

EPISODE 687**[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 Rodney Thompson, thanks for being on the show Rodney.

[0:00:32.2] RT: Thank you Whitney, appreciate the invitation.

[0:00:34.7] WS: Rodney is a husband to one woman for 35 years, a father to six wholesome kids, and a new grandfather, congratulations on that. After spending 30 years in IT as a system administrator, Rodney was looking to create passive income in retirement and found commercial real estate as was a way to accomplish that goal. Rodney, again, welcome to the show and I know your story is going to be one that so many of the listeners and myself can relate to and just looking forward to hearing more about that, and just this transition, we talk about it often on the show.

I think it's worth talking about because everybody's story is unique but also, it's something that it's so hard to make that leap, and make that transition. Tell us a little more about who you are Rodney, maybe where you're located and let's jump in to just your transition into real estate, the syndication and why?

[0:01:26.0] RT: Well, I am currently residing in Minnesota. I am from Texas, got to get that in there, and we moved up here about 13 years ago, we were looking for a little more terrain and

some cooler weather, and I think we kind of jumped from the frying pan into the freezer. Other than that, it's not too bad. My past is you know, I tried various things and ended up settling in IT and I'm still actually involved in IT. I plan on retiring next June from IT and that's kind of a story all on its own, because you run across a lot of people, why do you want to retire? Or why do you want to quit or transition to a different occupation?

There is a lot of people out there that have various reasons for doing it. Whether it's just to do something different but, for me, I wanted to get to a point where I would have the freedom to have income, and be able to spend time with my wife and my kids and my grandkids, and be able to travel, and do those things and still have a business that was producing income. We have had single family houses here and there over the years, where we rented those out and property management, not property management.

Right now we currently have a single family home that we use as an Airbnb, but my wife has always been saying we need to be in self-storage. I had no idea about anything to do with syndication and all I could say to her was like, "Well, that's a great idea babe, but how are we going to plunk down a quarter million dollars to buy this facility, and manage it?" And that type of thing. We just put that off and right up, two years ago now, I heard about this awesome thing called syndication and I started learning more about it and I came about it because, you know, we were going to look at wholesaling, we were going to look at just buying more single family houses, duplexes, and that type of thing, which I think is where everybody kind of tease on real estate.

I was listening to a podcast and somebody started talking about multi-family syndication and I started researching it, and there was some pretty compelling reasons to be in multi-family. I started down that path. I got my start in that in April of 2019, and I made a goal for myself that, by September, I was going to have a deal. I just put my nose to the grind stone, I started getting up at 4:30 in the morning, actually 4:00. It was kind of a progression.

I said, "Well, I'll get up a little bit early, let's do 5:30," and then it was 4 and then pretty soon I just said, "I got to get up at 4," because I was running out of time before I had to go to my W2 job. So, 4:00 in the morning, get up, get after it, you know, answer emails from brokers, make broker contacts, and just start the whole process of analyzing deals one after the other.

Pretty soon, I found a deal that looked like it was going to work, and we started working on that, turned into an LOI, our LOI was accepted, and then the fun began.

[0:05:03.1] WS: How long ago was that?

[0:05:04.6] RT: We closed on that in December of 2019.

[0:05:07.3] WS: Nice. Good for you, congratulations.

[0:05:10.6] RT: Thank you. There were some heated moments that I can tell you about, because we had a hard close date, it was an REO property, which means it was bank-owned, so they wanted to have it closed in 2019, and there were no extensions, which made it quite exciting.

[0:05:28.1] WS: Wow, I would love to hear more about that but you know, also, what I want to hear more about though, right now is your thought process around making this happen. Because it's a difficult one, and you and I briefly talked about it before the show, but just you know, you made the goal, he said, deal by September, but all of a sudden, your daily habits – it sounded like anyway. Maybe you can highlight on this? Your daily habits changed to make this happen, is that right?

[0:05:55.4] RT: They did and if you're working a current job and you want to make this transition and you want to make it a smooth one without just doing an abrupt quit, which I didn't have that luxury. Then I had to rearrange my schedule. My family was completely behind what I was doing, and so they understood that I was going to be up early, and sometimes I had to go to bed late, but my goal was to be in bed by nine so I could get up by four.

But that time gave me a solid three hours of work on my business before I went and rented my time out to somebody else.

[0:06:38.1] WS: Gave you a solid three hours, wow. I mean, think about when you're that focused too, knowing you only have three hours, I bet it was pretty productive and you think

about over or a long period of time, what you can accomplish with three hours, extra hours a day because you're purposeful about when you went to sleep and when you got up.

[0:06:58.1] RT: Right, you know, one of the things here that you were asking about the success and of course, it's an ongoing journey, right? I don't think that too many of us arrived, maybe we do but you know, work late, the deadline is that afternoon is what I have to say that you have to have in your mind.

[0:07:20.9] WS: Highlight more on what did that three hours every morning look like? Were there specific things you knew to focus on and maybe other things you had to say, that's just not important, I just can't focus on that and say no to.

[0:07:34.3] RT: Yeah, it was social media can be a time suck and I would make sure that that was not in front of me until that evening and just concentrate on answering emails from brokers, emailing brokers, and analyzing deals, and those three things – and email right then, you know, when I was kind of getting started out, I wasn't getting the deal flow that I get now through my mail box. It's just finding a deal and going through the numbers. Putting it down to see if it's going to work, and if it doesn't work, then you move on. You can't get married to it.

If you sit there and you try and make it work, and make it work, and make it work, which I've caught myself doing before, you're wasting time. There are things that you can do to make a deal work, and the more you do that, the more you learn about things that you could adjust to make a deal work. But being able to recognize that a deal is worth spending that time versus not spending that time, I think, is something that's really good to learn quickly.

[0:08:41.8] WS: Yes. You know, I wanted to go back to and you know, maybe you can highlight, I like how you said, you know, you're family was behind it. You know, they were behind this decision. The schedule had to change completely you said, how did you manage to still be at home while you're at home, you know? Or you know, when I was in that transition as well for a couple of years, I mean, it was difficult, when I'm having dinner like that's what's going in my mind constantly, business stuff. Emails I need to get back to or investors or whatever.

You know, it's difficult to actually be there, you know, I missed most meals for those two years with the family, but even when I was there, it was difficult. Did you have a way of segmenting that or that you stayed with the family?

[0:09:29.9] RT: Most of my time that I was working that everybody was still in bed. Well – it's two things and part of it is, you know, this COVID situation that we're in, where a lot of people moved to working from home and you know, they're working at the dining room table, or they're working at a desk in their bedroom, and the one piece of advice I have for that and for if you're trying to work as a syndication business, is get a separate space.

Whether it's a spare bedroom, or a cleaned out closet, or a corner in the basement where you can close it off, that is so key and so important to being able to concentrate so you're not distracted from noises that are going on in the house, you can carry on a conversation without interruption, and you mentally can stay focused on what you're working on.

Those two things, finding a separate space, getting up before everybody else, and then there's always going to be some evening stuff because you can't do a deal presentation at 4:30 in the morning for most people. You going to have to have some evening time and I'm a little bit fortunate because my kids are older so you know, I don't have a two-year-old or a three-year-old.

That can be a totally separate set of challenges and I think that having the family together, and everybody understanding, you know, dad is working now, and having mom behind it – it's really important to be all on the same page. I think that it makes things easier.

[0:11:13.9] WS: I could not agree with you more, I'd like to say, you have to paint a vision for the whole family, right? So they can see where you're going too, they don't just see dad missing every day but they actually can visualize, where the family –

[0:11:25.9] RT: We sat down and we said, "Hey, right now, if we spend this time doing this and we're all pulling in the same direction, this is what we're going to do, we're going to be able to go to Europe for a month." We're going to be able to you know, get in the truck and pull the RV around the country for a month. That's the stuff that not a lot of people can do, and that got them

excited, and then they understood why I was doing what I was doing. Then in the evenings, we still had dinner, unless there was some odd meeting, but I always try to schedule the meetings around family time.

We can't just dump your family, you got to really make sure that they're included and they understand what the end goal is.

[0:12:20.3] WS: They're definitely part of the team, right?

[0:12:22.1] RT: Absolutely.

[0:12:24.0] WS: I couldn't agree with you more, it's what you said about that Rodney and so tell me about, I know you mentioned this a little bit before we started recording as well but you know, staying encouraged during that time. You mentioned it being a lengthy process, can you elaborate on that and just how you stayed encouraged? Because it's hard, especially after you're 6 months in or a year in or 18 months in.

I mean, still hasn't paid off yet. People start questioning more, right? You really going to keep doing this and, you know, all these things, can you elaborate on what that looked like for you?

[0:12:57.7] RT: Well, everybody always says, you know, you're your own worst enemy, right? You can be your own worst enemy but you can be your best cheerleader too. And then having your wife be a cheerleader as well. Whoever is in this journey with you, if they're all pulling for you then when you do get discouraged, and you can talk about it, then – you know, there's a lot of times where I would be discouraged and I just sit back and I think about what my end goal is. Where I want to be.

That will push the reset button on your brain a little bit and, you know, maybe it's putting something aside. You know, if you're working on a deal and it's just you're beating your head on the wall, put it aside, work on some other aspect, whether it's your website, or get on LinkedIn and do some networking on LinkedIn, because, even though that's "social media," I spend most of my time on LinkedIn and that time is well spent, in my opinion, because I'm foraging

networking relationships with people out there that are not only in my industry but not in my industry, because I have investors and things like that that monitor that type of thing.

When I comment on somebody else's LinkedIn post, then all of those people see my stuff at the same time. There's a lot of engagement that goes on there. That to me is as important as doing all of the deals because you're building your network. Then come back and work on whatever you're being frustrated with. Now, if you're just frustrated because you don't seem like you're going anywhere, that might be a bigger pep talk but, you know, you hear a lot of people talking about the magic of the first deal. I do think that that exists. If you can just tell yourself to get that first deal, get that first deal, then it is easier to talk to brokers. The deal flow increases, you gain confidence, your knowledge will grow, just by working the numbers and working in the industry and talking to people, your confidence grows and that really helps to energize you. It does me at least.

[0:15:27.8] WS: No doubt. I know Rodney, especially in the beginning, I think, I don't know that never ends, but the processes that you have to have in place are overwhelming in the beginning. Just things that – you don't know what you don't know, and things that need to happen, especially when you are in the process of doing a deal, or raising capital, or working with investors.

What was it for you that helped you in the beginning to get some of those processes down, that helped you get to the first deal or an even closed first deal?

[0:15:55.4] RT: I think it was my narrow focus. What I brought to the business was an analytical mind. Spreadsheets aren't my most favorite thing, I'll just say that, but I can get myself into a frame of mind where I can focus on that. That was the one area that I knew, because two plus two equals four, no matter what business you're in. I knew that I could get in and start analyzing deals and that is where I focused on. Initially I didn't try to learn all of the nuances.

I understood how the process worked from start to finish at a high level, but as far as where I have focused, now if I would have re-oriented and let's say I was going to be a capital raiser, that is where I would focus. I think that being in an expert in the one area really helps you move along through the process.

[0:17:02.7] WS: No doubt. I guess what gave you confidence to the first deal? Was there something else? Or I know you've had coaches and different things that I know other people talking about, that is something that really helped them. Was that something that really helped you, or was that a group of people, or was that other experienced people that you just already knew? What was it that they gave you the confidence?

[0:17:24.8] RT: I think it was a combination of those. I worked with some other people in our group that has syndicated deals already. So I was able to bounce off of them what my thought processes were, and then they were able to tell me and steer me in the right direction if I wasn't going in the right direction. Then, you know, my years of experience in management, you know you don't always approach every situation knowing all of the possible outcomes and all of the nuances of it.

So, I think that if you approach a situation with confidence, and ask the right questions, you are going to find the right answers and be able to make the right decisions to move forward. That I believed helped me in my confidence in talking to a broker because, like, I had a broker one time trying to push me to increase my LOI and I said no. First of all, the deal doesn't warrant the extra money. Second of all, I think that our offer is solid. It is solid, we are going to stay where we are and we did. I think that just being able to have confidence in what you are doing helps a lot.

[0:18:46.9] WS: What's been the hardest part Rodney of this syndication process or journey for you?

[0:18:51.4] RT: I think that gaining the confidence to be able to talk to investors. You are going into a new industry that you don't have a lot of experience at. You know when you are talking to somebody, you're wanting to give them confidence that when they give you \$50,000 or \$100,000 that it is going to be properly cared for, and that can be nerve racking. It really can, and so that –

[0:19:19.5] WS: It is a lot of money.

[0:19:20.1] RT: Yeah, that's a lot of money, and you know, I've been in sales in the past. I have sold cars. I have sold insurance and, you know, asking somebody to sign on the line for a 35, \$40,000 vehicle it wasn't that big of a deal, because they are going to sign at the bottom line, they're going to get the car and they get in that car and drive off the lot. But this is, even though it is a tangible asset it is kind of an intangible process of sales. It's like, "Give me your money, trust me with your multi-thousands of dollars and I am going to magically turn it into double amount in five years."

That could be very intimidating and that was my biggest – and the mindset is, you know, a lot of people say, "You know, well I don't want to seem like I am begging for money." The thing that everybody needs to get in their brain is that you're not. You are presenting an opportunity to somebody to being able to invest in a solid deal, run by people that have experience with a proven track record, because this is where the power of syndication lies.

If you can team up with somebody then your inexperience is overshadowed by the person that you're working with's experience. You need to rely on the person that is already been doing this for years, that has a proven track record, and that's where you get the person to understand that it is not you, just you. You know there is a whole team of people and this is one of the powerful things of syndication is being able to work in a group like that that have various experience levels. So for you to lean on and for you to leverage when you are talking to people.

[0:21:16.1] WS: What is a way that you have recently improved your business that we could apply to ours?

[0:21:19.8] RT: I have started doing a live show every Wednesday and there is a lot of people you talk to and they're like, "You need to start doing podcasts or you need to start doing some type of way of getting information out to people," and it does a couple of things –

[0:21:40.4] WS: Is this at four in morning?

[0:21:41.3] RT: No, we do this on Wednesday evenings at 6:00, and it is called The Weekly Multifamily Roundtable. We stream it live to Facebook and to YouTube, and it is really good because it forces you to be comfortable talking you to new people. It forces you to be

comfortable to talking to an audience out there, that's going to be listening to you, that is going to have questions that they want you to answer. It also lets people come to know you and what you do.

So you know, you run across a lot of people and say, "Why would I want to do a podcast?" I mean there is thousands and thousands of them out there, but Apple's podcast statistics just keep going up and up and up, and most everybody you've ever talked to say that it is not too late to get into podcast. Do a podcast, because not everybody is going to like listening to Michael Blog or Rod Cliff or Whitney Sewell or Rodney Thompson.

They are going to find their person that they most relate to, and that is who they are going to listen to and it might be you and it might be somebody else but there is a lot of people out there listening and so a podcast has probably been the one thing that – and really ours is not a podcast. It really haven't been, a live cast maybe because we don't do a traditional podcast but that's really been good.

[0:23:10.9] WS: Good, wow. Well good for you to step and act stepping out like that too, and no doubt, it gets people to know you and to learn that Rodney is now in real estate. I mean, at first it is a big transition for people to even think about. They always knew you as this IT guy or whatever but, you know, what's been your best source for meeting new investors? Is that it?

[0:23:31.5] RT: That has been it and then I use Mailchimp and so that goes out to people that are on my list that know me and referrals that speaks volumes and you know they always say, "You know start with family and friends." If you're like me, well, my family and friends are broke. So where do I go from there? But everybody knows everybody, and you'd be surprised who is on your circle of influence that, if you really sat down and started writing out everybody you know, you know whether it is your dentists or you real estate agent or your banker, those are people to talk to because those are people that are investing.

There is something else that I have discovered too and that is don't pre-judge somebody. You always hear, "don't judge a book by the cover?" Well I can tell you that there are people that are fairly unassuming that you would be surprised that they have a 100 grand on the bank that they are ready to place somewhere.

So never assume that somebody is, “Oh that guy over there, he’s got lots of money and that guy over there probably I shouldn’t talk to him because he doesn’t have any money.” That’s a bad practice to lean into.

[0:24:43.8] WS: Very much so. I agree 100% with that. You never know who you’re speaking with and that I’ve had to learn too and you probably could relate to this too Rodney like every conversation might be focused on an individual and how you can help them and I mean it is just like their million dollar investor, no matter what they’re wearing or what they look like, because you just never know.

What is the number one thing that’s contributed to your success Rodney?

[0:25:07.9] RT: Perseverance. You know we were talking about that before but just the drive to not give up, to want something different. I know that seems like it is really a vague thing and some people say well, I have MailChimp or my website or any of these things that we all build out but all of those things were just tools and you could have a box of tools and not know how to use any of them and so I think tools are important. They’re all cogs in what it takes to make your business function.

But I think that what you have inside, your drive, your ambitions, your goals is really what makes things go down the road.

[0:25:59.7] WS: Rodney, how do you like to give back?

[0:26:01.8] RT: So I play on the worship team at my church.

[0:26:05.5] WS: What do you play?

[0:26:06.7] RT: I play bass and that’s – I really enjoy that, and then because I am an IT, I take care of all the technology stuff at the church and so the other thing I love to do is try to add value to people’s lives. I mean I think that if you go out with the mindset of, “What can I do for you” versus “what can you do for me?” It changes your outlook on life.

It changes people's perspective of you and when you enrich somebody else, whether it's through helping out a neighbor, or, you know, like on LinkedIn, or offering up information or if it is a fellow syndicator that they are having troubles with something, just try to add value to people's lives that one thing that I always keep in the front of my mind is important.

[0:27:05.0] WS: Very important, and I appreciate you sharing that very much. Just grateful to hear your story and how you've made this happen, and I feel like a lot of the struggles are not highlighted too often, you know, in interviews and people that have made it to that first deal and made success in this industry. We don't hear often about getting to that first deal and then that's where a lot of the listeners are, you know trying to make that happen.

And so I appreciate you highlighting that Rodney and even just the family component, the importance of that and I just always appreciate that as well. Tell the listeners how they can get in touch with you and learn more about you?

[0:27:42.7] RT: So you can catch me on LinkedIn. I am very active on LinkedIn. You can hit my website up, which is Solaris CM, like capital management. So Solaris like Polaris but only Solaris, solariscm.com. Then you can send me an email, rodney@solariscm.com and my phone number is 507-458-7959, but I am very active on LinkedIn if you are out there, you can find me on LinkedIn as well.

[END OF INTERVIEW]

[0:28:15.8] 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]

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