

**EPISODE 622**

[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]

**[00:00:24] WS:** This is your daily real estate syndication show. I'm your host, Whitney Sewell. Today, our guest is Todd Sulzinger. Thanks for being on the show, Todd.

**[0:00:32] TS:** It's great to be here, Whitney. Thanks for having me.

**[0:00:34] WS:** Todd is a corporate finance executive turned mobile home park investor and the Founder of Blue Elm Investments. Blue Elm is a mobile home park operator specializing in adding value to, and transforming distressed mobile home parks across the country. They have built their expertise to turn neglected mobile home parks into vibrant communities increasing the availability of safe, clean, and affordable housing across the country while offering their investors above market returns.

Todd, thank you again for your time being on the show. Give us a little more about who you are, and let's dive in to your business and a little more about your superpower.

**[0:01:11] TS:** Absolutely. Thanks for having me, Whitney. Yeah, I'm based in Northern California. I grew up in San Jose. I went to San Jose State University. I got a degree in finance and started down a corporate career. I worked for quite a few different high-technology companies here in Silicon Valley. I spent a few years living in Europe as well, working in finance and overtime decided I wanted to make a transition out of my corporate world into investing in

real estate and through that process founded Blue Elm Investments.

**[0:01:40] WS:** Wow! It seems like a lot of people that get into the syndication business either have a finance background or an engineer. One way or the other, they have that background with numbers. That wasn't me but –

**[0:01:52] TS:** Yeah. I think it helps. I spent a lot of time working – a lot of my corporate career was around doing financial planning, budgeting, so I'm used to doing like 5, 10-year models for multimillion dollar companies, thousands of employees. So doing a little syndication models for mobile home parks is relatively easy compared to doing big corporate models. That's something I can definitely bring to the table.

**[0:02:15] WS:** Nice. Making that transition, we talk about this a lot on the show because so many people struggle with even thinking about trying to quit their day job, right? I mean, like it's such a focus. We won't spend a ton of time on it, but when did you know that like, "Okay, I'm going to leave this corporate career that I've spent so much time on and I've invested so much in this but, well, it's time to go do this over here."?

**[0:02:37] TS:** Yeah. Well, when I started investing in single-family homes back in 2013, that was the idea was I'd just build up enough of those to replace my W-2 income. Eventually, I realized that was going to take too long to do that. I started finding out and hearing about syndications quite back in 2015 but I didn't do anything about it just because work gets in the way and life gets in the way. It wasn't until 2018 that I decided, "Okay. If I'm really going to make this transition, I really need to get serious."

At that time, I cut back to about four days a week at my corporate job to allow at least a day a week to work on real estate, and really the genesis of it was just kind of feeling that lack of control. I'd work for companies where – great companies, but they got acquired and didn't need two finance teams or forced me to relocate because the headquarters moved to new location. Or company went public and got acquired by somebody else and just all of these things, right? It's felt such a lack of control in a way and sometimes seems like a really stable, good corporate job. I wanted to have some more control over my life and my income through having my own business, and syndication was a perfect fit.

**[0:03:42] WS:** How long did it take to make that complete transition?

**[0:03:45] TS:** It took I would say about two years. Yes, right. From the time that I started to get it, I was trying to do – I was working full-time, doing the real estate on the side, and that's really difficult to do. Then it helped a little bit, cutting down to four days a week to spend a little bit more time doing it. But it's not an overnight process, for sure.

**[0:04:04] WS:** Okay. Wow. Yeah, definitely not. I think like all of us and myself included, we want it to happen right now, right? Right now. It's not fast enough. But, yes, you got to be patient, right? Anyway, I just appreciate you highlighting that because we're working through that. So many people are and dreaming of being in those shoes where they're doing real estate full-time.

But you have a passion for just incredible customer service and maybe you've learned some of that from your years of corporate finance experience one way or the other. But I'd love to dive into that and just hone in a little bit on just that incredible customer service. It is so important to me as well. It's so much about growing a business, right? You got to have happy customers. In our case, it's our investors. We strive all the time just how do we make this better. What do we do about this? I would love to dive into that a little bit with you and just to explain a little bit about just this incredible customer service that you talk about.

**[0:04:56] TS:** Yeah. I mean, to me, most of it is really around communication, and that was actually something I found through a not so great syndication that I invested in, because that was one of the first things I did when I was kind of – Before I started my business, I thought I should invest in someone else's syndication to just see what the process is like. Hopefully, I learn from them through the process, and it didn't work out well, the investment itself. Then because the investment didn't work out, it kind of highlighted how their communication, the syndicator's communication didn't work out either.

I think that's something I really learned from that was that especially when things aren't going well, communication is paramount. If things are going well and distributions are happening and people are getting their checks, they might not even have any need to hear from you. But when

things aren't going well, I think that's when communication is just so important. So communication along with just transparency about what's happening in the business, giving them enough information that they need to feel like I'm looking out for them, I'd still take their – The fact that I'm a custodian of their money very seriously. It's something I wanted to just make sure they always know. I think, to me, it really focuses around communication.

**[0:06:01] WS:** No doubt about it, and I always tell people – Some people say, “We’ll, which is more important, the deal or the operator?” I’m like, “The operator. Are you kidding?” Just their trustworthiness I feel like, like knowing that you – You just going to hit the nail in the head. When things don't go right, that's when the line grows cold, doesn't it?

**[0:06:21] TS:** Yes, it does. Even if the operator is a good operator, maybe they're competent and capable. But when either like things go silent or the communication isn't as regular as I think it needs to be, it is important. Then it's something that maybe is not maybe natural for some people that are in this business, because maybe they're just good at the numbers or really just good at doing things from the operation side but not necessarily thinking about it from what it's like for an investor that's sitting there, waiting. Maybe another week or another month goes by, and you haven't heard anything from the sponsor. That was pretty – definitely one of I think the biggest things that I learned from that investment was the importance of communication, particularly when the deal is not going as planned.

**[0:07:01] WS:** Let's jump in a little bit about how you're doing things differently than what you experienced there and how you have overcome that personally in your syndication business.

**[0:07:11] TS:** Well, I think it started when I put my first syndication deal together last year for a couple mobile home parks in Georgia, and I was – really tried from the very beginning. As soon as investors started to send funds in, send their legal documents in, to make sure to get right back to them, let them know they were received and given the status on what was happening with getting towards closing. As soon as the deal closed, everybody knew about it. Within a few months after closing, I hosted an investor dinner just as a thank you to bring everybody together.

Then since then just kind of keeping up with quarterly financial updates for sure and distribution

updates but then periodically giving updates with what's happening in the park just to let them know again that we're still out there working. We're fixing things up. We're doing things and making things better for the residents. Again, just regular communication.

**[0:08:00] WS:** Is that mostly done through email? Was that – Or do you do phone calls? What does that look like?

**[0:08:05] TS:** Mostly email. I do reach out on the telephone to a few people who I know like to have that more personal communication, but it's typically via email.

**[0:08:15] WS:** What kind of – I guess how do you take feedback from your investors or do you ask for feedback or I just want to like help people like learn ways that investors would like things done differently?

**[0:08:23] TS:** Yes. I mean this happened actually last quarter in regards to the amount of distribution we were sending out for the Q1 and I got feedback from a couple different investors in terms of what they're expecting and in terms of some people based on the pandemic expecting no return at all. Some people expecting or being disappointed that it was lower than the previous quarter. So, yes, when I reached out for that feedback in regards to that, it was interesting to hear investors' different perspectives.

**[0:08:50] WS:** What about just managing the communication? Do you use a specific CRM or how do you do that?

**[0:08:55] TS:** I do. I use ActiveCampaign. I do a combination. The investor group is not that large, so periodically I will use just a direct email and blind copy everybody. Other times, I will use ActiveCampaign to reach out to them.

**[0:09:08] WS:** What about like the deal that you invested in and it didn't turn out too well? Share as much or as little as you feel like you should or shouldn't, but I just wanted like some things that you learned from that. Not only that you've changed in your business but even just as a passive investor moving forward, maybe how you could've maybe done that differently now that you know more about the syndication business.

**[0:09:28] TS:** Well, as an operator for sure, I think there are some things I learned about their communication style for sure. From an investor standpoint, I don't know. There weren't any red flags that showed up in terms of why this park hasn't – Or sorry. Not park but why this asset has not done as well as planned. I think there's maybe a variety of reasons for it, some market-driven, some broker-driven. There's probably a few different reasons why it didn't turn out as well as planned.

I think I probably would've done a multifamily investment versus a commercial investment just to have something that was a little bit closer to what I'm doing now. But at the time, this operator invested in a couple different asset classes, and I liked the project. It had a great story. I think because of those things, it came again to me today for the first time and I didn't have that bad experience. I might've ended up doing the same thing again because at least the beginning all signs were good.

**[0:10:19] WS:** Why mobile home parks? There are so many different asset classes, and you gave up a career to really grow the syndication business, and your focus is mobile home parks. Why mobile home parks?

**[0:10:30] TS:** A few things I like about them. Again, when I was – Like you were saying, what asset class to pick. When I first started my business, I looked at a lot of different ways to places to invest, and I've always liked mobile home parks. But it seems like I'd only heard in terms of people I talk to about it was they're a little bit trickier to manage. The financing can be kind of funny, so it made me stay away a little bit. But there were a couple operators that I followed. I know Andrew Lanoie and Mike Ayala from Four Peaks Partners that were building a nice business, Jefferson Lilly from Park Avenue Partners who also has a podcast. We follow him a lot. He lives pretty close to me, and we'd meet up for lunch and chat.

I saw what those guys were doing and really started to learn more about that business. Then from that, there are just a few things I liked about it. There is less competition than there is in the apartment space where people are having like huge dollar deposits go hard immediately, like tons of best and final multiple offers, multiple bids coming in for properties. So there's less competition. I like the asset because it's recession-resistant. At the affordable housing level,

even if two people are making minimum wage or one person even, that you can still be able to afford to rent a mobile home or a mobile home park lot. That was really attractive.

Also, because the industry is still pretty fragmented that the ability to find better deals buying from I wouldn't say unprofessional, inexperienced, mom-and-pop operators, you can sometimes get great deals and also get seller financing. It's much more common in this business that it would be in the apartment business.

**[0:12:00] WS:** What about just during the COVID-19 stuff? You did a couple deals last year. Now, you're going through this pandemic and owning mobile home parks. I don't think I've really talked to anybody about mobile home parks since all this has happened, and so I'd love to just hear just about some performance or maybe how you've done things differently. We talk a lot about multifamily and different things about managing them and things different management teams have done to help tenants and whatnot. But highlight a little bit on or as much as you can or are willing to about mobile home parks and how the management side has changed or anything during the COVID stuff.

**[0:12:34] TS:** Yeah. Well, we have had some issues with collections. We did have some of our residents did. Their jobs were affected by COVID. So like as soon as that happened, we sent out a letter to all the tenants who hadn't paid to say, "If this was related to the pandemic and you lost your job, you just need to get proof from your employer, and we'll work out a payment plan. If you're not responding, then we'll just kind of carry on with the eviction process."

Now, in Georgia where these parks are that I'm talking about, the courts were closed for eviction, so a lot of that was put on hold. But we just tried to have as much communication with the residents as possible to say, "Hey! If you've been affected, let us know. The more you kind of tell us what's happening, the easier it is for us to work with you." Then in terms of showing people homes to live in because we rent out a lot of our homes with us as a park owner owns. That was challenging because we had to – Their on-site manager couldn't always be there. She had to wear a mask obviously. We only can let one person in the home at a time to leave an application on the countertop. That slowed things down a little bit, so we had to make adjustments.

**[0:13:37] WS:** You are in Northern California and your mobile home parks are in Georgia. Is that right? Managing that through this time too is probably not as easy to travel there, and you may not want to travel that far during all this time. So what were some keys to being able to manage those and just make sure things are happening as they should?

**[0:13:57] TS:** Well, we started doing video calls, either a combination of Google Duo and Skype with the on-site managers. It's not as good as being there but we just had the manager walk through the park with a camera and scan around if there's one they want to get a close up on. Myself and the property managers were on the call and just tried to slowly kind of walk our way all the way through the park and inside some of the homes. While it's not as good as being there, doing the video calls is the next best thing.

**[0:14:24] WS:** What do you see for your business, say, over the next six months? After this pandemic and all this stuff, do you see more deals? Do you see just sitting back for a while? What's kind of your game plan?

**[0:14:36] TS:** Well, I've got these parks in Georgia and another one in Tennessee that I'm in the process of putting together a syndication for. Once that's closed, I'm going to be out looking for another deal. I'm going to be definitely careful about in terms of kind of where pricing is sitting because there's going to be some sellers that are not going to be in a hurry. They're just going to ride it out and keep their price at what it is and just wait until things turn around. Other sellers are going to be more motivated.

In addition to my syndication business, I do consulting for the property managers that actually I hired to help me with my parks, and they help people that just want to buy parks outright and help with due diligence and the whole purchase and turnaround process. That side of the business has actually been pretty active. There's a lot of buyers out there, whether it's individuals, other syndicators, family offices who are actually looking like right now to get into this business and buy parks.

**[0:15:29] WS:** What's been the hardest part, Todd, for this syndication business journey or getting into this business for you?



**[0:15:36] TS:** I think probably being patient. We talked about kind of how long it takes to kind of get things going and start a business, so I think that's one of the most challenging things is continuing to move forward when it feels like things aren't moving fast enough. I think that's advice I would give to someone is just to like keep pushing ahead. You might think like things are getting rough and you're never going to get there. When are you going to be able to talk to the right investor, find the right property, and get things over the hump? Nothing happens in a linear fashion. It doesn't happen overnight. I think kind of finding that patience through the process was challenging.

**[0:16:10] WS:** I meant to ask you a minute ago, what's the key in a mobile home park to be prepared for a pandemic or downturn like this?

**[0:16:18] TS:** I think having just good management. I've got good property managers that are actually based in California that manage parks in about 15, 16 states across the country and then just having good people on-site. In Georgia, we've got a good maintenance guy that lives on site and other on-site managers. So having good people there that communicate well, that keep you up-to-date with what's happening in the park is important when you can travel out there periodically and also in situations like this when you can't, when you're relying solely on phone and video.

**[0:16:48] WS:** What's a way that you've recently improved your business, Todd, that we could apply to ours?

**[0:16:52] TS:** Let me see. I think this kind of internally was actually moving to ActiveCampaign. I was using MailChimp before and I switched to ActiveCampaign just because of the functionality, and it's actually made things easier for me to manage investors, manage the communication, create newsletters, send out information about deals, as well as data to help me kind of from a CRM standpoint keep better track with my communications with investors.

**[0:17:16] WS:** What's your best source of meeting new investors right now?

**[0:17:20] TS:** I would say still meet ups, even though they've gone online. The last couple months, I've done a couple different presentations at places where I normally would've done a

live event here locally close to where I live but they moved online and then podcasts as well. The more people hear my name, hear about mobile home parks, and look at me as an expert in that field, they start to reach out.

**[0:17:41] WS:** For sure. For sure. What's been the number one thing that's contributed to your success?

**[0:17:45] TS:** I would say persistence. I think that was – I mean, once I think I've mentioned I – We first went to a syndication training event through the real estate guys Secrets of Successful Syndication back in 2015. I didn't do anything about it. I went back in '18. I thought, "Okay. If I'm going to like be serious about this, I really have to double down and really get to it." It was that decision to say like, "Now, we're going to get serious about it and create a company, build a brand, start the website, kind of do all those backend things, and then just be persistent at saying that this is going to happen no matter what. I'm going to leave that corporate career behind eventually and build this real estate business, and I'm going to do it."

**[0:18:22] WS:** How do you like to give back?

**[0:18:24] TS:** I love to talk to new investors. There's a lot of people that reach out that say, "Oh, I knew the mobile home park business. I'm interested in this space. Can you spend some time with me and explain to me a little bit more about it and tell me what you do?" I do that quite a bit with people and I enjoy talking about it. I love talking about real estate. I love sharing with people about the mobile home park business. That's something I spend a fair amount of time doing.

**[0:18:45] WS:** Todd, I'm grateful for your time today and just your focus on that customer experience. It's so important and just bringing that our attention and really learning from, unfortunately, a bad experience that you had and that we can all learn from and even mobile home parks too. It's not an asset class that I'm as familiar with but it's definitely something I know a lot of the listeners are interested in, so grateful for your time and sharing your experience.

**[0:19:08] TS:** Absolutely. Thank you, Whitney.

**[0:19:09] WS:** How can people get in touch with you and learn more about you?

**[0:19:12] TS:** They can always reach out on email at todd, T-O-D-D, @blueelminvestments.com. My website, blueelminvestments.com, and I have a Facebook page that's focusing on park-owned home mobile home parks. So if you go to Facebook, you can go to POHMHP. You'll find us on there with a lot of good communication and activity on mobile home parks.

**[0:19:34] WS:** Awesome. That's a wrap. Thank you very much, Todd.

**[0:19:36] TS:** Great. Thank you so much, Whitney.

[END OF INTERVIEW]

**[0:19:38] 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](http://lifebridgecapital.com) and sign up for the newsletter. If you're 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]

**[0:20:18] ANNOUNCER:** Thank you for listening to The Real Estate Syndication Show, brought to you by Life Bridge Capital. Life Bridge Capital works with investors nationwide to invest in real estate while also donating 50% of its profits to assist parents who are committing to adoption. Life Bridge Capital, making a difference one investor and one child at a time. Connect online at [www.LifeBridgeCapital.com](http://www.LifeBridgeCapital.com) for free material and videos to further your success.

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