

EPISODE 746**[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]

[00:00:23] WS: This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Today, our guest is Terry Yonker. Thanks for being on the show, Terry.

[00:00:32] TY: Yeah. Thanks for having me, Whitney.

[00:00:34] WS: Terry is an Orlando commercial broker, having closed over 450 transactions since 2005. He will explain how using principles from the residential side of the business can help investors make better commercial decisions. He has used these principles to help foreign and sophisticated investors into and out of successful commercial investments. I'm looking forward to hearing this. Just having this conversation, Terry, I think it's a neat point. It's so important that we see what's happening in other real estate markets and residential and how that can help. I'm looking forward to just seeing your take on that.

Also, just so the listener knows, Terry can speak four foreign languages. I mean, it's an incredible skill to me that somebody can do. I mean, one, yeah, additional language, much less four total. Just a brilliant guy and obviously, using those abilities to help foreign investors. Terry, thank you for your time. Welcome to the show. Get us started with a little bit of your real estate background and let's jump into just how the residential side can help us make better decisions in commercial real estate.

[00:01:38] TY: Yeah, absolutely. I appreciate you sharing about the languages, because that's what really led me into seeing how special US residential real estate is and its transparency. You don't realize it on the commercial side and in foreign markets. You think it all works like that all the time, but it doesn't. When I started in my real estate career as a little town in Southwest Florida called Punta Gorda, you just think how can you get in and make decent money and really do good business in a small town, because you couldn't niche out on a commercial sector in a small town.

The first step was toward residential, building relationships through Chambers of Commerce. I mean, basically, like a Andy Griffith, Mayberry style. Build your network and get into the residential side of it and start building your business. When we saw that those principles could really help commercial investors was when we started working with foreign investors that started coming to our backyard and you start sharing their experiences and how opaque it is, what they were sold, how they don't even know how to access the simple stuff, like sales data, transaction data, and that's when you step back and realize and say, "Wow, our transparency and availability of just transactions information is unparalleled in the world."

We start bringing some of that transparency and broker cooperation, which again, to a lot of them is foreign concept. It's hard to believe, but it is. We started bringing that into our commercial transactions, our interactions with our foreign investors and it's just gone very well. I mean, the appreciation. I keep hearing in your podcast, the importance of relationships and trust.

Boy, when you can open up the book to these people, sometimes for the first time, you want to talk about trust, compared to what they're used to and it's just helped our business and helped them tremendously.

[00:03:25] WS: Yes. That's awesome. Could you give us just a few examples, and a few examples maybe that would help the listener and myself to be better prepared to do the same thing with our investors?

[00:03:37] TY: Yeah, absolutely. For example, with some simple vacant land transaction, when foreign investors come in and they said they have already tracks of land and you say, "Well,

great. How did you get that? I'm glad." Then they want to sell it, for example. You see their process is they have a middleman that typically buys it at market, a nice transparent transaction. They'll go over and sell it at a 100% markup without any middleman. I mean, they're the middleman, but no professional guidance, like from a commercial broker or anything. They come back and see it.

How you can show is when you're working with these people, realize that that's how they're used to working. When these investors came and they had all these land tracks that they had bought, you want to jump in and just say, "Oh, my goodness. What just happened?" But you can't. As somebody easing into this, you open up, even something like RPR as a realtor, which I am a realtor, you have access to all these resources, so you open it up, show them the public tax records.

You can show the sales transactions. Before I dive in to show them, go as something as simple as your county tax records that show the sales data and they'll see, "Oh, this person bought it with their name and they can see it." Don't you be the bad guy and say, "Look, they bought it for a \$100,000 and they sold it to you for \$400,000 a month later." Then show the area, the neighborhood on how those transactions went. It's not just a special deal that you could get these tracks all over what the market is.

Using that in our commercial side as well with the transparency, because so much of it is principals only, for example. If we switch to the commercial side now with our investors, you go into some of these transactions, you're looking at deals and some of it is principles only where they won't even as a broker, share with you the information. Now I could have the best group that could help them and their seller, but as the principals only, they won't even share it with you, which is fascinating. That's where, I mean, coming from the residential side, because 90% of our deals on the residential, or even vacant land investment side come from the co-brokers, because our hands are only. We can only touch so many people, but using them is so great.

That's part of with your syndication, that's what really drove me to your podcast and with these guys and these foreign investors, where we're moving into is a syndication, because then, now I can be a principal in the syndication, if only just to be able to see these deals that they're hiding from us brokers. Now we can get in and boy, it's an efficient way to invest for these guys,

because typically, there – I mean, if you could see it, Whitney, like the structures, they would come in, they'd have LLCs here and this LLC. They haven't paid their taxes for three years by the time I get them, because they're just sold stuff and then that's it.

Then we get in and sometimes I'll get on their LLC, do their taxes and everything. That transition to knowing as a initial investor when you're working with these people that aren't used to that level of transparency, I mean, they were amazed. I could see their LLC just simply from public records and, “Oh, here. You're the member of this.” Just being aware that they're not used to that, what does Ray Dalio call it, like wild transparency or whatever term he uses. Radical transparency. I think that's going to be an eye-opener for them.

[00:07:04] WS: Wow. It seems like, explaining a lot of that, or having that laid out like that could be – is it overwhelming to some of them?

[00:07:11] TY: It is. That's where sales training is crucial here. I feel that's another thing on the residential side we get a little more than on the commercial side, because in the residential side, I mean, let's face it, you're doing pro versus amateur. When you've been in a hundreds or thousands of sales situations and maybe the home seller, or property seller has been in a dozen, perhaps. It's pro. You've got to really be aware of your environment. That skill is very important when you're dealing with these people that have maybe never seen this, because if you go right to it and share with them, “I can see everything,” and you got ripped off for example, and I tried that once, it didn't work. They think you're the crook.

They're like, “Oh, yeah. Our person over here told us, watch out for you American brokers, because you're going to say this.” If you just say it, you're going to break that relationship and not have trust. It's a step one, tell me about what it is. Step two, what are you trying to accomplish? Doing the steps, not jumping to step 10, I think that's another skill from dealing pro versus amateur for so many years that really serves you on the commercial side that sometimes we're lacking.

[00:08:25] WS: What about just some other barriers to working with foreign investors? I mean, most the listeners are going to be working with investors in the states, but it's a whole other level to start bringing in foreign capital. I mean, we have and we have foreign investors, but that was a learning curve, is a learning curve and understanding the difficulties that they have that I

hadn't experienced at that time for our investors. I mean, just different questions, different things they have to be concerned about that I didn't know at that time and I'm still learning. What are some other barriers that you can help the listener with that we're definitely going to encounter, or at least to be as prepared for as possible?

[00:09:04] TY: It's simple things that we take for granted here. One in France, I'll give a great example, like a real nuts and bolts example is a notary. When we have to notarize documents here, no problem. You go to the bank, it's free. "Hey, have a nice day. Thanks for closing the deal. Shake hands." In France, a notary is almost like an attorney. You have to pay them a portion of the sale proceeds of the asset that you're talking about and they always just like attorneys, no offense to attorneys listening here, but they're going to go through and run it up and make a whole big to-do out of something that's so very simple in the United States.

Then we send them to the embassy, the US embassy, or the Consulate Marseilles sometimes. Now with corona, that's shut down. These types of things where you can have the relationship, you have the deal, you can have things signed. These little intricate details can really screw up the whole process, something that would be relatively insignificant. Again, with money transfers. Again, the banks have terrible exchange rates if you go bank-to-bank, so we use a third-party currency exchange services, I'm sure you do with your foreign investors, that can then have it be domestic-wired, domestic-wired rate exchange rate.

Just these little details that we see are overlooked, because when we get clients that have worked with other brokers, or other people, this is news to them, like the currency exchange service, or even FIRPTA, which for those of you that that haven't worked with foreign investors before, if you go in and invest in America as a individual foreigner and when you sell, the US government holds 15% and it's up to you to file taxes to try to get that back. They don't ask questions. They just take it. End of story, and you have to get it.

When we would deal with investors, they thought I was telling stories about FIRPTA, because all their transactions, nobody helped them recover it, because didn't help that intermediary at all. Just these little individual things as you start dealing with foreign investors, just be aware of that you'll really add value to them. That's what's so exciting is these things that you think, "Oh, this is normal everyday stuff." To them, it's not. I mean, every one of the things we're discussing is

eye-opening and they'll trust you for it and they'll work with you time and time again once you've built that trust.

[00:11:21] WS: Where do you learn these things? Or is there a place that you've gone to learn some of these things, or it has been just throwing yourself in there and working with foreign investors, or just thinking about is there any resource for the listener where you can get some steps on how to be prepared to provide that value to a foreign investor?

[00:11:41] TY: I've looked. Maybe I'm missing and I would love afterwards, if we can exchange in the comments, or exchange resources. I would love to see, because I'm a CIPS, Certified International Property Specialist and I took all the training with that in the network. What you find is very general. I'm a nuts and bolts guy. I want to know one, get the FIRPTA sign. Two, get the notary. Three, get this. A lot of that is just bow, kiss, or shake hands, or whatever. It's very fufu, which is important also.

As far as nuts and bolts, it was basically just making the mistakes. If I can help other people, now it's just like everything. It's not genius, or really expertise. It's just you've done everything incorrectly, and so you found the best way to do it, just because you screwed it up so many times, so now we're here. I'm sure there's somebody that has expertise for the next steps. We're fortunate here in Orlando, at least down in Miami, those guys, I mean, that's all – their international investments and presence there is huge.

We've been trying to go down there and I closed a couple deals down there in Lauderdale with title companies that speak different languages. It's mainly just hunt and peck. It's still though, I would love that open book and the transaction step one, like what we're talking about, step two, step three, step four. But me, I just haven't found them.

[00:12:58] WS: What about any cons, I mean, for working with foreign capital? I know a lot of operators are fearful in the beginning, because you don't know for sure where the money's coming from. There's always a fear of where did this capital come from, or maybe potential consequences further down the road, because of where it came from, or being attached to that, or accepting that capital. What are your thoughts about that?

[00:13:23] TY: Yeah, and that's a real fear. Because ultimately, you're going to be held accountable. When money starts transferring and things happen, these people can disappear into the ether and you're here, the asset is here and that's what's accountable. We try to use third-party intermediaries whenever we can, like I mentioned before, the currency exchange company.

Again, you're still ultimately responsible, but if you can do that to have another piece of accountability in there. I know for example, and I don't know much about this. I'm out of my lane here, but when you have a third party for accredited investors, there's a third party that can plug in to ascertain that. Anytime we can put third-party help in there, or with my title company, for example, when we do deals, we'd like to have them at least speak in that language, whereas step by step. No, they're mine fields, but that's what makes it exciting. That's one of the reasons where when I went to Exxon Provence to meet with some of my French investors, I was very careful, because if you're in another foreign country doing business there, you may be subject to their laws, their taxation. I'm learning a little bit about the Reg S filings. You have to do it. You can't be over there doing deals overseas, or else you could be subject to their laws. It gets you at the airport. Well, no. There's definitely steps. More importantly is plug in the third-party intermediaries that can help you as much as you can.

[00:14:47] WS: I have an investor right now in the UK, who's trying to – Actually, he's a US citizen, but he's working in the UK. He's trying to figure out how the UK sees LLCs and how versus how the US sees an LLC. He's figuring out, he's talking to a tax person. He said, there's potential of getting taxed twice and all kinds of things happening there. He's trying to ensure that it's worthwhile figuring that out.

Back to the third-party intermediary, is there somebody there that you can recommend? I'm not even sure where to start. I'm sure there's listeners that are thinking, "Wait a minute. Who would this third-party be and what are they going to do for you?" Is there somebody you can recommend and what are they going to take care of for you?

[00:15:32] TY: Yeah. Sure. We work with a French accountant here, Kareem Bauer is her name here in Orlando. She can make sure that everything comes through, that the LLCs are filed correctly, that their ITIN, their number is filed correctly, so that I'm not trying to – Initially, I try to

do everything. You want to help them. Then I realized, I was screwing it up. We had her making sure all of their LLCs were set up in the correct structure doing that. Currencies Direct is our company that we use for bringing the money through, because again, there's no way I want to touch any of that escrow money through our brokerage, or where it's coming through. They can go directly to an exchange, a domestic wire right into title companies.

Those are two. As far as attorneys go, the attorneys that we've worked with have been on the side of the shysters. I'm not going to give them, because you think, boy, you're an attorney. You're working with international deals. It turns out, they're in bed with those guys and they're just chopping theirs. I can't give you. I have a handful of attorneys, but unfortunately, I'm looking for the good ones. Those would be the two ones in the account.

[00:16:36] WS: What's been the hardest part of working with foreign investors?

[00:16:41] TY: The hardest part has been probably getting accustomed to where they come from and their opaqueness, versus our transparency. That's been the hardest. When you can't even understand the way they see things, that they see a price, they see a net and they never see any of the charges in there. The hardest thing has been saying, "Hey, here's our commission. Here our doc stands. Here's how a closing fee works."

They think you're cheating them. When in reality, all that's happening in their own native nation, but they don't see that. They say, "Here's this and here's this." Sometimes, the prices are different based on what broker you buy it from. That's been the hardest part is taking those steps to educate and say, "Hey, here's transparency." All these charges that are in your face, it's actually, you're saving and it's more transparent than over there.

Then once you get through that on the transactional side, that relationship, the crack – once it's there and they see that wow, you're really helping it for the first time, then the relationship is indefinite. I've had them over actually for a lot of our investors.

[00:17:48] WS: Terry, I believe that anyone that's very successful in business has a high-level, typically of self-discipline. For you, how did you gain a high-level of self-discipline?

[00:18:00] TY: Well, I think the first part of it is you can always say, see your goals, which are always important, but really listening to what's important to you. For all the so much time I try to have self-discipline to go exercise and lose weight and get buffed. Anyways, that's important to me, but not super important. Things like languages. I could stay and talk and study languages for hours and be energized after and then want more.

I think the first thing is identifying and not being afraid of it, just because everyone around you says, "Why would you go live in Kazakhstan?" That's so stupid when I can play golf here. Why would you go live in Honduras? That's silly. If you listen to that first and then discipline yourself to follow that, then it's not discipline. You enjoy it. It's like my wife, she's a yogi and gets up in the morning and does all her stuff and exercises and I say, "How do you have that discipline?" To her, it's not discipline. Like, "I do this, because I feel great. It's not a chore." I think that's the most important thing; identifying what you feel is important and then that becomes discipline.

[00:19:07] WS: On that note, are there a couple daily habits that you're very disciplined about that have helped you gain success?

[00:19:15] TY: Yeah, my daily habits are number one in the morning, I do an Ashtanga. As I get old, I'm getting close to 50, Whitney. One of the things is to do Ashtanga practice in the morning to get things up and going. I can tell the difference mentally, physically when you don't during the day. Again, the same thing. It's funny when you ask that, it's more physical discipline, because for me, the mind and physical, your physical nature and everything else is so tied together. I also do an evening CrossFit. It's not being buffed, but I find if I don't do that, or if you're traveling and we do – we spend a month or two around the country at different times, which is great, but finding that routine, I can really tell that hey, if I miss that, I'm screwed. Those are my real physical disciplines that help my business discipline as well.

[00:20:04] WS: What's a way that you've recently improved your business that we could apply to our business?

[00:20:09] TY: The number one thing has been an organized CRM, with assistants that are specialized. I hear it on your show. They talk about leadership and having leaders in. I'm not

that good at managing people, but you found you are good at systems and delegating to specialists. From transaction coordinators, who just do the transaction. From my bookkeeper, who only does books. From the intake of your customers and the stuff that's not transaction related, having an outsourced person that can do that, so that when you come in and it's taken a while, but when you come in, my day is already planned, everything's been scrubbed and I can focus on the number one thing.

Now, could my leadership skills be better? Like I said when I hear, I don't have an office with three managers I just touch base with. I'm still in and doing it. On that principle, what you can find if you have an organized CRM, delegate through the CRM to the specialists, boy, I can just hammer and do the relationships, which is ultimately in my role what we're paid to do.

[00:21:15] WS: Yeah. No, that's great advice. What CRM do you use?

[00:21:18] TY: Pipedrive. We have Pipedrive, which is one, not just for real estate. It's for businesses in general, which is why we shift from a real estate specific into that. I'm visual. Again, you start finding your ways and don't be, I would say, be open and proud the way you are. I'm visual. Some people aren't. I can see all my deals in the Pipeline. They turn red. They're beeping. It's like, there's no secrets. It's like, here it is. Move it to the next step. That makes it fun. It makes it fun to do seven things alone.

[00:21:48] WS: What's your best source for meeting new investors right now?

[00:21:51] TY: It's the principle of like attracts like. Our business is listings. Listings are the name of the game, which is why even further, I don't understand why people keep listing secret and behind avail, because when we put them on CREXi, not just our MLF or MLS, but MFCRE, like attracts like, so our listings have been our biggest magnet because every day, we get people that are interested in the assets that we're selling.

Just by taking the time to call them, what are you looking for? Using those skills to build relationships over time, months, weeks, years, you find you have all the investors that you need there right there and they're looking, they're screaming, they're raising their hand, "Hey, this is the asset class I want. I'm actively looking. How can we work together?"

When you first start, you pound to get inventory. Then once you get the inventory, that's what brings it all in. That would be the number one is working the CREXi and those systems, bring them into my Pipedrive database and just giving them what they need.

[00:22:53] WS: When you say give them what they need, what does that process – Can you just outline that process a little bit?

[00:22:58] TY: The systems now are so sticky, as many of you know. As soon as they click on and they're interested in looking at your property for sale and then did they click and get an OM? Did they sign a confidentiality agreement? You can gauge the level of interest. Then once you have their contact information, so when you call, start building that relationship, they'll say, "Maybe I was looking at this, but really what we're looking for are mobile home parks. I just didn't know if this would be, for example, akin to that." "Oh, mobile home parks. Where are you investing, this and that? Oh, we have a couple here. Oh, there's a tractor land. If that's what we come across, would you like us to stay in touch?" "Absolutely."

You get the feeling that no one's really asking them. Maybe I'm wrong, but I think people pound and pound and shove their asset down their throat. Really, if you just ask them and then now, then in my CRM, I have it broken down by where they like to play. As we're digging, we find an auction on a mobile home park or things like that, I've already built over months from all the conversations, the guys that I know, guys are gals, that are in that mobile home space. You call them, you've already talked to them and I send a weekly e-mail to them to solidify that relationship and there you are. Then you have a sphere.

[00:24:12] WS: What's the number one thing that's contributed to your success?

[00:24:15] TY: My Floyd Wickman sales training from the residential side. I had this misnomer that oh, if you learn your CCIM numbers and this and I can bird dog and all that, none of that matters if you can't communicate, if you can't listen and if you can't step one, two, three, four and become their ally at step nine, you just come off as a jerk. I think that applies to residential, to commercial. I think that's where we have an edge in the commercial, to be honest. There's so many wonks, so many guys that really just crush it.

Sometimes, if you take a step back, ask like I just described a few minutes ago, what are you looking for this? How can we help? Just take them along the steps, that formal training from Floyd Wickman on the residential side has helped me in life. Helped me my wife. When I want to do something, she does it. If you just go and say, "Okay, honey. I know you feel that way, but can you tell me why?" You could use the same process in a whole bunch of different aspects in your life.

[00:25:11] WS: Terry, how do you like to give back?

[00:25:13] TY: We like to keep it as low as possible, as close to the ground. We are part of Backpack Kids. It's an organization that we don't realize is that a lot of kids go home hungry, because the only meal they get is during the school day, the free meals, discount meals. They'll have the whole weekend where they don't eat. They come back Monday and they can't function. We like to give to Backpack Kids at that level. That's really something that has taken a hit with this virtual at-home learning that I think that doesn't get the attention it deserves. That whole structure is gone, not just the learning.

That's what makes it a little tough when here in our town, we're building a 41-million-dollar library. At the same time, you got kids that don't even eat of a whole Saturday. We don't contribute to a library, but we like to contribute to that.

[00:26:02] WS: Yeah. I appreciate you sharing that and giving back in that way. Terry, a great show. I'm so grateful for your time. Working with foreign investors is something that is new to most people, or seems so far out there. They won't even attempt it. I'm grateful to even know someone like yourself that's very experienced and that can help all of us and you've helped us today. Very grateful again, just helping us break those barriers. Terry, how can people get in touch with you and learn more about you?

[00:26:31] TY: Well, for the show, I got a URL. It's whitney.show. Just go online, whitney.show have all of our contact information on there. We'll elaborate a little more on some of these topics. Yeah, go there and we can continue the conversation.

[END OF INTERVIEW]

[00:26:43] 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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