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Tejas Gosai (00:00:29) - Ladies and gentlemen, welcome to Real Estate Investor MBA. My name is Tejas Gosai, and I've had the honor of helping hundreds of investors achieve the American dream by creating generational wealth through real estate. I've spent the past few years interviewing the most knowledgeable experts I could find in the business to cut your learning time and conquer the hardest subjects in the game. Check out REI.MBA, which my team and I have packed with over 75 interviews and free access to our real estate roadmap, webinars, and publications. If you're listening, I am rooting for you and you're already on your way to financial freedom. Cheers and happy hunting!

Tejas Gosai (00:01:10) - We're back. This is Tejas. I get the best guess on the program. I've had some doctors, physicians, and attorneys in the past, and today we have the "Net Worth Nurse". Thank you for being here, Savannah.

Savannah Arroyo (00:01:29) - Yeah. No, thanks for having me. I'm stoked to be here for sure.

Tejas Gosai (00:01:33) - You have a great background and you've done a lot of things. We only have a 30-minute show, so hit us with the good stuff.

Savannah Arroyo (00:01:39) - Yeah. So I am a registered nurse. I've been a nurse for almost ten years now. I really went out of high school to pursue my nursing degree. I love, love caring for others. I had had a huge draw towards the field ever since I can remember, and really early on in my nursing career, I was naturally drawn towards process improvement and operations. And so really early on in my nursing career, I went back to school, I got my master's degree in nursing Leadership and Administration, and I have my eyes set on becoming a CNO, a chief nursing officer.

Savannah Arroyo (00:02:14) - And so I was climbing the corporate ladder within the healthcare system. And it wasn't until the beginning of 2020, after having my second daughter, that my priorities started to shift. My husband and I were looking at our lifestyle. We were both working very demanding, full-time jobs, and it just didn't allow the freedom and flexibility that we wanted to have in our daughters.

Tejas Gosai (00:02:37) - Didn't see your kids. It's the worst.

Savannah Arroyo (00:02:39) - Exactly. And it was. Having to hand over my daughters at three months old so that I could go back to work because I didn't have a choice. I was very dependent on that paycheck in my W-2, and it really was eye-opening to start learning and investigating different ways to bring in income. And so with no real estate experience and not really knowing

anyone else doing it, we just started googling different ways to make income and stumbled upon real estate investing. For obvious reasons, it's one of the best ways out there to grow wealth. And we went all in.

Tejas Gosai (00:03:15) - That's great.

Tejas Gosai (00:03:15) - You did go all in and it's a funny time. 2020. Everybody kind of changed their whole playbook based on that. So, you did your homework. How did you get into real estate? What were your first big movements?

Savannah Arroyo (00:03:29) - Yeah. So education was the first piece. So podcasts. I was binging tons of those, reading lots of books, YouTube videos. I mean, learning from scratch what cash flow is appreciation. And really at the time when I discovered real estate investing, we didn't have any extra capital lying around to start investing. It took learning from a really good lender that we had \$100,000 worth of equity in our primary residence. And I was so novice at the time, I literally didn't even know what equity was or what I could do with it. I learned that I could tap into it, take it out through a second mortgage, and use it to buy cash-flowing investment properties that were not only paying off that second mortgage but now putting cash flow back into our pockets every month.

Savannah Arroyo (00:04:16) - And so that was a big aha moment for us. When we realized the ability to leverage debt in real estate, we started. I liquidated a portion of my retirement account under the CARES Act during the COVID-19 pandemic. In 2020, you could do that penalty-free. And so started leveraging debt in different ways. We got started in a couple of single-family homes. They were newly built townhomes across the country. I was in Los Angeles, California at the time, and to make capital stretch there, it's a little bit harder. So we were looking out of state and bought a couple of newly built townhomes in Atlanta, Georgia. They were turnkey, pretty easy and it took really one tenant at six months moving out, and we had to repaint the whole thing to realize, "Yep, our cashflow was depleted" at that point and so kind of switched gears into multifamily. And there's just a lot of scalability there, a lot less risks with higher returns. And then fell in love with Syndications because...

Tejas Gosai (00:05:15) - I gotta pause you. Go back for a second. Single-family homes. Is that like 2021? 2020?

Savannah Arroyo (00:05:21) - So we closed on those homes around April 2020. We took out around \$80,000, about 100K in our primary residence. We took out 80,000 and we used it to buy as two down payments on two newly built townhomes.

Tejas Gosai (00:05:37) - That's awesome. So you said something really valuable here that you lost a bunch of your profits in renovations and other things, or maybe tenant destruction, or you might have had some of those issues. Yeah.

Savannah Arroyo (00:05:50) - I mean, these were newly built townhomes. And yes, we had a tenant move out at around six months and we had to repaint the whole interior, which was a couple thousand dollars. And when you're only cash flowing a couple hundred bucks a month, it really eats into that really early on into those properties. We were at a loss.

Tejas Gosai (00:06:08) - It's good to share that, though. A lot of people don't think about the roof that's going to need to be replaced in eight years and all these little items, deferred maintenance, and then people don't have a reserve in their offer price, and then they're paying too much. And they never thought of these things. And I love it, though, because you, very quickly, were like, "Okay, we need more scale. Multifamily is the way to go." So, how did that transition happen? It's not easy to go from some single families, you know, new in the business to buying... I don't know. What was your first one?

Savannah Arroyo (00:06:38) - Yeah, definitely. So when we started learning about multifamily, we stumbled across syndications. We didn't even know what that term was at the time, but we had naturally kind of had some friends and family reaching out to us once we bought those single-family homes, and we were curious about what we were doing in real estate and interested and maybe partnering in some capacity. And that's exactly what real estate syndications are. It's people pulling together different resources, some people bringing capital, other people bringing skill sets, and joining a partnership to go out and buy deals that they otherwise couldn't buy on their own.

Savannah Arroyo (00:07:10) - So when we realized that's what we wanted to do, and for me, I became super passionate about sharing these investment opportunities with healthcare professionals. A lot of healthcare professionals don't get these opportunities. They don't hear about them. And so I became super adamant about sharing these opportunities. And so when we decided we wanted to do syndications, we went through a formal coaching program. So we forked over \$30,000 more than my master's degree in nursing and threw it on a credit card at the time. But for us, it was important to get this education and experience from people who have been doing this for decades, who've had experience raising capital, you know, hundreds of thousands, millions of dollars from investors and really overseeing and managing larger assets than we were used to.

Tejas Gosai (00:07:58) - So, yeah, you paid for the cheat code.

Savannah Arroyo (00:08:01) - Exactly. Yes. And it's been very much worth it.

Tejas Gosai (00:08:04) - You took a coaching program, which I think everyone should in this business or have good mentors. It helps get through. It's a good cheat code.

Tejas Gosai (00:08:12) - And then you found inventory, and started analyzing it. How did you move from there?

Savannah Arroyo (00:08:17) - Yeah. So we go after value-add deals in real estate. And this is where really huge opportunity lies when you can force appreciation into deals. So we in a sense go out and flip apartment complexes. So we're looking for owners who have maybe held a property in their family for generations. They aren't taking very good care of it. They're letting some of the maintenance items be completely deferred buildings, sometimes they're falling apart. And this is really where a huge opportunity lies. So we go in and we're willing to do the work. So some of the buildings that we're taking over have rents that are 30% below market value. The last one we just bought, rents were 40% below market value. So huge opportunity for us to go in there, take care of some of those maintenance items, and then afterwards raise rents. And when you do that, you can really increase the property of these buildings. Multifamily function a lot differently than single-family homes. In single-family homes, the value of your home is largely dependent on the value of your neighbor's homes; whereas, multifamily is very dependent on the income that's bringing in.

Savannah Arroyo (00:09:28) - So you can really change the value of these buildings just by increasing income and decreasing expenses. And there are a lot of ways to do that. Increasing income by raising rents, you can start charging for parking, pet fees, laundry, and different things like that, and then decreasing expenses. So a lot of these buildings have astronomical expenses. We've seen buildings where the owner, instead of replacing the roof, they're spending thousands of dollars a month patching it. And so we go in, we see these opportunities and take advantage of them.

Tejas Gosai (00:10:03) - That's great. What was the first deal you syndicated together?

Savannah Arroyo (00:10:07) - Yeah. So it was a 12-unit up in Oregon. We raised \$350,000 for this deal. Got a handful of investors for it. My husband and I went through the process side by side. So we were underwriting deals together. We were calling lenders, we did the inspection together. We had calls with investors, with the legal team, and then really after that first deal, that's when we split up the business.

Savannah Arroyo (00:10:32) - So now my husband does acquisitions and asset management, so he's talking to the brokers and the property managers. And then I do a lot more of the investor relations and the marketing.

Tejas Gosai (00:10:42) - Beautiful. I love husband-and-wife-duo. My wife and I work together on everything. Having kids is crazy.

Savannah Arroyo (00:10:49) - I was just going to say, if you can parent together, you can run a business together.

Tejas Gosai (00:10:53) - Yeah, totally. So now let's catch up to speed. You did your first deal. Obviously successful. You went through your mentoring program, so you're super knowledgeable. What are you doing right now? Today in this crazy environment? Were you able to get to a bunch of units? Can you share some of the unit counts and areas you're invested in?

Savannah Arroyo (00:11:13) - Yeah, definitely. So we were getting started on this working full-time job. We've done about 2 to 3 deals every year over the last 3 or 4 years. So we have six apartment complexes right now and one self-storage facility.

Savannah Arroyo (00:11:28) - Our six apartment complexes are all up in Oregon. We found an amazing broker up there that got us all six deals. And then our storage facility is down in Arizona, and we just went full cycle on one of our first deals. So we just sold our 24 units last month. Just closed on that one.

Tejas Gosai (00:11:46) - Congratulations. That's huge.

Savannah Arroyo (00:11:48) - Yes, yes. Thank you.

Tejas Gosai (00:11:50) - It's so great to hear your story too, to go from this place to this place. And I like that you're sharing that the mentoring program definitely helped get you through that. So right now you're managing those properties. You have these investors that are happy they're getting returns and then you're selling them. You just sold your first one. How did that work out? Are your investors happy?

Savannah Arroyo (00:12:11) - Yes, they're very happy. The majority of my investors are healthcare professionals. And most of them, it's their first real estate investment. So education for me is first and foremost my personal brand, Net Worth Nurse. It's completely revolved around education.

Savannah Arroyo (00:12:26) - So even on my website and all my social media, I'm really educating people, especially healthcare professionals, about real estate syndications I mean, really starting with basic returns like what is an ROI? What is an average annualized return? How can you compare that to the stock?

Tejas Gosai (00:12:42) - You have an amazing social media. It's really great what you're doing.

Savannah Arroyo (00:12:46) - Yeah. So starting with the education piece is really been big. So our investors are very happy to date. We have overdelivered on all of our projections for our investors. We acquired fixed debt and all of our investments. So we've held strong through the rising interest rates. And really with inflation over the last few years, it's really driven the income and rising rents and all of our buildings. That first deal we exited was originally projecting around 15% average annualized returns, and I think we ended up at around 24% compared to the stock market, you know, which historically is done around 6 or 7%. This is a great way for healthcare professionals and just other investors to grow their money at a way better rate.

Tejas Gosai (00:13:30) - That's amazing. Kudos. What kind of structure is it with the ownership? Do you do full-on syndication with an attorney and everything?

Savannah Arroyo (00:13:39) - Yep. So we do 506 B listings because the majority of nurses are unaccredited, which is again why I'm doing this, because a lot of them don't get the opportunity to invest in the 506 C offerings, which are opened only to accredited investors. And also really important that I have a relationship with all my investors before they jump into a deal. But we do 506 B offerings. We split it 80%-20%. So, 20% coming into the general partnership team, 80% to our investors, and pinning on how much our investors invest. That's what percentage they're getting of the deal.

Tejas Gosai (00:14:14) - I love it. Thanks for sharing that. I work with accredited investors and my fund is limited in that sense. We do very similar things just on different geography, I'll say. But my asset class has been only multifamily. It's what I preach and I'm a commercial real estate agent. That's what I was going to say.

Tejas Gosai (00:14:32) - You should get your license at some point, add another hat to your periphery. But yeah, no, you got to stay legal, you got to stay clean, and you have to keep your investors happy. As a fund manager, I was going to say the hardest thing I've ever done is raise money to put it into a property. It's really great. People talk about it. Some folks understand it. But when you have a good investor that invested with you for the first time and you make them happy, they're always happy to go into the next deal. And that's where you probably are right now. Are you just trying to find the next deal? Are you looking for new markets? Are you staying in one market?

Savannah Arroyo (00:15:09) - We love the Oregon market with us. We're just very specific on our deal criteria. We're looking for strong value-add deals in particular. We invest almost in these tertiary markets which have a very strong working class, and homeownership rates around 30 or 40%, meaning that the majority of the people in the city have to rent an inventory.

Savannah Arroyo (00:15:31) - I mean, you know, multifamily, it's at an all-time low with the inventory. And so it's really allowed us vacancy rates below 5%. So when we do have the turnovers, which are big, and the value-add deals, as we're turning the units and increasing rents, we always have a waiting list, which is our way of hedging that risk involved in real estate.

Tejas Gosai (00:15:52) - Brilliant. You got it all down. Have you had to hire people or is it still both of you? And obviously, you always have a team around what you're doing. But curious.

Savannah Arroyo (00:16:03) - Yeah, I have definitely scaled the business over the last few years. We really maintained the GP on our deals just because he does a lot of the acquisitions and asset management, and then I do the marketing investor relations early on, how to bring in people as a key principle because we didn't have the experience. I mean, we got it started in this in our late 20s and really didn't have the network to even raise capital.

Savannah Arroyo (00:16:28) - I mean, like you mentioned before, being one of the hardest things of raising capital. I mean, me coming out, my husband and I, like our friends and family, just weren't in a place to invest. And for us, that was very discouraging early on because we

were so sold on real estate syndications and we're like, great. We don't have the network to raise capital, you know, how can we do it? And that was really what motivated me to launch my personal brand, Net Worth Nurse, to really connect with other healthcare professionals and show them this opportunity. As you know, the biggest barrier to getting people to invest is trust. And for me, going out on social media and just showing people who I am as a nurse, as a real estate investor, and as a mom, has really allowed me to gain a lot of trust in the healthcare community, and most of them are just super excited to be shown these opportunities.

Tejas Gosai (00:17:16) - Let's talk about that. My partner is a nurse, actually, and now he's in real estate, so he actually left his career.

Tejas Gosai (00:17:22) - We own real estate together. He helps with the fund. It's been very close to the medical field. My father is a physician. So let's talk about this medical aspect because I see it and I'll be really blunt. Medical professionals work too much and then they're trusting. And some of them lose their money because they trust the wrong person. And I've grown up with that. My father being a physician, it's always like, hey, who can you work with here? Can you tell me where your investors are from? Are they folks local to you, or are they all over the country? When you talk with them, you know, what are they asking about? If you want to share some of that with the listeners?

Savannah Arroyo (00:17:57) - Yeah, definitely. That mistrust is so deep in the healthcare community. And honestly, that's because physicians are really preyed upon. I mean, I saw it as a clinical supervisor for a practice where I'd have to gate-keep pharmaceutical reps from coming into my office because they're hounding my physicians to use their drugs.

Savannah Arroyo (00:18:16) - And so, honestly, physicians get preyed on all the time, especially by financial institutions, to invest in different deals. I mean, I can't tell you how many physicians have been marketed or sold an investment that they just put their money in and never hear anything again. And it's so sad because these are healthcare professionals who are literally out saving lives. I was working as a nurse manager throughout the COVID pandemic, and when elective surgeries were getting shut down, I was overseeing the cath lab, GI lab, special procedures unit, and I had to have very open conversations with my team that they might not have a paycheck coming in. And it really opened the conversation around money. And the majority of them are living paycheck to paycheck, and these are high-income earners. I'm in California. I mean, up in NorCal right now where nurses are paid the highest in the country, and I can't tell you how many of them have never set up a budget because they literally don't want to look at where their money is going.

Savannah Arroyo (00:19:20) - And so for me, it's really having those open conversations. I mean, really, there's so much taboo and stigma revolving around money and a lot of embarrassment and shame, especially from healthcare professionals who are highly educated. They almost feel embarrassed to admit they don't know how to invest money. But honestly, none of us are taught that in school. And so for me, it's really just opening the conversation in a really like, transparent, engaging way. And for me, with my social media, like I've been sharing my

story since day one, you know, and I don't only show my wins, I share my losses as well, and learning mistakes that I've learned and I'm growing through as well. And so I connect with a lot of healthcare professionals now, primarily through social media. That's my biggest piece, but I am still in the hospital per diem. I work a couple times a month because I'm building a startup, a financial wellness startup, and so it's for healthcare professionals. And so it's super important for me to still maintain a presence in that community.

Savannah Arroyo (00:20:22) - But yeah, I mean, some of my investors are employees that I've worked with, physicians that have worked with me, and then also people I've met online or who have heard me on a podcast.

Tejas Gosai (00:20:32) - Really awesome. How about some crystal ball stuff? Now that you're in this and you're heavily into it like I'll say as a fund manager and you're technically in the same boat, you have to look at yourself in the mirror and be comfortable with the decisions you're making. It's people's life savings and it's a ton of money. What do you see for the future? How do you continue to mitigate risk? Fixed rates are great, but if you could share a little bit more than that and like crystal ball stuff for the next 6 to 12 months?

Savannah Arroyo (00:21:03) - I get asked all the time. Is now a good time to invest in real estate? My answer will always be yes. I mean, I started investing in 2020 when there was so much uncertainty, and if I had flipped on the news at that time...

Savannah Arroyo (00:21:18) - I mean, everyone would have told me no one's paying rent. Now is not a good time to invest or even buy multifamily. And I just kept hearing that multifamily was one of the most resistant asset classes. You know, after the 2008 housing crisis. It was one of the first ones to bounce back and it was very resilient. People need a place to live like I mentioned, the low inventory rate. And so we have had a lot of success with multifamily and we plan to continue investing in it. Self-storage has been super fun just because there are a lot of ways to integrate tech into some of those old systems that you see in the storage facilities, and that makes your expenses very lean. A huge opportunity there for additional income. But for us, yeah, we'll continue to stay focused on multifamily. We have a good thing going in the market that we're in. I can't tell you how many people when I say that we invest in Oregon, we're like, why? It's like, aren't there really bad landlord laws there? How are you guys making it work? And I mean, throughout Covid, yeah, we did have a couple of evictions.

Savannah Arroyo (00:22:24) - There were materials in place and we were just really working with our property managers at that time. Because you talked about the team earlier, property managers are huge, especially in these value-added deals. I mean, they are your boots on the ground. They're the ones that are overseeing your business plan. If you're expecting to raise rents by five, or 6% year after year. Those are numbers that we're vetting out with our property managers. Hey, does this seem realistic? This is what we're budgeting for, renovations and repairs. Is this on track? And so it's a way for us to double-check all our numbers and solidify our underwriting. We've used agency debt on our last few deals.

Savannah Arroyo (00:23:14) - Unfortunately, my husband had to deal with a lot of that, but there was so much back and forth. I mean, they want to see everything.

Savannah Arroyo (00:23:22) - They want to see leases when rents last increase, you know, if they're not on track with what our numbers were, they're adjusting everything. They go out and make sure that certain repairs and things need to be done. Like, for instance, we had to get one of our driveways repaved and certain safety clearances up to par, you know, an agreement with using their loan. And so I always tell our investors, I mean, this the scrutiny they place on deals is just so much risk mitigated and reassurance that we're looking at great deals.

Tejas Gosai (00:23:53) - Yeah. If you can make it through that, you're good.

Savannah Arroyo (00:23:56) - Yes. They're very invested in their money. They do not want to lose it. And so they want to make sure that you know what you're doing and that all the numbers make sense.

Tejas Gosai (00:24:04) - You know what? And for somebody who's newer, well now you're you're almost veteran right?

Savannah Arroyo (00:24:12) - I got one exit under. Right. So I feel like that's giving me a.

Tejas Gosai (00:24:15) - You're very knowledgeable.

Tejas Gosai (00:24:17) - You're close to that point. But going through that is super invaluable to be able to like get that knowledge and that type of information. For me, I have a 65-year-old partner who's been in the fund world for many years, longer than I have, and so I have to run everything past him. And he's like my agency debt, like just, you know, things I just did not think of or discrepancies that he's fine. He's like, he's like a ninja. But, you know, that's how we're a successful fund. That's why we're able to look at ourselves in the mirror and perform. It's so cool to meet you. So how about some fun stuff here? What's your favorite thing to do with your baby?

Savannah Arroyo (00:24:58) - Yeah, well, I got a four-year-old and a five-year-old now, so they're little ones we love. I mean, part-time is everything. We go to the beach regularly, just hanging out in their room and playing Legos with them is everything to me.

Savannah Arroyo (00:25:12) - But yeah, I mean, the freedom that we've created in our lives in the last three years, my husband was able to walk away from his full-time job last year, I was able to walk away from my full-time job at 18 months, and we just every single day. We're so grateful for the freedom that real estate has provided in our lives. I mean, we just couldn't even imagine raising these little kids, working those full-time jobs that we were working before. So yeah, we're soaking up every moment with them.

Tejas Gosai (00:25:39) - Love it, love it. Beautiful family, beautiful business. How does somebody get Ahold of you?

Savannah Arroyo (00:25:43) - Net Worth Nurse. That's my handle on pretty much all of social media. You can find me on Instagram, YouTube, LinkedIn, Facebook. Yes, I'm on TikTok and <https://networthnurse.co/>, that's my website. I absolutely love connecting with investors and healthcare professionals. So if you're interested in anything I'm chatting about, please reach out.

Tejas Gosai (00:26:03) - Awesome, I love it! Thank you so much for being here and appreciate the time.

Tejas Gosai (00:26:07) - Everything's in the notes so you can click on me wherever we are, or click on us, and there's going to be a place where you can get ahold of Savannah. And again, thanks for the time. Cheers.

Savannah Arroyo (00:26:18) - Thanks so much.

Tejas Gosai (00:26:19) - Real Estate Investor MBA. We'll see you next week. Bye.