

EPISODE 1075

[INTRODUCTION]

[0:00:01.6] 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.

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Whitney Sewell: This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Today our guest is Eric Nelson. Eric co-owns an engineering company but he is looking to transition to real estate full-time. Eric has been investing in single family and small multi-family for years. After learning that partnering is the best way to accelerate, Eric made the shift to multifamily and partnered with the right people. Eric also has a podcast called The Real Estate Mindset.

Eric goes into a few things that I know you are going to learn a lot from today but how ultimately he moved fast in this business. And, really that transitioning from his business, and still transitioning to real estate full-time. How is he doing that? How is he educating himself? Even hiring a coach, different things, the partnership, how did he do that? But also just how it was tough to scale and why he moved into syndication and even just taking so long to get into the first syndication. And just that challenge of having patience. We talk about it often as well, and plan to do it for one to two years before you really see a ton of results.

Are you ready for that When you get started? Well, he goes into that today and breaks some of that down. And, I referenced a book I wanna go and share too just Three Feet From Gold. I've honestly not read the book, but I've heard great things about it. It talks about quitting right before you've made it. And so, I hope you are encouraged to keep going and not quitting when

it gets difficult from what you hear from Eric today.

[INTERVIEW]

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WS: Eric, welcome to the show. I've enjoyed getting to know you a little bit. I know I was on your show just recently and looking forward to the listeners even looking your show up as well and learning more about what you are doing because many of them are trying to do the same thing you've done. You've made that path to your first syndication and out there making it happen, and we're gonna dive into that a little bit. But give the listeners a little more about who you are and why real estate? Why syndication?

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Eric Nelson: Yeah. Well, Whitney thanks first for having me. I love the show. I'm still blown away that you can do it daily. It still surprises me to this day. We can talk about that a little bit on my show. My name is Eric Nelson. I'm the founder of Wild Oak Capital. And yeah, we're basically, we got our first syndication about ready to close, so it would be interesting to talk about that.

But the path to be heard is a long one, so I'll try and be somewhat brief, but you know, it's funny, I was in college and I had this kind of feeling maybe because I had seen other people around me that we should buy a house. And so, my brother and I kinda like, we bought this house and this was in 2007 or so, so it was super easy to get a loan. Even as college kids, we got a loan. But anyway, we kinda house hacks. We rented out some rooms. Helped us afford our house. We fixed up the house. So, that was kind of my first foray in the real estate. And then my wife and I kind of similar, we owned our house, we had a little extra cash, and I was thinking, "Wow, we should just buy a rental." And that's really as far as we took it 'cause we didn't know what we were doing. I even know how to analyze the deal. I just thought as long as we can cover the mortgage, that was basically the extent of the Math I did.

So, we did that and a friend of mine tips me off some podcasts and some other avenues to

really learn how this business works. And it was amazing, I just kind of dove. First, a lot of people, you just kinda like, “Alright, I love this, let's figure it out.” And it was cool to get truly educated, understand what it looks like. And so from there, we bought a sixplex with a really cool finance deal. And we've got our current house which is a three-plex in the similar situation, I wanted to finance it.

And so, we're kind of getting creative 'cause essentially we didn't have all the capital we needed to do that. But then a lot of people, we realized, “Well, it's really tough to scale because to find those creative things or whatever it might be, it was very difficult.” So, we ended up partnering in one more deal I found. I said, “Okay, we have to scale faster.” And so, really figured out syndication is kind of the way to go if you wanna scale as fast you can, and so that's again, kind of dove right in. That's a little bit my personality. For better or worse. I'm gonna really dive in and go 100%.

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WS: No. That's awesome. You mentioned truly educating yourself. What does that mean? How did you do that?

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EN: Yeah, good question. I think podcasts like yours, you can gain a lot of knowledge from listening to podcasts, and I think for me personally, it was more of like, “Oh, they said this, what does that mean?” And I'd go find a book on it, like the Joe Fairless book in my opinion, it's a little drive and it's an outstanding book. If you really wanna know the ins and outs of syndication. There's a handful other ones out there that are like that.

So, I'd say podcasts, books, and then probably one thing that really helped me is I hired a coach, and he'd done it before, and really learning from his path and just having the avenue to ask 'cause you kind of don't know what you don't know. And then as you get into it, you're like, “Wow, what does that mean?” or “What do I do here?” And so I have someone I could really bounce ideas off of as a true mentor. For me personally, that was the best way. Everyone has a different path, but it took me 10 different avenues to really learn it I'd say.

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WS: No, that's great. You mentioned a couple of good things there, and even that book, I recommend it often, Joe's. There's not many books on the syndication business, and Joe breaks down many things there that are from the branding piece, right? To scaling to the actual parts of the syndication process that you need to know before you get into this business. Is that all the terms? All those things which is just a great book as you're getting started the syndication business. I know Joe personally, it is great for In and couldn't recommend it enough.

But you mentioned also, you hired a coach. I mean, I recommend it all the time. I've met many coaches that have helped me in many different avenues of business and life and speaking, whatever, right? Yeah, that was a mindset shift, right? For me, early on, I really felt like I got burnt by coach many, many years ago, and I didn't feel like I gained the value, and even then looking back on that kind of question, "Well, did that put in the work that I should have?" But having a coach. But having a coach like you said, having that person that's been there and done that and you can ask questions to boost your confidence level to all new highs, right, having that person.

But for me, I knew early on spending that money on a coach, I guess a few years ago, that mindset shift too, I was like, "Oh, I don't know, I could put this towards something else." We were going through another adoption process, we were expecting to have to come up with \$50-60 grand there. It's like, "Man, should we do this?" Right.

What about you though, how did you pick that Coach and why did you pick the one that you did and or confident in spending that money to make that happen?

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EN: Yeah, a lot of the things you said were absolutely true. So, I run into this all the time because I kind of preach coaching him, I think it's huge, and it is an investment typically. There's a wide range of things. So you also mentioned you felt like you got burned, I think you really need to meet the coach.

So for me, quite honestly, there's no other way to say it, and I just got lucky. You kind of fell in my lap. So we were hosting a meet-up together, and he just kind of invited me to co-host with them, got to know a little bit more, kinda mentioned coaching, mentioned syndication. At that time, I was still kinda doing venture in smaller stuff, and truthfully, I had a limiting mindset myself like, I don't really wanna partner unless it's like my in-laws or any people I know, things like that. And he kind of dug away at me, to be honest, he was just sort of like, "Hey, I'd love to help you out, I think you could partner."

And so truthfully, he kinda fell in my lap. Since then, I've learned a lot about it, and I think I got really lucky. But if you're out there and you're listening to this, just do some research, ask some people, ask some other folks who've had that coach, and then most coaches will do one free coaching session which I highly encourage you to do, because then you kinda get their style on their feel. Really vet to coach, I wouldn't spend a huge investment without kind of trying it out first and definitely get some resource or some recommendations.

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WS: Yes. I couldn't agree more. I personally went to Bigger Pockets, I found people talking about different coaches and reached out to them and say, "Hey, would you mind to get on a phone call, let me ask you some questions." That helped in numerous different coaches that I was considering to just like say "Okay, I'm not joining that one or I'm not partnering with that coach or whatever." But then going to conferences and actually meeting those individuals in person where they were speaking, getting to talk to them, that also helped me, I feel like, to not make some bad decisions on specific coaches. But then asking for references is absolutely crucial too.

You said maybe partnering with him, or I think partnerships is one way that you've scaled into syndication, can you elaborate on that and not transition that mindset shift as well?

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EN: Oh, absolutely, I think that's one of the biggest mindset shifts I've had. And so my podcast

is called The Real Estate Mindset, and it's for that reason. Because for me, I had to really change my mind before I could really change my actions. And so I love this topic, but for some reasons, I just had this thinking like, "I need to do it myself." The other thing was, I was only embarrassed to talk about it for some reason, I just wanted to keep it close and yeah, I was buying rental properties and maybe a few friends know. But for some reason, I just wanted to keep it quiet and that's silly. There's no reason to do that.

And so, that's why this platform, these things are so cool because why not get the word out that this is the best wealth builder in my opinion anyway. So, I had this kind of shift basically to realize, "Oh, if I partner with people who actually go there faster." And it took a little while. And the first time I did it was incredible. So I have two partners on this first indication now and I could never deal without them because you can bounce ideas. If you are so busy you can say, "Hey, can you take this on?" We have different roles, we have different skill sets.

So partnering really does accelerate now, same as coaching, right, about your partner, 'cause you could probably get in trouble if you find the wrong person. But with the right person who has complimentary skills, it is gonna make it go so much faster. So it is a huge shift for me. Absolutely. To realize the partnering is way powerful.

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WS: It's like a marriage. Right. And that's the way I look at it. It is like a marriage, you are connected to this individually, even if later you don't wanna be, you are probably still on some projects together, you need to be connected, you know. So it's so important, but no doubt you can scale so much faster 'cause you just can't do everything in this business, right. You just cannot do everything and so you need other teammates to excel in other areas. And you should if you wanna do a good job for your investors.

So Eric, we can't unfortunately go into a ton of details about this project 'cause it's gonna close approximately the same day this is gonna go live, but just in case it hasn't closed, and I assume it's a 560B deal, we can't go into a ton of details. However, I still think you can shed a lot of light and help the listeners who are trying to get to that first syndication. Some challenges

you have had and let's jump in there.

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EN: I would say, probably, the first thing to tell a new potential syndicator is, it takes a long time to get your first deal, typically. There are some folks out there who may be partner with someone early on, make some skills, jump into the first deal, maybe get some GP points. But in my opinion, you really have to be patient and take your time. So that's really the first piece of advice because as Joe kinda lays on his book, you also really need to start raising capital long before you ever think you need to. Because as I'm finding out now, it's a pretty challenging task to get the word out, get the word out, spread the word, "Hey, here's what I'm thinking about doing. Here's what I'm getting into." You get people excited about it long before you ever think you need to.

And then a couple of challenges would be basically patients, because I would say on average, I'm just kinda guessing here. From what I'm hearing on my show, maybe a year or so, you start into this path, you're trying to get educated, you're getting some marketing, finding some teammates, getting to no brokers, all the stuff that leads up to the deal. And it just takes time, it takes time to build relationships, it takes time to build your knowledge. So one of the challenges, I say the biggest challenge is just patients like, "Oh my gosh, this is a lot of money and a lot of time leading up to the first thing, will it be worth it?" And I think lots of people just walk away six months and they say, "Oh my gosh, I spent money on a coach, spend money to travel in there getting deals from brokers, but they don't work." I hear a lot of that stuff.

And then along with that patient's thing is underwriting it, we underwrote close to 200 deals before we got this first one. And I think that's pretty typical of the market right now, so it's not always gonna be that way, but you'll also find groups that overpay for stuff. And so one other challenge, and one of the things is, don't fudge the numbers, you just can't. So if it doesn't work, move on and get back to the broker and say, "Here's where we are, and here's why." And I'll understand they also love that feedback, so the biggest challenge I'd say is basically patience and really getting educated, really knowing the field, really knowing what you're doing. It takes a long time, so that'd probably be my biggest piece of advice..

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WS: No doubt. That's such great advice. People ask even about just starting a podcast, has it paid off all that stuff, and I say, "You mean, expected, whether to meet up, our YouTube channel, whatever, or thought leadership platform and clients I'm working with or mentoring, it works, but plan to do it a year before you see any results." I hope it happens in four to six months, but I just plan on doing it a year before you see anything from it. And I just go into it with that mindset knowing that.

That's also reminding me of a book that I've heard of, and I have not read this book, but I think it could apply here, I've heard a lot about it, it's called Five Feet From Gold, people stop, they're five feet from the gold. And I just have to be willing to keep going for a year, just in the way you can scale in this business. It's a very short time period of your life considering the impact that it can make. I could have easily quit it a year, and we're really not feeling any success at that point and really killing myself and my family trying to make it happen.

But I was so thankful we didn't quit and so was it your mentor though, Eric, that helped you to really understand that and to move forward quickly and to help keep you motivated? Or to help you to remind you that you need to be patient? Or was it your spouse? How did you stay patient and keep going to get to this first deal?

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EN: Yeah, I think it's a little bit of everything. So I asked you a question on my show, basically, what do you attribute your success to, and I was thinking about that question after that, and mine is basically everyone around me like I'm kind of this pond sort of thing, but I bring it back to my two-year-old, he loves doing puzzles. But they have those inset ones where he'll spend as a tractor and he can match it and he's pretty good at them. But a true puzzle, he wants to try so bad, but he can't do it unless I say this piece goes right here. And he's spinning around, putting on all jazz. That's kind of how I feel my life is. Everyone around me is saying, "Here's this puzzle piece." And then I just have to actually push it in and do a little bit of work.

So it's basically been my wife, mentor, coach, friends, family, kinda pushing me along the way,

and it comes similarly to me with the podcast, I think my 25th episode aired, so that's about a half a year 'cause I'm doing it weekly, and a friend of mine called and you finally said, "Hey, your podcast is finally sounding good." So he was like, "Hey, you're getting some traction. You're getting good at this interview thing or whatever." But the point of that story was to say, everyone around me has kind of supported me and I've known it's gonna take some time, and that's why I give that advice. If you can go into it knowing "Okay, this is gonna be an investment." So investment in time, it'll be a sacrifice in many ways with my family. So I just say basically, "my success in being patient is really to create everyone around me."

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WS: Great answer. No doubt. So important to surround yourself with personally and professionally in every walk of your life. And what's been the biggest challenge for you in getting to this first deal, anything else that really stood out to you, other than patience. I know you mentioned that, like anything as far as learning the business or raising the money or getting the financing or finding the deal, what were some of those difficulties?

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EN: Yeah, it's funny man, basically, all of those. So every piece they use comes with challenges. So I think raising capital, similar to what I was describing. People tell you it's difficult.

I think for me, what's been challenging is we're in raising capital now, I think I'd be okay to talk about this because the opportunity will likely close before the airs, but you talk to friends, you tell them about it and they say, "Yeah, I'm super interested and I definitely want to invest." And then you send them the basically click now, why, or a money thing, and then they get cold feet. And I don't ever wanna push someone into something that they're not comfortable or super knowledgeable about doing, so I'm always like, "That's what's good for you, the best for you." But you kind of, into the back of your mind have this punch to the gut basically like, "Oh, that's X number less than I had expected to raise." So that was and still is an ongoing challenge is kind of just saying you shouldn't for someone, they really need to be aware of the risks and all those things. So that was a challenge.

Another one, I think, is broker relations. And I think, you know this business well, your relationship with the brokers is so key, and it takes a long time. I mean, there was a handful of brokers I called, especially in really competitive markets, one guy just hung up on me. He was like, "Hey, take me off your call list" and hung up. It was funny, later I talked to him about it, he's like, "Oh man, I'm sorry, I got so many spam calls in the last few weeks." But all that to say is it takes a lot of effort and energy to get there. So the challenge would be really getting brokers to take you seriously, really understanding what underwriting looks like too, and that credit back to my coaching. His name's Gene Neilson. So I'll give him a shout out. But really understanding the ins and outs. If you talk about cap rate, I think a lot of early investors understand that. But cap rate versus exit cap rates and why the exit cap rate is different from your entrance, how do we conserve it? There's just a ton that goes into it that is difficult to learn on your own, and it takes sometimes.

The challenges of really understanding relationships, raising capital, branding is huge, really kind of the thought leadership platform like you've got going with, it's a lot of work and they all come with their specific challenge.

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WS: Yeah, no doubt about it. I appreciate you elaborating on numerous things there, even going back to your coach, and I know in a great guy for sure. I've been in a Mastermind with him for a while. But what about now you're at this first deal, you're in the middle of getting to the closing table now, but we've talked about it taking a year to make a lot of this happen or longer. And what would you have done differently now that you know what you know? Looking back, anything that you're like me and if I had done this thing, it would have been so much better or whatever. What would you have done differently?

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EN: Again, the hindsight is 20-20, but I really would have gotten the word out as fast as I possibly could. Don't be afraid to post on social media and say, "Hey, if anyone's interested in real estate, reach out to me." And just really talk to your friends, family. There's no reason to be

afraid, there's no reason to say, "Hey, I'm not an expert yet, but I'm headed in this direction." So I would probably have put the word out, I guess, sooner than I did because I think raising capital becomes easier, the sooner people know what you're doing. So that's probably a huge key, is just diving in and then you know what I did was basically I spent a lot of time driving quite a bit for my job. I'm an engineer, and I drive around, so I listen to a ton of podcasts. But I would have spent even more time getting educated early. Just read books, listen to podcasts. As much as you can, get the word but basically be the two pieces of advice. And what's challenging about what I'm saying right now is that they are kind of early on in the process, and so if someone is listening and says "man, I have to do all that stuff so fast, so soon."

The other piece of advice I would give is, "You are what you're supposed to be, so be okay with the process and be okay with probably a few months out, at least, don't have my website up or whatever it is." All those things along the way. It's just part of the journey. So this is kind of a mindset thing too, is just to enjoy that journey, it's not like you rushed as fast you can and you're not sleeping to try and get the first deal. It's like it's kind of all part of the process and you get to know people and go to conferences. I really enjoyed the process, and I think it's partly due to just taking some deep breaths and saying there is no true finish line in this business. If you think there is, you're gonna be surprised because I would always have this mindset like "Oh, my website is not ready or my podcast is not ready." And eventually I was like, "You know what, we'll never be ready" 'cause there's always the next stepping stone, like with you, you're in this fun process, and I can't wait five years from now, hopefully I'm in that same zone. But I wanna enjoy the process between here and there as well.

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WS: Yeah, you said that well, it is an ever anything and you have to learn to enjoy the process. How do you prepare for a downturn?

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EN: I think it comes back to really conservative underwriting and then really educating your investors to understand what this investment looks like. If there is a downturn, the most likely Scenarios, we hold that property until the market turns back. So I think those are the two keys

is basically really understanding your rents in the market and being on the same page with your property manager, which you have even talked about on the show yet, but a huge piece to this puzzle is a good property manager. And then really being very, very clear to your investors, “Hey, we're projecting a sale index, a lot of these are like five to seven, however, if the market takes a dive, we might have to write out that storm and just keep collecting rents, key paying bills once the markets back then we can really exit.” That's why I love a multifamily too. There's a risk, of course, but the reality is likely the market's gonna bounce back. You may not sell exactly when you think, but that's actually a huge key, just in general, just be very transparent, honest with your investors. There's no reason to do people, this is an awesome business and a great way to grow wealth. So just be clear, “Hey, there's risk involved, we may not have the exit strategy exactly dialed” but that's really, in my opinion, the way to prepare us just to say, we'll sell when the market's right.

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WS: I love the, you're stressing transparency, which is so important, right? You want your investors to know up front, here are some things that could happen, whatever. But also what you're saying there, and what I hear is, we're putting some options in there, we're not bound by this one or two things that we have to sell by this time, you're putting options in there and you're even being transparent about your investors. I couldn't agree more, so important. What about your best source for meeting new investors right now?

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EN: Oh, awesome question. I was actually asked to join the Genesis meet-up, so we talked about him. He had this idea to go locally and after a couple, it was clear he needed a little help just with logistics and stuff. And so I just kinda stepped in and said, “Hey, can I help you.” But if you don't have that situation, there's not a meet-up, start one. And if there is one, go there and start talking to people about what you're doing.

So for me, I honestly didn't believe how powerful me-ups are. They're awesome, and then there's a ton of ways out there to meet people, there's a ton even online, so even if there's not one local and you don't wanna start on meetup.com, you'll find some out there, I've found local

meet-up to be a great place to meet investors. And then what's interesting too is once you start talking to people, they'll kind of introduce you to their friends because you're providing this opportunity for them. So I would say number one way for me is just being vocal, but also showing up to meet up, so things like that.

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WS: Awesome, that's great. I gotta get out there, right? You gotta go out there and let people know what you're doing and what about any daily habits that you are disciplined about that have helped you achieve success?

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EN: Yeah, I'm pretty diligent about exercise and everyone's a little different, but mostly for me, it's really right. I live in Colorado. So if I get on my bike most days and if I exercise, I tend to just have better work habits. It's kind of this meditative process for me, you and I do share a similar faith, and so I have kind of this prayer habit. A handful of those kinds of things. People talk about Miracle Morning. I definitely think there's some huge power to that, and on my show, we talked about waking up early. I wake up before my kids, which are huge, two and four, so it's kind of a super fun circus when they wake up, but really kinda sets your mind right before the day starts. So that Miracle Morning looks different for every person. But for me, it tends to work. So really it's exercise being up before everybody else and really focus on the future every day.

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WS: I love that you said that, I have this praying habit. Yeah, I love that. It's a habit, right? That should be the first thing to our mind is just praying. I would agree with you completely about tha. I also talk about the Miracle Morning, that was one of the first books that I read many years ago that started to change, like how I at least thought about my morning. I also do not do everything in that book that they say, however, it did just make me think about how I'm using that time and getting up early and just that consistent action, right, every day at that time. For me, it was early in the morning.

If you had to pick one thing though that's contributed to your success and getting to this first deal, anything, what would it be.?

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EN: Yeah, we touched on it a little bit. I think, honestly, it's not one thing, it's basically the people surrounding me and my faith, so I would kind of attribute those two things basically having that prayer and saying, "This is what I'm supposed to be doing" and just kind of sit in that and listen. So that's huge.

And then the other thing would be my friends and family around me. So again, it's like I love the analogy of the puzzle. If my son is kinda just handing me that puzzle, I have to put it in, I have to do the action, whatever, mentor, family, friends, my wife is amazing. I don't really take a lot of credit 'cause it's a lot of people helping me push that piece in.

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WS: So how do you like to give back?

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EN: A good question. So I love to give back in two ways. One of the times I volunteer quite a bit, I'm actually headed to Mexico to see a close friend, a missionary, and then they have a really cool thing going, we should talk maybe offline about it. I just love to give back basically to missionaries that I know, and then local organizations in my hometown. And that's two reasons why I love to be connected to the community and I just love, love, love to give back.

And so, one more piece of advice, and I don't wanna dive too far here, is give along the way, 'cause you hear quite people say, "well, once I have a million dollars, all I can afford to give or once I have X number of dollar, I you can afford to give." Give a little along the way and it creates that habit, and I promise you it feels better than you think. So don't wait to give. That's kind of my one piece of advice, give your time and give your money. And Whitney you're just a huge proponent and a really amazing person in that realm, and so a lot of people look up to you for that. And I think you gave along the way, for sure. So anyway, just a piece of advice for

listeners as well.

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WS: Well, that's great advice, I appreciate the shout out as well. But yeah, if you're not giving now, you're most likely not gonna give once you have that million dollars. Well, I love what you said like building that habit of giving it now, so important. So important. Yeah, and I appreciate you elaborating on that.

Eric, thank you for your time today. A great guest, just congratulations to you for getting to the first deal... Right, getting the first indication and now you're in the middle of it, you're raising that money, you're watching that date on the calendar, when the closing date is gonna be, I'm off to do that as well. I was like, "What month is it?"

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EN: It's crazy 'cause it's kind of like this time has come in and we're trying to make this raise and the two trains coming at each other and they have to get in a good way. So yeah, I'm pretty excited, but Whitney I can't thank you so much for letting me be on the show.

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WS: Honored to have you on Eric, and tell the listeners how they can get in touch with you and learn more about you.

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EN: Absolutely, so if you have a wildoakcapital.com or you can email me, Eric@wildoakcapital.com, or you can look up my podcast, The Real Estate Mindset. Really, all that stuff kinda lives on the website, so I'll just say wildoakcapital.com. I truly love to connect with people, obviously, I can talk real estate all day, this is kind of what I love to do, so I'd love to touch base on your listeners.

[END OF INTERVIEW]

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