

AUGUST/SEPTEMBER 2006

Live Well™

FINANCIAL FREEDOM, BUILDING WEALTH IN REAL ESTATE INVESTMENTS



WWW.LIVE-WELLMAGAZINE.COM

USA \$9.99 | CANADA \$11.99



DRIVEN.



That's the one word his friends seem to use most often to describe Jeff Lerman. Whether he's running Lerman Law Partners, LLP; making rain through live seminars, webinars, tele-seminars, or radio appearances; managing his real estate investments; spending time with his wife and four kids; or training for a marathon Jeff approaches everything in his life vigorously.

This type of ambitious pattern started back in college: graduating at the top of his class at the University of California Berkeley, serving on the Board of Editors of the University of California Los Angeles (UCLA) Law review, relocating his family from Los Angeles to Marin County in search of a better quality of life, starting his successful law firm from scratch, giving back to the legal community through his extensive volunteer work culminating with being President of his County Bar Association, and expanding his real estate investment activities to bring economics-driven syndications to investors.

CONTINUE >

What has you live where you live?

It sounds simple, but the main reason we moved to Marin County 10 years ago was because the L.A. smog was really getting to me. I'm pretty active outdoors and I could feel the tightness in my lungs, my kids were young and I was concerned about their health, and my dad was struggling with cancer so I could see first-hand the impact of serious health problems. One day I was driving back to L.A. from San Diego after a court appearance and as I approached the city, it was like entering a brown fog bank. In that moment, all those things came together and motivated me to start looking for a better place to live.

How did you get started in real estate investing?

We bought our first home in Brentwood in Southern California in 1984. It was the worst house on one of the most affordable streets in one of the nicest neighborhoods in Southern California. We spent about \$60,000 remodeling the kitchen and adding a master bath and four years later we sold it for about 250% more than what we paid for it. Even though I was getting paid a top-of-the-market salary at a great law firm, I made more from that investment than I did from working my tail off as a lawyer. That hooked me. My father-in-law was, and still is, extremely successful in development, so that provided a great role model and incentive, too.

What kind of property do you like to buy?

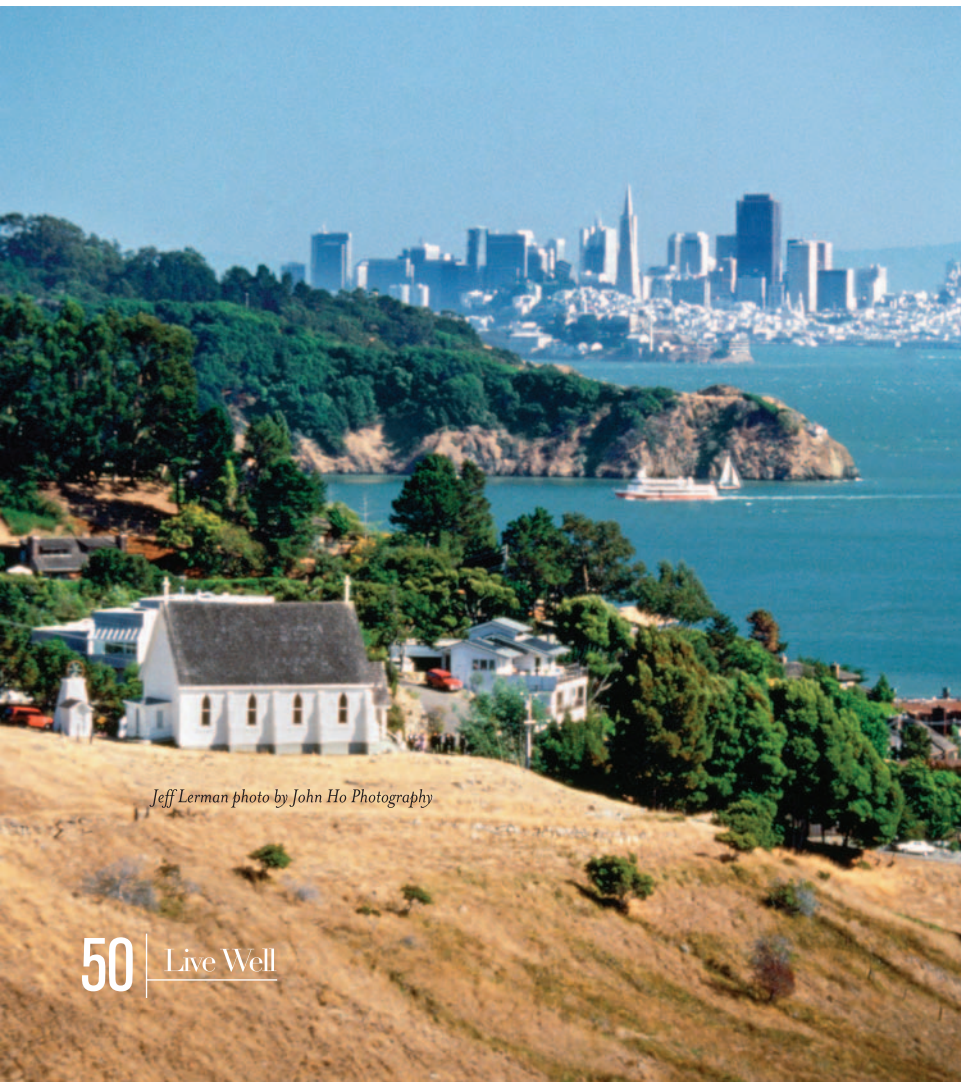
I always look for value-added opportunities. Whether it's creatively updating a tired existing property, developing from scratch, buying a property with land to build additional improvements – those are the deals that get my juices going. I love apartments because they're consistently the least cyclical investment, but I've been involved in pretty much every type of investment other than industrial.

What is your current strategy?

I've recently started doing syndications. I've started seeing more opportunities than I could do all on my own, so I've been investing more with partners – both active and passive – to do more deals and diversify my risk.

What is most exciting to you about investing in real estate?

Trump said it best in the title of his first book, *The Art of the Deal*. Whether it's through creative financing, structuring a win-win joint venture with the current owner, figuring out a higher or better use, or just figuring out the most cost-effective way to pretty up an older property I love taking a deal and finding a creative way to make it better. I believe real estate is one of the few businesses that offers endless variety and opportunities to be creative.



Jeff Lerman photo by John Ho Photography

How do you include family in your real estate adventures?

Easy. My wife's my law partner and has incredible business instincts. I involve her in everything. Her father, mother, brother, and sister are all very successful investors, so we talk deals all the time.

And our kids get exposed to the business in so many ways: they come to our office after school and hang out (we own the building), we allow for them to hear my wife and I discuss our investments, and we bring them with us when we speak on real estate investment cruises. When we visit their grandparents in L.A., we stay at the hotel they built and where they live, so they get exposed to it everywhere.

What really gets on your nerves about the current U.S. investing landscape?

Personally, nothing. The current landscape presents the same challenge I've also had: finding deals that make good economic sense regardless of where we are in whichever cycle we're in. However, I am concerned about one thing in particular. Our law firm specializes in representing real estate investors and I see so many beginning investors jumping into deals without doing enough due diligence to really understand what they're getting themselves into. They're doing it because there are so many unscrupulous salespeople out there whipping them into a buying frenzy. Today, more than ever, investors need a good team of advisors to help them navigate the investing minefields.

What has been the most fulfilling moment in your real estate investing career?

It's a tie between selling that first home with that huge gain and selling out my first syndication immediately to close friends and family who entrusted us with their hard-earned money.

What is the biggest lesson you've learned in your real estate investing career?

To take action. It's so easy to get stuck in the "analysis paralysis" mode. There's a story about a horse who comes upon an apple and a carrot. He can't decide which one to eat and finally dies from starvation. So many people go through life looking for the perfect decision, whether it's when and where to pull the trigger on a real estate deal or where to live. There are no perfect decisions. It's critical to learn how to make the best decision taking into consideration all the relevant factors but, at the end of the analysis, decide to act and take a step, any step, towards implementing that decision.

Talk to me about how you like to give back.

In law, I give a lot of time to county and state bar activities, either chairing or being a member of committees. Also, I'm just about to start my one-year tenure as president of the Marin County Bar Association, which will be a pretty big time commitment, but it's also a tremendous opportunity to make a difference. In real estate, I teach a lot at investor clubs, trying to touch as many investors' lives as possible and show them how to stay out of legal trouble and protect their personal assets.

What is your idea of true luxury?

Taking a full weekend off with no work, going for a long run, and taking a long nap.

How do you want to be remembered?

As somebody who left the world better for having been here.



If you would like to be considered, or know of someone you feel should be considered for our next Investor Profile column, please forward a brief summary about you and your real estate investing history to info@live-wellmagazine.com. If we like what we see you may just find yourself featured in the next issue of Live Well Magazine.