

**EPISODE 438**

[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 Dave Franecki.

Thanks for being on the show, Dave.

**[0:00:32.7] DF:** Hey Whitney, how are you?

**[0:00:34.4] WS:** Doing great. Thank you again for your time, Dave. Dave is a national speaker in the note RE community on real estate notes. He's also the panel at the December PHXI in convention. Also hosts a local note Meetup, note investors forum over the last four years. Dave, give the listeners a little more about what you're up to or your background and let's dive in to a couple of skills that you have that I know everybody that's listening is going to benefit from.

**[0:01:00.7] DF:** Okay, I've been in the real estate game since the late 70s and what I found was that the biggest roadblock for me was money, lack of capital. I've done the credit card thing, I've done the banking thing, I don't want to do that, I've done hard money but by far, the easiest and most reliable is developing that know, like and trust with people just your network and networking. With the Meetup, I've had that now for four years.

I'm getting most of my money from that, it's really a matter of just raising your hands. I do it on an educational format and then at the end of the Meetup, I ask for the sale. Part of this, when I have my product, I market it through MailChimp. I've got a pretty large database on LinkedIn, you know, 4, 5000 names. Just using that, I'm taking a long time to figure it out for me but this is working, with the know, like and trust, people will go with you first even if the rate isn't there because they know you and you know you can get the job done, that's been my experience.

Whitney, what you've been at this too for quite a while, what have you seen?

**[0:02:08.4] WS:** Yeah, you know, Meetups. I have not had a Meetup myself personally but I know lots of people that have obviously, I've been to hundreds and spoken at many of them and it seems like a great avenue, I've debated about starting one myself but I'd like to, I guess, ask a little more questions about you know, you've been doing it for years and maybe for the person that's listening, a listener that's thinking, wait a minute, you know, I don't know if I'm ready to start a Meetup or not.

You know, what did your first Meetup look like compared to say, your later compared to now?

**[0:02:36.8] DF:** First Meetup was at the wrong restaurant, everything I did wrong, but I had 20 people.

**[0:02:42.1] WS:** Wow.

**[0:02:43.1] DF:** I got a boost that was well promoted, I also called some of the other Meetup hosts in the note world to see what they're doing in terms of advertising, they mentioned Facebook which I'm doing also and it was really about education and how I can help them. As it grew, for the first five, six months, I didn't ask for the sale.

That was – I waited too long. But, I developed that loyalty if you will. One particular – now he's selling a parcel in Mexico City that he had from his great grandfather, he's going to be getting two million dollars out of that. I'm the first person he went to and then he had la awyer friend out of Guadalajara that Mexicans are moving their money out of Mexico because they see it going in the way of Venezuela. They're looking for a home in the US. Going back to your primary

point, it was just know, like and trust, promote, how can I help you, you get and educate it, now when they come back to you, they pair it back to you what you already taught them.

I'm not here to grab, I'm there to help, and what can I do for you? Slowly move into the pitch if you will. But again, I believe in the soft sell, I don't believe in a cram down and I just, I think a lot of people run from that after being pushed real hard. That's my experience, Whitney.

**[0:04:05.2] WS:** Yes, I like how you mentioned you gave it many months, you know, before you really go to a sale, for your selling and at the end, you know, at the end, you're asking, promoting your sell. And educational format, you're there to help them, you're answering questions and you're developing the relationships that are so crucial, before somebody's going to invest with you, no doubt about it.

How have you seen that Meetup grow though, you know, from the beginning to now? Has it grown, has it been the same people, do people come and go, what's been your experience?

**[0:04:34.8] DF:** I actually grew really well until ego got in my way. A year ago, I got it up to 60 people and we maxed out the room and I had pictures and note investors forum which shows people literally out in the hallway. I thought okay, I can move this, I moved into another venue and changed the day. Huge mistake. After three months, I moved it back to my old venue, different day, lost half my people. Now I'm rebuilding it slowly.

It's experience, you just – it is what it is but I'm finding it's not so much the number of participants as the quality of the participants. What can get out of it. This last December 4<sup>th</sup>, we had 25 people there, okay, it's good, but of those 25, six were new and they're going to be buying notes and frankly, right now, I've gotten more people lined up to invest, not just to buy the notes but to invest one on one because I'm not doing any kind of PPM or anything like that.

You know, it's all one on one loan agreements if you will, not joined ventures. I'm finding it's working well but I've got two million dollars sitting here if I had the product.

**[0:05:44.9] WS:** That's a good place to be.

**[0:05:46.6] DF:** Yeah, for me though, people don't want to let their money sit and get yield drag. You really want to utilize it so I'm out there, but I keep in communication with them, they keep coming to the meetings and I'm there as a help meet. That's just so important, using me as a sounding board, as a consultant and again, you're a sales consultant, I don't care what you're doing, just like what you're doing right now, you're a sales consultant, right?

**[0:06:14.7] WS:** You're always selling.

**[0:06:17.6] DF:** Yeah, you are. But you got to do it in a way that you're helping, not a cram down.

**[0:06:21.1] WS:** Tell me about your – how you're selling, I know you're waiting till the end, you wait it till you develop trust and those relationships and you're probably even doing it right now that it's not even like you're selling. You know, how do you promote that note at the end so it doesn't seem like you're being pushy.

**[0:06:36.1] DF:** On the front end, I'll talk about what folks should look for in a note and all the variables are why I won't invest in this state or that state or whatever state, what's good, what's bad and then at the end, I'll put up three or four products that I have with all the analytics on that note, whether it be ITV, investment to value or loan to value or that type of thing, interest rate and why it's so good.

I say, this is the commercial at the very end, also, a few months ago, I tried something different and it worked wonderfully well, I said okay, now guys, you've been coming here for quite a while, there's a reason why you're not stepping up to the plate. If you're interested and really want to go further and do more than just the returns on an individual note, check with me at the end of the meeting and we can have – I'll be happy to meet you for coffee at Starbucks and that worked well.

Then the next meeting and it worked even better. Now I got the money so I'm backing of, I'm just selling on – we're focusing on the one-offs. But it's waiting there and then the people are calling me, what's going on, we want to put our money to work, I said, I'm looking, I'm not going to give you junk.

**[0:07:44.4] WS:** Wow, no, I like that. You allowed them a moment or a time to schedule time with you personally one on one. I can see how a lot of people would be more comfortable with that.

**[0:07:53.7] DF:** Right, it's casual, I'm going to call it Lucy goosey, it's professional, I come across as a professional, that's what I've been told and it's like, hey, I'm looking out for your backside and sometimes I'll shoot them a spreadsheet, I'll say, I think these are good but here's what I like and what I don't like about them, now you tell me. I'm going to make sure they're all in and even if they're not in, they get that I'm careful at what I'm doing, it's all about preservation of capital. It's a real key. So that people can get drunk on yield but it's all about, if I'm going to get my money back too.

**[0:08:29.2] WS:** That's very important, yes. Very important. You know, raising money through this Meetup, you know, it's neat to hear your success at this and even that you tried changing it and change the date at the time of the week and really just messed it up. But now, you know, have you contemplated even doing a different Meetup, maybe in a different location or town or even in the same city, you know, to have two going at the same time?

**[0:08:58.2] DF:** Probably not but what I'm really – the answer is no, directly. But what I'm doing is I have to get off the couch at night and go to other Meetups and source people and promote what I'm doing, have them come to mine.

**[0:09:12.0] WS:** Interesting, okay. Basically, I'm in my own little sales mode promoting who I am and what I'm doing, whether it be selling a note or selling the education and bringing the people there so I can go into other real estate Meetups through my REA which may or may not be the best place but any place I can go to promote and get my name out there, the IMN panel like you mentioned, there's a noteworthy convention in February there, it's really about branding.

Part of that too as I mentioned in the front end, is YouTube training videos, no different than what the podcast now, establishing yourself as an expert, just putting it out there and directing them to my website. Again, it's a balance. Who is Franekki, why is he good, how are we going to win? Can we win together?

**[0:10:00.7] DF:** Wow, okay. It's neat to hear just your success through rates and capital through a Meetup and how I just appreciate how you elaborated on growing the relationship and the trust and even many months before you ever put out a sale and the things you've learned. But you also have a list, an email list that you've grown, and I would say is pretty large compared to most people that aren't doing something, you know, just crazy online or like myself.

You've got a really good list and I'd love to hear more about, I mean, with many thousands of people. I'd love to hear more about how you've grown that list and some of your techniques.

**[0:10:35.8] DF:** I started with LinkedIn three or four years ago and there's several firms out there to help you to build your LinkedIn profile if you will and I still do that. You want to come across a professional there and then start paying the people. It was a mentoring type thing and I got a lot of people that way. Other than that, going other conferences and just networking there and then again networking in Phoenix.

Just A, gets to B, gets to C, gets to D and just a normal referral networking stuff. Facebook, I'm not the guru there, I'm not really sold on that although I do have my VA setting it out there but the LinkedIn I think is key for out of state and for in state. It's promote, promote.

**[0:11:22.9] WS:** Can you kind of walk me through a process and maybe how you would find those people on LinkedIn or connect with them that are going to be the best contact for you?

**[0:11:31.8] DF:** Only the different groups there, you can automate that and just filter down from the profession to the location or whatever and just, let's be friends or you know, let's join together and then just start working that back and forth, just building that list and then I just export it out to my mail chimp and keep pinging them. I mean, it's not – I am not the LinkedIn expert, but have you ever heard the name Yakov Smart?

**[0:11:58.0] WS:** I haven't.

**[0:11:58.8] DF:** Okay, he's a linked in professional. I am working with him now to build my base more. So, I am not answering directly because I am not real good at that. I just did it for a while

and it worked. I built it up and then I just played with that right now. So, I am not out to try to build that to 10,000 connections at this point in time.

**[0:12:16.8] WS:** Yeah but are those the connections that are now on your MailChimp list as well?

**[0:12:22.4] DF:** Yeah, they are. Yes and then the Phoenix Group, I go to the local REA here and they have the one sessions and then they send you the email back with all of those people on the list, I add them to MailChimp.

**[0:12:35.2] WS:** Just when you go they send you the list?

**[0:12:37.7] DF:** Yeah and even if you don't go because I am a member, I get the list. So, they'll have the Phoenix Real Estate probably adds REA, they join twice a year and I will get a 100 leads out of each of those every time. But the other thing though is I also blog on my website, okay? And I take that link from my capstone site, I put it into Facebook or wherever. So that is establishing my presence but to that point, I had a guy from Hawaii call me a couple of years ago.

He bought three notes from me, he had known me from Adam but my predo – and then I do a lot with Note School and Net-e Speed so I go to those conferences. So a year ago there was a couple there and we had a good time. They bought a note from me no big deal and I saw them again this past November and we were just chatting and I said, "This is what I am doing now with raising money, raising capital to buy trenches of notes" and I explained to them what I am offering.

They said, "We're in" just like that \$100,000, just like that and then what was really funny they said, "We really don't care about, we care about the deal, but we trust you" and that wasn't a salesy day frantic. I am just being Dave. So it is all about being yourself and just being straight forward and being the expert.

**[0:14:00.4] WS:** So, what have you seen as being the best to raise the money from I will say the Meetup or from growing your MailChimp list and through MailChimp and sending emails like that? What's been the best use of your time spent?

**[0:14:15.0] DF:** The Meetup and going to the conferences. I am sure I am underutilizing the LinkedIn. I am positive of that, it is just that I haven't gone there because I don't relate to it that much but I do relate to the one on ones and you would laugh at this but my generation were more one on one then the Millennials, you are more texting and online and stuff like that. It is what it is but one on one, if you develop your skills you're good.

Also, to that point, if you are going to be putting on a LinkedIn – or I am sorry, a Meetup or anything like that develop your speaking skills. I joined Toastmasters. I did Dale Carnegie way back in the day but develop so that you are comfortable within the setting. If you are comfortable, people will be comfortable with you. I am not a jokester. I am not a really funny guy, but I just lay it out. It is who I am, so I guess the bottom line is just be yourself and relate to the people.

Relate an individual in the audience and you will draw everybody in because you are just a guy. I know that seems so simple, but it is really what it is all – for me is what's been about, Whitney.

**[0:15:25.5] WS:** Now I can relate to that. Now, I haven't joined Toastmasters, but I have heard other people talk about it and maybe it is something I should consider.

**[0:15:31.8] DF:** Yeah, I mean you are well-spoken but I was in a speaking tour of another when I was doing MLM in the mid-90s after the resolution trust and that was good for me. So with the Toastmasters I joined two groups here and I was with them for about three or four months and then okay I am good to go. I got my edges worked off. I am ready but it was good. It was a good experience and frankly sometimes with the Meetup you are there the day before.

I've got to put together a PowerPoint. I don't want to do this, I don't want to do it and then you get on in the front and it's like wow, the lights go on and you're just on. So, it is like an adrenalin rush for me.



**[0:16:11.5] WS:** For sure. Dave, what's been the hardest part of the capital raise process for you?

**[0:16:18.4] DF:** Giving away too much money. In other words, there is a lot of money in the sidelines that would be happy with six or 7%. I guess it is hard for me to relate just paying that because I am used to getting a lot more myself, so I am generous at what I give out, but I have the flexibility. So, it is really about not giving away the farm and for that I've got to get inside of a different pool outside of the real estate networks and get into the doctors and the dentists network. They will settle for a lot less. That is my next challenge that I will win with.

**[0:16:53.4] WS:** Nice and I think that is a challenge that all of us.

**[0:16:57.6] DF:** Right.

**[0:16:57.7] WS:** We want to give the investors as much as we can. We want them to want to come back but honestly, if you condition them to too much you know it hurts you in the long term.

**[0:17:07.2] DF:** You know and I concur and I think in my own way I think that is where I am and that is okay. It has gotten me to where I am now, but I got to twist it a little bit and develop that new pool or the additional pool. Also, I am at the point where I am charging administrative fees on the front just because you will have overhead and that is not part of the deal. It is just an expense as far as that investor is concerned and I don't want to get into the specifics in terms of what I do just because of – all just because you understand that.

**[0:17:36.3] WS:** So, what is a way you have recently improved your business Dave that we could apply to ours?

**[0:17:40.9] DF:** I am just doing the same thing over and over but beyond that it is getting off the couch and getting more active. Interacting with people because you always – you might push yourself out there but then people fall back to their old ways because I am basically an introvert.

It's like okay, get out of your shell, get off your butt, get out there and do it. I mean it is just all is good, you just have to keep tweaking it as you go because all of this is working for me. When I say my old model, my old methods.

**[0:18:12.3] WS:** What is your best advice for caring for investors so they want to come back to your next deal?

**[0:18:17.2] DF:** Communicate.

**[0:18:18.5] WS:** How do you communicate the best with them?

**[0:18:20.8] DF:** Okay, I am doing a couple of things. One, I've got my assets listed on Podio and of course they are a part of that. So, I am giving them links to their assets that they can go in anytime. I am sending them a monthly overview, so I am paying them monthly because we are getting paid monthly. So, I send that in check with a breakout from the servicer and then just notes and then if we get a problem asset, which we have a couple out there I am calling people more.

Because what I found was is the way that we are communicating. I said I have nothing to talk about so what this last guy I said, "Hey, we got a breakthrough. We got to get it done" she says, "I really appreciate the communication" if you communicate, they're with you. If you don't then they are wondering.

**[0:19:04.8] WS:** So, what is the number one thing that has contributed to your success?

**[0:19:07.9] DF:** Being honest and straightforward. Look them in the eye, teach them. I think that is the biggest and then success, pre-success others will refer others to you. It is just a snowballing effect. I don't think there is anything magical. You know I am not a big 10 million-dollar fund raiser. I am just me and I do what I want to do at whatever point of risk that I go to. O, the other thing is it seems like the investors that I am working with are Dave Frannecki because like attracts like, same thing.

**[0:19:42.7] WS:** And at your Meetup you have educated a lot of them as well.

**[0:19:45.3] DF:** Exactly and here is another story too, Whitney. There was a party who came to my Meetup. He had a pretty good chunk of change and I shot him a note and whatever. He was really, really detailed in what he was doing and almost nitpicking at that. If he is doing this on one note, what's he going to do if we are on 10 or 20 or 30 together? It's like, nope not going to go there that is trouble and that is to your other point, follow your gut.

If it doesn't feel right with that person, don't do it no matter how much money they got because they will be trouble later.

**[0:20:20.2] WS:** I agree. Well before we have to go Dave, tell us how you like to give back.

**[0:20:24.8] DF:** I give back by helping others and in one way, this is personal if you will. So, five years ago I was diagnosed with prostate cancer and I beat it homeopathically. So, there is a lot of video series out there on fixing yourself that way. I got into Ayurvedic medicine with a doctor there. I said I bought some video series on that. Whenever I hear somebody having challenges physically, I bought that series just to give it to them, give it to the other folks.

If I can be helpful to them and save their life or do that I will do that anytime. That is my favorite and then maybe it is not as big as going out and being and doing charitable events that is just not me, but I am more one on one.

**[0:21:11.3] WS:** Yeah and I appreciate you sharing that and I just appreciate you sharing about your Meetup and how you have grown that and really stepping out even though you said you are an introvert and learning to speak and how you have grown that know, like and trust there and how you have been able to raise a lot of capital through that and growing your Mailchimp list your email list as well but Dave, tell the listeners how they can get in touch with you and learn more about you?

**[0:21:32.9] DF:** Two ways, you can go to my website, which is [capstonecapitalusa.com](http://capstonecapitalusa.com). You can email me at [dave@capstonecapitalusa.com](mailto:dave@capstonecapitalusa.com) and you can call me, 480-232-5477. I would love to chat with you, and I think that is pretty much across the board there but call me, email me I will get back to you. I love to talk. I don't care where you are, whether you are in Phoenix or

whether you are in Timbuktu, it doesn't matter to me and if I can help you, if you have questions about notes or starting a Meetup, I would be happy to share it with you also.

[END OF INTERVIEW]

**[0:22:08.9] 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]

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