

EPISODE 485

[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 Michael Reilman. Thanks for being on the show Michael.

[0:00:32.8] MR: Thank you Whitney.

[0:00:34.7] WS: Michael is a newbie syndicator that started his career as a mechanical engineer. His passion is entrepreneurship and becoming independent from the W2. His GP of seven units, LP of 76 units, achieved 15% average annual return on self-managed stock market portfolio for seven years and has worked on projects that's three million dollars in budget with time lines over two years.

Michael, give myself and the listeners a little more about just who you are, where you're at in the syndication journey and let's jump in.

[0:01:04.8] MR: It's really interesting because I started working at an international automotive company and I love telling this story because it kind of tells you how, kind of unfair the W2 life is working for someone and really got my entrepreneurial juices going. When I worked at a large international automotive maker, one of the first projects they gave me right out of college was, "Hey, you know, we have this process, it's very inefficient, just go see if you can improve it somehow."

Long story short, not getting into all the details and technical stuff with a simple \$5,000 investment, the company as a whole actually got an \$800,000 return annually, right? Would you take that deal if I gave that to you?

[0:01:42.3] WS: I think so.

[0:01:43.7] MR: I mean, this was the biggest success – within the first six months of me working there was the biggest success of a project that I ever had in my career and I mean, I won an award for it, they flew me out to England to give a speech to other CEO's and stuff like that and it was amazing. Awesome, end of the year comes around and said, "Hey Mike, great job on that work. Here's a little extra incentive, you know? Here's a little bonus." Guess how much I got for that?

I got \$3,000. You know, what sucks about that is I got taxed on that and I actually got \$2,000.

[0:02:14.6] WS: Oh no.

[0:02:15.8] MR: That's what kind of got me started on all this to say, "I don't know if this is right for me." I kept doing engineering, I start looking at other options and you know, I got into some other entrepreneurial things such as like T shirt company, didn't work out, certain websites or whatever but I kind of got settled on real estate just because I truly think that is the highest level of return for the lowest amount of risk.

But at the same time, you have to really know what you're doing. You have to be really well educated because there's a lot to it. It's funny because you know, back when I said, in the bio, it was, I was very into stock markets. I was very into retirement. At one point, I was a financial advisor for people, financial representative I should say. I never got the certification but it's like, I thought stocks were the way to go man.

I was sitting there like 3% dividend, that's awesome. As I started getting into that, I started to do the math and I'm like, "Well, you know, to reach my goal to retire early, that's a lot of saving,

that's a lot of working and that's a lot of returns," so even though I was doing fairly well, 15% in the stock market, it just wasn't you know, benefiting me now, right?

It wasn't happening now. Something I couldn't – I was a slave, I guess you could say to the stock market. Got into real estate, started looking and started investigating all different kinds of things and I finally settled on multi-family for two reasons. One, because you don't actually have to have your own money to do it and two, you're going to have property management to handle it. Those are the two biggest things I ran into but as I started getting into it, it got a little tough because you know, you're thinking about wholesaling, these different things but really, the syndication model seems the most achievable to me.

And really what it boils down to is finding a deal and finding the capital for it. With that said, those are the two biggest challenges that you can have. Because once you get into it, you know, you start reading these books and you know, it sounds real simple, it's a step by step guide. Guess what, there's like 250 steps. To be very honest, I've been at this for two years, right?

It takes a lot really to get in that realm because the education's a big part, actually had building the team and getting the right people on your team is a long time and finding on top of all that, finding systems to one, gather investors but also keep up with them, that's a big challenge to how to stay organized with all these stuff.

[0:04:37.5] WS: Nice, okay, let's get into a little bit of that. I think it's interesting that – you thought about real estate many years ago but then your uncle talked you out of it, right?

[0:04:44.5] MR: That is correct, yes.

[0:04:46.3] WS: I just think it's like, it's important that you think about who you're getting advice from. I don't know your uncle from anybody so no offense, you know, whatsoever. It's so true. I've experienced it in my life and if I'm speaking to other people who have never been an entrepreneur or they feel security in that W2 position, they're probably very smart, you know, maybe great investors and all those things but they're ultimately not where I want to be, you know?

It sounds like potentially that's what was happening here so you have to think about where you're receiving council from, right? Is this somebody that's way ahead of me or are they doing what I want to be doing? You know, that's going to help in that mindset too, you know? Just helping you to think through those things but would you agree with that?

[0:05:30.5] MR: Absolutely. That's one of the biggest challenges to overcome is the mindset aspect of it. It's really one of these things where I thought I had the right mindset last year but I absolutely didn't. I think it's something that kind of clicks in your head where when you have the proper mindset, now, I feel like I can take down a hundred deal and no problem.

I got the team in place and I just really don't have the capital, right? I need to just build and really network as best I can whereas a year ago it's like well, you know. I might have this figured out. I'm kind of just like figuring out as I go and mindset is huge because you have to believe you can do it or else nobody else will believe you can. If you're sketchy, if you're like, I'm not really sure about that. you know, it's very hard to convince people that you can deliver. On some of these things.

[0:06:17.8] WS: They can hear it in your voice. Then you're likely to quit, right? You know, if you don't believe you can do it. How did you overcome that? What was that thing this past year that helped you to really get your mind where it needs to be?

[0:06:29.4] MR: It's a couple of things. Earlier on, I did have a mentor, right? I had someone who was much more experienced than me, kind of educated and showed me the ropes and that was giving me advice on different steps of – so on that six unit that we talked about earlier, I had helped closing through that, right? I had someone got guiding me along the way.

That's one big aspect and I've seen it said a lot of places but I was a mentorship in one way or another, any way you can is awesome because I think about this, I think about different things of the sort where people who are doing these big syndication deals, they have families, they have kids, they have all these things going on in life and somehow, they have time for all this, right? Looking at this is like, "Well, if they can do it, I obviously can do it," because I feel like I'm a pretty intelligent person. I'm pretty organized.

Somehow, I'm missing something and breaking out that complicated thing into small little pieces is one of the key things and you know, when you do project management, when you do a big, let's say value ad, right? You got all these things, you got hundred units, you got to turn, how do you coordinate that with your general contractor? You have to say, "Okay, this first week we're gonna work on units one and two." You start break it down to little bite sized pieces so when you say, "All right, I got to find all these investors." It all starts with reaching out to one person, right?

One way that I have kind of reinvented myself sounds kind of extreme but you know, I just looked at things differently was, I have set myself daily goals. So I look at, I want to do something very simple every day. One of my goals is call a broker.

Doesn't matter what it's for, it could be, "Hey, what deals you got?" It could be, "Hey, how are you doing?" It could be personal, whatever. Just build a relationship, build that discussion with them, maybe they'll throw you something, maybe they won't but it's a time thing. It takes a while for people to trust you and believe you can do what you – you can close on this.

Then the second thing, another big goal I have is contact an investor, one investor a day so –

[0:08:31.0] WS: Email or phone call or how would you do that?

[0:08:33.3] MR: Any way. Because you have people all in your network, you have all these different people so it might be more appropriate to text someone other than email but you might not have their email. It might be better to call them. It depends on what your relationship is with them and whatever seems natural, especially if you're going to be like, "I need a lot of money from you." At least if I'm trying to do that, right?

Obviously, there's a lot of books out there that kind of suggest how you want to approach that but it really should be more of the lines of like, "Hey, I'm doing work on this really cool thing. I'm working on my own business. Let me throw some ideas out at you and we'll talk about it, right?"

You know, there's a lot of round about ways where you can get them to buy in and those are in some books. Especially getting referrals is big.

[0:09:14.4] WS: I love that. I mean, like daily goals and really finding things that don't seem like you're having to jump over this extreme mountain every day, right? Finding these small things you can knock out, I think that's great advice. Go ahead.

[0:09:28.0] MR: This is exactly what happens with this. This is exactly what I found is that you call a broker, right? "This is my goal today, call a broker." Doesn't pick up, leave a voice mail, cool. I'm done in 30 seconds but what you realize is like, "Well, I could spend five minutes doing this, right?" Then you call two brokers and you call three brokers and then they start calling you back and then they start sending you emails, and then you start realizing all this stuff you got to do.

Like my day, I'm still working my job right. My day is, I get up at five AM, I sort of plan out my day of who I'm going to call, how I'm going to work this. That's another big part of the success is planning your day out. I've heard a lot of – people do like weekly playing so on Sunday they plan their week and that might work for some people but for me, it's like, I focus on what I'm going to do today in my entrepreneurial life and also my personal life.

What happens is like, you'll get into days where it's like you wake up, you spend your 10 minutes reading a book – another goal that I want to do is read for 10 minutes because I hate reading but there's a ton of good information out there and then it's like on the way home, when I drive home for lunch, it's like, I'm on the phone calling this guy and what you'll find is, what I'm getting to is, you'll realize you got to analyze two deals tonight but also got to call that broker back.

Then you also got to schedule to lunch meetings with two investors and it becomes this avalanche of activity but you're building your networking base, you're getting your deal flow up and then there's some other things you can do that –

[0:10:47.9] WS: You're learning about it.

[0:10:50.2] MR: It starts building up where these goals, these daily goals actually become difficult to do but you have created this avalanche of activity that's all good activity that it's where you want to be, right? So really that is all it takes. All it takes is one good broker to feed you

deals, to believe in you and it takes investors to – a few investors. It could be close friends. I mean it could really be anyone.

[0:11:13.2] WS: So what's a way, you know being newer into the syndication business, what is a way that you are – maybe give us the top way you are educating yourself right now? You mentioned that was like one of the things you have to be doing.

[0:11:22.2] MR: So with education there is tons of good content out there. I mean right now one thing I do is another mini-goal. I try to listen to a podcast a day, right? I listen to yours. There is a bunch of them out there and just spend maybe an hour. I am very beneficial in the sense that at work I have the ability to listen to a podcast so I can knock out up to maybe like four hours of podcast a day. Sometimes not that much but podcasts are awesome because of auto information. You can Google whatever is over your head.

[0:11:50.2] WS: What about building your team? You mentioned like, you know, getting started building your team was important. Give us an example of what you're working on there.

[0:11:56.8] MR: So what I would tell someone who is starting out and I didn't do this very well initially but I would change it is just when you go out to network, when you go to networking events, getting around the same likeminded people and just talking about what you want to do – well first off that's the first thing you want to do. Just tell everyone, "I want to get into multi-family. I want to get into syndication, I want to do this."

So you just set that expectation and through that actually get me into a multi-family meet up where I go regularly now but also referrals. So when you say, "Hey, I am looking for a good real estate attorney that can do this, that and the other," or, "I am looking for a property manager," ask as many people as you can and I believe I got this tip from somewhere else but what you will hear is, is that you start hearing the same people in your area, same referrals, you know and you can end up calling them up, getting to know them and get them on your team.

That's essentially how I did it in a very inefficient long way. It took me a while to do it but it was very good because I do feel like I have a rock solid team considering they worked with some of the biggest players in my area.

[0:13:00.9] WS: Yeah referrals are very important and I love referrals and then next you mentioned systems and to be able to gather contacts and investors, and being able to keep up with them. What are some ways that you have created a system?

[0:13:13.0] MR: So it is really funny too because when people hear systems, they think it is some complicated thing that you have to pay for. There is a ton of free things out there you can even use especially when you are starting out. You can use Excel spreadsheets and just keep track and have a date and sort – put a date in there saying, “Follow up in three months,” sorted by, “What’s your next people you got to have a follow up with?”

I am using MailChimp right now. Very easy to give updates to people that you talk to. It is very easy to categorize and tag them. So all you need is an email address. You obviously get permission to email and say, “Hey, you know, I can update you with the stuff I am doing.” You tag them. You can tag them as ‘general,’ you know, ‘qualified investor.’ Tag them as ‘potential lead.’ Whatever you want to do. You can create email campaigns to follow up with them.

And also you have a list where you can search and say, “Oh who are these people I needed to follow up with?” And kind of give them a little more attention to if you’re willing to give you a verbal commitment potentially.

[0:14:07.7] WS: So Michael, what’s been the hardest part of this syndication journey for you up to this point?

[0:14:12.0] MR: I would honestly say it is just all the little things you have to do and with that said, they’re all real simple. In all of reality I feel like this is simpler to do than my current job right now and I know that sounds crazy to some people but really I think it is just a series of steps because all of this is trainable, all of this is – you could read and learn about it. There is a lot of stuff that you only get through if you’re experiencing it like I learned a lot in that six unit deal.

Now that is just a little baby deal, right? But it is the volume of stuff you need to do and the commitment you have to make. We talked earlier about mindset. It is doing something every

day because – the reason why this took me two years to get to where I am now is because in all honesty, I took four months off. I thought I was committed before and I wasn't and that's what I was saying earlier about how mindset – something clicks when you understand like one, "I can do this," and two, "This is what I got to do achieve what I want to achieve," because I mean one investor is great but you are going to need a ton and you might – the first ten you might talk to might say no. It's a numbers game and it is just consistent every day activity that's actually pretty difficult to – the activity isn't difficult, it is just doing it and convincing yourself to do it and doing it especially on the days that you don't want to do it. That is the hardest part.

So you know my advice would be break it down to simple steps like that, push through all of those things and it is a big mental game. That is my biggest struggle, yeah.

[0:15:40.8] WS: Gotta getting up at 5 AM right?

[0:15:42.8] MR: Yeah that is the only – for some reason, very early in the morning is the only time I am okay reading. I just don't like reading and –

[0:15:50.3] WS: Yeah that is my favorite time of day is about 5 AM and so Michael, what's a way that you have recently improved your business that we could apply to ours?

[0:15:57.6] MR: Well, like I said earlier it's planning in the morning. So I would wake up, I literally think about exactly what I'm going to do when I am driving home for lunch on the drive back to work. What I'm going to do, who I'm going to call, what I'm doing during my lunch hour, what I'm doing after work. And we're talking things like, I am going to come home, going to let the dog out, you know. I am going to work out. I am going to analyze these two deals and then I am going to shoot this three emails to these three people for whatever reason.

Planning out those days and that sounds like a lot but you can knock that stuff out pretty quick but literally just taking it one day at a time to say, "How am I going to achieve these super simple things with this little pockets of time I have?" I have 10 minutes here, I'll make a phone call. This is who I am going to call. This is the exact person, the exact number I am going to call and by having that laser focus, it makes it easier to do.

[0:16:45.9] WS: How are you finding investors right now?

[0:16:48.0] MR: Two ways. One, really just networking as best as I can, going to meet ups, talking about what I am trying to do, asking people if they're interested in something like that and things of that nature. But also, I've really started to use my Facebook as sort of a – the term 'thought leadership platform' comes out where it's both, "Hey, apartment investing is cool and this is why," and also, just generally sound financial advice.

Including personal stuff, not only do I seem like a guy who is trying to do big things here but also, "Hey, you know here is some useful information in case that's not really relevant to you if you don't feel like you don't fit that mold."

[0:17:26.6] WS: What is the number one thing that's contributed to your success?

[0:17:29.6] MR: Really I would say being a robot. So what I say by that is – it's funny because my mentor says, "If you are not excited about a deal, if you not incredibly excited about a deal run away. You shouldn't be doing it because you should be so hyped about a deal that that's the only deal you should ever do," right? But that kind of contradicts with I am emotionally scared sometimes of calling a broker like they might not believe me. I might embarrass myself you know? But just doing it, right? That is the hardest part.

So being able to turn on that emotion and turn off that emotion is very major because some things you have to just do it and do it consistently and not care about what other people think. Obviously have that background and knowledge to do so and some things you have to really think like, are you excited about it, are you ready for it and yeah and trust the numbers too. Don't get too excited about it, don't let it drive you insane.

[0:18:22.1] WS: And then tell us how you'd like to give back.

[0:18:24.7] MR: Right now, the biggest thing is I try to stay active on Bigger Pockets. I try to just provide stuff that I've learned and try to break things down into simple examples and metaphors if things are complicated for people and try to give some value there but also the same thing

with the Facebook. Just provide that message of why this is a great alternative investment and why it's I think it's the best thing for everybody really.

I think everyone wins. I think this is so much better than the stock market and believe me, I used to be a big stock market believer but also again that just general financial advice and positivity. There is also some posts that I have planned that are just being positive mindset. Yeah, just being a positive person, not being negative and letting those things bring you down.

[0:19:07.6] WS: Michael, I really appreciate your time and you know I think that the listeners and myself can relate to you and it is not easy getting started in this business or in any business but you just elaborating on having that morning routine, having those structure, having those goals and even how you talked about let's find a goal that we can achieve every day and let's stat there, I just think is so important and I hope the listeners are listening to you when you are talking about that because that is crucial for me as well getting started and really growing a brand and a business.

I think you hit the nail on the head and just some very important points there and it is going to be interesting to see where you're at a year from now. Just keeping up doing what you are doing but tell the listeners how they can get in touch with you and learn more about you as well.

[0:19:48.0] MR: Two easiest ways is you can send me an email at summitpathacquisitions@gmail.com or you can check my website out at summitpathacquisitions.com.

[0:19:58.7] WS: Awesome Michael that's a wrap. Thank you very much.

[0:20:01.7] MR: Hey, thank you.

[END OF INTERVIEW]

[0:20:03.0] 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.

Subscribe too so you can get the latest episodes. Lastly, I want to keep you updated so head over to lifebridgecapital.com and sign up for the newsletter. If you are 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]

[0:20:44.1] 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 for free material and videos to further your success.

[END]