DOCTOR'S CROSSING
CARPE DIEM PODCAST
BY HEATHER FORK, MD, MCC

TRANSCRIPT

EPISODE 149 What Kind of Real Estate Should I Invest In?

With guest Dr. Ronnie Shalev

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RS: "I said, is this it? This is it? This is my life? This is never going to change unless I change something."

HF: Welcome to The Doctor's Crossing Carpe Diem podcast. If you're questioning your career in medicine, you've come to the right place. I'm Heather Fork, a former dermatologist and founder of The Doctor's Crossing. As a master certified coach, I've helped hundreds of physicians find greater happiness in their career, whether in medicine, a nonclinical job, or something else. I started this podcast to help you discover the career path that's best for you and give you some resources and encouragement to make it happen. You don't need to get stuck at the white coat crossroads. So, pull up a chair, my friend, and let's carpe that diem.

Hi there, and welcome back to the Doctor's Crossing Carpe Diem podcast. I'm your host Heather Fork and you are listening to episode number 149. When I do my coaching sessions with clients, they do a homework exercise where they rank their interest in a variety of different jobs, both clinical and nonclinical, as well as side gig and entrepreneurial opportunities.

Investing in real estate is one of the choices in this exercise. It is an area where I am seeing more and more physicians getting involved as a way to bring additional income and diversify their financial platform.

There are a variety of different ways we can invest in real estate, and it can be challenging to know what our options are and determine what would be a good fit for our personality, our budget, our interests and financial goals.

To help us out today, I have a very knowledgeable guest, Dr. Ronnie Shalev, who is an emergency medicine physician, real estate investor, a selling author and co-founder of Sherwin Properties.

Before she made her transition, Dr. Shalev was feeling burned out from practicing emergency medicine and felt trapped by the golden handcuffs. We will hear the path she took over time to free herself and then we will be diving into a variety of the real estate opportunities you can choose from. It is my distinct honor and pleasure to welcome Dr. Shalev to the podcast. Hi Ronnie. How are you?

RS: Hi, Heather. Thank you so much for having me.

HF: Oh, it's a real pleasure. And I've been enjoying listening to other podcasts that you have been on, and we could spend this whole time just on your transition story because it's so interesting. But as you heard, we also want to talk about a lot of these real estate options.

But to get us started, can you take us back to that time when you were feeling burned out and you were like a lot of physicians out there? I just probably need to move the deck chairs a little bit here to feel better, but that ultimately wasn't the solution.

RS: Right. I was practicing for 16 years, and of those 16 years, 14 of them, I was burnt out.

HF: Wow. Wow. Wow.

RS: That's a lot.

HF: Is that what we call resilience these days?

RS: Yes.

HF: Is that physician resilience?

RS: That's resilience. Yes. I would sit around and daydream, what can I do that's not this? Should I start a business? Oh, but I'm not a business owner. I don't know how to do this. I don't know how to do that. I played around with everything from I'm going to open up a car wash to, I'm going to buy a Chick-fil-A franchise or a yogurt franchise. And these were just kind of fantasies. It was only until I really had a point where I was like, I cannot do this anymore. I need to actually take action.

At first they were all fantasies. And then it was to a point where it was a night shift. I was alone. The administrators had yet again cut our staff. I didn't have a mid-level, I didn't have a scribe. It was 10 o'clock at night and the whole ER was packed. There were ambulances just coming in nonstop. That ambulance phone would just ring nonstop and the waiting room was packed. Each room was full. I was taking care of multiple critical patients at the same time.

At that time, I remember I had two stroke patients at the exact same time, having to coordinate who's going to CT first, who's not, who's more acute, who's going to be getting TPA and who's not.

I was also managing, at the same time, someone having a heart attack where I was calling in the cath lab, getting them heparin and integrilin and aspirin and making sure that they can get treatment. I had a patient in respiratory distress as well that I was calling to have respiratory come because we were going to intubate them.

HF: I think I'm going to have a stroke, Ronnie. I think I need to call 911.

RS: Yeah. A nurse tapped me on the shoulder and handed me an EKG of someone sitting in the waiting room, and it was a heart attack.

HF: Oh no, it's horrible. Just horrible.

RS: I said, "Oh my God, when is my relief coming?" And I looked up at that clock, eight hours. Eight more hours before anybody was going to save me. I just went into robot mode and took care of everybody. No one died. Thank God. Everybody had good outcomes that night. And I came home exhausted. I hadn't eaten, I didn't drink, I didn't sit, I didn't do anything in that shift, but work.

And when I got home, I just collapsed on the bed, exhausted. I slept all day. I felt like my body had been hit by a truck. I had no energy to do anything with my family. I said, "Is this it? This is it? This is my life? This is never going to change unless I change something." My financial advisor had said, "Oh, you're going to be fine. Just keep investing in your 401(k) and you're going to be able to retire at 65."

HF: If you're not dead.

RS: I said, "What if I want to retire at 40? How can I do that? I'm not going to make it to 65."

HF: Right. Right.

RS: And at that point, that was when I was introduced to real estate. We had a friend come and tell us about how he invests in syndications, real estate syndications. And he doesn't do anything. He just puts his money and he gets passive income. And I was like, "What is passive income? This is fake. They're trying to steal my money. This is not right."

HF: Is it the mafia, this syndication?

RS: Yeah. And my husband was like, well, now we have two choices. We can either take action and try it or we can just continue the way things are. And I said let's just try it. And I jumped in and we invested, we started small with $25,000. And around six weeks later, they refinanced the deal and they gave me back 95% of my money.

And I said, "Well, was this weird? I just put this in. I thought this was going to be in the deal for 10 years or whatever." And they were like, "No, you don't need to. Now you can take that money and invest it in something else." And I'm like, "What? But I still own it?" They were like, "You still own it, you still are going to get distributions, but now you have your money back and you can put it in something else." That's called infinite returns. That investment, I have nothing in there anymore. Everything that I'm getting is just free, free money.

HF: Now that sounds like a hat trick.

RS: I know. I didn't exactly understand it. Then I put it in the next deal, and then I was like, okay, I need to start learning about real estate. And that's when I just jumped right in to understand, what can you do in real estate and how in the world does this happen? And I just devoured books. I listened to podcasts, I went on websites. I met other investors, and we started investing in more and more deals and we started doing all kinds of different asset classes to the point where we had that financial security that I could step away from my ER job.

HF: Over what period of time was that, Ronnie, from when you first started looking into real estate to when you could step away?

RS: It was around six years. I left ER in 2020, and I invested in 2014 in my first real estate syndication.

HF: Okay. Now I know we're going to be talking about some of the details on real estate syndication. It's not the most common one for us to be familiar with. We're going to go through a variety of options. How would you like to start giving us some understanding of the different places that we can invest in real estate?

RS: Yeah, absolutely. What's really great about real estate is that you can make money doing anything related to real estate. And there's so many different things. You have to just figure out how involved you want to be and take it from there. But you can invest, there's just so many ways, and I'm going to just kind of list them off. And if you find one that you want me to just dive into, I'll be happy to.

But all of these range from different amounts of budgets, different amounts of time that they take, different amounts of years that it takes to recoup your investment. But there's just so many options and you can custom tailor your investment strategy. And you don't have to just do one thing. You can do multiple things, which is what I do.

You can start with so many things. You can start with wholesaling. Wholesaling land, wholesaling homes. And this is where you're buying distressed properties and you make $5,000 to $10,000 profit and you just sell them immediately. You flip them. You're just flipping it and flipping it. You're wholesaling it.

HF: Could this be often properties that are in foreclosure?

RS: Absolutely. These can be properties that are in foreclosure. You can also look for people that are going through divorces that just want to dump their properties. There's people that are going bankrupt. There's people that have loved ones that have passed away and they got their house and they don't know what to do with it. They're just like, "Just take it. Just give me the money."

You can actually go and get these lists of distressed sellers. And this doesn't take a lot of money, but it takes a lot of time. And you can write letters to these people and say, "I'm Ronnie and I would love to help you. Whatever. I'm a single mom working 10 shifts at night, and I want to help my family." Whatever it is you want to write in your letter and you send it out. In order to get these kind of things, it's a numbers game. So you have to send like thousands and thousands of letters.

HF: Are you serious? Oh, that's a lot. That's a lot.

RS: Yes. You have to be really committed.

HF: Okay. So it's not just seeing.

RS: No. Then you get the lead or someone responds to your letter and you got to talk to them. Where is this house? Is it in a swamp in Florida? Do you even want to buy that? Are you going to be able to sell it? Then you find out where it is and you decide if you're going to buy it or not. And then during that time, as soon as you get it under contract to buy it, you can start advertising it and sell it at a higher price. Whatever that margin is, it's your profit. So, that's wholesaling.

HF: Okay. So number one, wholesaling distressed properties.

RS: Yes.

HF: Okay.

RS: There's more. You can just buy a single family home and put a renter in there. You can say, "Oh, I own a house." And how do you buy a house that's a rental property? Well, it depends on which market you choose to buy it in. You could buy the house in all cash. Or you can use leverage or a loan. And usually it depends on what kind of terms you get on that loan, but you'll have to come up with 20 to 30% of a down payment. That's the money you have in the deal. If you're buying $150,000 property, let's say it's 20% down, you put in $30,000 down. Now you're $30,000 into this deal. You have a property.

Now what? Well, you got to put a tenant in it. And that tenant has to pay enough rent to cover your mortgage, your taxes, your insurance and any kind of maintenance work. What if the roof just collapses or a tree hits it or there's a fire or whatever it is? There's a leak under the ground, there's termite, whatever it is. You have to build that in to your offer price and into the tenant's lease, how much they're paying.

HF: This seems to be one of the more common entry points for physicians. I have a number of clients who've been buying some single family properties. And I think it's a great start because it feels manageable. And then you get to find out, "Do I really like to do this?" I know I had a house that I was selling in 2008 when everything was really in trouble and it didn't sell. I put a renter in it and it was a good experience. She was great but I found out from that, I really don't want to be a landlord. Even if I have a manager, it's just not for me.

RS: They're calling you. "I got a roof leak. I got a roof leak. My light bulb, my fire alarm's going off. Can you come and change the battery? My toilet's clogged up." They will call you when you're on vacation. They will call you in the middle of the night. They don't care. It's their house. A lot of people don't want to do that. There's other options.

HF: Yeah. You can have a manager, property management, but you're also paying them. But again, I think this is where I was talking about in the intro, you find the fit for your personality. Some people want that tangible property. They don't want money in stock market and real estate or syndication, just feels like, "Oh, it's too much a theoretical. I can't really feel and see it." This could be something for someone who really just likes having a real tangible asset and starting small in a way.

RS: Absolutely. And you can take that concept and apply it to different types of residential. So you can do a small multifamily, you can buy a quadplex, which is four units. Just like you buy a single family home, you can buy a quadplex and put four tenants. It's going to be more time consuming, but also more cash flow. And also if you have a single family home and your tenant moves out and you can't rent it for two months, you're paying all those expenses for two months until you get that tenant in there. If you have a quadplex and one person moves out, you still have those other three that are paying the bills. So you're not really out of pocket.

HF: Right. You're minimizing the risk by spreading it right to the other tenants.

RS: These are just long-term rentals. There's other models. You can do a midterm rental where you rent it out for 30 days or longer. Maybe three month times. You could take those and turn them into short-term rentals. You can furnish those four units that you bought in a quadplex and run like an Airbnb out of all four of them, depending on where it's located. You can furnish it and rent it out, but not for five days, six days, seven days stays. You can rent it out for 30 plus days where traveling nurses, traveling corporate employees can stay. You can market to different corporations that just want to have an apartment that they can send their executives to. It's oftentimes cheaper to have that than just paying for Airbnb or hotels. Those are all options.

You can also say "I don't want to do any tenants. I want to just buy it, renovate it, and sell it." So you can do that too. That's a flip. You would buy it from the wholesaler that's just trying to make a small profit. And you can put $50,000, $60,000 into it and hopefully you have a construction background and if not, you get a contractor. And having all of those vendors and things, there's always risks. They can run off with your money and managing people and all of that stuff. But you can fix up that house and sell it, not put a tenant. You could try to sell it. And if you can't sell it, then put a tenant and then sell it with the tenant in it to another investor.

HF: Yeah.

RS: There's just so many options. Now, let's say you are 18 years old and you have no options. I don't have any money but I want to get into real estate. You can do something called house hacking, where you get a house. First of all, as an 18 year old, you can get your parents to help you. You buy a house in your college town and you rent out the bedrooms to your roommates and your roommates pay you rent.

HF: Pay your rent. That could be a resident thing too or a medical student could do this and get their board in a sense, or the room paid for.

RS: Room and board. You are the landlord of the house and you're living for free. Maybe they're paying enough and you have extra money. There's certainly so many ways. When you're starting off, let's say you just graduated college and you have a job and you want to own, but you don't have the 20% down, but you want to buy a duplex or a triplex, which is two or three units, you can purchase it with an FHA loan. And those loans only require 3% down.

HF: Wow. That's nothing.

RS: That's nothing. So you put that down, but it requires you to live on the property. So you can live in one unit and then you've got someone else that's paying your mortgage living there. So, you're essentially living for free. After one year you can move out and put a second tenant and do that again in the next property.

HF: That is really interesting. Besides needing to live on the property for a year, are there downsides to that loan?

RS: I don't know all of the details of the loan, but I do know that I wouldn't want to live next to my tenant.

HF: Well, that's true. You have to get the right person in there. Maybe someone you even know. You could do it with a friend.

RS: Yeah, absolutely. Everybody's personality and what they're willing to do is different. That's why this is so great, it's because there's so many options. What I went with is not residential. I was more interested in commercial. Those retail centers that have the dollar store in them or a supermarket, those are also the same concept. You buy those, you're putting in the tenants.

You're putting in a dollar store, you're putting in a nail place, you're putting in a hair salon, whatever you want to put in that retail center and they sign their leases. And there's less maintenance as an owner of that than there is residential because they're not living in it.

You can also buy a building that's a triple net building. It's a standalone building and you get a Walgreens or a Starbucks or whoever to lease it out from you for 30 years. So, you have a tenant in there, you don't have to worry that anybody's moving out and they pay for all of the expenses of that building. The taxes they pay, everything they pay, the maintenance, the upkeep. You have nothing that you have to worry about.

HF: What business did you start with, Ronnie, when you went into the commercial real estate that you're just talking about?

RS: Yeah. I started with one of those triple net leases where, it was an AutoZone that was in a one building. There was an AutoZone signed to a 20 year lease. Every year the rent went up, it's already built into the lease. And that's it. If AutoZone goes out of business, they're going to pay the rest of that lease or they can be sued. So, you've got a tenant for 20 years that's paying all the rent. That's what I started with. That was my first one.

HF: Are you okay saying what amount of money you had to put in to get that investment?

RS: Yeah. For me that was the one that I invested through a syndication. I only put $25,000 in.

HF: Were there multiple investors then in the AutoZone?

RS: Yes. There's 30 or 40 investors in that deal. Everybody put different amounts of money in, and they own a small percentage of that AutoZone. Now, if you have $3 million, you can buy a building like that.

HF: I was always thinking how do you just go and buy an AutoZone with a 30 year lease? Okay, so this is the syndication. Can you give us a little bit more information about a syndication?

RS: Yeah. A syndication is not the mob.

HF: First things first.

RS: It's basically partnerships. You partner with other people to buy large things and you can do syndications for anything. Doctors are buying imaging centers, they're buying hospitals. How are they doing that? They're partnering with other physicians. Sometimes they're partnering with hospitals. It's a partnership, but that's a syndication. So you're a fractional owner of whatever that is.

I have a syndication where I am an owner of two freestanding emergency rooms. I am a syndication owner in a cargo shipping business. I am a syndication owner in mobile home parks. You could do a syndication. That's just the financial structure of the deal. That's where the money is coming from. So when you're buying into a syndication, it's a group that you're buying something with.

HF: Right. We often hear physicians being owners or partners in a surgery center. So, would that be an example of a syndication there?

RS: Yes, because oftentimes when you're buying a surgery center, there's a management team, there's the managing partners, and then there's the other doctors they just put their money in. And now a surgery center is a little different because they have requirements where you have to do your surgeries there and you have to bring in the business into there. It's a little bit different.

But in a sense, when you are buying a commercial asset, you are buying a business and you're buying the real estate. I could be doing a syndication for a parking lot. There's a business in parking lots, believe it or not.

HF: Right.

RS: Because there's valet and there's companies that manage the parking lot and they pay rent to use that parking lot. There's different ways to own a parking lot. You could own the land and then someone builds on top of it and you just get money for the land. You could buy the land, build the building, and put in a management company and have all kinds of things. There's just so many different business structures that you can do.

For me, syndications work, because I can do so many different asset types and I can do it all over the country and I'm not managing it. I'm investing with other people. They're the ones that are doing the day-to-day operations. You don't have to be the one that's trying to figure out who do I call at Walgreens to come and look at this space? Because I think it'll be a great fit for them to take this space.

When you're partnering in a syndication, you have the operating partners or the general partners, and you have the passive investors. The passive investors put their money in and they know that the investment, it's not on autopilot, it's on autopilot for them. The operators, they're the ones that find the deal, operating the deal, do the day-to-day operations. And they're the ones that ultimately decide on the disposition of the property. So, is it going to be sold? Is it going to be refinanced? What's going to happen?

HF: Now, obviously if you're investing your money, you want to have a good sense of "Is this a good investment for me?" I understand that there's probably a lot of research and education that goes on before you'd actually give your money away in a sense. How would you recommend a physician first go about educating themselves if this is an area of interest, and then where do you find these opportunities?

RS: Yeah, that's a great, great question. A lot of these opportunities are hard to find because when you have a syndication, a lot of times they're mostly SEC securities. There's all kinds of rules about advertising with these type of deals. There's certain deals where you're not allowed to advertise at all.

You can only talk about it with the people in your network that have already established relationships with you. You're not going to be able to just Google and say, "Hey, how can I invest in a syndication?" Really the best way to learn is to hear these type of podcasts. Here's someone talking about it, set up a meeting with them, see if they're a good fit for you.

Otherwise, there are certain syndications that do advertise, but you have to have a certain net worth, a certain income level in order to even participate. And a lot of people just don't have it, even physicians. So, it just depends on how you find it.

Now, on my website, I have got some great sources on how to vet a deal, how to vet a sponsor. I have a YouTube channel that's called Sherwin Properties and I go through that. They're five minute videos where I go through, how do you bet a deal? What do the numbers mean? What do the terms mean?

And before you jump in, you want to make sure you get to know the sponsor. You want to make sure you get to know the terms, the terminology, all of the things that are really important for you to understand what you're getting into.

HF: Well, I definitely was going to have you talk about your company and what you offer. I want to dive into that a little bit more. But before that, we're going to take a quick break and I'll share some resources and then we'll be right back.

Hello my dear listeners, it's wonderful to have you here and I just wanted to thank you so much for sharing this podcast. It's growing and I'm hearing back from more and more physicians who find it helpful and a resource that really helps them feel like they're not alone and able to take steps moving forward.

And that's really happening because you're sharing the podcast. I want to thank you and also encourage you, whenever you hear an episode that you think there might be someone in your network who benefit from, please share it.

You can also go on to my website, doctorscrossing.com and go to the podcast tab and there's a search bar. You can put in different topics such as real estate. You will find this podcast there. Or you can put in pharma, medical writing, you can put in leaving medicine, any keyword that you're searching for and relevant podcasts will come up. And if you don't see it there, please let me know and we'll do an episode on it.

All right, we're coming back here with my lovely guest, Dr. Ronnie Shalev. I wanted to ask you, Ronnie, what exactly does your business do where physicians could reach out and get some help or maybe even do some investing?

RS: Yeah. My company is called Sherwin Properties, and we are an alternative investment firm. What does that mean?

HF: We like options, we like alternatives. We talk about alternative careers.

RS: Alternative is just, anything that's not the stock market is really alternative. And what I do is I bring pre-vetted deals to my investor network and they can be anything in real estate. It could be a mobile home park, self-storage, apartment building, a triple net lease. We are looking at different commercial assets that are the right deal in the right sub-market with the right team.

And we vet it. We invest in every single deal that we are presenting, and these are opportunities that we bring our investors to. And we also do other things other than real estate, such as oil and gas. We do oil and gas investments, mineral rights. We do private lending. There's just so many things that we do that we offer to our investors.

Because I was in that position, I was in a place where I said, "Okay, well even if I wanted to do real estate, I don't know who I could go to, who I could trust." Well, that's why I started this company. I'm a physician where my job was for patients to trust me. Just like I took care of patients, I'm going to take care of my investors. And that's kind of where I felt there was a gap. And my mission is to help bring amazing investment opportunities that are tax advantaged because we pay way too many, too much in taxes.

HF: Amen. This sounds so interesting, Ronnie. I'm curious if you're able to share, what would be the minimum investment that would be required for your opportunities?

RS: Yeah. Each opportunity is different, but typically it is between $50,000 and $100,000. And you might say "I don't have $100,000 laying around." Well, believe it or not, you can invest with your retirement accounts.

HF: That's fantastic.

RS: If you have $500,000 sitting in an IRA or a 401(k), you can use that money and not just put it in the stock market. You can diversify those funds and put it into investments with us.

HF: That is really powerful information because most of us do have retirement funds. We may not have a bunch of spare cash laying around, but I'm really glad you said that. Now we're pretty much close to time here, but since you have made a major, major transition, I know you have a lot of wisdom for those who are feeling that they may not be someone who's able to make changes. They may say, "Oh, okay this is Dr. Shalev, she's different. She was able to do this, but I'm not sure about me." What would you say to that person?

RS: I was that person. I was just like you. I was the one that said, "Okay, I have a job. I have job security. I'm putting my money in a 401(k), I am saving, I'm paying off my house, I paid off my car, I'm set." And I would not listen to anything else. Everything else was risky. My husband would bring me an opportunity and I'd be like, "No, I don't want to hear it. I don't want to hear it. We are just doing this."

And I went from that to trying so many different things. And it's really a mindset shift. A lot of it helps when you, when you educate yourself getting that "aha" moment, the biggest thing I would say is start educating yourself. And probably the first book that I would recommend for someone to read is Rich Dad Poor Dad by Robert Kiyosaki. That book is incredible and it really does open your eyes. I had never thought I would read a financial book in my life. It's like "I'm going to fall asleep." And now I love them.

I've changed a lot and I feel like as humans, as educated humans, as evolving humans, we're always going to want to grow. We're always going to want to improve. We want to learn things because if we're not learning, we might as well just be dying because we just need to keep our horizons open.

HF: That is so true because so many of us go into medicine because we love to learn and we have this exponential growth curve, and then we get into practice and pretty soon it feels like Groundhog's Day. And that's a dirty secret of medicine. You're not prepared for it. And we do need to keep learning. I think this is a wonderful area to not only learn and grow, but really help with financial freedom. That was a beautiful answer. I love that answer, Ronnie.

And it's funny you say that because I remember when I was in residency, one of my fellow residents mentioned that she read this self-help book. And I'm like, oh my God. I would never read a self-help book or admit I was reading one. And here I am a coach, a self-help junkie, those are all the books on my right. We can always change. We're not like just this fixed, rigid personality. So I'm glad that you started with that book and I will put that in the show notes, Rich Dad Poor Dad. And thank you so much for coming on. This is just a treasure of an episode.

RS: Thank you so much for having me. I loved talking about real estate. Anytime you want another debrief, I'd be happy to jump on.

HF: All right, that would be wonderful. So folks, if you're interested in learning more about what Dr. Ronnie Shalev offers for physicians, I will have her website in the show notes and you can reach out. So thanks very much for listening. Don't forget to carpe that diem and I'll see you in the next episode. Bye for now.

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Podcast details

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