

EPISODE 591

[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 Cain McNeil. Thanks for being on the show Cain.

[0:00:32.4] CM: Whitney, thank you for having me.

[0:00:34.2] WS: Yeah, I'm glad to have you on the show Cain. Cain became a commercial real estate agent and started investing in real estate in 2016 after securing a loan from his parents. Since then, he has paid his parents back which I'm sure they're glad and has scaled his portfolio to 40 units with a value of around four million dollars. His niche is mobile home parks and multi-family properties in Bay County Florida.

He also owns a property management company. Cain, thank you very much, we're looking forward to hearing your story and especially from our conversation too before we get started. Tell the listeners, let's update them a little bit about who you are, and just the niche that you're in and let's move from there.

[0:01:16.6] CM: Absolutely, again, thanks for having me. I have a brief about me. I got interested in real estate maybe 2014, 15, started listening to some of the popular podcasts. At the time, I was a banker and bought my first duplex in 2016, right around the time I got my

license that year, I went fulltime when the brokerage side 2017 and went pretty aggressive. I quickly became one of the top producing agents in our area here in Bay county.

My focus on the brokerage side has been multi-family and mobile home parks. Really just because that was what my interest was. I found a lot of clients and buyers through calling owners to actually buy myself and maybe the metrics didn't work, okay, well I have a buyer who is looking for something similar and kind of did deals that way and it took off fast and it's been great.

[0:02:07.6] WS: Nice. Okay, you were a banker and then you jumped into real estate or full-time brokerage. Tell me about that transition just a little bit, you had taken a loan from the parents to make this happen. Maybe you can elaborate on some of those fears there that you had that I know some of the listeners are probably experiencing as well.

[0:02:25.9] CM: Sure, changing that mindset from the steady W2 paycheck to the 'when's my next commission coming' was pretty terrifying and at the same time, I had my first child so that added everything but I knew it was the path I wanted to go on, I'd been pretty well educated at that point and yeah, I bought that first duplex and at the time I'm mowing the grass and doing the accounting and patching the holes and you know, doing everything and from there, as you mentioned earlier, scaled up to about 40 units now and it's nice to have a manager directly managing the tenants but yeah, it's really powerful how fast it can scale, you know?

I just turned 30 and never thought I'd be here back when I was 25 26 and still in the bank.

[0:03:06.1] WS: Did you receive any kind of pushback say from family or friends about this transition from banker to you know, the W2 which people can see my fingers, the quotation marks, the secure JOB, right? That mindset shift, right? Because it's a lot of times when we're in that position, most of the people that we associate with are also in a W2 position and so we get a little push back and I just wondered if you experienced that?

[0:03:29.7] CM: Absolutely. I got told I was crazy, this and that and I can understand why it feel secure although I think folks on this podcast really understand but it's really less secure compared to producing it on your own and so even certain times today, you know, I feel I've

done really well in brokerage but you still have those times you know? When you wonder when the next paycheck's coming and you just got to calm down and remind yourself it's there and get out and work in the day.

[0:03:55.1] WS: Okay, I love that, I like that mindset. That's one thing I love about the entrepreneurship journey, it's up to you, right? That could feel bad to some people but I really like that but you shared a little bit with me ahead of time but you didn't think you were always going to go into the brokerage side, right?

[0:04:13.0] CM: Right, as I mentioned earlier, started off *Rich Dad, Poor Dad*, big book I read when I was back around 2014, 15 and knew that real estate was the path I wanted to go down and ultimately to achieve financial freedom. Started looking at deals, we bought the duplex and then I realize I'm probably missing out on a lot of deals by not having access to the MLS. Really got my license just to access the MLS and at the time, my father had kind of dabbled in real estate, didn't do it too much, he has a different business by trade and he had a mobile home park that I actually sold for him.

My paycheck on that was almost as big as what it would have been all year at the bank and you know, I thought I was on to something there. I went full time at it and never looked back.

[0:04:55.7] WS: You wanted to be a syndicator at one time, right?

[0:04:56.9] CM: Yes, interestingly enough, that was really my goal and you know, I may do it in the future. I think there's a lot of scalability there obviously but from having their own portfolio – My dad is my 50/50 partner so from having grown this portfolio together and not dealing with some of the scrutiny that may come from investors, it's kind of been nice, it's just us to hold each other accountable but – or I can have those late night calls from a scared investor if the stock market tanks or something.

Again, not opposed to it in the long run but that was my main reason just be less scrutiny.

[0:05:29.6] WS: Okay, what about you were just getting your brokerage career going and it seems to be going well then all of a sudden, a crisis hits.

[0:05:37.7] CM: Yes, October 2018, we got devastated by hurricane Michael, didn't get much coverage and that's okay but Hurricane Michael was actually the third strongest hurricane to ever hit the continent of the United States and so, our whole town was, it looked like a bomb went off, to this day, there's still tarps on the roof, I still look out my condo window and there's still scaffolding and the work's still not done.

My dad and I also had a 25 unit that had to be gutted down to the studs, completely rebuilt and in the long run, the insurance money and the new property actually ended up working out better numbers wise but at the time, it doesn't feel too good and having dealt with that, Bay County never really came out of disaster mode and we're filming this on April 30th 2020 and as you know, we're in the middle of a worldwide pandemic so from disaster to disaster it's been interesting and I think with each disaster, new opportunities come and there's a lot of pain but I think if we focus on the opportunities, you can get through it.

[0:06:33.1] WS: Help us with that little bit. How you've been able to focus on the opportunities or the positive side of maybe what's happening even though it may seem so horrible, you know at the time, how have you done that?

[0:06:44.8] CM: From focusing on the multi-family and mobile home park niche, I made a lot of relationships with local investors and for the most part, a lot of investors here, they'll buy singles, doubles, bigger apartments, whatever they can find that makes sense and so after the hurricane hits, you know, obviously there's a lot of distressed owners for whatever reason and so having this relationship of investors was able to broker a lot of deals simply because they were cash buyers, we closed deals fast and that was the opportunity and that following year, 2019, was just incredible sales wise and you know, when that hurricane hit, you don't really think that's going to happen but ultimately, just keep your head down and work hard and key to positive attitude and good things happen.

[0:07:26.6] WS: Any big learning points that you made or any big ways that the hurricane or COVID has taught you that maybe have changed the way you operate in the future?

[0:07:39.9] CM: I think a big one is review your insurance policies. I've seen a lot of owners get hurt on things they didn't know either were or not in their policy. Make sure that business income is there. I've seen that [0:07:54] that could be huge, that could sink you. From living on the coast in Florida, I think you buy the most robust policy you can and maybe return's a little less but helps you sleep at night and if a disaster happens, it sure comes handy.

[0:08:07.1] WS: Yeah, I don't even want to see what the insurance policy would be on stuff there with the hurricane just a couple of years ago. What about in your brokerage business, you're working with syndicators at times, right? I think recently, there was a time when you were working with someone and I want you to share that story.

[0:08:24.8] CM: Yeah, recently, we talked about this a little before but there's been a couple recently and it's – I made a funny point to you that one syndicator, this deal is like maybe nine to 10 months from my first phone call and introduction to them to get closed but the promise was, when we found the deal, we close in two to three months, we found a deal the next day but again, it took about 10 months.

Come to find out, this was this syndicator's first deal he was putting together, maybe he wasn't that upfront about it, that's okay. You know, things just got hairy, the seller got upset throughout it, the syndicator's investors got upset throughout it, it was just a lot of work and maybe things that could have been avoided by being honest and transparent. Couple that with the other recent syndicator I was working with. I don't know if – this is a little home park and honest guy, very transparent and you know we got close to the end of due diligence all the way through and they found a few items through city permitting and things we may have missed upfront that just didn't make sense and they couldn't pay the seller a number that made sense for the sellers and ultimately we had to squash the deal.

But the fact that they were transparent and kept a good relationship with me it just made a world of a difference and that deal almost felt better than the deal I got paid on because it was such a fight for 10 months and I think what that really harps on other brokers you had on this show and how important relationships and transparency could be when working with a broker.

[0:09:48.5] WS: Yeah, so maybe you could elaborate a little bit on how the first one maybe represented themselves, maybe misrepresented a little bit intentionally or not, you don't have to talk about that but maybe help the listener and myself to know that we are representing our self well even if it is our first deal.

[0:10:04.3] CM: Sure, the big thing was the transparency piece. So kind of presenting yourself and if you are presenting yourself in a way that you've gotten more money and more experience than you might have it is usually going to come out and we all really appreciate when people are open and honest with us and when things go wrong and you have been open and honest, it is not a big deal. We work past it or we don't but if things go wrong because you have lied, well it just leaves a bad taste in everyone's mouth and I think that is one of the biggest things is just always being transparent.

[0:10:32.5] WS: So the syndicators, investors were upset and the seller was upset, was it mostly because of the delay and what was causing them delay?

[0:10:40.5] CM: You know I never figured out some of the reasons for extensions. I think it was certain investors dropping out because of how long it was taking, certain investors hopping back in. The seller and the buyer throughout ended up not having the best relationship and I was playing referee throughout that as well. So I think if they were just open with me we would have approached it with a whole different way, maybe we tell the seller this.

You know we are shooting for three months but maybe it would take six or seven and things should and could have gone a lot smoother.

[0:11:09.4] WS: Yeah, so you think it is a lot of the capital raise that was the delay or the –

[0:11:13.5] CM: I think it is a part of it and being presented with a due diligence laundry list and maybe it seems like it came out of a seminar or a class that's okay, that's great but again, if you are honest with me and it's telling me it is your first deal and I need all of this to get to my investors that's fine but if you are telling me you have all of these experience, you know I mentioned a 140 unit deal I recently closed, local operators they walk the property once.

“Yeah, we want it,” we close a month later. Those are the buyers of course every broker loves to work with but I guess what I am getting to is just the openness would have helped everything you know?

[0:11:48.5] WS: Sure, no doubt about it and then the second one though you said it was great to work with them but the deal didn't happen. Can you elaborate a little bit on that?

[0:11:57.8] CM: Yeah they were just open from the beginning, you know very interested in the deal and everything we've presented them to was what we knew at the time and when they got to town and we talked to the city permitting office, we found out a few items that would make their project a lot more expensive than they anticipated and if I'd know that is the truth then how can you be upset at that and ultimately that brought their number lower than the seller would expect or would have expected. The deal is still sold later but it is just hard to be mad at someone they're transparent with you.

[0:12:25.0] WS: Who are you going to take the next deal to?

[0:12:26.8] CM: Of course Whitney, I will take it to the second guy who didn't close.

[0:12:29.9] WS: Right, that's awesome. You know just their professionalism shown even though the deal didn't close they had a good reason, right? So what are some ways maybe that you could guide the listener who is trying to get to that first deal when working with a broker? We have done numerous shows on this but I'd love for just your opinion maybe a couple of things that they could either prepare or have ready or knowledge that they need to have or whatever that may be, maybe a couple of pet peeves of yours that you could share with them.

[0:12:57.8] CM: I think just the basic knowledge that's huge and no one on their first deal is going to know everything, right? So if you come to me with someone of a specific criteria that is going to help, it is not just, “Hey, can you bring me a good deal because then maybe I would want to buy that good deal, right? So that criteria is huge and you know I have a hard drawn transparency the whole time and don't come into a deal with the intention of re-trading.

A lot of times you can pick up that that are guys who are meaning to do that from the beginning but I think just building the relationship with the broker, take them out to coffee. I know it's cliché but a phone call whatever it may be just the relationship is huge and be honest with the broker. "Hey it's my first deal, help me out, I believe I can close and here's why," build his confidence, he will probably bring you a deal.

[0:13:38.5] WS: So what's been the hardest part of this real estate journey for you Cain, you know going from the W2 to going fulltime or maybe there is a specific deal or growing your business, what's been that for you?

[0:13:50.0] CM: The hardest part is just sometimes reminding yourself if you work hard it is all going to work out. I think I have been very fortunate and blessed so far in this career but you still have those days where you wonder if it is the right choice and it 100% is but you know sometimes you got to be persistent.

[0:14:06.0] WS: Is there some way that you stay motivated or maybe somebody that helps you support you in that or a partner, a business partner or anything like that?

[0:14:13.6] CM: Yeah, I do have some good mentors. A huge one is my dad. Another thing that helps me is getting up early every morning. I think getting ahead of the day, getting the nuances of the day out of the way so that way you're proactive and not reactive when the work day actually starts. My productivity just goes up so much and that ultimately leads the confidence. So I think getting up early is probably the biggest piece of advice I could get anybody.

[0:14:36.5] WS: Got to have a plan for that morning though right?

[0:14:39.1] CM: Yes, absolutely. A morning routine is huge.

[0:14:42.1] WS: Any takeaways that you could give us for morning routine quickly.

[0:14:45.6] CM: I like to exercise, knock out the emails that I need to get out of the way, do the things that I don't want to do first and that way the rest of the day I am doing the things I enjoy and being more productive than I would have been if I am reactive all day.

[0:14:57.5] WS: What is a way that you have recently improved your business that we could apply to ours?

[0:15:00.8] CM: Starting the management company was huge because my market is not necessarily that big. I want to stay local on my market. I want to be able to keep an eye on my deals and so having to hire a third party management up to this point, you want to buy the bigger deals so you have that scale but now that I have the management company, I am open to buying the ones, twos, threes and fours again because my efficiency is built in with owning the management.

So whatever what that might mean for anyone with their current situation I think yeah, that has been my biggest key lately.

[0:15:34.1] WS: Nice, so what is the number one thing that's contributed to your success?

[0:15:38.2] CM: The persistence, probably the early mornings.

[0:15:41.8] WS: Okay and how do you like to give back?

[0:15:43.3] CM: I actually do a lot of mentoring and it is not through a specific program. I believe in real estate and the power it has to change your life so much that I like giving it back. Currently I work with a family member actually and he shows a lot of potential. He just got married, he's got a baby on the way and I see the excitement in his eye and it is cool to see what I had when I first started in mine. I think he'll do great but it's ultimately more rewarding for me than it is for him, you know? Maybe.

[0:16:09.6] WS: Yeah, at least initially.

[0:16:11.1] CM: Yeah.

[0:16:13.4] WS: Cain, grateful for your time today. I appreciate you just sharing your story and the transition from W2 to going to that commission pay like you are talking about or just being

onto full time entrepreneur is a difficult transition for most. You know whether they like to admit it or not, you know, just making that happen but in just going to the good and bad things that you've noticed and working with different operators and syndicators, it is good for us to hear those things again but how can people get in touch with you and learn more about you?

[0:16:42.2] CM: I am on LinkedIn, they could Google Cain McNeil, Century 21 Commander Realty. All of my contact info is in there, call me anytime.

[0:16:49.9] WS: Awesome Cain that's a wrap. Thank you very much.

[END OF INTERVIEW]

[0:16:52.3] 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]

[0:17:32.8] 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.

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