

**EPISODE 403**

[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 Keith Yackey. Thanks for being on the show Keith.

**[0:00:32.1] KY:** Yeah, it's a pleasure to have me on, thanks Whitney.

**[0:00:34.1] WS:** Yeah, I'm honored to have you on. Pleasure to hear your story and get to know you a little bit and a little about Keith, within just two years of setting out to learn real estate, he had flipped 185 properties and completed over 700 deals, that's extremely impressive Keith.

Now owns 300 rentals and has raised over 45 million dollars during his real estate career. Keith, thank you again for being on the show, tell us a little more about who you are and maybe where you're located. Let's get in to these techniques that you used to be able to raise that much capital.

**[0:01:06.4] KY:** Yeah, you bet man. Again, honored to be here and I'm located in southern California, right near the beach so I can surf all the time but I spent some time here and in Vegas, I'm back and forth. And the truth of the matter is man, it's just – I knew there was one thing and that no matter what you did in real estate, whether it was flipping property or buying long term holds and whatever those vehicles look like, they all need gas. The gas in this game is cash, private money. Money to be able to do the deals.

I heard a guy say a long time ago, “Yes, it takes money to make money but it doesn’t have to be yours.” That set me down the journey to be like, “I’m going to become great at raising private money so I can do more deals and enjoy my life.”

**[0:01:48.4] WS:** I like that. It does take money to make a deal happen but it doesn’t have to be your money. I’ve never heard that before, the gas in the game is the private money or is the capital. No doubt about it. Deal’s not going to happen without it. I’d love to hear some techniques and ways that you know, you’ve used that maybe are a little different than we’ve heard before because I know you have some different techniques that are unique and I’d love to just share that with the listeners.

**[0:02:12.7] KY:** Yeah, you know, a lot of the strategies that I used to raise private money, whether it’s with a perfect stranger or somebody that I’m already familiar with. I always try and first of all, have the right psychology, you know? I hear this a lot because I talk with people that are learning to raise private money every day or wanting to learn how to raise it or wanting to take their game to the next level.

They kind of have the mentality of, “I’m going to go ask this person for money,” which if you have that frameset, you know, that mindset, that frame you’re working from. Nobody wants to ask anybody for money. I don’t even want to ask my best friend for money. I’d rather go eat chicken bones in a gutter than ask my best friend for money, right?

The reason why I think a lot of people get scared of raising private money is they have that mindset of they’re asking people to borrow money as if they’re almost begging as supposed to the mindset of saying listen, “I’m giving you an amazing opportunity.” What a different thing of asking for something as supposed to, “Hey, I’m giving you an opportunity.”

I think you know, whatever tactic or technique or anything we use, I always like to just start it right from the very get go and say, “Hey, listen, you got to show up at the right mindset and that is, I’m giving somebody an opportunity to invest in a deal that’s going to help and benefit them. That’s one thing.

The second thing, we can talk a little bit where to find them but I think a lot of times, you know, whether it's – I encourage people, go down the courthouse steps because there's people there that love what you love, real estate, and they have what you need, money.

I'm not saying you're necessarily going to do the deal with all of them or with any of them but that's a great place to go where they already – they already believe in your gospel so to speak, you know what I mean? They believe in the religion of real estate. You're not trying to convert them into something they don't know.

Another technique I really like and I encourage people to use is listen, every private mortgage or any cash deal is all recorded in your local county area. Go look those people up and go contact them. They're already doing what you want to do. In fact, I teach a lot of people how to do this and I had one guy in new jersey, he goes, "Keith, I stopped at 50. I found 50 people, I reached out to them." A couple of them got back to him and one of the guys was like, "Listen, I'm a bail bonds man. I'm sitting on a lot of cash in my bank account. It's not making me any money in there and I need somebody to put it on the street and I'll lend it to you at 7%." This guy went from doing like a deal every three months to doing two to three deals a month and because he's now backed by a war chest of cash, right?

A lot of different strategies, but I think what a lot of people are nervous to say, "Okay, Keith, I found him but what the heck do I say?" Right?

**[0:04:46.4] WS:** Yeah, I wanted to ask you about how – because I hear it often, you know? It's changing the mindset like the first point that you made, we're not asking for money but we are providing them an opportunity but maybe you could elaborate on how you frame that conversation. So we've changed the mindset, we know we're going to provide them a great opportunity but what does that look like when you actually get to the point where you're fixing to talk about this?

**[0:05:06.9] KY:** Okay, there's two different people, one who actually knows real estate and understands the game and then there's maybe that closer circle of people that might be watching you and saying, "Hey, what are you doing? I saw your new car, I saw you quit your job, you seem to be doing fine. You're not broke now, what happened?"

Let's talk about the familiar with you but not with real estate and we can talk about the not familiar with you but familiar with real estate. I always just say this. You know, if I'm at a family function, a barbecue, a reunion, anywhere where I know these people and they say, "Keith, what are you up to?"

I just say, "Hey, I'm making double digit returns in my real estate investments, if you ever want to jump in on with me, let me know." What I'm doing is, I'm saying, "Hey, I'm making great returns, if you're interested, let me know." What I'm doing is I'm giving them an out. Most people, when they talk to somebody, they don't give them an out, you know? I don't know if you ever have this family member but maybe they're trying to sell like a special potion, they're trying to sell pampered shaft, they're trying to sell a prepaid legal card and they want to talk to every family member, every time they get together and they're going to hard sell you.

We just want to run from those people and we don't want to be those people so we're afraid to talk about what we're doing because we don't want to be those people. I found out that line. "I'm making double digit returns in my real estate investing. If you're interested in making some money with me, let me know." They can say, yeah, not interested. How about them Dodgers?

It's like, no harm, no foul, you know what I mean? If they do say, "I'm interested." I tell people this. Your temptation is going to be to vomit everything you know on them to sound smart in their eyes but the truth of the matter is, only two things can happen if you try and vomit all over em. Number one, they're going to be like, "Wow, that's way more complicated than I thought, never mind." Or b) they're going to be like, "Wow, that's easier than I thought, I don't need you." Neither of those responses actually raise you private money.

That's how I approach the familiar with you but not with real estate. Does all that makes sense? Did you want to ask any questions about that?

**[0:07:09.8] WS:** Yes, it does. It's kind of like the common or talk that we all do, you know, you meet somebody and they say, "Well, what do you do or how's it going?" Right then, you lay down with, "I'm getting double digit returns."

**[0:07:21.9] KY:** Yeah. Another thing Whitney, just to clarify. I got to imagine a bunch of new people are listening to this that haven't invested at all. What I say to a new person or a new person should say is, "Hey, I'm looking to make double digit returns in my real estate investing deals. If you're interested, let me know." Then that way, what happens is you're saying, "This is what I'm looking to do," and I always just say, "You know what? When I get a deal that comes across my desk, I'll put it in front of you and I can show you how we can make some money together."

That way you don't have to bring it up and get into the nuts and bolts. You're not going to close them right there at the family picnic anyway so just say, "Hey, when I get a deal, I'll show you exactly how we can make some money together." Cool. They might ask some questions, keep it high level and then just push to have a private meeting where Enchiladas aren't being thrown around and piñatas are being smashed, et cetera.

**[0:08:12.5] WS:** No doubt about it. Yeah, high level, peak their interest, don't spit out too much information to make it overly complicated or push some away, right? Don't vomit on them as you said. All right, now, how about the other people?

**[0:08:26.0] KY:** Okay, if I find somebody who is actually an investor, they know the game, I always say, if you go in there and you say, "Hey, this is what I'm doing, this is what I'm offering, this is how I've got it, are you interested?" You're going to lose more times than you win. The reason for this because you're casting everything in concrete and there's no wiggle room.

What I like to say is, "Hey, tell me what you're investing in now? What rate are you getting, what are you doing?" Because here's the thing. If I go, "Hey, listen, I'm offering 8%," and they go, "That's a bummer, because I'm getting 12%." As you and I both know, you know, when you're raising private money, especially for apartments, long term deals, there's a couple of different levers. There is the upfront lever of, "How much am I going to give you while the money is being deployed." There is the second lever of, "If we do a cash out refi, in the next 18, 24, 36 months, how much of that are you going to get?" That's lever you can pull. And then, "Do I keep you in the deal after our cash is all out ongoing?" So if you're a little more expensive upfront, I can get you lower on the back end and vice versa. All the nobs can be twisted, right? With that being — levers can be pulled.

I just say, “What are you doing right now?” If they go, “Well, I’m getting 12%,” I can even think, “Well what deals could I do that I don’t mind paying 12% upfront?” That’s how you can be way more open and keep the dialog going than just being like, “This is what I offer, take it or leave it.” Unless you’ve got so much money raised at which, you know — I have some of my buddies where I try to invest with them because I have cash that I invest with them and I go, “Hey, I got this money,” and they go, “Dude, I have six million dollars lined up at three points less than what I can give you. I’m glad I used to give you that but it doesn’t make sense for me now.” I’m like, “Bravo, I’m happy for you, man.”

**[0:10:16.7] WS:** Wow, that’s a great problem to have, right?

**[0:10:19.8] KY:** That’s why everybody’s listening to this show.

**[0:10:21.9] WS:** That’s right. In those two cases, you’re going to have to have maybe a little understanding of this person to know, they’re already familiar with real estate or not but just meeting somebody for the first time are you’re going to tend to go with the first response?

**[0:10:34.6] KY:** Yeah, if they ask me, “What do you do?” That’s what I go with. “Hey, I’m a real estate investor, I make double digit returns.” That might not be my first word I say out of my — I might just say, “I’m a real estate investor, I invest in real estate. I used to say stuff like, “I make money grow,” and they’d be like, “What are you talking about?”

I always like it. When somebody ask me, Keith, what do you do? I say this. I always start with ‘you’, I say, “You know how people are always looking for money to do real estate deals,” and they’d be like, “Yeah, I get that.” I go, “Yeah, I teach people and help people how to raise private money for all of their deals.”

The very next question, what do you think they’re going to say? How?

**[0:11:13.6] WS:** How do you do it?

**[0:11:15.1] KY:** How do you do that? I go, “Well, I have a proprietary process that I use as a step by step system, if you ever want to know, let me know.” That’s because I teach this. But you normally, you know, people are saying, “What are you doing?” “I invest in real estate.” “Cool, is it good?” They always go, “Is it good right now? What’s the market like?” Then I can kind of ease my way into it rather than be like, “Man, I got this amazing thing to sell you right now,” you know what I mean? Because nobody likes that.

**[0:11:41.2] WS:** Yeah, you need to invest with me right now.

**[0:11:42.4] KY:** Leah, exactly. Hold on, my pen or yours?

**[0:11:48.2] WS:** Okay. Now we’ve started to have that conversation or maybe we’ve met that person, maybe they’ve shown some interest. What’s next?

**[0:11:56.0] KY:** Either one of those situations, normally with a guy who is already landing in real estate, I got the terms, I understand what’s going on. With both of them, I would say, “Hey, you know, I put together a prospective.” I call it an investor packet, you know, somebody be it might call it a pro forma, there’s a lot of different words for this but basically, you know, ‘the deal’.

I’ll shoot it out to many people and be like, “Hey, just want to let you know, you’re one of many people that’s looking at this that could potentially fund it, let me know if you’re interested.” The reason why I send it out to a lot of people is because as you know, the greatest words you can ever tell a private lender or somebody who wants to do a deal with you is, “You know what? That one’s been funded but I’ll bring the next one to you so you’re going to have to be a little quicker.” Those are the best words you could ever say, right?

**[0:12:44.7] WS:** The scarcity mindset.

**[0:12:47.0] KY:** Yeah, you truly are funded so that’s why I don’t send it to one person and wait. I just send them an investor package and say, “Hey, if you want to talk about this,” you know, Hey, have a look at this, and then let’s chat later,” and then the way I put my investor packet together is very simple, it states the deal and it answers the three questions every private lender wants to know.

They only want to know these three questions. First, and then maybe they'll have some subsequent questions but the three questions is: how much do you need? How much am I going to make? And how long is it going to take? Right? That's it. That's what they want to know. If I can answer that very succinctly, my investor packets are like five to seven, eight pages long. I don't write a big doctoral thesis. I just, "Hey, this is what it is." I show some pictures, what we can do, here's some projection, here's why it's going to work. If you're interested, you know.

I'm shooting for that verbal and then we can – once I got the verbal hook and then we can dive in and I let them know the dates, you know? "Hey, here's when we've got to have earnest money and here is going to be when we've got to close by, and those types of things. That's what I do next.

**[0:13:52.7] WS:** Okay, so now you have built that relationship, they want to invest, you've sent them your package so now maybe they have invested. Well how do you follow up with them after maybe the deal's closed what does your relationship look like?

**[0:14:04.3] KY:** Oh we have actually closed the deal, I tell them, "Don't bug me." No, I am just kidding. In part don't bug me but more realistically before we close the deal, I will set the expectation for how often we will communicate and I believe in being – I don't believe in over communicating. I believe in consistent communicator and so if I say, "Hey listen, I am going to let you know every other week the progress. I am going to send you some progress photos."

So if it is maybe a renovation and that type of thing, which is really pretty much all I do so that way I can force the appreciation value ad etcetera, I'll let them know, "Hey, I will give you a progress report every two weeks." Some of them only want it once a month and I always like to make them feel like they are a part of it without being a part of it and that has really worked well for me.

**[0:14:57.0] WS:** So how do you make them feel like they're part of it? Can you elaborate on that a little more?

**[0:15:00.5] KY:** Yeah, I will send them pictures. Usually I will have their text or I will usually do it via email. I'll be like, "Hey, I want to give you an update picture. All the cabinets are going in, moving right along, we are on schedule." You know, just very simple because if you are not hearing anything to a private investor because I am a private lender as well and if I am not hearing anything I am just wondering, "Is it going well?" And it is just that little fog of doubt and I don't like that and I don't want to have that either.

So just a very simple update and I usually raise a little bit more money than I need because if I don't like to come back and go, "Hey I need more." It is just a weird – listen, they could invest a million dollars but I got to come back for 30,000 in the scope of it. \$30,000 isn't much money but it just feels so freaking awkward to ask them for it. So I try and over fund it and do it that way.

**[0:15:52.3] WS:** Well that is a great point but I wanted to back up just a little bit, you had mentioned setting the expectation upfront. I thought that was a very good point and I wanted you to elaborate on that. Anything else that you – any other expectations that you try to make certain that you make them aware of ahead of time?

**[0:16:09.7] KY:** Timelines and I overshoot those. I try to be really conservative. Often times when people are just getting in this game, they're thinking that an investor wants to hear something that is better than a very conservative realistic expectation and the truth is they're not. They just want what's the truth. You know I can say, "This project is going to take six months," and if I get done in five they're thrilled but if I say, "Hey it is going to take four months," and it gets done at five they're like, "What the hell" right?

So it's just, I am 40 years old. I got a lot of grey in my hair. I have done lots and lots of deals in this game for the last 12 years and I have just came to realize, just be more conservative. Stuff just takes a little bit longer than you anticipate and that is okay. It is normal. You don't have to be He Man and ruin your family or break your back trying to meet a deadline that was never very realistic anyway.

**[0:17:02.7] WS:** So how do you stand out amongst the others that are trying to raise capital from the same investors?

**[0:17:08.8] KY:** To be real honest with you dude, I don't really go to a lot of the places that other investors are per se. I find them locally to that area so you know I don't know I have a lot of "competition." Can I say this Whitney? To anybody listening to this, our mind I don't think quite understands how much private money is out there and so we think there's maybe just a little bit of this. In fact I had a guy say the other day goes, "I don't think there is any private lenders in my area."

And I just said, "Oh, so there is no real estate where you live? Are you in a teepee out in the desert?" And he goes, "No, no, no there's houses and apartments everywhere I go." "Then there is a lot of private money in that area." So when you look them up locally or you go do some of the other places that I share with where to meet these guys, there's just so many.

But I can tell you how you stand out in the long run after you get to know them and that is by literally just doing what you say and not be BS-ing them. Not hyping it up. Early on in my career I had an investor. I go, "Man this is a phenomenal deal." This guy was the richest guy I knew growing up. He says, "Keith, lose that word from your vocabulary" I go, "What do you mean?" He goes, "Phenomenal makes me think you are trying to sell me something. You are hyping it" and he goes, "I know you're enthusiastic. You are an outgoing extroverted dude, you don't have to use that word with me."

So do what you say, don't use hype-ey words and then your reputation will speak for itself would be my answer to that.

**[0:18:47.2] WS:** So how do you answer because I get this question all the time as well is somebody that's never done this before and they have no experience let's say in real estate but they are trying to raise capital or trying to find that private money for that first deal, where do they start?

**[0:19:01.0] KY:** Okay, I am going to give you the cliff notes version because I know we only have a couple more minutes left but the things that I believe a private money lender is really looking for is, are you credible, are you confident and certain that you can make this happen and is your content correct, meaning are your numbers actually believable? If you tell me that

the after repair value or what it is going to be appraised for when we are done is this, prove it to me.

So the very first thing to become credible is this, go find deals just like the ones you want to do that have been done in the last 30, 60 or 90 days. Reach out to the realtor or broker that made that happen, get a before picture and after picture, a purchase price, a renovation price and what its appraised for or if you are flipping property, what it sold for and how much profit, get close on what you think the profit is going to be there and put three of those or four of those together that is called your credibility package.

And why that's credible you are not saying you did the deals. You are saying, "These are deals that have been done in our backyard very, very recently, and oh by the way, the broker-realtor that made the acquisition and the disposition and or the management rental, that realtor is ready to go to work for us right now. That contractor that did the renovation they are ready to go work for us right now."

How that makes you credible is you said, "Here is a project from A to Z that's been done. Here was the major players that made it happen, they are ready to go work for me. I know the numbers. I know the players, I know the operation," and when it is all said and done, their credibility gets passed on to me that I know how this thing works and that is what they want to know, can you really make this happen, that is the best way you can become credible, which is the biggest key for anybody to give you private money.

**[0:20:50.8] WS:** Love it. I haven't heard some of that before. It is a really good advice and I mean something like that too I'll tell you when you are having those first conversations, it makes it easier because then you don't have to answer all the questions just out of thin air. You have the information right in front of you so you can just flip right to it and show it to them.

**[0:21:07.6] KY:** And when you are having that meeting with that investor, that family member or whoever it is, familiar and unfamiliar, I'll say, "If I can bring us deals like these, would you be interested in funding them?" The reason I ask is now I get the verbal, "Yes I would." If you bring me that Keith, if you bring me that Whitney, "Yes I am highly interested." Now I know who to

send my deal to. If I have 10 conversations like that, I know I've got 10 people that could fund this deal, dude you are off to the races.

**[0:21:38.3] WS:** All right Keith, a few questions before we have to go before we run out of time. So how are you preparing for this potential downturn that everybody is talking about?

**[0:21:47.3] KY:** Dare I say with a big smile and rubbing my hands together. I bought a lot of rentals back in the crash of 2009, 10, 11, I mean that is where I picked up almost all of my rentals and I would love for everything to go back on sale so I can go scoop up a bunch more if I am being a 100% honest.

**[0:22:07.5] WS:** So what is a way that you've recently improved your business that we could apply to ours?

**[0:22:11.3] KY:** Systems, systems and protocol. Really setting up systems so that everything works even if I – less moving parts for me to bung up and then secondly, I am more vocal about what I do so people know about it. They know what I do and when people know about what you do they tell others about what you do and you have more opportunity because now people know what you do.

**[0:22:33.0] WS:** What is the best way you've let people know more people would know what you do?

**[0:22:36.4] KY:** Interestingly enough just posting on Facebook, posting on Instagram and just saying, "Hey here is what I am up to, here is what I'm doing." Sending an email to my list. I have a sizable list because of the business that I am in of educating and training people how to do this. I can say, "If anybody has deals bring them to me," and it is amazing the type of deals that people – and I just believe in this religion of real estate and I let people know that I believe it and I call it that because it's just what I eat, sleep and breathe.

**[0:23:05.5] WS:** What is your best advice for caring for an investor so they want to come back to the next deal? Something maybe that we haven't mentioned.

**[0:23:12.0] KY:** Just do what you say you're going to do and make them profit. Man, the old Texas saying, money talks and BS walks, right? And I know I wish I had something really great for you on that one but that is what I got.

**[0:23:23.3] WS:** What is the number one thing that's contributed to your success?

**[0:23:26.0] KY:** Habits. There is not a single thing out there that compares to having good daily habit. Nothing in the world comes close to having good daily habits.

**[0:23:37.7] WS:** How did you change your habits or find the habits that are working for you now?

**[0:23:42.4] KY:** I wasn't happy with the results that I was getting. At a certain point in my life I wasn't happy with a certain result and I said I had to change that. Number one for me the biggest thing that's robbed me of more money, joy and everything in my life has been sugar. That has robbed me because for me in my brain it makes me lose my confidence, it makes me feel like I can't do anything. So when I eat sugar or a day of sugar, it just absolutely ruins me.

So the habits I have collected I've just researched what are the habits that every other successful person has and I started adopting them into my life.

**[0:24:14.3] WS:** Can you name another one?

**[0:24:15.4] KY:** So the good habits are drinking lots of water, getting lots of sleep, treating my business, because as entrepreneurs we don't have a schedule, I actually treat my business like I have to show up for a job and interestingly enough, I know we are on camera, this is the hammer I used to be carpenter with. I had to show up at 6 AM. If I was late, I had to park in the wrong lot. So this is either on, this is with me all the time. This is the hammer and I just go, "Dude, you're a carpenter, get in there and build something every single day."

So I don't miss or if I do miss I feel guilty. I get sweaty 30 minutes a day because I am a hyped up kind of dude. I got to release so for me that is surfing or working out with my wife and friends.

**[0:24:57.9] WS:** And how do you like to give back?

**[0:25:00.2] KY:** I donate to my favorite charity, which is called American Dream U. It is helping soldiers transition from that life back to civilian life and the other thing that I do and another really big habit is I read 10 to 20 pages of a book every single day. It expands my mind.

**[0:25:17.3] WS:** That is a great habit as well. Keith, you've been a great guest. Unfortunately we're out of time. I appreciate your time so much in sharing with the listeners. Tell them how they could get in touch with you.

**[0:25:25.9] KY:** You can just follow me, @keithyackey on Instagram or you can go to [privatemoneypro.com](http://privatemoneypro.com) and follow me there or just go to [keithyackey.com](http://keithyackey.com). Anyone of those will work, will you put those in the show notes?

**[0:25:38.7] WS:** I will.

**[0:25:39.2] KY:** Okay perfect, yep that is how they can follow me. Thanks for having me on man, it's been such a pleasure.

[END OF INTERVIEW]

**[0:25:44.0] 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.

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[OUTRO]

**[0:26:24.5] 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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