

**EPISODE 638**

[INTRODUCTION]

**[0:00:00.0] 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]

**[0:00:24.4] WS:** This is your daily Real Estate Syndication Show. I'm your host Whitney Sewell. Today, our guest is Daniel Holmlund, thanks for being on the show Daniel.

**[0:00:33.1] DH:** Thank you Whitney, it's a pleasure to be here.

**[0:00:35.2] WS:** It's an honor to have you on the show. It's been great to get to know you over the last year and a half to two years and just see your success and moving forward as well in this business. Daniel is an engineer at Intel who started and runs the real estate investment education club at Intel. He also owns a real estate investment firm named Aalon Capital LLC, where he partners with people to purchase multifamily investment properties.

Daniel is also the host of WIN Multifamily Show, a show that focuses on learning to move from Wall Street to Main Street, love that. Daniel, thank you again, give the listeners a little more about your background and getting into syndication business. Let's jump in to this transition that you're helping people with and you got a whole podcast on it, so I'm looking forward to learning more myself.

**[0:01:21.2] DH:** Absolutely. As you said, I am an engineer at Intel, that has been my day job for 20 some years, but at somewhere along the line they actually figured out that I was a software

developer who could actually speak to people too. I transitioned into the role of a teacher and I've been with the developer relations group at Intel ever since.

That's actually parlayed quite well into the investment world as well because I work with investors on syndications, like a lot of us in the space do. It's a technical complicated area and so we really focus on trying to make it a clear avenue for people that have full-time jobs, and to show them a clear way that they can get involved in getting their investments from Wall Street to Main Street.

**[0:02:07.3] WS:** Nice. I think it's a great resource when you can show people that. I think it's something in our industry that investors – a blind spot there, right? When you've been stuck in Wall Street or the stock market, you know, forever, that's all you've been told your whole life, it's hard to believe that there's this option over here where you can just go and invest with somebody in real estate.

You know, let's dive in to that a little bit Daniel. I'm sure you've – especially doing a podcast on it now, where you work as well, that you've been able to grow probably your knowledge base and in your ability to help investors that are in that path or in that place. Get us started a little bit on helping us show somebody that clear way, or maybe how you do it from Wall Street to Main Street?

**[0:02:56.3] DH:** All right. You know, one of the first things that you need to do of course is have a clear vision yourself of what you're trying to do. I started back –f real estate is always kind of been in my family. I learned about real estate really from my grandparents. Who my grandfather worked for International Harvester his entire career, and then was only once he retired that he and my grandma decided to go in and purchase. They purchased a 125 unit building together with their brother, and it was actually only once he retired that he started building actual generational wealth, which he left to my parents. It was more than he had accumulated in his entire W2.

I was 10 years old when this happened and watching the entire process. I've done some single family home investing along the way, I rode the wave of 2008 and single family homes, but I actually really got around to investing in syndications in 2017 or so. Mostly listening to Joe

Fairless and to your podcast. Thank you very much for doing that. I learned a ton from just the past podcast that you've done and, in doing that, I decided hey, I need to figure out this real estate syndication business.

I kind of looked at it in two different ways. I said well, I can go find somebody who can be a mentor to me and to educate me, or I can go educate myself with people that are already doing it. I actually chose that second route. I became a limited partner in a syndication down in Houston, Texas. It was 56 unit syndication, it was called Sycamore Grove, it was in Pasadena, Houston, and it turned up to be a pivotal point for me because when I invested with them, I asked them for all of the paperwork. I asked them for the legal work, the insurance, the underwriting, all the papers that were associated with the rent roll in two 12s.

I went through the whole thing and just really made sure I understood what was going on. I did a lot of emailing with them, just back and forth, great pleasant conversation. I started doing some small tasks for them to help them in their business, and eventually I guess they appreciated it enough that they invited me to be a co-GP on one of their deals, two of their deals actually.

I did my first co-GP in Houston, Texas as well. A 122 unit and then a second one. I'm involved in raising capital and asset management on both of these, the second one was 196 units. These were great experiences. I was part of the key principal package there, so I also got my Fannie Mae card during that. Then I decided hey, "I got to bring my business to the next level," and so I went out and I just started talking to other investors.

I actually ended up joining – I interviewed a couple of different groups and I ended up joining the Mark Kenney Think Multifamily Group. I'm part of that group as well and we are trying to align ourselves with people that are strong in this business in terms of boots on the ground, in terms of relationships with brokers and loan officers, and we're building our business from there.

**[0:06:02.7] WS:** Nice, the path that you took, you know, you found somebody that was already doing it and you used that to help educate yourself by partnering with other operators but ultimately, by investing first, right? Is that something that you recommend. If somebody can, before they're actually going to get into the syndication business and try to be a syndicator or

operator, do you usually advise, say, “Hey, why don’t you invest passively first just to learn a little more about the industry,” or not?

**[0:06:30.6] DH:** Yeah, it’s definitely a progression, an educational progression. I recommend people listen to podcasts and read books first, to be honest. And then once they have an understanding of the process, then they can venture out a little bit further and yeah, I recommend that they passively invest in somebody else’s syndication. Somebody who has the track record, somebody whose track record you can dig into and investigate.

In the case of this group, they already had on seven syndications before and they had a good track record, good returns, I could go through and investigate all of it. I ran a criminal background check on them just, you know, just in case.

**[0:07:02.0] WS:** Wow.

**[0:07:03.7] DH:** But definitely go in, investigate it, and learn everything you can from passively and syndicating. A lot of people will want to keep it there because a lot of the people, for instance at Intel that I work with, they have full-time jobs. They’re very busy people and they are not specialists in real estate, they’re specialists in engineering and marketing and HR. For a lot of people, you know, that’s the sweet spot to be. But then some people like to get their hands a little dirty and they want to continue going on to an active manager route and so for those people, we actually – I love talking and working with those people as well.

**[0:07:37.9] WS:** Awesome, let’s talk about the people who have been in Wall Street, in the stock market for most of their life, those people that you’re helping to really break that mindset, right? That this is the only way, this is you know, the way everybody’s done it. You know, I just think there’s – you got to learn a little bit, right? It’s out maybe outside of your comfort zone a little bit to jump in to a syndication. You know, I’d like to hear just how you’ve helped some people that have really, maybe only invested in the stock market, to really open their eyes to this opportunity.

**[0:08:08.5] DH:** Sure. One of the first things that I did was, I realized at Intel that there is a stock investment club, there’s a startup investment club, but there was no real estate club. I

immediately went to Intel HR and I said, "I want to run the real estate investment education club at intel." It's a club where there are no sales pitches whatsoever, it is purely educational. People come in, you know, they can talk about what they do in their business and leave their contact information afterwards so that others can contact them if they wish.

It's really opened my eyes to the spectrum of types of real estate investments that busy individuals like to do. Some of them are – a lot of them are interested in things like house hacking, and so we bring guests in on those topics, we bring guests on mortgage note investment, on buying mobile home parks, on buying single family homes, it's a large amount of the talks that we do there.

It's a generalized real estate group. And it's great to really get to know the people that are there, and just to understand where they're coming from in their investment process. I've been running that now for almost a year and we do weekly guests, we bring in people every week to speak at that group. It's grown to a couple of hundred people now. You were a guest there, not too long ago as I recall, we had a little over 300 people for that particular group.

**[0:09:29.4] WS:** Yeah.

**[0:09:31.2] DH:** I was very thankful that you were there, it was a great group. I think sitting down and talking to people one-on-one is the best way to get to know them. Just hearing what their issues are, where they want to be in three years, how they're going to get there, and understanding and helping them with their real estate.

I recently, actually, just had a person come up and ask me to be a mentor to them at Intel. In terms of real estate. I'm starting to put together a curricula – not something that's paid, just a one-on-one, sitting down, let's talk about real estate and let's figure out what works for you type program.

It's been an exciting journey, it's all about the people that are in that journey.

**[0:10:10.6] WS:** What's been some of the pushback that you've received from people who say, "Wait a minute Daniel, you know, I've seen the stock market work for this many years," or as

long as you keep investing, you know, “How can I trust some operator over here that’s going to go you know, blow all our money and in some real estate deal?”

**[0:10:25.6] DH:** Yeah, I mean, I haven’t gotten a lot of pushback in that area yet to be honest, it’s probably because, to be honest, it probably just goes silent. It’s the people that I don’t hear from that are thinking like that more. But we have had a lot of people that have said, you know, “What is the process?” and, “How do I know that I can trust these people?”

Once you start bringing them to the process of explaining, “Hey, the SEC requires that we establish a relationship with you ahead of time. It requires that we be partners in this business that we know your accreditation status,” and all the different things that the SEC requires. Once that process is explained through and how a real estate syndication works, most people get it. I really find that the obstacle is more one of education than anything else.

**[0:11:12.9] WS:** Yeah. I guess, elaborate then on how you’re going about educating some of these people? Or maybe some things, as we’re speaking to investors, we’re speaking maybe even at a small event, you know, or something like that. What are some things that you’re sure to highlight about the syndication business, as you’re speaking to these investors and, you know, just why they – I know they’re busy professionals, right? Why they should invest in real estate?

**[0:11:36.5] DH:** Right, the number one thing, and I take a lot of these reasons from my own personal experience. The reason why I got into real estate is because, as an engineer, I realized I could sit down and calculate out and look at someone’s five year projection on a particular piece of property, and I couldn’t do that with my stocks. I said, “Well hey, if I want to build a plan where I could retire then I need to start doing some projections so that I can actually understand where my money is and where it’s going.”

I think that’s a really powerful argument for talking about real estate, in that, you can talk about the projections, and you can talk about why they are recession resistant, or why there might be exposure to a particular sector of the economy. You can tell the strengths and weaknesses of a particular real estate deal and talk about them in depth. Just being able to go through and dissect that.

You would not believe, some of the – engineers give you so many questions when you send out information about a syndication. I have sat down and literally written four hour emails answering questions that people will come up with about a particular deal that's gone through, and all the numbers, and how they work, and it's incredibly detailed. I really enjoy real estate because you can go through and you have a knowledge about the resistance to financial circumstances and you can make projections based off of it.

**[0:13:00.3] WS:** Yes and I would imagine, I know when I am talking to an engineer it is a different conversation. I mean it just is right? I mean I've got some engineers in my family as well and so I'd understand this is different but numbers is something that most of them get very – I mean to a high degree, right? I mean it is part of what you do, it's how you think and what you've been trained and then so much a part of your job and so the numbers are so important in our business as well.

So the questions are so different. So maybe you can give us a couple of those questions that we could be prepared for, a couple of things that you know that are going to be asked, no doubt, when we're speaking to people who are engineers or have been stuck in the stock market.

**[0:13:44.2] DH:** Oh gosh, so I mean one of the most common questions that I get are just questions about the financial projections and how they work. So that they'll start going through, you know, "This is a year one projection, year two projection, year three projection, and how do you do with the calculations here? Shouldn't it be this value instead of this value?" and I say, "Oh no, you have to include economic vacancy." You know you have to explain how all of the numbers are calculated.

I think a lot of what it takes to talk to an engineer is to first connect emotionally with them and understand that this is a business where you are going to be investing in real estate, rather than investing in a traditional avenue of investment. Then second of all, how does that all work and then what are the protections for it? So obviously some of the common questions or some of the questions that all real estate syndicators get, such as:

When can I get my money back? How do I know my investment is protected? What do the returns look like? What are the different points that we get distributions? Who determines who gives the distribution and when they come? You know so a lot of standard questions but then just a lot of going through the numbers as well. For the people that are within our group that do start to learn more about real estate syndication, we also have a group that is external to Intel called the WIN Multifamily Network.

And that is where I do my podcast on. We try to do all of our business outside there, keep the Intel side as purely educational, and then if people come to me and they're interested, we go talk over in this external group and it is a group that helps people from any company, not just Intel.

**[0:15:21.3] WS:** Wow, so share some of the red flags for the projections that you might share with the potential investor?

**[0:15:28.2] DH:** Red flags for projection? One of the things that I say is, first of all, the most important part of any syndication is the syndicator. Knowing their track record, knowing that they are going to be honest people. They're by far the biggest variable within a well-projected investment. After that, also knowing, what's the economic situation on the ground? Knowing what the economic situation is with a particular deal and knowing how to go through and just analyze the due diligence to make sure that everything is in line.

So we point out that your biggest risk factors usually come into three different areas. It's going to be the sponsor, it's going to be the area, and it is going to be the deal.

**[0:16:13.7] WS:** No doubt and I couldn't agree with you more that sponsors should be the first thing you look at. It doesn't matter how good the deal is, if the sponsor is not trustworthy. So you even mentioned that you did a background check or –

**[0:16:24.5] DH:** Oh yeah, absolutely. You run it, I actually encourage people to do that to me. If you want to and you want to know that the person that you are working with doesn't have a criminal background record, go run a background check. You know you can do that. You have the power to do that.

**[0:16:40.1] WS:** Is that something you have to have permission to do from that person or how does that work?

**[0:16:44.4] DH:** No, you don't have to have permission for it.

**[0:16:46.3] WS:** Okay, I've heard other people talk about doing that but I don't know that I've met somebody that actually has.

**[0:16:52.6] DH:** Yeah, check with your local laws obviously. I don't know the laws of every state in the country but yeah, in general just checking it up and then of course their track record. The other thing that I would say is really important in real estate syndication is making sure you're aligned and networked with a good group of people that have been doing this for a long time.

For instance I think the first time we met in person was the Best Ever Conference. Going there was absolutely wonderful, getting to meet all the different people that were there, and then also of course getting involved in a mastermind group and a mentorship group. Make sure that you are doing that because you are going to have people there that are pushing you.

So those are all things that have moved me forward in my career, and I highly recommend other people do as well.

**[0:17:38.4] WS:** So Daniel what's been the hardest part of this syndication journey for you?

**[0:17:43.0] DH:** Once you've got the education, the hardest part for me is definitely the networking. I am an engineer by heart. I am very happy sitting in the lab, working on my project, but once you get out there, just getting to know people, getting to know the right people and how to interact with people. It is a people building business and that's what we do a lot of at the WIN Multifamily Network is just getting to know each other and realizing that real estate is a team effort.

**[0:18:08.2] WS:** Was there something that helped you to overcome that a little bit or just the networking piece because that is a very common fear, right? Going into a room with hundreds of people that you've never met before sometimes getting started in that room is hard.

**[0:18:22.9] DH:** Yeah, actually the thing that helped me with that the most was practice. For Intel for my job, I do public speaking. So I do a lot of conference speaking, a lot of training and seminars there was definitely a transition, moving over from being a computer geek, to doing that and then just continuing to practice those skills. Reading books, Dale Carnegie books on public speaking are excellent, and so I highly recommend. In order to get over that fear you just have to go do it.

**[0:18:48.7] WS:** What about a way you have recently improved your business that we could apply to ours?

**[0:18:52.5] DH:** So I did recently joined a mastermind group, like I've mentioned before. I joined the Think Multifamily Group and it is great there because you meet people that – and the same with many mastermind groups, you meet people that are different than you are, that have different strengths, different weaknesses. You can see how you can work together or interact or how you can learn from each other. So one of the things that I did most recently was I joined the Think Multifamily Group.

And that actually is where we get most of our deal flow from as well, people within that group. It's definitely boosted our business.

**[0:19:23.2] WS:** Definitely a game changer when you can be a part of a good group, especially when there's many that are way ahead of you. So what about your best source for meeting new investors right now?

**[0:19:35.1] DH:** My best source is the Intel real estate education club! That's recently grown to, I think we have a little over 400 members in the group now, and you know I am having conversations with people there all the time, not always about syndication but just about any real estate topic. That's definitely been my best source.

**[0:19:53.8] WS:** So starting your own Meetup within your workplace.

**[0:19:56.2] DH:** Yes and actually, I do work with people who are looking to start up Meetups within their own workplace. I've been working with a person over at Nike here currently and we're building our networks that way. So you know, if that's something you're interested in, come contact me.

**[0:20:12.4] WS:** Wow, no I just think it is helpful to see you doing that and help listeners to think outside of the box a little bit. You know your W2 position right now could be a great place to grow a network potentially. What about the number one thing that's contributed to your success, Daniel?

**[0:20:29.0] DH:** The number one thing that's contributed to my success is my family, having my family there, and having their support with me. You know a lot of times when you're working a full-time job and you're also doing real estate, you're working very hard and having that family there with me – my wife actually participates in all of our investor calls. We hope on the phone together and we talk to all of our investors as a team. She's been my biggest support.

**[0:20:53.6] WS:** Wow, that's really neat. I have not heard of anyone that does that. That is really neat. Tell me a little bit about how you've managed the family, the W2, plus doing real estate, and getting into syndication business all at the same time?

**[0:21:08.6] DH:** Yeah, it's I live by my calendar is part of the answer but I wake up every morning and lay out exactly what I'm going to do with that particular day at around 7 to 7:30 in the morning or whenever I happen to get up and I record podcasts during my one shower and then make sure – I think the most important thing really is though that, when you've got a W2 and you've got another business, both of them need to be treated with respect.

You owe your employer your time and your effort mentally and physically, whatever it happens to be, and you also owe that to your business and to your investors. Just being able to do the two and to also find roles within real estate syndication. There are some roles within real estate syndication, such as asset management or due diligence, that require you to be gone the entire day or to work full-time if you are coordinating with brokers to find deals.

That very well could be a full-time position. Find partners that you can work with so that you could make your schedule work and I firmly believe this can be done by anybody. You can have a full-time job and work in real estate. Sometimes it is a little bit of juggling act but, between finding the right people to work with and then highly organizing your time, it is possible.

**[0:22:24.6] WS:** It is possible. It has been done too many times.

**[0:22:27.3] DH:** Yeah there are lots of people who do it.

**[0:22:29.7] WS:** So Daniel, how do you like to give back?

**[0:22:31.8] DH:** Two different ways. The first way is that I love to work with people one-on-one. We work with people just on whatever real estate that they happen to be involved in, getting their strategies right for being a full-time employee, and then also working in real estate.

If you are interested in that go to the WIN Multi-family Network, [winmultifamily.com](http://winmultifamily.com). Then the other way that I like to give back is my wife and I give a lot to the Remember Nhu Foundation, and they are a foundation that works to limit child sex trafficking around the world. We give a significant amount to them and partner with them regularly.

**[0:23:07.9] WS:** Wow, well Daniel thank you for giving back in that way. I appreciate your time today on the show and, I don't know, it's just neat to see your progress. I think it is going to be inspirational to listeners as well, who maybe they are even in a W2 position like yourself but they haven't thought about the opportunity that they potentially are sitting on, like you were, maybe for many years, right? You know before you realize, "Wait a minute, you know there is no real estate group here."

And now you've been able to – you have made other avenues to join other groups and to learn more about the syndication business and invest in passively and now, you're part of your own deal. So congratulations to you as well for making it happen. I know it is not easy while working full-time and full-time family. I've done it myself, so I know that is not easy. Daniel, tell the listeners how they can get in touch with you and learn more about you.

**[0:23:52.9] DH:** So you can get in touch with me at [winmultifamily.com](http://winmultifamily.com). My name is Daniel Holmlund, my business email address is [daniel.holmlund@aaloncapital.com](mailto:daniel.holmlund@aaloncapital.com).

[END OF INTERVIEW]

**[0:24:08.2] 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]

**[0:24:48.7] 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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