

**EPISODE 509**

[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 Dan Schoenbaechler. Thanks for being on the show, Dan.

**[0:00:32.4] DS:** Thanks for having me, Whitney. Pleasure to be here.

**[0:00:35.2] WS:** Yeah, it's great to have you on the show. I know you and I, we're both speaking at a conference a few months back and it's great to catch up with you again in honor to have you on the show but a little about Dan: He's a full-time realtor and real estate syndicator. Launched Schoen Capital and has been a general partner on five separate acquisitions totaling 892 units for 116.4 million within the first 12 months. Congratulations, by the way.

**[0:01:00.7] DS:** Thank you.

**[0:01:01.9] WS:** He's on the mission to share his benefits of real estate investing with as many people as possible and to help grow their wealth and lower their taxes. That's what we're all wanting right there and then. Dan, tell the listeners a little more about who you are, maybe where you're located and let's jump in to your super power.

**[0:01:18.2] DS:** Sure. Born and raised in Northern New Jersey, still reside here. I lived in Hoboken, New Jersey for a while about nine years which is right across the river from New York

City. Got to enjoy the perks of city life and that's still where I focus a lot of my real estate brokerage business out of. I work for Keller Williams Realty out of Hoboken. And since moved to the suburbs, had a child, beautiful wife. Living that suburban life and enjoying it as well.

Two and a half years ago, I met a mutual friend of ours, Jason, who actually helped get me started in the syndication world and all my super powers kind of combined to realize this is the thing I was looking for and eventually found and I'm just so excited to be involved and help more people than I was able to before.

**[0:02:08.4] WS:** Awesome, we love Jason [inaudible 0:02:09] so that's awesome. It's been great to have them on the show as well but you know, tell me about, you met somebody that he shared with you about syndication and tell me about why that was the path for you, like this is what you've been missing I think or tell me about how that came about and what that realization was?

**[0:02:26.5] DS:** Sure, I think I was raised pretty well by my parents so credit to them first. I always had the goal to come from contribution and I always wanted to help people out. After an entry level job at a college for a couple of years, I realized sales was something I wanted to get into and a friend turned me on to financial advising, financial services.

I realized, wow, this is a great way to help people build their wealth and as Zig Ziglar I think has said. If you help enough people get what they want, you'll eventually get what you want. Could leave to a productive life for myself as well.

Did that for about a year and I happened to be prospecting a gentleman on the golf course because I also caddied for many years on the side, who was a commercial real estate broker and at the end of the round, I said, "It sounds like you need to diversify some of your retirement products." He said, "It sounds like you need a real estate license."

This gentleman happened to be 30 years or so in the business and over the course of that time, he had clients that offered him – "Hey, do you want to throw your commission in or pitch in for a piece of the pie?" He had no more than 10 or 15% in just about six commercial deals and he

said, in a couple of years, he'll be passively cash flowing 400,000 a year. And I said, "That's what I want to get into."

Really, I got licensed in that to help more people make more money through investment property but also with the real intent of owning it. And then again, full circle, the process of syndication ended up coming a route to show me the way and all my networking from 14 years on the golf course for high net worth individuals, selling high price real estate in a strong class A market and just generally loving to meet people and knowing what they do for a living, the whole networking has brought me a database of people that I can help direct into good opportunities.

**[0:04:24.4] WS:** That's awesome and that would be enough to turn most people around, right? In a couple of years, you have \$400,000 of passive income so that's very interesting. When we were talking before, you said your super power was networking and you even mentioned then just how networking over those years of now, has become very beneficial and you almost probably didn't see that coming to some extent over those years.

**[0:04:46.8] DS:** Yeah, I got my real estate license August 2008 and in September, one month later, Lehman Brothers went bankrupt and the whole world fell apart and the 140-million-dollar multifamily deal I got brought in to work on crumbled. A few months later, I moved back in to my parent's house.

That was my jump into the business and the whole recession, I was hoping to have enough change to get a coffee or a bagel that day in my car, it was a struggle and I knew it wasn't where I was going to end up but I knew that there was something to this and it's just funny how directly tied in all that happened.

Because even in college, that's when my mom was in human resources and said, "You want a good chance at a good career out of school? You need to strike up some internship, job experience." Every golf bag I got on. I asked the guys. "So, what do you do for a living?".

Just one of the first things I said every round and it was hundreds of rounds at summer and I got to know these people and their guests and whomever and it turned into quite a network of people.

And the funniest thing was a lot of people might have had a specialty job like accounting or insurance or attorney. But they made their true wealth in real estate on the side. Again, all these things just brought me here and the past year and a half, it's been like I'm walking on a cloud because it never thought that all that struggle, and hustle over 10 years would bring me down this road.

**[0:06:16.6] WS:** Wow, so are you glad you didn't, or you didn't close on that deal, right?

**[0:06:19.8] DS:** No, to this day, it was a portfolio deal. I think more than half the properties foreclosed.

**[0:06:23.9] WS:** Okay.

**[0:06:25.0] DS:** It was a nightmare thing and just a typical tragic story of the recession. Yeah, I didn't close any deal. In fact, I pushed my license to a local brokerage in Hoboken. I said, "At least people are buying and renting condos because they need to live somewhere."

The commissions aren't commercial real estate commissions, air quotes. But at least hopefully can put some food on the table.

**[0:06:47.0] WS:** Yeah. I'd like for you to kind of help the listener, you know, with that conversation that you're having with all those golfers at the time, right? That you're caddying for. But so, you know, so many of us are introverted and it's really hard to have that conversation, it's really difficult and it seems like potentially, at that time, you weren't looking for an investor, you were just curious, you know?

But I feel like if we could come from that standpoint a lot of times and not we're not looking for business, you know? It would come across a lot differently. But your super power's networking. I'd love for you to kind of help us with that a little bit.

**[0:07:21.0] DS:** Yeah, the biggest thing is, again, kind of that coming from contribution approach. When I get a deal that I get involved in, I'm bringing an opportunity to them. It's not

calling up and saying, “Hi, you have money, want to give it to me?” It’s really letting them know that you have a great opportunity if they’re interested in looking into it and I don’t get offended by anyone saying no or even less than that, just ignoring me altogether.

And that’s fine – everyone’s got things going on their life, this is not their main job, it’s when they have time to look at it, I’m just putting it out there because I know it’s something that I could bring some great value to their lives and help them. Every deal I reach out to people on, I’m getting more and more traction and other people coming out of the weeds.

Some people never even respond to me saying, “Hey, I’ve been seeing the emails, congratulations, everything looks awesome, I get your updates and that’s wonderful what you’re doing. I’m going to be getting back to you soon, I’m just stockpiling a little more money or looking for this or that.” It’s good that you find out you are making more impact than you think.

And also, on the flip side, asking what people are looking for. I know that a lot of my database, my sphere of people, a lot of them are looking for tax deductions as well as growing income.

In my late 30s, a lot of people are in that family starting mode and they are having to start to think about college and retirement creeps before you know it. It’s a prime time for people to get involved and if they had more disposable income earlier in life like maybe in their 20s with a good job, even better. You know, based on the compound interest. The eighth wonder of the world. They can really blow that out of the water.

It’s knowing what they want as well as bringing up opportunities they might not know they wanted.

**[0:09:13.9] WS:** I love how you talk about coming from contribution and you’ve mentioned that very early on and I felt like that’s a mindset shift. And I was just having a conversation with somebody last night and they were asking me about you know, that conversation, the first time you’re having that with investors and they keep asking for money and I’m like “Wait a minute, you’re not asking for money, you know, you’re providing a great opportunity here.”

How did you change your mindset around that or maybe help the listers that's thinking that they're really asking for money but they're really not?

**[0:09:39.0] DS:** It took a little while till I got some real, strong, formal sales training. Just as a sale person, they call ahead and commission breath where you just sound money hungry and it's, "hey, buy, buy, buy, sell, sell, sell."

I definitely suffered from that at times and different industries, there's some other sales jobs in between and I definitely, looking back, "I'm so embarrassed at myself, that was awful."

It's a part of learning that and the knee jerk reaction is, I had this amazing thing, you got to know this and I want to shove it down their throat and say, you need this. But I do have to stop, step back, just take a breath and realize that this is their opportunity.

Just putting that reminder in your head because I get excited about this too, it's really become quite a passion, all things real estate really became a passion for me.

It's hard for me number one not to talk ab out real estate any time you're around me. Number two, not want to scream it from the rooftops that this is one of the best things you've ever seen. It's really just taking that second and then eventually like anything, with repetition and practice, just starts to come naturally, where you're putting it out there and naturally in a conversation, working it in and not just throwing it at people and hoping that it sticks.

**[0:10:59.0] WS:** Yeah, Dan, what's been some of the best places you found a network to increase your network with high net worth individuals?

**[0:11:06.3] DS:** Sure, what's great. I'm very fortunate where I'm already working in real estate full-time, a lot of residential, small commercial. So, I do prospecting all the time. One of the things I really learned quickly was to be more purposeful in what I'm doing and my activities.

Again, networker. I barely cold call people anymore and some of my brokers don't like to hear that, don't tell everyone that's not the way we do it because cold calling is still very effective to grow relationships and stuff. But what I tend to do is focus on more places of interest.

Real estate, meetups, real estate events, you know, things where people are already having that mindset or even just wealth creation. Maybe it's something not real estate per se but it's room full of people that for whatever reason might have disposable income. Looking to make more money, et cetera. I just look for a more purposeful approach and showing up. I do a lot of face to face.

So, some weeks some out four nights a week and meetups, gatherings, just to meet more people because it's a numbers game. The more people you get in front of, the more that you're going to convert or get involved in an opportunity.

**[0:12:19.0] WS:** You meet somebody at one of those meetups for the first time and they say "You know, great to meet you Dan, what do you do?" I feel like that's what most people say, "Right? Nice to meet you Whitney, what do you do?" You know? What do you tell them.

**[0:12:29.8] DS:** Here's a little sales psychology. I kind of learned just say, "I'm involved in real estate." And I kind of let them guide where they might need me so they might say, "Me too. I flip homes." "Great, I'm a local broker, I can help you find or sell places." Or they're like, "I'm looking to invest in commercial real estate." "Great, I work with a lot of sponsors on deals and I do a lot of investor relations, capital raising and everything else."

So, a lot of times, a lot of the conversations here itself and then I will jump in on that end and then you throw on the other side, oh yeah and I do the other thing too but a lot of them is kind of guided. So, they know that that sounds like my number one focus because both are pretty 50-50 right now but I let them think, "Oh Dan is a syndication guy and I need to invest in real estate. So, this is perfect" or "Dan is the broker, I am looking to buy or sell locally," so they think of me first in that regard.

**[0:13:29.7] WS:** I like that and so they say, "What do you do?" and you say I am involved in real estate and then depending on how they respond is how you know how to take the focus.

**[0:13:38.1] DS:** Right, start broad and funnel it in.

**[0:13:41.1] WS:** So, tell me about your follow up process with somebody like that.

**[0:13:44.5] DS:** Sure, I collect a lot of business cards and usually I try to get back to them within 24 hours. A quick email is a good start especially if we left the conversation with something to talk about whether it is I am interested in investing in future deals. Great well, let us have that conversation and go over your criteria, cover if you are accredited or sophisticated, things of that nature.

And other people again, depending on their needs – If there is an immediate action I can take like, “Oh you are looking for a good commercial lender” call up, “Hey, here is the commercial lender that I said we like to use on deals. So here is someone you could talk to.”

So, it is always good to have that warm lead to have an excuse to reach out and touch point but usually they will go in the database after we cover it. We are talking purely syndication talking about putting them on the database for email blast tone forward for updates on markets or deals at that point because there would be an established relationship since I viewed you being involved and mostly 506(b) transactions so we would create that pre-existing relationship and then throw them in for that stuff.

**[0:14:45.8] WS:** What kind of platform or CRM system do you use?

**[0:14:48.6] DS:** I am a little bit of a mess actually when it comes to this stuff. One super power that I have is knowing that I am not the most organized person and I have a part time person. I am in transition of a few things. So Mailchimp has been great for mass emails before I was just literally blind copying 300 people in my Gmail but Mailchimp has been good and really just attending to high level Excel sheet and this has been a nightmare.

So, I am getting back in CRM. In my real estate experience I've used Follow-up Boss, eEdge, some other things so I am probably going to get more constant contact or something like that for my syndication business day to day.

**[0:15:31.7] WS:** Dan, what's been the hardest part of this syndication journey for you?



**[0:15:34.9] DS:** The hardest part in the beginning is finding deals. So, I met as we mentioned our mutual friend, Jason [inaudible 0:15:41] and [inaudible 0:15:42], I met him just before he got news for his deal. He raised his first deal, which he already had reminded up. He didn't need any help and he's like, "We are looking to do more" so I was like, "Perfect, I know a lot of people." I could probably help him capital raise and invest relations and some other activities.

It took 12 months and 60 offers until Jason got his second deal, which I don't know if you knew that. But it is also something I like to brag about because it really goes to show the most overused term in this industry is being conservative. Jason is one of the biggest testaments of it. When he puts a deal in front of me, says, "We have a deal under contract," I almost don't even have to look at it. But I do for all my investors who are listening today. It's just one of things.

I know he is such a solid operator that it is a golden deal. So, I was talking about a lot of things we are getting close on and talking to my sphere, your people warmed up and ready to invest and it was a full year until something happened. And the funny part was that first deal that finally came across, I got one person in.

So, I was like, "Wow that was underwhelming" and I also realized that I did not treat my database correctly. I had one person that said, "Oh he'll probably write a check for the whole raise. This is nothing for him."

And he said, "I am not interested in being passive but if you could find me a deal like this, I'll do it to run." He wants to be active. He wants to be a general partner. I was like, "Wow, okay that goes back into the drawing board then."

And I realized I needed to have more in depth people. I want to utilize people and thought they would be interested in some of this stuff, I really have to hone in further with some of them and now I have other things on the pipeline for those people too.

So, the hardest part was finding more deals but been very blessed and fortunate that the people that I have surrounded myself in the past few years have really been solid. I mean you can get to hang out with people like you, you know? I am just walking among the elites. So, I know I have a long way to go but a lot of other syndicators have come to me.

And that is why I have to formalize on Schoen Capital because I knew it wasn't just Dan working with Jason anymore. I had a lot more opportunities coming my way, which I wanted to take advantage of and get people involved with.

**[0:17:46.1] WS:** Yeah, I find that we learn a lot about our investor network after we have reached out about a deal or two, tells us a lot and we learn so much after going through that process a few times. How are you preparing or are you prepared for another potential downturn?

**[0:18:00.6] DS:** So, I have been looking to a lot of different asset classes as well outside of multifamily. However most of the statistic out of all the agency loans on the recession is less than 1% of properties defaulted somewhere along those lines. I've heard on a couple of different podcasts that is one of the reasons why multi-family has been my number one. It is such an incredible risk-reward ratio.

So, I still feel very comfortable in knowing that we are stepping into a value-add opportunities. I would never buy some turnkey class-A property, which there is plenty up here in New Jersey. And I would just never feel comfortable and I have had a lot of development deals offered to raise on and it is too far down the pipeline. Most of my people want some immediate cash flow. So been looking to align with networking within the mobile home park and self-storage because they are very recession proof.

Currently actually getting involved in more of a business venture. That has a real estate tie we're buying property in starting in farms actually for CBD oil. So that's been a very interesting and that market is still in the up and up so you know it is looking very positive there in kind of avoiding other industries that are very susceptible to decline right now.

**[0:19:16.0] WS:** Wow. So, Dan what's a way you've recently improved your business that we could apply to ours?

**[0:19:21.1] DS:** Getting more organized, getting more help.

**[0:19:24.9] WS:** So, you hired somebody part time you said.

**[0:19:26.8] DS:** Yes, I have this part-time help with my brokerage business, a little of my syndication business and I just know the number one thing again was learning where I am good at and where I am bad at and take all of that self-off my plate because I am just going to be my own worst enemy and not get it done. Certain paperwork, things like that. I am too busy going after deals and talking to people, creating more opportunities that I can't sit still long enough to do all of the administrative stuff, which is very needed.

**[0:19:57.0] WS:** It's very needed, I agree.

**[0:19:59.2] DS:** However, I can't focus long enough for that. So, leverage it off.

**[0:20:03.9] WS:** So, what is a way that you stand out in your relationship with your investors?

**[0:20:08.4] DS:** I think for the most part, I just make sure that I have a very strong relationship. Most of the people I talk to I talk to fairly regularly. I definitely know people that have 900, 1,100 on their database and they wouldn't recognize their face on the street. It is "We have maybe talked once or twice. Yeah okay, here is what you want to get involved with, okay." And they're on all the mailers and blasts and stuff like that but they couldn't even pick them out of a crowd.

So, I like having a more in-depth relationship with people and trying to contact at least twice a year, four times a year, quarterly is the goal. It just helps gaining rapport because that is very big. And a lot of people, one of their first questions is because I have worked with a lot of other sponsors and partnership to like, "How do you feel about this guy or this woman?" Sometimes that is the last question and that's all it needs to make them pull the trigger to invest.

And I love the fact that we have that kind of relationship and that's what I want out of everybody that I work with so.

**[0:21:09.6] WS:** What's the number one thing that's contributed to your success?

**[0:21:11.8] DS:** I think consistency. I always want to keep meeting more people, talking to more people and I think that again, it brings more opportunity even this new venture I am involved in it was someone at a meetup group a few years ago. We got to stay in touch, we almost did some other projects together and then bought me full circle this whole new asset class. So, it's being consistent.

If you are going to go to a few meet ups go to them very regularly. I feel like I am a little bit of the staple in all the ones I go to so everyone shows up and like, "Oh I was expecting Dan to be here." And it's good to establish yourself and people start to turn to you like you might actually know stuff.

**[0:21:52.1] WS:** And tell us Dan how do you like to give back?

**[0:21:55.4] DS:** So, I'd say it wasn't that long ago that I was barely scrapping by myself. So, things have been very good and what I have been trying to do is start as I am building up what I really want to get to, to really make a huge impact I am giving back more locally. So fortunately, my brokerage has a very big culture on giving back. I have helped served many, many local food shelters, meals.

And also giving back a lot of my time whether it is on the brokerage side, I will teach a lot of free classes in our market center or on the syndication side, you know I have so many phone calls from people who are kind of unofficially coaching them or giving tips and advice and I love to do it because it took me a while to find some mentors and that is so important to help you get ahead. So, I made sure that that was the first thing I started doing that I was capable to do.

**[0:22:45.8] WS:** Dan, I am grateful to have met you and both of us speaking at the same conference because it was really good. That was also Jason's conference. I encourage listeners to look it up but also, it's just great to get to know you a little better and I appreciate you just breaking down your networking process a little bit.

Yeah, coming from contribution, I loved how you just mentioned that right off the bat and I think that is helpful in changing our mindset because when we are going to an investor thinking we're asking for money, I mean it comes out when you have that mindset and I am grateful for that

and you laying out the places you go to, to meet people whether through state meet ups or events, wealth creation events but also how you when somebody asks, “Well what do you do?” and you say, “I am involved in real estate,” I thought that is very tactful and you kind of let them navigate that.

Anyway, grateful for your time and just how you have shared your process and networking, how you’ve met people who have been successful in this business, tell the listeners how they can get in touch with you and learn more about you.

**[0:23:35.6] DS:** Sure, well it’s a little lacking on the administrative side. The website is still under construction. However, I still have my email it is [dan@schoencap.com](mailto:dan@schoencap.com), short for Schoen Capital and my phone number is 973-919-7311.

[END OF INTERVIEW]

**[0:23:57.5] 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]

**[0:24:38.2] 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.

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