

**EPISODE 726**

[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 Bobby Sharma, thanks for being on the show Bobby.

**[0:00:32.8] BS:** Thank you Whitney, pleasure to be here with you.

**[0:00:35.4] WS:** Focused on savings and investing, Bobby Sharma's biggest asset was building a network of trusted partners after several false starts. Being a real estate and technology junkie, he believes that technology is a tool to enhance investment strategies, he is currently building a prop tech startup in Silicon Valley. Bobby, thank you again for your time and just being willing to share your expertise with the listeners and myself, give us a little more about maybe your real estate investing career on what you're doing right now in real estate and let's jump in to some of your superpowers.

I know you are extremely talented at networking and building that investor base and those things that I know most of the listeners, the majority of them are going to be very interested in hearing, as well and how you've used technology to do that too. But give us a little more about your real estate background and who you are?

**[0:01:23.6] BS:** Thank you Whitney. Yeah, I started investing at a very early stage, it was purely accidental, I was 24, living in southern California and I happened to run across a house for sale,

I was renting and I was bored and I walked into the house, there was an agent, I asked her a few questions and I asked her if I was, if I could be qualified for the loan because at that time, I was still an immigrant so I didn't have my green card yet, I was on what's called a labor of visa – she said yeah, as long as you got a W2, we can get you a loan.

That's where it started, I bought a house, three bedroom, two bath in riverside California and then I put an ad in the local paper, got two roommates and they paid for most of the mortgage, not quite all of it but most of it. That's where my journey started and then a little about a decade later, because I was in technology, I always wanted to be in Silicon Valley, I had heard of this mythical place called Silicon Valley.

I ended up in the Bay Area and worked for a couple of really wonderful technology companies but I always had the itch to get back into real estate. In 2010, when the downturn came, the prices were 40% off, 50% off, off the peak so luckily, connected with another great real estate agent and bought some properties and then bought some properties at the auction décor house steps.

Gambled a little bit there but one of the things you know, Whitney, that I realized was, the location where I was living, there was not a lot of real estate meetings so I had to go to San Francisco or San Jose for networking with other real estate people.

But I realized, that I needed to surround myself with people that were much smarter than me, much more involved than me. I would drive an hour and a half sometimes with the traffic to go to these meetups and then I said, you know what? There's no meetups in my area so in November 2010, I launched a small little meetup in Oakland California and three people showed up.

But as we mentioned in my introduction, I grew that from three people, now we have about 5,000 members, we meet very frequently, at least once a month and now we're meeting online. But, what I was able to do was use technology. I adopted things like Mailchimp or Constant Contact like very early. In 2010, I was already building my list but you know, you had to ask me about what's my superpower.

It's really just networking with people, just being kind to people, just listening to them. In fact, there was a gentleman that I met at my meetup eight years ago, we had a beer before the meetup and to this day, I'm doing deals with him, we're on about 50<sup>th</sup> or 60<sup>th</sup> deal but it started from having that beer together before the event.

**[0:04:32.9] WS:** Nice, I think it's incredible, I mean, in any business, especially in real estate, your network is so important, right? It's you're just really were able to focus on that and you know, you mentioned like being kind and listening, it's like one of the first things that you said about that and it's so important in any relationship, right?

Whether it's in your home or whether it's at the meetup group, you know, the ones that listen to others quickly become like the favorite people, right? You know you really like that person, after you get home, you think, I really like that guy but then you think, what do I know about him? Well, not much because he was asking me all the questions, right?

That's so neat that you did that. Can you elaborate how technology also helped you to do that and how technology has helped you to grow your business, you're obviously an expert in the field so I know a lot of the listeners are thinking or everybody's thinking, how do I scale my business, how do I use technology? Can you just shed some light on how you've done that?

**[0:05:28.7] BS:** Once again, about 2016, there was a company, they had about a hundred doors when I met them but they were focused on Kansas city, Saint Luis market and they were focused mostly on section eight properties. But anyway, long story short, we became friends, he was the presenter at my meetup. I became one of their first investors but what we did to scale up our business was number one, we implemented a CRM.

Secondly, their website was just horrible and had no proper messaging, it was just like a word doc on HTML, right? It was somebody's nephew had designed that website for free and all that. We upgraded the website, we put the proper kind of messaging about who our residents are in our section eight properties. How do we take care of our investors, what is the team, why should they trust the team and of course, testimonials, a lot of good testimonials from residents, from investors and it cost us quite a bit, right?

It was not an inexpensive venture but it cost us significant amount of money, it was an investment that we made. But the most important investment was in a good CRM so I help implement the CRM, helped build out the database, figured out who are the accredited investors versus nonaccredited investors.

Figured out who was more ready to invest. We did a couple of surveys, we started collecting data and we figured out who likes the passive income versus who likes to be more aggressive and take on an equity position. Once we had all those things figured out, we would reach out to them on a regular basis, give them updates, not solicit any investing. Just give them updates on look, "Hey, we acquired certain properties, here's what we're doing," and then if they were curious because they knew we work with investors, they would reach out to us, there was never hard sell but we use technology for all that messaging.

Long story short, we're now at over 650 doors and the operation's, you know, growing, it's mainly in the Midwest, in Kansas City, Saint Luis, Cincinnati market, Memphis as well. But that's how we grew that business.

**[0:07:59.5] WS:** Nice, do you mind to mention what CRM you all are using?

**[0:08:02.6] BS:** We use Salesforce.

**[0:08:04.4] WS:** Okay, that's a very robust system, no doubt about it. You know, on that aspect alone, what about just the learning curve of using a system like that. You know, we use a pretty robust system as well, I looked at Salesforce but you know, there's a big learning curve for our whole team, right? It's taken months before we could really start using it well and I felt like we've still barely skimmed the surface of what this thing can do.

How was that for you all, implementing something like that and getting the whole team onboard and really using everything it can do.

**[0:08:34.9] BS:** I had some experience with Salesforce. I was basically the admin for all of that but then, we did, in our most of the partners are based here in the west coast but we do have our office, the main hub of our business is in Kansas City. Luckily, one of the people on that

team in Kansas City was able to pick it up pretty easily and she was in finance and she kind of ran with it. We did hire a marketing assistant to help out with some of the collateral.

But, if I was to do it over again and Whitney, if I was in your shoes, I would start with the much simpler CRM system, you don't have to start with Salesforce, it just happened that I knew something about Salesforce because I'd used it in my corporate job but not everybody has that luxury so I would say, start with a really simple CRM that you can pickup in a few days, you know, there's HubSpot, there is so many other CRM's out there that are really easy to use but that's where I would start but adopt some technology into your business.

You know, go beyond Excel or Google spreadsheet, you know, go beyond that.

**[0:09:49.2] WS:** There's some free ones, right? That are pretty good, better than just have an Excel sheet, no doubt about it. You know, could you just highlight a little bit, your real estate investing and syndications, things like that and to the point, you know, retiring from a well paying W2, you know, position and just the thought process behind that transition?

**[0:10:07.8] BS:** Most of my contacts happened because I network a lot, not only do I have my own meetups but I go to other people's meetups because that's where likeminded people go. I take the time and I go in and I support other meetups and sometimes I even do joint events with other meetup leaders.

You know, sometimes we have a speaker who can only be in town for one night and we want to fill the room so we'll do comarketing. Essentially, I found my syndication partners, because I had invited some of them, you know, folks like yourself, I had a lot of respect for what they had achieved. I said, "Hey, would you like to come and present at my meetups?" So four and a half years ago, I had a young gentleman who had acquired a lot of doors and he spoke at my meetup and then two years ago, he reached out to me and said, "Look, I enjoyed presenting to your group, we're looking at acquiring some more assets."

"You know, would you like to partner with us?" That's how it go started. But you know, Whitney, it always start for me, by offering something of value to my partners, right? It was always, "Hey, listen, don't give me equity just because I'm wealthy or I'm a nice guy," or whatever. No, it's,

“How can I help you grow your business, what are the challenges that you’re facing that I may be able to help you with?” Maybe I can.

But if I can, I will try to help you. That’s been my approach and that’s how all my partnerships started, that’s how we got going with syndications.

**[0:11:45.0] WS:** No, that’s awesome, you know, are there examples maybe or just thoughts that you have about adding value that you can help the listener with because we hear this often but it’s still not something that most take advantage of, right? It’s hard to change that mindset, right? Of just adding value before you’re asking for something.

You know, how did you do that or maybe you have some examples that could help somebody that’s listening. To really have that in mind, I mean, for real. You know, as supposed to just knowing that’s what we say.

**[0:12:11.8] BS:** I’ll give you one incident. I was an LP on a mobile home park syndication. They weren’t big operators, they were sort of medium sized operators but luckily, one of the partners was based out of San Francisco

So one day, we grab lunch because I had invested in them and he’s like, “Hey, I’ll give you an update, let’s go grab lunch,” during the lunch, he expressed that he was having challenges with his asset manager. He was not able to find a reliable asset manager. So I am like, “What’s involved, you know?” and he explained what’s involved. I’m like, “If you don’t mind, I will be your asset manager for some of your properties. I’ll volunteer.”

“I don’t want you to pay me, no payment involved just coach me a little bit. Tell me what I need to do,” and you know I had been in corporate environment. I knew how to communicate, I knew how to use Slack and Asana and all of these things and I knew how to do project management and that is what they needed, right? They needed a project manager. So he’s like, “Are you sure?” I’m like, “Yeah, look I have time and you don’t need to pay me.”

He’s like, “When can you start?” I’m like, “Tomorrow,” you know so that lunch went from just talking about the business to now me becoming an asset manager for four of their properties

and we got it stabilized. I was managing the property managers and they were fires to be put out. You know there were incidents of somebody brought in a Pitbull, so we had to file a police report and evict the lady. She was a very nice lady but she is not allowed to have a Pitbull in a park.

And then there were other very interesting – by the way, mobile home parks there is some interesting stories. So if you want to have a whole podcast on the lifestyles of the mobile home park, I can dive into that but about seven months later they found a full-time asset manager. A former marine, you know very good, very organized and he is full-time with them now but that's how I gave to that syndication. You know no money, I didn't get paid but I learned a valuable lesson.

So volunteer, give, help, you know they might be a meet-up leader in your community who needs help with something, talk to them. Go help them out. You know most of the time these are people, individuals who are taking time out of their lives to organize events, to bring speakers, to make sure that the venues are available. Sometimes they are paying for the venue out of their pockets. I was doing that for a long time, so do things like that.

**[0:14:48.9] WS:** Bobby, what's been the hardest part of this real estate journey in commercial real estate for you?

**[0:14:53.5] BS:** You know partners, you know there was opportunities for us to do really well but when partnerships don't align, you got to fail fast. So once I realized in a couple of incidents where things weren't going right, I had to pull the eject button really quickly. I lost some money but it comes down to evaluate your partners and make sure they have the same ethical and discipline standard as yourself and see if they are even better than you, right?

Find partners that are going to make you better, right? So in my case, there were two incidents where we could have made a ton of money back in the day but just you know, we hired the wrong people. We made the wrong decision but after a short period, I'm like, "You know this is not working. Let us just close down the company" that's been the hardest part.

**[0:15:51.1] WS:** It's a lot to recognize that and then to just make it quick, right? Rip the band aid off fast, right? Yeah and get that over with but you know a lot of people it's easy to just dwell on that and get stuck on that and then not move forward. So congratulations on that though, just moving past that. Most of us have had some kind of problem partner or in some way and it's hard to get past sometimes. You know Bobby, how do you prepare for a down turn? You were thinking about large commercials, multi-family real estate, how do you prepare for a downturn?

**[0:16:24.1] BS:** So yeah, the pandemic really we bought our assets before the pandemic. So yeah, this is a surprise for us as well. So the only thing we are doing is we are really tightening our property management and our expenses and we did do the distributions. So all of our – the three syndications that I am involved in, we did do the distributions but we led the investors know that we are collecting. It is not quite at this level as we thought but we are collecting.

So you deserve to get paid but if things go severely downhill from here, you know we may have to come back to you for a capital raise or plan B is that the GPs will add funds to the syndication themselves if the investors are not willing to do that. So those are our plans but just like any other syndicator, we get anxious around the first and the 10<sup>th</sup> are very anxious at days but luckily, rents have been coming in, not quite where we want them to be but they're coming in enough to do that service.

If it gets any worse, we still have some wiggle room and we have enough margin in our deals. If it gets really, really bad then we might have to go to the bank and figure something out.

**[0:17:47.0] WS:** What do you predict to happen say in the next six to 12 months? Do you have any thoughts on, "Hey, you know we're buyers" or "We're going to wait a few months" or "We expect to see this happen?"

**[0:17:57.3] BS:** You know the biggest unknown for me is the election outcome. I hope people stay calm and I think that is the biggest event that is on everybody's radar if it is going to cause a turmoil or not, right? So regardless of who wins, it doesn't matter but the country needs to stay calm and get back to work, right. So for a majority of my investments we are not acquiring. We are researching. We are looking at OEM's and talking to brokers.



But as you know Whitney, there is no discount on a multi-family yet, right? The cap rates are still low, people are still pricing these properties as though it is pre-COVID but we are on the sidelines looking and seeing if there's any opportunities to pick up some deals, you know shoring up some drive powder but the election by far is the biggest event that is known. There could be other black swan events that are unknown but that is what I feel.

**[0:19:02.9] WS:** What is a way you have recently improved your business that we could apply to our business?

**[0:19:06.8] BS:** Yeah, so you know I have left my W2 about two years ago and I had a project that I really wanted to focus on. So I track all of my investments, my real estate investments I used to in Excel. So I had my investments and as well as my interest payments. I am a private money lender. I've got rent build up, I've got syndications, I've got all of these things. So for the past year and a half, I met up with another gentleman who's got a solid technology background as well.

So we've been using this tool that we have built to track our assets. It is an asset performance management tool. It is not a property management tool. It is not a Quickbooks but it is kind of a hybrid where we pull in data from your property management, from your bank account and we give you how your assets are performing that you've already purchased but not necessarily just your syndications, right? You could own your rental properties.

You could have a private money, you could be in a note, you be in a syndication. It is your primary home, you have all of these different asset classes that you could be invested in where you're tracking them. We have documents storage, we have reminders, we have a graph that you can look at so that is what I am using. So the analogy would be if you log into Etrade or Schwab or Robin Hood, you can see your portfolio in a glance and you could see how much you're up in there. Well, we wanted to build that for real estate so that is what we have built.

**[0:20:44.9] WS:** Nice. Tell me the number one thing that's contributed to your success?

**[0:20:48.8] BS:** The number one thing has been just networking and connecting with the right people and like we discussed, not everybody is going to be the right fit but if you do get the right

fit, you do get the right people it's your team and you ride along with the team. So for me it has been just persistence and surrounding myself with the right team.

**[0:21:11.1] WS:** How do you like to give back?

**[0:21:12.7] BS:** There is multiple ways, right? So the way I like to give back is by creating jobs. So when I was doing fix and flips and I'd go to my job site and I'd see people working and I'm like you know, so I am providing a livelihood for somebody. So for me, it has always been how can I give jobs to people, right? To me that is number one. The other way too because of the section eight company that I am involved in and I am a partner in, you know we provide good clean affordable housing.

We improved the neighborhood because we buy so much in a block of let's say Kansas City, the inner city, we eventually help improve those blocks, right? So now there is no graffiti, there is better homes, the kids are playing outside. So we have seen dramatic changes in those communities and you know through my meet-up network, providing education. So those I would say are the three ways in which I have given back to the community.

**[0:22:19.3] WS:** Nice, Bobby I am grateful to have met you and grateful to have had you on the show. Just an amazing story, you know immigrant, coming to the US and house hacking I mean it is great to hear that and just you know you rented it out to other people and got started in that way. I didn't know if you had even qualified and you made it happen and now you are doing a lot bigger things and how you have used technology as well to even grow your meet-up to 5,000 people.

That is very significant, most people that are running a meet-up dream of having one that size or maybe they think there is no way I could manage that but you know you have done it and I am sure that has paid dividends forward but tell people how they can get in touch with you and learn more about you.

**[0:22:57.4] BS:** Yeah, very easy. It's just [bobby@bettercapital.us](mailto:bobby@bettercapital.us). So [bobby@bettercapital.us](mailto:bobby@bettercapital.us).

[END OF INTERVIEW]

**[0:23:07.5] WS:** Don't go yet, thank you for listening to today's episode. I would love it if you would go to iTunes right now and leave a rating and written review. I want to hear your feedback. It makes a big difference in getting the podcast out there. You can also go to the Real Estate Syndication Show on Facebook so you can connect with me and we can also receive feedback and your questions there that you want me to answer on the show.

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[OUTRO]

**[0:23:47.5] 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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