, about five years. And we sell them for a profit. So, we look for properties that may not be cash flowing, may have just terrible management. They have people living there, but it's not bringing in the money that the operating could, good operations could, take care of. So, we get in there with my team, I have 12 people on my team. It takes a lot of us to make sure that this is safe and protected and we make money. And so, we get in there, we reposition the property, do some upgrades on units. The property that we have under contract, the budget is 1.8 million. So, it's about eight grand per unit, something like that.

Joe: Wow. Good for you man. So how many doors do you own now?

Adam: So, I'm at 1,400 ish and then this will put me at like 16 ish. 16 or 17.

Joe: Now explain a little people, explain a little bit to people how this works. You know, you're not coming up with millions of dollars of your own cash to buy these properties, right? How are you buying these homes, these apartments?

Adam: Yeah, so actually my first hundred or so I never even put a dime in. So, the way that it works, it's like thinking outside the box, you know with lease options, subject tos, all these types of creative financing, you just got to do something outside the box. And in this case, we partner with, there's a lot of people that want to be involved in real estate. They want to make a good return, but they don't want to have to wear all of these hats and manage the property. So, we literally just raise equity like you would for a startup business. We raise the equity for a startup apartment and we'll maybe pull... This one, our raise is $5.8 million. So, we're going to start with webinars today actually.

Joe: You have to raise $5.8 million?

Adam: The raise is 5.8 and you know, three ish of that is just straight up closing costs and two-ish of that is the money that is going to take to rehab the property and then there's some other closing costs and we take an acquisition fee as well. So, the day that we close, I'll get a check myself of $10 grand or something like that. There's a lot of us in the partnership, but we split an acquisition fee that's usually two, three, four percent of the total purchase price, which in this case it's an $11 million property, so it's around a $330,000 acquisition fee and my company gets some and then every individual that's been working really hard to get this across the line will get some. I've got my personal money as the earnest money. There's a couple of us who put the earnest money down. It's just an earnest money deposit. It's usually 1% so it's like 110,000 so I'll get some of that money. I'll get that money back and then I'll make like a small acquisition fee, maybe like $10k or $20 grand.

Joe: And then when do you start cash flowing on this deal?

Adam: Oh, really good question because this one takes almost exactly two years to start cash flowing. So, a lot of the, a lot of the projects we try to have them cashflow from day one. This project is a deeper value add. There's a lot of time that goes into it and our projections, although they're very conservative, we might make money before this. We have it projected out where the first two years, the cashflow that we collect and distribute is almost nonexistent. But the third, fourth and fifth year, it's going to be huge cash flows. So, we should make...

Joe: So, the private investors aren't expecting any monthly distributions or quarterly distributions?

Adam: They won't be expecting them for the first two years. It's possible that we'll have some to distribute, but it's not on the books. It's not a plan.

Joe: I just bought Joe Fairless's book, Apartment Syndication. Is that a good book?

Adam: No, it's a great book. Joe is amazing. He's a good friend and I try to promote his book because I've seen so many apartment investing books and some of them are good and some of them are okay. This book gives more detail than any other book out there. And there's some of the secrets that we were planning on talking about maybe meetups and Facebook and stuff like that. He gives away a few secrets that I thought that I was the only one who knew them and now he's writing them to everybody. So, it's like he, it's a very valuable book. I think it's called Best Ever Apartment Syndication Book. So, if your listeners want it, neither of us probably make any money off of it, but it is a great book if you're looking to get into the business.

Joe: So, I've been interviewing so many people, this wasn't planned, but I've been interviewing a ton of people who are starting to get into commercial properties, big apartment buildings and stuff like that. Do you see Adam, what's your projection in the future? I mean we're at, it seems like, we're at the height of the market. Maybe things are slowing down a little bit. Do you get concerned that you know, maybe you're buying at the wrong time at the height of the market? Do you have contingencies or backup plans if the market does fall? And you know, what if it gets hard to refinance these properties, you know when they're stabilized? Does that make sense?

Adam: Yes. I got all three questions. Where do I feel like the market is? What is our backup plan and what would happen in a case that the interest rates were too high when we wanted to refi? So, the first question would be talking about just where I think that the market is. I personally believe, and I've done a lot of research and I've looked in a lot of places, one good place that the listener can learn more is going to just a CoStar, getting a CoStar report, being a part of CoStar and just doing a lot of research on different markets. And I believe 100% that markets individually are cyclical and I'm not concerned of an overwhelming real estate bubble right now.

I know that Dallas is higher than it's ever been. I know that Denver's higher than it's ever been and I know that there's a lot of other cities like I can't even think of them. Seattle, there's a lot that are at the highest point that they've ever been and there's some that are obviously going to go down in value right now, but I believe that there's, at the same time as some markets have been over-saturated, have not enough people coming in, not enough jobs... the wages aren't increasing and people are moving out... the taxes are prohibitive... there's also other markets that are doing great.

So just to give you an example, I believe wholeheartedly that Oklahoma City's one of the best markets right now and Oklahoma City has been growing 1% year over year for the past 10 years. If you look at the CoStar report that I told you about, it will be growing 1% year over year for the next five years straight, which is about the amount of time that we plan to hold it. And they have, there's this thing called an absorption rate, which you really need to focus on when looking at larger multifamily. It's, are they building too fast or so much that the absorption rate is slowing down and the vacancies are going to increase or the occupancies will decrease in a market because they're building too much for the amount of people that should be moving in.

Adam: So OKC, great on the absorption rate, great on the cost of living, great on the home prices going up, great on the... everything like that. But just look at Tulsa, Oklahoma, it's a little bit different. They're building more apartments than there's people moving in. They don't have jobs coming in like they do in OKC and these are only about an hour or two apart and they're completely different markets. And that can be said for almost every city. So, there's a few cities in the state of Colorado that are doing phenomenal and there's a few cities in the state of Illinois that are doing horribly. And we can't say that the whole state is that way. You've got to look city by city to really truly understand it.

But the first question, I'm not concerned about of giant real estate bubble, and if there is one, even though I'm not technically concerned, we still try to have a stress test. We still try to figure out what will happen if something bad happens and the way that we fix that or the way that we make sure of that. Well, number one is just doing our research in an area and learning all the things that I already mentioned.

But also, on top of that, you want to understand what has been the average cap rate in a certain city. And so, for instance, in Oklahoma City, maybe the average cap rate for the last several years is eight and a half percent. And right now, it's 7%. What people are doing today to try to say that they're being conservative is they're saying, Oh, buy it at a seven and I'll sell it at a seven and a half and just to illustrate for those people who don't know what a cap rate is, there's a few. The higher the cap rate, the cheaper the property.

So, when I say you're buying it at a seven, you're selling it at a seven and a half. What I really mean is you're buying it at 7% of its income and you're selling it at seven and a half percent of its income, which means you're selling it at a discount. You're selling it for a lower than you paid, which means you could lose money, which means they think they're being super conservative, but I don't think you're being conservative yet until you look at the history of that market for the past 20 years, and if you're seeing that it's been selling for eight and a half, then you're not conservative at seven and a half. You're conservative when you get to the eight and a half to nine. Does that make sense?

Joe: I think so, yeah.

Adam: This is like, this is part of what we do to stress test and then the last question that you mentioned is what do we do if the interest rates rise when we're trying to refi, which is a huge...

Joe: Or are the banks just say, Hey, no, we're not going to refinance.

Adam: Yeah, true, true. And for a multifamily, it's a bigger problem than, than it is for single family. For your single-family houses, you have a 30-year amortized loan or a 15-year amortized loan, which means that there's no balloon payment, there's no day that comes where they just make you pay the whole thing off even though you still have 30 years left. But it's different... With multifamily, it's different. When you get into the commercial loans, they want to give you a three, five, ten- or seven-year balloon payment. It's the term of the loan. It will be amortized still over, you know, 30 or 35 or 40 years sometimes, but it'll still be amortized over 30 years. But at five years they're going to turn around and say, Hey, you owe us the whole amount we want you to refi.

And so the problem, the big concern that I think you're talking about, Joe, is if the interest rates today are the lowest that they've ever been, and they go up, even just a couple of percentages, if that's all they go up is just a couple of percentages, which sounds like not a lot, but it means millions to these projects. It means that you could lose millions of dollars just by having those percentages up.

So, the biggest thing that I would recommend to people that are getting into these properties at this time is to make sure that you have the longest term available. It won't be okay if you have a two, three- or five-year term. A seven is on the line at 10 is much, much better. And if you found a way to get a HUD loan... Housing and Urban Development actually, they have these amazing loans for larger commercial construction and they amortize it over 40 years with no prepaid, with no balloon payment. So, you've just got to focus on what type of loan you're going to get. And we usually try to get agency debt and we try to get it for 10 or more years. That's going to be the safer way.

It doesn't take all of the risk out. In nine years, the interest rates could be great, and at the exact 10th year we could be in a worse off position. So very, very good feedback. But if you're buying for these larger properties, you can still get cashflow and they'd go off of this thing called a DSCR, debt service coverage ratio. It's one of the main ways that these are valued and one of the main ways that the banks know that they're protecting themselves.

So, when you look at the worst of times, I know I've been talking a lot, but this part's important. So, when you look at the worst, worst, worst time in our recent history about 11 years ago, in 2006, seven, eight, there was a pretty big bubble. And in eight nine and 10 a lot of homes were going to foreclosure.

Adam: I'm sure the listener probably knows a person or two, a friend or a family member who was really struggling to pay their mortgage at that time. This DSCR really stands out when we look at the big, big crisis. What most banks want to see when you buy larger commercial buildings is, they want to see that your debt service coverage is at a ratio of 120%, or 1.2 they call it, 120% of the mortgage. This is what the bank does to protect themselves, to know that even in a downturn, if it goes down by 10% you can still pay your mortgage, so they go off of this DSCR. If you do what we do on my team, we look for a 1.6% DSCR, which is 160% of the mortgage cost.

So, basically saying that if you look at the difference between large multifamily and single family, back in the day, single family had a pretty bad default rate and large multifamily had 0.8 so it was less than even 1% default rate in 2008 and nine when there was a lot of houses going to foreclosure because the banks were focused on this, making sure that you could cover your debt, debt service coverage ratio, 1.2% to 1.25%, 125% of the mortgage. Well, my team goes the extra mile even though we know that there wasn't a lot going on or being passed back to the banks in that time. We look for a 1.6 or 160% so our probabilities are even less than that 0.8%

Joe: Okay. It makes sense. One of the cool things about what you're doing that I really, really like is that you're focusing on affordable housing, right? There will always be a demand for affordable housing. You're not doing these with the apartments that are renting for $1500, $1800, $2,000 a month. Usually in a recession, in the downturn, it's those higher end apartments that really take a big hit because people are downsizing in a recession. They're looking for cheaper, more affordable apartments. You're in that sweet spot where there will always be a demand for housing in that middle income, lower to middle income area. Right? Did I phrase that right?

Adam: Absolutely. We focus on C class apartments, not A class apartments. And definitely not D. D gets scary, but we're focused on C class.

Joe: I remember Dallas, cause I worked for a company in, between 2002 and 2006, and I was transferred to Dallas for a summer and this was coming out of the.com bubble burst, you know, and I remember back at that time, Dallas Fort worth really took a hit in the big multi-families. And the nicer, newer multi-families out there were begging tenants. You know, were giving away tons of free rent and tons of... And I remember back then thinking, what was it that caused these big developers to get hit so hard? And I think that was one of the main reasons. Maybe it was their over leveraged or under-capitalized or I don't know what the words are, but like these were apartments that were nice at one time, but when the economy took a dip, those nicer, higher end apartments really got hurt heart. Would you agree with that?

Adam: Yeah. Yeah. That everyone who was in larger commercial apartments in those years would agree with you. Every single one of them said the same thing. Yeah.

Joe: Okay, cool. Talk about your strategy with meetups. Are using it to find deals, to raise private money, just to find deals... What are you doing there?

Adam: Yeah, great question. We, it's evolved. It's changed throughout the couple of years that I started it back in 2016. When I first started, I was doing a lot of flips and I just wanted a good network of people. I wanted everything that you said. I wanted to be able to have more deals. I wanted to be able to help more people. I wanted to be able to have more private money for the deals that we had. I wanted to partner in on deals that other people couldn't take down with this network.

Adam: And I truly just believed, you know, your network is your net worth and if I'm going to be successful that I'm going to do this right. I need to know people, help more people. And really, who was it? Who was the guy who said, you can get everything that you want if you help another or enough other people get what they want?

Joe: Probably Zig Ziglar.

Adam: Probably. And I completely agree with that. I focus on that and I always think if you put other people first if then you're somehow, you're going to have what you need. So, I've become a pretty good connector and that's what I did with the group. And it was for all of those reasons, but ultimately it was just because I knew that I needed to have a good network of people, a good local network of people I could call on and help them out or they could help us out when we needed it.

Adam: So that's how we started and I would love to, if we have the opportunity, I would love to go into some strategies if other people want to start a meetup group to help propel it a little bit farther because there's a few things that I noticed in other meetup groups. And practically the only reason why I started mine is because I didn't feel like any one meetup had everything that I wanted. So, I just said, all right, I'm just going to start one. I'm just going to start my own. And...

Joe: What were some of those? Talk about that.

Adam: Yeah. Okay. So, first off, I will, I need to brag one thing and I apologize, but it is a good thing to understand how active my meetup group became. Last year, in 2018, we hosted 200 and something events. And we were world renowned as the sixth top meet up on the planet out of 225,000 meetups.

Joe: Serious? What market are you in?

Adam: Denver. So, it's the most active and highest rated meetup in the state of Colorado. And I know, I don't know where we are in the country, but I know we're six in the world. And the point is, it wasn't to brag, but it was to explain like these things that I'll share are they, they're very impactful and they will change your meetup if you decide to have one. And the first $4.2 million that I raised for my syndications came from my meetup, that wasn't even about syndications. So just let it sink in. Meetups can be very, very powerful. It can be a really good start to what you do in your real estate business. So, what did I do to set it apart to become that?

Joe: Oh, by the way, before we get there... what is the name of your REIA, can we look it up on meetup.com?

Adam: Yes. Yeah, just go to meetup.com/bluespruce, my company. And that'll find that specific REIA. I am a part of 13 that I'm a leader in, 13 different ones, but that one is the one that has like more five-star ratings than any in practically the world.

Joe: So, this is, it's a lunch club, is that right?

Adam: Oh, you wouldn't believe we met every single week and we had anywhere from 80 to 176 people every single week at, at lunch for two hours in the middle of the day. No, it was, it was insane; we've slowed it down. We're now just meeting twice a month and we have maybe 30 to 70 people a week each event. I got exhausted. I got burnt out of doing five a week. And so now we're doing basically two a month.

Joe: But how many other meetups are you involved with... two?

Adam: So, there's a bunch of them...

Joe: In Denver or around?

Adam: All of them are local. Like there's one in Boulder that I'm the organizer of but not the host of, there's a real estate technology one that I'm the organizer of. There's Denver Apartment Network that I am the organizer of. And one of my coaching clients is actually taking it over to be the host... to be the host of it. And there's a lot more, like I couldn't go over all of them without having it in front of me. But yeah, last year we had Creative Real Estate Lunch Club of Boulder, Creative Real Estate Lunch Club of Denver, Creative Real Estate Lunch Club of Fort Collins, Creative Real Estate Lunch Club of, what was the other city? It is down South. For some reason I can't start think of it, but it starts with a C, it's a really nice area and all four of those met every week.

Adam: And then I was hosting this other thing called Colorado Broker's Association cause I used to own a brokerage and I wanted to bring in more brokers and I was able to bring in like 16 brokers from, because I started that group and you know, helped out the bottom line, stuff like that. But right now, I focus mostly just on the lunch club and just making sure that it stays one of the top meetups on the planet.

Joe: That's excellent. Good for you. So, talk about what are the biggest benefits, why would somebody want to start a meet up group?

Adam: The biggest benefits I mentioned, one of them was I raise private capital, $4.2 million in one year, from that lunch club.

Joe: Now did you to raise the... I wanted to ask you about this too. To raise the money, do you have to create the 501-C whatever or can, when you're raising private money through friendships like this, is it a little easier? Does that make sense?

Adam: Really good question. I'll try to answer it. You're really supposed to, I don't want to be an attorney. I'm not one, I don't want to play one. What I feel as though is the right thing to say is that you, if you're ever raising money, you should just do it legally. And most of the time that means that you should file either you should either file an exemption or register a security. Okay? So, one of two things. You've got to file an exemption or register a security. Other than that, you're probably not totally legally compliant, but talk to your own securities attorney.

I use Jillian Sidoti, she's great, Gene Trowbridge, her partner if you want to reach out to them. But so registering a security, it takes a long time and it costs a lot of money. And if you're doing real estate, you're 99% not going to be registering a security. You'll probably be filing an exemption from registering a security, but you actually have to file that paperwork with the Securities and Exchange Commission to show that you're doing everything right. And you have to have an attorney on your side. You've got to draft the right paperwork. So, it might cost somewhere around $20,000 in legal fees in order to be able to raise money legally from multiple people. And that's what we do every single time we have a deal. So, I mentioned that the deal that we have under contract right now, I have $113,000 of earnest money sitting there.

We also have a bunch of money in legal fees, about $20k just already we paid in legal fees. We have a few others, but don't let that overwhelm you. If you want to get into this business, you can partner with people that have the money. The first hundred or 200 doors that I did, I didn't have to use my money. I had good partners that had the capital to do that. And now that I am where I am, I'm starting to fund the earnest money. I'm starting to put my own money into the deals and be excited to make money on the general partnership side. And also, on the limited partnership side, I'm kind of double dipping. But regardless, in the beginning, if you're overwhelmed at twenty grand or a hundred grand, you can partner with somebody fairly easily. There are so many parts of the multifamily space that there's many different general partners that are needed in order to make a deal go across. So, I met most of those at my meetup by the way.

Joe: Which is the whole point of why meetups are so powerful. Right? It's not what you know, it's who you know in this business. So, so true. And just, you know, this is a really big point too. Like one of the biggest benefits of owning a meetup or starting a meetup like this is that you become now recognized as an authority in the space and you become a connector. Anytime you have more, a bigger network, larger, more connections, you become seen as an authority and people can come to you with deals with money. Hey, I knew a guy who was wholesaling turnkey. He was selling turnkey rental properties in St Louis and he went and started a bunch of meetups in California and once a month he'd go out there for a week to like six or seven different meetups and just teach how to manage, how to get cash flow from rental properties, long distance virtually.

And he would just teach and he would tell people, Hey, by the way, if you're looking for some properties like these that I'm showing you, see me afterwards, I got a bunch of them and we have the property manager and everything in place. And he was doing tons of deals just by doing meetups, teaching people, not pitching and selling the whole time, but teaching people how to find, manage rental properties like this and then selling them any inventory that he had. But anyway, really good. A brilliant idea. I love it.

Adam: Yeah. We got, in the beginning when we were doing a lot more single family, we got a ton of just off market deals. Just people would have a deal tied up and they wanted to wholesale it. They wanted to co-partner on it. They wanted to offload it. They didn't know what to do with it and they asked us and our company, you know, made a lot more deals just because we just, like you said, we were the authority. I didn't feel like an authority, you know, when I had the meetup, I didn't like feel like I was any different than anyone showing up. We were all learning together. But the truth is that everybody who showed up felt like Adam Adams or Blue Spruce was the authority. They're the ones who host it.

So rather than pass these deals off with everybody else who's coming, I'm gonna reach out to Adam first. And it was extremely effective for, I mean, it still is very, very effective. We get a lot of passive investors through it and um, we've gotten a lot of deals through it for sure.

Joe: If somebody were to come to you and say, Hey, I want to start up a meetup, what were some, what would be some things you would tell them to do?

Adam: Okay. Number one, differentiate yourself from other meetups. Very, very important. And so, you're going to have to do some recon. You're gonna have to understand, when do the other meetups meet, what time do they meet, what days do they meet, how often do they meet, how much do they cost? Are they free? Are they $200 a year? Are they $20 per time that you come? And what is their niche? Is there a whole bunch of fix and flip ones? But no wholesale ones? Is there a whole bunch of wholesales for the elite? But no wholesaling 101? Is there a whole bunch of wholesales, but no creative real estate, whatever it is, you know, syndications, anything that you can think of, just niche it down, do it differently.

So, for us, I noticed that a lot of them were meeting at 6:00 PM and I had a hard time getting there at 6:00 PM because I have kids. And so, I just thought, you know, okay, the only time that nobody else's meeting is at lunch, that's the only time nobody else's meeting. And everybody else charges $200 a year. So, I'm just going to make it free. And every, here's all the good things that I like about them. I like it when everybody has a chance to talk about themselves. When you give everybody a chance to intro themselves, tell the whole group what they do, you facilitate a lot of networking possibilities. So, these are some of the big things that nobody really does is just make sure you're different and make sure that you're providing value.

So, we decided never to sell. I don't feel like your friend's situation was selling. He was selling, it's true, but he, it wasn't a hard close. It wasn't join my coaching program or you're not going to be successful, it was, Hey, we have some of these turnkeys if that's what you're looking for, let us know. But that was it. And I did the same thing. I let everyone else introduce themselves. I gave them all 30 seconds. And then I would just say myself, Hey, I buy apartment buildings with my friends and if you want to be a passive investor and make good money on your, or good returns on your money, then just reach out to me. And that was, that was my only pitch. It was never a hard sell. It was never, you know, you have to do this or else... It was just this is what we do. And it was consistent and people started saying, Oh, you got to meet Adam. Adam's, he invests money and other people's money in large apartment commercial buildings that are safer and they can withstand the downturn, whatever.

Adam: So other people started talking about it. That's all important. Other things that you can do that you need to do is number one, you've got to have everybody fill out their email address.

Adam: It's not good enough to just be mentioning it on meetup that you have a meetup. You also got to talk to your warm audience, that you have a meetup. So, the problem is most people are afraid to ask people to sign in and that's because most people are normal and they don't want to sign in. You don't want to sign in. I never want to give my email, almost nobody that comes wants to give their email.

But I have a trick for you that helps a lot. We have a warm smile, shake their hand, greet them with happiness, and just say, really good to have you. I'm glad you're here. Hey, make sure you sign in and I want to talk to you after. So, you basically give the person the instruction, you're gonna sign in, then you're going to go in and we're going to talk after. So, they hear that and it just, it feels more comfortable. They're like, Oh, okay, I'm just going to sign in. They kind of forget that they didn't want to because of how you approached the situation.

But you have to have those email addresses and then you have to have MailChimp or Active Campaign or something where you put those emails where you can do some type of mail merge and say, Hey Joe, Hey Adam, I want to, we're going to have a meetup. You should come. And it can be a little bit more, it's easier on you because you can send it to hundreds of people at one time and they can feel like you're sending it right to them.

And that comes to another thing that I just personally believe that people think of their mail list as this massive spam. They're like, Oh, this is what I have to do for a mail list... I have to say a million things and it has to be professional. The way I do it is completely different. I say you've got to say one thing and it has to be personal. Okay, not a million things that are professional... One thing and make it personal. Hey Joe, are you going to make it to the meetup tomorrow? That's enough. And then Joe responds and they feel more accountability.

And that's the way that I've gotten a massive amount of success of people. They're like, Oh, thanks for reaching out to me. I forgot that it was tomorrow. But we used Mail Merge. We used MailChimp and it was very, very easy to send it. And then I just had a follow up. But that follow-up is what really makes you start doing more deals with people anyway. That's very important. You've got to do it.

Another one that I would say that you absolutely have to do, I would say it, tone it down on the sales, tone it down on the sales. You've got this meetup because you want your business to grow, but play the long game. Don't think that you have to sell everybody who's there like that day. You just be genuine, be helpful and they will refer the right people because they like know, like, and trust you. So, I feel like a lot of people just, they want it to move too fast and when it moves too fast, it's like those people who try to propose to their date on the very first date, it just, it's so uncomfortable. It's so awkward and that person's never going to see you again. So just relax and enjoy your date, have a good time, get to know each other and have another date and have another date and in one of these days, they're gonna probably ask you to marry them. They're going to be like, Hey, can I invest in your next deal? So, play the slow game. I, that's the next thing that I would recommend.

Adam: And I don't know if you do giveaways, but I have like the six top things that affected my meetup. They have to text a word to a number. Is that fine? Okay, so if they text meetup, literally just "meetup", one word, to 555-888, that is the six things that really made our meetups stand apart. I think I mentioned three of them already, but they can get those three, read more about them and have the other three if they want to learn more about meetup.

Joe: So, text the word meetup, M, E, E, T, U, P, meetup, to 555-888.

Adam: Yeah, so it's six digits. It's six digits, five five, five, eight eight, eight.

Joe: Nice. Okay. I love the meetup strategy. I know a guy who goes to a meetup somewhere in, I think it's Nashville and you were talking about making yours stand up, stand out, be different. Their group is called Deals, Deals, Deals. I love that. Okay. If I were to ever start a meetup, that's what I would call it. I'd have to steal their name. I don't know if it's trademarked or not, but if it is, I'll call it Deal, Deal, Deal instead of deals. I don't know. But yeah, you're totally right. Meetups are a great way to build your network, to raise private money, to find deals, to be seen as an authority. And you don't even have to be the guy who is like the main expert who has just done hundreds and hundreds of deals.

There was that one movie, Sneaky Pete? Was that the movie with a guy like, I forget... The guy from Titanic was in it. DiCaprio, whatever. Leonardo. Yeah. And character that he was playing. He went in when he was doing his stuff to a, he went in to sit in a college class and the teacher never showed up. So, he just stood up and taught the class and he taught it for the entire semester. Okay. And they asked him later, how did you do it? What did you do?

And he just said, well I just read the next chapter. I was always one chapter ahead of who had the textbook. And that's how he taught the entire class, a college level class that he had never taken before. He taught it as the quote unquote fake professor cause the real professor just never showed up.

Joe: So anyway, I'm saying all that because you just stay one chapter ahead of your, you know, your students and attendees there and you'll do really well. So, go to text the word meetup to 555-888 and Adam will get you some more information on that. Cool. So, Adam, we gotta wrap up here. How can people get more information about you and if they're in the Denver area, how can they reach out to you at the meetups or what do you recommend?

Adam: Perfect. The best, easiest way they can text that 555-888 "meetup". They can text that, but if they just want to learn, get my bio, get my email, get my phone number, schedule a call with me, learn about my company, what we're doing, see my podcast, everything's at one hub: RealBlueSpruce.com, R E A L B L U E S P R U C E .com.

Joe: Very cool. There you go, man. Alright. Are you coming back to St Louis anytime soon?

Adam: Yes, I am. I don't have it on the calendar yet, but I'm going to be again with Sean McCloskey coming back the next time we have a board, leadership boardroom.

Joe: Alright, so definitely we'll have lunch or breakfast or something. Alright, Adam, thanks for being on the show, man. I really appreciate it. Guys, again, if you like the show, leave a review. Oh, you have a podcast, Adam, don't you? What's your podcast?

Adam: It's called Creative Real Estate. Well, Creative Real Estate Podcast, and they can find that by going to the website. It's everything's like, all the things that we do are at that hub.

Joe: Cool. Creative Real Estate Podcast. Great. And leave a review on iTunes, if you liked the show. Go listen to Adam's show the Creative Real Estate Podcast and leave some reviews on his show. All right, Adam. Thanks, man. Appreciate it. Have a good one.

Adam: Thank you. Talk soon.

Joe: We'll see you guys later. Bye. Bye.