

**EPISODE 398**

[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]

**[00:00:24] WS:** This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Today, our guest is Ramana Korada. Thanks for being on the show, Ramana.

**[00:00:33] RK:** Thank you, Whitney. Thank you for the great show. I'm glad to be part of this show.

**[00:00:37] WS:** Yeah. We're grateful to have you on, especially with your experience. I know you'll be able to add tons of value to myself and the listeners. So I appreciate your time. I'm grateful for that, Ramana.

But a little about Ramana. He's a co-founder and managing partner of Raven Multifamily, which acquires B and C class multifamily assets in landlord-friendly and growth markets. His company has syndicated 2,700 units in three different markets in the last three and a half years. He's passionate about adding value to investors, as well as tenants.

So, Ramana, thank you again for being on the show. Tell the listeners a little more about maybe your background and how you got into this syndication business.

**[00:01:17] RK:** Absolutely. Thank you for the opportunity again here. So, folks, my name is Ramana Korada. I live in Frisco, Texas, which is part of Metro DFW. I'm an immigrant to this

country. I came here in 2001 for my masters. As everybody else, I finished my masters and started looking for a job, found a job. I was roaming across the country with my job, but I always have this passion to do something else other than my job. So I was exploring different opportunities in multiple areas, not knowing anything, not formally educated in any other than my day job. I never stopped my thirst to exploring.

So I started partnering with few of my friends and started investing in retail strip centers. So I found two of them, I partnered, and I wanted to replicate in the hometown of me, which is Dallas. So I was able to get many people interested in the business model. But by the time, “Guys, it’s ready to send your funds,” but nobody was doing that. So that gave me a pause and thinking retrospectively, what I realized is these folks do not have any formal education. I mean, they are believing in me, but they are not able to make a decision if that’s a good investment for them or not.

So that pushed me into finding the right mentor where my job is not to educate people, but rather I wanted to make the investment successful. So I found – I mean, until then, my focus was on retail strip centers. But after I found this mentor in Dallas, I felt like multifamily is the way to go, because, end of the day, everybody has to live under a roof. The class of the property that my focus area is, B and C, where C being the lowest in the class, of course, that’s where the value-add comes into picture. But by targeting the C class properties, I was able to pull most of the sophisticated and the accredited investors into these states.

So this is where I learned multifamily knowledge base and network with so many folks with a similar mindset. I started investing passively and quickly learned how to syndicate. I found my partner, Venkat Avasarala, in the same mentoring group. We started working together, and we started with a 100 unit property on Oklahoma City, moved onto a 120-unit in Glendale, Arizona. That gave us enough credibility in the market, and we picked up 300-unit property in DFW market. Since then, we’ve been purchasing in DFW. So we finished our 11 syndications with 2,700 units.

**[00:04:07] WS:** 11th syndication?

**[00:04:09] RK:** That is correct.

**[00:04:10] WS:** Awesome.

**[00:04:11] RK:** Thank you. So we exited from 3 deals out of these 11. So we are actively managing the eight properties. We don't self-manage. We are working with third-party property manager. Professionally manage the companies in the DFW market and looking forward to get to our 10,000-unit mark in the next few years.

Part of this process, I worked in IT for 15 years. After having few properties, I mean, it's kind of overwhelming with investor relations, with property management, with the – All the nine yards with the property management. So with that, myself and my partner, we quit our 15-year carrier IT jobs, and we are doing this full-time.

**[00:04:51] WS:** I appreciate you elaborating on that. I know lots of people that are listening are looking to do the same thing, and you have accomplished a lot. I mean, 11 syndications. That's great experience, and I know you all have learned a lot. So why don't we talk about a recent acquisition, and let's kind of dive into that deal a little bit?

**[00:05:11] RK:** Absolutely. So my apologies for not able to make up my scheduled time with you, because this property type is a whole lot than anybody would think. So in the first 10 deals, myself and my partner, we never struggled to raise money. Even in the last three deals, we were able to raise like \$9 million in 24 to 48 hours. I mean, not everybody deposited that money into LLC's account, but we were able to get full commitment within no time. But something changed in the market.

So if I think back, what I could realize is, definitely the recession back is more than it was a few months back, and multifamily is still the hottest market. So price per pound is definitely killing, and there are a lot more syndicators in the market right now than a couple of years ago, so lot of availability of these opportunities. Of course, investors have to make their complete due diligence before committing to their funds. They have to work the syndicator. They have to work the submarket. They have to work the market. They have to look at the underwriting, how well these syndicators are doing. All these factors before investing in anybody's deal.

Even though our underwriting is very conservative, very investor-friendly, still we were not able to pick up the \$8.2 million raise not easily. So it took a good three weeks this time. Definitely, price per pound is one of the key factors that we have to keep in mind. So before purchasing or getting into contract, that would be my criteria for sure.

On this particular deal, this is a 280-unit Arlington property. It is 1970s-built. The seller whom I know, we know before, they manage around 5,000 units across Texas and Colorado markets, a very sophisticated seller. We spent around four million dollars in that 280-unit property. That took care of pretty much entire exterior renovations, and also they upgraded 48% of the interiors as well. They showed us the good path to increase the rents. So it was a no-brainer to win this deal.

I mean, basically, this was an off-market property that one of the prominent brokers got to us from Dallas market, and the same shop provided a good 80% LTV loan on the property. That helped us real big time. Finding a right lending partner is key to success in this business as well. At the end of the day, the more pursuits that we get from the loan will help lesser equity raise, which will produce much higher, much better result to investments.

**[00:07:57] WS:** Okay. I'm going to stop you for a minute, because there's a lot of things there we can talk about or that I want to ask you about. I want to say like congratulations though to you all to be able to raise \$9 million in just a couple weeks or before even. I know you said this time you struggled, but you still got it done in three weeks. I mean, that's still – Most people listening would still be jumping up and down to be able to raise that kind of capital even in six weeks. You all are obviously doing something right.

But tell me, I know you elaborated a little bit on just how the markets change and maybe why it was a little more difficult to raise the capital, because these investors have so many more opportunities to look at now. But what was it that really helped close that gap for you? After a couple weeks, you all noticed that, "Okay. It's going to be – Well, it's a little more difficult now to raise the capital than we expected." What was it that pushed you to reach your capital raise goal at that time?

**[00:08:54] RK:** So basically, we didn't reach out all the people in the first place. So obviously,

we reached out and we made a few phone calls with the past investors. So they came forward and invested with us. Also, to keep the underwriting very attractive and conservative for the investors, we didn't include a lot of other income opportunities in the underwriting in the first place.

Some of the investors were asking, "Hey! How come you didn't add any –" It could be [inaudible 00:09:23] income. It could be tax savings that the City of Arlington is [inaudible 00:09:27]. But we can implement car parking, reserved parking. We can get cable, Internet contact to the property. I didn't include all these in the initial underwriting. So when I added all that stuff. It definitely showed much better result for the investors or returns for the investor.

So that helped fill that gap very quickly. I wanted to keep it as much conservative as possible. Still, I don't want to false promise. End of the day, once investors likes your business model – the things that we do, we have a very clear communication with our investors. We don't false promise. If something is not being right in the property, that's what we communicate. We don't oversell to any investors, whether – "Hey, if you are interested, please invest. If not, let's move on. But you know, we will share our next opportunity with you so you can join." No selling, clear communication, clear expectations.

In our webinars, we make sure that we communicate, "Okay. This is how the communication is going to be," and we try to be in the same schedule. Also, we had pretty good success with the sales or the exiting of three properties. So that helped us secure our 2,700 portfolio in three and a half years.

**[00:10:46] WS:** You also said numerous things there that we should probably elaborate on a little bit. But for the sake of time, I'd like to know a little more about this deal. You elaborated 280 units in Arlington, 1970s-built, and who the seller was a little bit. They'd already upgraded 48% of the units, and that it was an off-market deal that a broker brought to you. Tell me, right now, I know everyone is struggling with finding "the deal," the next deal. We're seeing lots of properties, but they seem to be so overpriced. What was it about you all or the relationship or the connection that allowed you access to this off-market deal?

**[00:11:25] RK:** So basically, end of the day, brokers have to represent sellers. You can have as

much as relation you can have with the brokers, but you have to give a warm and fuzzy feeling that you are the closer, one way or other. We go into these contracts with the mindset of 60 days to close. Luckily, or fortunately, the way how we perform for me and my partner, we always – as most of the deals we closed at least a few days before the 60-day mark. So we have that reputation in the market that we are the closers and we can close early too.

On this particular deal, we closed this deal how many days? A week before. Even though we struggled to raise money, we were able to close a week before. So why I'm saying that is obviously you have to impress the broker with your due diligence before setting up the tour. You make sure you read the [inaudible 00:12:26], you understand the market, you understand the submarket, you understand the property. If needed, go and visit the property multiple times. Feel comfortable so that if you are well-prepared before the setting up the tour, broker will get impressed upon you, and he will see the odds in you that you want to win the deal.

Now, you have to give the comfort that you can raise the money if you are a syndicator or if you have your own funds that is well and good. So as soon as the broker feels comfortable that you are a closer and you have a resume that shows that you are a closer, then definitely brokers will come after you. Of course, like I said, brokers represent the seller. There are a lot of syndicators and institutional partners are looking to park their money in this multifamily asset class. So you have to compete with many folks than you would think.

**[00:13:22] WS:** I would also add that not only are you impressing the broker or you're increasing that relationship, but you're also buying from a seller that you said have 5,000 units. They're going to have more units to sell overtime, right?

**[00:13:35] RK:** Absolutely.

**[00:13:34] WS:** So you're building that relationship and showing them how you're performing, and how you performed in the past is going to go a long ways when they have another property for sale that possibly you get to submit an LOI on or make an offer on.

**[00:13:48] RK:** Just to add one more point, the seller gave us \$25,000 credit for early close.

**[00:13:55] WS:** That's awesome.

**[00:13:56] RK:** That's a little bonus too for a number of investors.

**[00:13:59] WS:** That's really neat. You started talking a minute ago about the lending partner. You said 80% loan, and you were talking about the importance of a lending partner. I wanted to get back to that and allow you to elaborate on just the importance of a lending partner. I mean, the loan and the loan type is crucial. So go ahead and elaborate on that as well.

**[00:14:17] RK:** Absolutely. I mean, I think I'm okay to disclose the broker and the lending partner on this deal, because we closed it, and they are going to publish on their website also very soon. So this broker is from JLL. It's a worldwide company. They have Fannie, Freddie best lender as well. So this guy provided initial quote, this JLL lending broker smsed, this opportunity came in. I worked with other best lenders like Arbor, Walker & Dunlop, [inaudible 00:14:47], Wells Fargo, all these big, big lenders.

I haven't worked with JLL lending side before. I had been interacting with this guy for a while but never got an opportunity. You always have the doubt until [inaudible 00:15:01] is done. You are not sure he is going to perform, because he is the one bringing 80% equity to the table, and we are just bringing only 20%. So, I mean, I want to make sure that he performs, even though something has to happen. So obviously, insurance in Dallas market, insurance is going up and up every single day with the weather related stuff. The taxes are going up.

If you are buying a property in summer months, obviously you can see the trending of income going up as you – as the school is starting and the weather keeps changing, obviously, the collections would drop, and it will affect the proceeds. So you need to have a lending partner who can work with you, even in the downside of collections or whatnot in that property.

So it's like during this contract time, if not every day, me and my partner were in touch with this lending guy pretty much every single day. If there is some changes that he's anticipating or his credit enough like in the day, obviously we have to put a million dollars in the capex account with Fannie Mae. But at the end, he delivered and it was a big success for the sponsors and the investors in this deal.

**[00:16:24] WS:** Okay, Ramana. Well, before we run out of time, I want to ask you some other questions just about the syndication business and get your perspective. Now that you've done 11 syndications, I mean, you all gained some great experience. But what's something you know now that you wish you had known maybe while you were doing that first deal?

**[00:16:44] RK:** Lot of lending. I mean, if I talk about the very first deal, that was in Oklahoma City. So the moment we purchase the property, the aisle was in the declining phase. So definitely, we've got a big hit in that market. So when aisle was doing really good, I learned I guess obviously. A lot of new construction started. But right after we purchased this property, that new construction hit the market in that [inaudible 00:17:09] submarket like really big time.

So university housing came into market. New construction came into market and the aisle I guess went – Slowed down in [inaudible 00:17:20] market. I mean, it was a disaster for the first one and a half year [inaudible 00:17:26]. We weren't getting right support from our management company as well, so they had to change like three or four managers in the property. Finally, we found the right one. At the same time, market shifted a little bit in our favor, and we quickly wanted to sell. So we worked out with a Dallas broker to see if he can sell the property. But luckily, he found that we exited the property with a decent profit. That property being very first one, we definitely don't want to put silver syrup in our investor's mouth.

**[00:18:06] WS:** Why don't you just elaborate though on like what's been the hardest part of this process? Unfortunately, we're about out of time, but what's been the hardest part of this syndication process for you?

**[00:18:16] RK:** So finding the right deal like earlier you mentioned. There are a lot of deals available in the market, but finding the right one is really difficult. I mean, I have to scout through at least a hundred deals to find one. You have to be clear too sometimes to see the opportunity in each and every deal. No property management company, no owner will leave the rents to a very low-level if you compare with the submarket. So you have to make sure you are getting into the right deal.

For example, if you look at Atlanta market, most of the deals that you see are with the 1,200,



1,300e ft<sup>2</sup> a unit. If you look at in Dallas, the average square foot is around 800 to 900. If you look at in Phoenix, most of the product that is available with a lot of efficiency is like 400 to 500 to 600 per ft<sup>2</sup>. Not that Dallas and Atlanta doesn't have these smallest ft<sup>2</sup> as units but majority of them. So make sure you are comparing apples to apples in the market. You have to see complete upside with every single deal and things like that.

**[00:19:25] WS:** Tell me a way that you all have recently improved your business that we can apply to ours?

**[00:19:31] RK:** Recent improvement. Obviously, I think the broker relations. With one broker, we bought like five properties and the sixth one about to get into contract. So definitely, with our success, this broker definitely helped us in a big way. He felt comfortable with the way how we operate. We try not to stress out the broker. We anticipate much earlier with any active gain. We provide a solution to the process so that he doesn't need to stretch out a lot. Even with investors over this period, we built a couple thousand investors. So definitely, we present the opportunity in the right way so that they don't have the scratch their head to find out what is in the opportunity that is missing or if we are seeing something.

So things like that are helping really, really well in our process. So with our 11 properties, we are expanding our team. We hired a couple of folks to help us. So we're going to improve our investor communication, things like that, and we are in the plan of having one more person.

**[00:20:38] WS:** Tell us how you like to give back.

**[00:20:41] RK:** So different ways. To give back to the community, either you have to provide your time or the resources that you have. Especially in the multifamily industry. If anybody needs to sell, I'm just a phone call away or an email, even a text message as well.

For the community, as I'm so busy with my multifamily acquisitions and management, I try to help different organizations with funds where I can provide some difference.

**[00:21:10] WS:** Well, I appreciate your time today. Tell the listeners, of course, how they can get in touch with you, Ramana.

**[00:21:16] RK:** Absolutely. So I am in Facebook, myself, my partner, and our Raven Multifamily. In LinkedIn as well. We have our website, [ravenmf.com](http://ravenmf.com), [R-A-V-E-N-M-F.com](http://R-A-V-E-N-M-F.com). I can be reached at [ramana@ravenmultifamily.com](mailto:ramana@ravenmultifamily.com), [R-A-M-A-N-A@ravenmultifamily.com](mailto:R-A-M-A-N-A@ravenmultifamily.com). Or you can text me or call me at 214-799-9127.

**[00:21:51] WS:** Thank you very much.

**[00:21:53] RK:** Thank you, sir. I really appreciate your time and opportunity to talk in this talk show. You do a good job. I really appreciate it.

[END OF INTERVIEW]

**[00:22:01] WS:** Don't go yet. Thank you for listening to today's episode. I would love it if you would go to iTunes right now and leave a rating and written review. I want to hear your feedback. It makes a big difference in getting the podcast out there. You can also go to the Real Estate Syndication Show on Facebook, so you can connect with me and we can also receive feedback and your questions there that you want me to answer on the show. Subscribe too, so you can get the latest episodes. Lastly, I want to keep you updated. So head over to [lifebridgecapital.com](http://lifebridgecapital.com) and sign up for the newsletter. If you're interested in partnering with me, sign up on the contact us page, so you can talk to me directly. Have a blessed day, and I will talk to you tomorrow.

[OUTRO]

**[00:22:41] ANNOUNCER:** Thank you for listening to The Real Estate Syndication Show, brought to you by Life Bridge Capital. Life Bridge 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. Life Bridge Capital, making a difference one investor and one child at a time. Connect online at [www.LifeBridgeCapital.com](http://www.LifeBridgeCapital.com) for free material and videos to further your success.

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