

Building a Real Estate Empire: An Attorney's Journey as a Real Estate Investor



“ Having only dealt with banks, I was unaware that any lender could be as flexible as LendingOne. Time to close was so fast that I was able to convert from an all-cash deal to financing in a matter of days ”

David L. Hecht is full-time attorney from New Jersey who also works part-time as a real estate investor. With his background in law combined with a strong interest in real estate investing, David was able to recognize the changes in the market after the housing crash of 2008 and saw it as an opportunity he could capitalize on. He details the strategies he utilizes from his years of experience in real estate and the signs he looks for in a potential property before going forward with the investment. After working with banks on his deals, he was pleased to find the flexibility and speed that LendingOne offered, which would allow him to continue expanding his profitable rental portfolio.

OBJECTIVES

- 1 • **Background:** With his legal background and savvy investor experience, see how he was able to further grow his rental business.
- 2 • **Strategies:** Find out how he goes about sourcing profitable deals and the features of each property he looks for before purchasing.
- 3 • **Case Study:** How he turned a single-family property into a multi-family rental investment.
- 4 • **Financing:** Learn more about how LendingOne provided him the financing he needed to continue expanding his rental portfolio.

Purchase Price

\$140,000

Rehab

\$70,000

Loan Amount

\$136,500

After-Repair Value

\$290,000

THE MAN BEHIND THE BUSINESS

David L. Hecht is an intellectual property attorney and a real estate investor. He specializes in 2-4 family investment property rentals. Since 2010, he has acquired, renovated, and stabilized seven multi-family investment properties in Jersey City, New Jersey, valued at approximately \$3 million. Growing up, his mother owned a brownstone in Brooklyn, and through seeing the rental income that it generated, David recognized that investing in real estate could create a revenue stream to supplement, or even replace, a salary.



In 2008, David started his career as an attorney at a prestigious global law firm. During this time, the Great Recession began and David watched as property values all over the New York metro area dropped. He saw this as an opportunity to take advantage of the correction in the real estate market. David spent the next two years tracking the market in and around New York City, focusing his attention mainly to Jersey City because of its close vicinity to Manhattan, outstanding public transportation, and potential for gentrification in the areas where prices were most attractive.

By 2010, David was ready to get started down his path of real estate investing. Together with a seasoned development consultant, Renovatio Property Development, David and his wife acquired their first five multi-family properties that he renovated and rented to create a high-yielding rental portfolio based in Jersey City's transitional neighborhoods.

THE STRATEGIES AND TECHNIQUES FOR A SUCCESSFUL BUSINESS

To continue with his career as a successful attorney, David knew he needed a fantastic team to help manage his portfolio of investments. He entrusted a local realtor, Ocean Drive Realty, to manage the buildings with Renovatio as his development partner to continue to identify, analyze, and renovate potential money-making deals.

In order to find these profitable properties, David says it is all about strong local contacts and off-market deals. He spends a lot of time in the areas he is interested in investing, networking with community leaders and local residents, along with keeping close tabs on the local news stories and updates from the planning board.

David has focused his attention on rental properties in the New York metro area and says that he analyzes potential investments' walkability factors such as public transportation, shopping, and other amenities. His investments are generally designed such that a single unit's rental income for each property will cover all expenses and liabilities for that property. Even in a down market, he can at least break even. However, with the extremely low vacancy rates in the New York metro area, his buildings are almost always occupied, thereby resulting in a fantastic stream of income.

When it comes time to start any rehab on his projects, David's years of experience have taught him about the shoddy construction and band-aid fixes that can exist in these properties. He prefers to go down to the studs wherever it makes sense and overestimate what needs to be done. Especially if he is planning on keeping the property and turning it into a rental, he would prefer to take care of any structural renovations before rather than waiting until they cause an issue later.

A CLOSER LOOK AT THE PROPERTY

The first property that LendingOne provided David with financing for was a two-family building close to New Jersey City University. The property had last been sold in the early 1970s and was being used as a one-family home. He purchased it for \$140K, with an estimated ARV of \$290K and a gross potential rent of \$3,400 a month. His development partner, Renovatio, researched and identified the property as an excellent investment project and snagged it before it hit the market. The plan was to turn the home back into a two family, estimating a renovation expense of \$70K. With the attractive purchase price, renovation strategy, and central location of the building, this potential property was a prime investment

opportunity worth pursuing. This property turned out to be a total gut and required a lot of insight as to how to re-frame the walls and reconfigure the property to accommodate more bedrooms and living space. He encountered many issues throughout the renovation including the water main breaking, a tremendous amount of clutter left behind from the previous seller, and a lower level with a much greater sloped flooring than initially anticipated. With the help of Renovatio's prompt action to address the issues and David's overestimating of the budget, they were able to successfully complete the project. In the end, the home went from a four bedroom, two-bathroom home with 1,400 square feet, to a seven bedroom, three-bathroom triplex with 2,100 square feet and two separate apartments.

HOW LENDINGONE WAS ABLE TO HELP

David was recommended to LendingOne by his development partner Renovatio. His previous experiences with financing were only with banks, so he was unaware of lenders, such as LendingOne, and their flexibility, understanding of the business, and openness to most investing strategies. He was pleased to see that our construction draw process was as efficient as the closing process, allowing him to learn the most effective way to phase the project so that it kept moving forward. Additionally, David explains that having access to fast financing is extremely crucial when working in a hot market where sellers want to close deals as quickly as possible. Therefore, he appreciated that the closing speed was so fast, he was able to convert from an all-cash deal to financing from us in a matter of days.

THE FUTURE OF INVESTING FOR DAVID

David foresees continuing to do 2 to 3 deals a year since real estate investing is still his part-time job as he practices law full-time. His goal is to reach about 10 multi-family residential properties and grow to even bigger deals on the commercial side. He recognizes that the real estate market and the investment business can be unpredictable at times, but the profits it can yield are worth the risk. Looking ahead, he sees these investments as a viable retirement plan and a means of securing his family's financial future. David's portfolio is available to view online at www.HechtInvestments.com and he may be reached at David@HechtInvestments.com. David's development partner, Renovatio, maintains its website at www.renovatioproperty.com.



ABOUT LENDINGONE

LendingOne is a direct private lender that specializes in real estate loans for non-owner occupied residential properties, specifically involving fix and flip, rental units, and lines of credit to fund larger projects. Because it is not a bank, but rather a lending partner, LendingOne prides itself on speed and efficiency when it comes to supplying investors with the money they need in a timely manner. LendingOne has achieved this through direct access to its own capital and a user-friendly online application that has streamlined the process so investors can receive approval in as little as 10 business days. By putting the investor first and foremost, LendingOne is devoted to providing exceptional customer service and an overall easier lending experience for investors looking to finance their next real estate investments.

 888.443.2177

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