

EPISODE 296

[INTRODUCTION]

[00:00:00] ANNOUNCER: Welcome to The Real Estate Syndication Show. Whether you are a seasoned investor or building a new real estate business, this is the show for you. Whitney Sewell talks to top experts in the business. Our goal is to help you master real estate syndication.

And now your host, Whitney Sewell.

[INTERVIEW]

[0:00:24.1] WS: This is your daily Real Estate Syndication Show. I'm your host Whitney Sewell. Today, our guest is Mark Kenney. Thanks for being on the show again, Mark.

[0:00:32.0] MK: Hey, Whitney. Super excited to be on today.

[0:00:34.5] WS: Awesome, we're always happy to have you back Mark. I know as a listener, you heard Mark on show, WS22, show 22, I would encourage you to go back and listen to that to learn more about him and then also, just to show we did yesterday, I would encourage you to learn about Mark and how he's helping so many people to get started into this business and he just laid out many ways that you can get started in partnering with someone else or different ways you light out that you could take action today. Thank you again for that Mark.

You know, a little about Mark, I would encourage you to go back listen yesterday, there were 20 years, have extensive experience and property evaluation, acquisition and operations, he's a seasoned real estate investor, the founder of Think Multifamily. He's invested in over 4,300 units with a top notch reputation which I would agree I've heard nothing but great things about Mark and Think Multifamily and just honored to have you on again mark.

Today, a big topic in this industry is raising equity, raising that capital, talking to investors, you're an expert in that, you're helping many people learn that part of the business well and in the last

episode, you know, we talked about how in the beginning that you were terrified of that, you know? You're really nervous about making that happen and I know the listeners can relate to that, I was in that boat as well and we'd love to dive in and just really get your take on helping the listener to get started in that way and learn how to raise capital talking to investors.

[0:01:53.9] MK: Yeah, I mean, you know, for me, the CPA, IT guy, I wasn't the sales guy, the marketing guy, things like that, indirectly because I was kind of one man shop for the most part where I did my IT company. The whole money piece, you know, I eluded to it in the previous episode that people struggle typically with one of two major things.

One, analyzing deals, the other one's raising equity and mine was related to raising equity. And for me, you know, you need to look at it as hey, I'm not asking people for money, I have an opportunity. Most people don't even know they can invest in deals like this, a syndication. Most people never heard of the word syndication. You're providing an opportunity for them that probably is better than any other investment they ever done before.

With that said, you're new to this and you're like hey, I have – I'm going to start raising capital. It's not very common where someone comes to me and we'll say, "It was a lot easier raising money my first time that I thought it was going to be." It's usually like 99% of the time, it's the opposite. People think, you know, if you've never raised money before, I would say, don't even guess if a syndicator says, "How much money do you think you can raise Whitney?" And you say, "I think it will raise a million dollars, no problem."

"How much have they raised before?" "Zero." You have no basis, right? You might be able to raise a million, maybe more, I don't know. The reality is, there's no basis there. You know, when you're looking at it and you say, "Okay, well, I'm new, how do I do that?" One, I would say, partner with somebody that has a track record, however you do that, you talk a little about that in the previous episode too.

But with that, now you can say. "Hey, my partners and I own X number of doors and been doing it for 20 years and I'm just one person." They say, "Aren't you new Whitney?" "Yeah, I'm new to this that's why I'm partnering with somebody," or they think of you, you know, for me, aren't you an IT?

Yeah, I was an IT but now I'm doing this. Having that reputation of somebody else to rely on, well, it won't make it easy, it will make it easier though. Then you say, well, how do I buy people? Well, you know people, sometimes they're – it's harder trying to get family or even friends and things like that because they look at you in a certain perspective.

It could be good or bad. But, having new — getting out there to events, many people, I see it time and time again and people on our group too, we encourage them, "Hey, if you're going to go to a meetup, you're going to spend your whole weekend in advance, spend money and time," and I've seen it, I've been in offices literally we're a hundred business cards or more, sitting on somebody's office desk and they've never followed up with anybody.

Have gone through all that effort, I say that even at a minimum, if all you do is follow up with the people you meet at an event, you're further ahead than 99% of people out there. You just are. It may result in nothing, it may result in a partnership that changes your life forever or friend that changes your life. The follow-up is key.

[0:04:44.9] WS: Couldn't agree more about the following up and I've seen it so many times myself. You know, the quick shotgun approach with the business cards, right? That's right, it's got to be the unique conversation, getting to know somebody and then that genuine follow up, so important.

But I wanted to back up a little bit and you know, you said, most people don't even know they can invest in a deal like this and so how do you suggest, you know, you talk about when you're new and we're partnering with somebody so then we can kind of leverage their reputation some. What's the best way you found for somebody that's pretty new to this industry, to let others know in their sphere of influence that this is a great investment option.

[0:05:18.0] MK: First, I would say, as much as possible, let's say, I was an IT, just start talking about don't push stuff, don't even provide an opportunity to people yet. "I'm starting to do real estate now, it's really cool, I'm buying apartments, hundred plus units." So kind of getting that conversation going lightly at first. No one even knows it and I'm like. "Hey, I have this opportunity." It's too like a shock.

Hey, I'm doing real estate and then I have social media. Social media, start putting stuff out there where you're like hey, I analyze a deal today, man, that was rough or whatever. I looked at a property today and so people start seeing that.

Now, the issue with social media is that it's useless unless we have people's contact. We know a guy that had over a million people on YouTube and he got cut off from YouTube forever. Literally lost a million people overnight. What you want to be able to do, whether it's social media or whatever you're doing is, hey, have something of value, talk about personal stuff here and there and throw some business up in there and even if you're new, chances are, you have something of value.

Maybe it's a 10 step checklist or 10 things I learned about multifamily investing, whatever it is. You don't have to have done a deal in order to do that but the idea is maybe you say, "Okay, well hey, here are the top three things, you want to know the other seven?" They click there and you ask them for an email address. My opinion, don't ask them for a phone number, don't ask them for a bunch of other stuff because they won't fill it in. Have the form as simple as possible.

But by doing that, then, now you've captured an email address, that's what you want. Now, you have control over that outside of social media and then, eventually you start doing more and more, you kind of add them to a funnel or whatever and doing like a newsletter monthly or quarterly and it could be some personal stuff that I'm doing.

Here's some business stuff I've been doing and things like that. Send that – you know, building that rapport. We have people all the time. I talked to a guy yesterday, "I been watching you guys for two years." You know who the guy was, you know? It happens all the time. People are trying to see, is this guy legit? Is Whitney legit? Is he going to be gone after a year? I don't know yet. They're watching you.

You need something of value, doesn't have to be significant, even your website, if you're going to be in this business and you want to start raising capital, you know, my opinion, don't have a Gmail account, get your own domain. It's cheap, get a one page website if you want to, it

doesn't have to be a fancy website. People think I need to look at somebody else's website, my gosh, I need to do all that before I get started.

No, just get one page up, get started, don't wait for everything to be perfect. That's something both my wife and I struggle with is that we don't want to release stuff a lot of times and we spent frankly too much time trying to perfect things and the extra 1%, 2% might take you twice as long to do. It's a balance.

But, get a website, get business cards, we throw our own domain and then start communicating with people. In my opinion, don't send them emails every day, they're going to ignore them. Whatever the time it is, once a week, once a month, some people start seeing it.

People need to first – if you're new, people need to see, you're not new anymore, "I saw Whitney, he's been posting on for a year," now yo have a deal. A year later, Whitney has a deal. It's not the first time they're hearing about it. I saw Whitney toured some properties, he was talking about analyzing deals and this must be a good deal because I know it took me a year to do it.

They need to kind of get – my mind slowly propped into what you're doing versus like me walking to work next day and saying, "Hey, I have this deal, you want to invest in it?" People are like what? I mean, what are you doing real estate? That's key and then you know, getting capturing and getting building your list through events, through social media, BiggerPockets is great. People reach out to us all the time through BiggerPockets but you have to respond back.

Now, at some point in time, you're going to reach out to you and this isn't to be whatever and you might not respond back, it happens now. I was – I always respond to people but now you get inundated with a bunch of lenders, you know? A bunch of insurance people and things like that. You have to balance that, prioritize. My whole thing was I have to respond to everybody, if didn't hear from me within a day, something happened, it's true.

But now you have to prioritize, what's my biggest bang for the buck for my business. Well, for us, it's passive investors and coaching. I have lenders, I have CPA's, I have attorneys, I have, I

not saying I couldn't maybe find a better one. I don't know. Reality is, I'm not putting my effort into doing that, I'll put it up to what's going to help me build my business.

[0:09:49.8] WS: We know that responding and that follow up is so important when we are raising capital, when we're connecting with investors, you know, something you mentioned there is something I deal with every day as well. It's like prioritizing, where are my time is spent best and responding to all these connections or phone calls or you know, like scheduling 15 minute calls for many hours just back to back.

You know, I do it all week, I'm doing that and sometimes like okay, I've got to block some time of just so I can make certain that I'm responding to emails every day which seem to pile up massively. How do you manage that? How do you know where your time is best spent and do you time block, do you have other things that say okay, you know, this is – we're going to spend this much time and BiggerPockets or Facebook or you know, how do you do that?

[0:10:34.5] MK: I don't do a very good job frankly. I don't, it's something and we have a business culture, I mentioned we just hired – yesterday's episode. That's one of the big things he has for us is time management. I've been very efficient at it but I can do way better but I don't do a very good job time blocking. It's just reality. Now, I have a different philosophy and we'll see what our business coach says but let's say I have 30 things to do and one is a high priority and you know, five are lower priorities but it's going to take me two minutes to do them.

I do the five that are lower priority because I don't want to have in my mind, I have 30 things to get through in the next two hours and I only have 25 now because I spent 10 minutes and got through five of them. People might disagree with me on that but for me, from a mindset standpoint, it helps me to get through, you prioritize, can I respond his email within you know, two minutes. Just be 10 minutes or is it going to be like a half hour, things like that. I know someone that you know, does like ABC for the emails and how folders form and they throw and as soon as I get the email, I throw in an AB or C.

Based on how much time is going to take them and do that. It's important because you'll find that you spend a lot of time, if you really journal down what you spend in time which I don't do a

good job on frankly. I'll be in writing something and the email comes in, I start reading the email, I'll circle back to writing. No, stop doing that, you know?

Unless it's absolutely urgent, then you're basically wasting time, you're distracting yourself and I'm guilty of that and it's something I need to do a better job of.

[0:12:06.9] WS: Do you use any kind of task management software?

[0:12:09.9] MK: I use Asana.

[0:12:10.9] WS: Okay.

[0:12:11.8] MK: Asana's been – it has really helped our business tremendously. Yeah, we use Asana for task management.

[0:12:20.4] WS: Awesome, any other tools like that that's really helped you with staying organized and getting back to people, obviously, you know, in raising capital as well.

[0:12:27.3] MK: No, I mean.

[0:12:28.2] WS: CRM?

[0:12:29.4] MK: We use ActiveCampaign for contacts and we use ClickFunnels for the final piece and things like that. As far as just kind of getting back to people, it's pretty much just email and I always been and I always will be very responsive. Response can be, "I'm tied up, and I'll get back with you in an hour."

But I want people to know that, "Hey, I'm not ignoring you." Any investor that in anywhere or deal, how responsive we are to them, we're very responsive. In reality a lot of people aren't. So you can do that one thing, you're further ahead than most people.

[0:13:00.9] WS: You know, we've covered – you know, we're talking to this individual and where you can explain that it's an opportunity, we're not asking for money, you elaborated on having

some kind of website, having a better email domains or you look a little more professional, some of those things which you can really put you above so many people, right? That are trying to get started and raising capital, communicating, following up, you know, not just letting those business cards sit there.

How do we get those business cards? How do we find those people, you started to go into like going to events and to find these people? What kind of events do you recommend? You know, I know getting started, I went to – I've been to so many events over the last year, two years and have traveled a lot but they've all been real estate events and I've connected with many investors, you know? At those events who have invested in opportunities. But, you know, is that what you recommend, what kind of events?

[0:13:48.4] MK: Yeah, it depends kind of what your focus is, you know, for us, we have two pieces of business. One is passive investors and the other one is coaching. Sometimes the events that we might be more interested in will be different.

If you go to a syndication event and if your goal is to find passive investors, it might not be the best event. If your goal is to find a partner to partner up with on a syndication it's probably a great event. So there are, you know we've been – I mean you know [inaudible] and things like that. I mean love those events but if you are just passing there are other events like there's a New Orleans Conference that's usually around. It is usually start with goals and stuff like that but now it is turning into a lot of the things. We went to that a couple of years ago.

A lot of high network people there. It is a very different event. Just the feel, the vibe, kind of old school, let's say not a lot of energy but there are people there that want to invest. We got a couple of investors out of there that were high net worth. So it doesn't have to be real estate. Now if someone is investing in real estate before that's the easiest thing.

So let's say for example put events aside for a second, if you have a website, people start reaching out to you and you want to know what they're reaching out to you before. We didn't do this before, we do now and you are reaching out to me for coaching, for investment blah-blah-blah and if they say for investments. You might follow up with them with an email, with a

questionnaire. Five or six questions, "Have you invested in real estate before? How much money do you plan on investing?"

Now this doesn't mean again, if someone says, "Hey, I have never invested in real estate before and I have no money to my name but I want to get started in real estate." Now we have a good passive investor. They go way low on the list they just do. If someone says, "I have invested in real estate before. I have a million dollars I want to invest over the next year," probably goes pretty high on your list.

So going to events that are not just a real estate but people who are high net worth are going to things like wine things, right? People that are wine typically – you know I don't really like wine but the reality if you're going to, I love cars. I am going to car shows, boat shows, I mean things you wouldn't really think about but someone that is buying a 300,000, \$400,000 boat probably has some money.

So you know it depends on your focus. If it is passive investing, I would focus on definitely meetups and some of the maybe the IRA type events. People there are typically interested in investing and then some of the non-real estate events. But still I would go to the real estate events too. It is a balance. You could go to an event every single weekend, go to meetup almost every day and you just have to balance it, how much time are you going to spend doing that?

[0:16:26.9] WS: I like the thinking out of the box there too with the car shows, boat shows, some of that and especially if that is something you're interested in too like you are talking about you're interested in cars. So it is going to be much easier for you to stand next to that fancy car, whatever it might be that you are interested in and talk to this individual that owns it and you all kind of share that connection and then not ever talk about business right away but at least you should start that conversation and that relationship.

[0:16:49.2] MK: Happens all the time. When I found out someone they're like, "Oh my gosh," you know we spend a half hour talking about nothing related to business you know? You know, it is hard for me to just go to a wine tasting thing frankly. Me and my wife, Camille went with me it is easier but if I – because she does wine okay but we just go there. First of all I don't drink wine, so that's silly, right? And then I don't know anything about it.

So for me just go there, I mean people are going to be like, “What do you think about the wine?” “Oh I don’t know, I don’t drink.” It’s funny. It doesn’t makes a lot of sense probably right? Or you go to the car show, “Oh what do you think about this?” “Uhm, what kind is it?” Or — you know? Buying those things or cigars. I don’t smoke cigars but cigar places I know people go there and actually met a number of people. I don’t know why or what it is but another venue that people can typically have money and they go there.

[0:17:38.8] WS: Yes, somebody told me the other day I needed to smoke more cigars with people and play more golf and I said, “Well I don’t do either one.” So you know it is going to be obvious when I get there that’s the first time. So what about the follow up. Let’s say you did have that conversation with the guy at the car, you know you all really hit it off. What is the next hollow up going to be? What is that going to look like?

[0:17:55.7] MK: Yeah or even at an event, sometimes you’re tying me to somebody who is short but I would say, hey, email them after. “Hey, do you mind if I drop on a call and talk a little bit further where it might be?” Try to get them on the phone as much as you can and at first, it is not a problem because you are probably not talking to a 100 people, right? Maybe it is ten that you are needing to connect with and things like that or the number is.

Talk with them, get on the phone just try to understand. You want to understand what they have been doing before, if that’s going to make any indication of what they are going to do in the future, what they like about what they’re doing before. So if they say, “I invested in stock market,” “Oh yeah, hows —” and they’re like, “Oh you know the rollercoaster, I don’t like it.” Well that’s good or if they’re like, “I am killing it in the stock market. I have never lost a penny.” That might be a hard person to convert.

You might get them to be able to diversify but really understand what they have done before, what their goals are and ultimately you want to know what they have to invest. Not necessarily what they are willing to invest because you don’t know what they have to invest. If someone doesn’t have any money to invest or not, you get a passive investor. That’s the reality. There are many ways for people to invest that they don’t even know about through their retirement funds.

Most people don't think they could do that. You know internet banking, people don't know they can invest that way. So there are a number of ways or borrow against their 401(k) and the people are like, "Oh my god," or HELOC loan. I mean these are all different ways they could do that they didn't even know I could do that. So there might be educating. I tell people all the time about different aspects and for me to be able to say, "Oh hey I have a CPA you should talk to. You should talk to Damian [inaudible] about EQRP first before you do an IRA and then you decide which one you want.

Someone reached out to me today, about that actually and she asked me about CPA and asked me about Damian. So those are things that giving back, I have people that will ask me, "I am interested in mobile home park investing." I am not the guy for that. Actually I do invest in passively, but I know who the guy is. "So here is a contact or self-storage." So don't look at it as your giving away to an investor. You are doing something to help the investor and it will come back.

[0:19:58.8] WS: Great advice and Damian I just had him on the show as well and we talked about how to use that vehicle that he used that analogy a lot about the vehicle and it is another vehicle or a better vehicle that you're in the driver seat of. But awesome. Yeah and even things like that that you could educate yourself a little bit to tell people about because like you said, they don't even know that's an option most of the time. I wouldn't have.

[0:20:19.0] MK: And most people like when they've talk about self-directed IRA and honestly, you know, not great. You know I have done it before too. I have an EQRP now but do you know your IRA could be taxed? What? Well you know it is the IRA. Well you tell them, "Well you know UDFI." And you don't go into all of the details and "But here is someone you should talk to further about it." You know I always shy away, I had someone today that asked me about the QRP.

And said, "Hey, if I am doing this, I am not self-employed." Blah-blah-blah, "Is it an option?" They are asking me and I said, "I don't want to give advice on that. The expert is Damian, you should speak to him." People want you to guess, speculate and even investors want you to do that. When do you think this is going to be? How much do you think it's going to cost for this? I had a guy yesterday at meet up, you know we are converting some units from three –

Maybe three bedroom to two bedroom and efficiency and a result of \$500 extra a month in rent in these deals. per unit. And he is an investor in the deal and he's like, "Well how much is it going to be to do that?" I'm like, "We literally just found out about all of this two weeks ago. I don't know." "Well if you had to guess," and I'm like, "I hate doing that," so I threw a number out I should probably have said I am not going to guess. Obviously I am not going to guess I threw a number off where I thought I found reasonable. But just don't guess. Don't guess on timeframes necessarily. You can only use information you have. So that goes into the investors once in any deal, what happens.

[0:21:41.4] WS: So now this person you met at the car show, you followed up numerous times, you had conversations and they finally say, "Okay Mark, you know I am really interested in this syndication thing. You have told me about and you have been sending me a few emails me about it and helped to educate me." What is going to be your follow up there after they've said, "Yeah you know I am ready. I would really like to invest in the next opportunity."

[0:22:01.6] MK: Yeah, if you understand the type of deal that they are interested in. If they're like, "I am interested," you might send them an old deal. Don't send them — in my mind the private place in random and everything unless they ask for it but you send them an old deck, PowerPoint PDF whatever it is, 20 pager. Here is a deal we did before. It is a deal similar of what we typically do. So they can start seeing, "I understand a little bit more," and they could ask more educated questions that way too.

Better off having them to go slow and some people get really frustrated when investors ask questions and in reality, some investors will be a pain, I had a guy literally send me 40 questions to answer, 40 written questions and I could have said, "Probably not," you know? But I didn't, I asked the questions. Now the plus side of that is if the guy actually ends up investing in deal they have probably done a lot of homework so it might not be as big of a pain.

But yeah, following up and then if you have the relationship with them things like that, then you can just start sending them deals and say, "I'll add you to a list for investments" some we do a lot of different types of investments. Some might fit, some might not, "But if something looks interesting to you just let me know. We can jump on a call." And then do it that way.

[0:23:11.7] WS: Okay, this following up piece is so important. I thought we could sit here for a minute before we run out of time but okay, so now they've invested in a deal. The deal is closed, what is your follow up process then?

[0:23:23.5] MK: Yeah, so we do a monthly reporting and that will include all the financials, things like that and that is pretty much it. Now some investors that are new don't realize that it takes you usually a month and a half or maybe even more longer to get your reports for months. So if I'm in January is the reportable, it will be ready until mid-February or the 20th of February. So there is the lay there but yeah, it is just monthly reporting essentially.

[0:23:48.4] WS: And can you tell us anything else that you might include in there to educate investors about the deal or give them information or are you going to provide – you know I have seen both ways. "I am going to give them some bullet points, this is what's happening," or we are going to provide like as much information as possible where some investors are going to be confused then or have more questions or how do you handle it?

[0:24:09.4] MK: I would say a summary of what is going on for sure and then additional information that is a link or attachment that they can open. Some people never open it but typically if you want to know, at the end of the day I don't care how you're doing it, "Are we on track or not?" That's what they want to know. "What's the options look like?" If you are doing rehab or things like that, taking pictures, putting pictures out there or videos out there is a tremendous help.

People can see visually what is going on but like you said, if you said, "Hey," a two page written thing about what is going on, it is just too much and some managing companies we have some that give us – I mean the reports are killer reports. We have other management companies that give us just kind of the basics just to find the intervals, no summary, no commentary. So it is depending on who your management company is.

[0:24:56.0] WS: Mark, unfortunately we're out of time but it's been great to have you on the show again to learn more about you all's businesses and just this topic, which is so hard right now in the industry because people trying to get started is raising capital and you know that

follow up, I know we beat that to death but it's so important and like you said, 90% of people leave those cards sitting there and never touch them and so just following up even once will put you ahead of most people that are trying to get started but any other comments about getting started possibly before we close it up?

[0:25:24.9] MK: You know I just say, you are going to be nervous and scared probably before you do it. Try to start as somebody else's deal, getting started with the capital raise or some legal aspects of that, how you can and can't do that, I won't go into all of that but if you are able to get into position where you are helping somebody else on their deal legally, to raise money, that's the best way to do it.

[0:25:44.3] WS: Awesome. Mark, I will ask you again though because I want you to share that, how do you like to give back?

[0:25:50.6] MK: Yeah, so for us two main areas. It's orphans and sex traffic industry. We have been able to do that for a really long time. Actually to me was on a board for 13 years, I was on board for orphanage and we're not really on there right now because of some business and family and things like that but we still support them. Those are areas that we're passionate about and will continue to support.

[0:26:11.5] WS: Man, I wanted to ask you too, the number one thing that's contributed to your success.

[0:26:15.0] MK: Grit. No, no it's don't give up. If it is something you want, you might found out it is not something you wanted and you are not willing to put that effort in there and that's okay because then you know. But if it something you want, don't give up. You're going to get frustrated, you are going to get knocked down, you are going to have all of this stress but don't give up.

[0:26:32.6] WS: Awesome, well tell people how can they get in touch with you and I know you have events coming up that would definitely want them to hear about because if they are learning this industry, learning how to raise capital, they need to be there, tell them where to find it.

[0:26:43.1] MK: Yeah, my email is mark@thinkmultifamily.com and on our website, thinkmultifamily.com under events. We have a two day fire summit talking about how you raise capital along with other aspects of multi-family investing and then we have a deal analysis class as well and then we work through deals together. Bring your own computer, both those are on our website.

[0:27:06.2] WS: Well thanks a lot Mark, it's great to get to talk to you.

[0:27:09.2] MK: You too Whitney, I really appreciate it.

[END OF INTERVIEW]

[0:27:12.3] ANNOUNCER: Thank you for listening to The Real Estate Syndication Show, brought to you by Lifebridge Capital. Lifebridge Capital works with investors nationwide to invest in real estate while also donating 50% of its profits to assist parents who are committing to adoption. Lifebridge Capital, making a difference one investor and one child at a time. Connect online at www.LifeBridgeCapital.com for free material and videos to further your success

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