

EPISODE 1199

[INTRODUCTION]

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Chad Guzewicz (CG): What happens is, our system gets our digital bank statement and we analyze that, and we actually just show the landlord within 30 to 40 seconds of all the important information that they need to see to make the best decision on their tenants, and it's completely secure. It's legal, all that kind of stuff has been validated by banks and by legal side.

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Whitney Sewell (WS): This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Today our guest is Chad Guzewicz. Chad, he's a co-founder of Trust Rentify. It's automated verification service, which provides employment income verification, financial insights, and rent payment history to landlords from tenants by leveraging bank data. Once a landlord himself, Chad, has first-hand experience of the difficulties of property management and finding good tenants.

And so Chad has created a platform that I'm intrigued about personally, I've not seen it work yet, but I'm gonna introduce my team to it so they can have this potentially at their disposal. But this software, anybody, any operator in this business, especially if you're just getting started and you're trying to self-manage and you understand the difficulties of verifying what tenants tell you, they fill out an application, then you gotta go through the process of trying to figure those things out, are you gonna do background checks, are you actually verifying what they tell you, are you calling employers, are you calling previous land lords? There is so much time involved in doing that, and then sometimes you still don't know for sure that you're getting accurate information, right?

And so he's created a platform that connects bank data, and if you think about how much your bank account tells about yourself, what it says about you, where you go, what you're buying as a landlord, that is valuable information, and we go through that today and how he sees just technology influencing our industry, and even how he sees it changing in the future. He's built numerous businesses, and so it's just an interesting conversation about how this helps our industry specifically.

[INTERVIEW]

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(WS): Chad, welcome to the show. Share with the listeners a little bit about your background, 'cause I wanna get into obviously something that you're working on right now that I think can help the operators, the active investors that are listening right now, but I think anybody that's listening is gonna learn a lot today about just from your unique skill set that you've created a whole business around now. Share with us a little about your focus.

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Chad Guzewicz (CG): First of all, thank you for having me on your show. I'm excited to talk to your listeners about a new technology that I've brought out to the market that is completely different, that hasn't been out there. And one of the main things, so, I had a 10 plex at one point. And really, the business of owning a rental unit is great, as long as you put in the right tenants, and that's really the main thing. And as long as you've put them in, things are good, but if you put the wrong one in, it can be a nightmare. It's just total nightmare, depending on what state, province, wherever you are in North America, it's all a challenge.

So, I really found trying to verify the information that tenants gave me, and I've always been in the technology business, I started another technology company that's very successful today in the auto industry, and I wanted to take my experience in technology and bring it to the rental piece, and one of the things I found challenging about that is just verifying payroll, can the person afford the place? Is this information they're telling me true?

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CG: You know, when they say they don't have pets, do they actually have pets? Just all this kind of information. That's very hard to verify. You have to call up an employer, maybe they're telling you the right employer, I don't know. They give you their previous landlord and maybe they don't want them anymore, so they're like, yeah, yeah, this tenant is great you should take them. And so, I started looking back and I started seeing technology in the fintech world because I'm a big fan of, well, simple and trading investing, and they have a world where they have a connection to your bank, and really taking bank data and evaluating somebody and making sure the information they're telling you is correct, because you can't fake bank data.

You're either getting your payroll into your bank accounts or you're not. You're either buying pet stuff or you're not, so I really wanted to take that technology and use that and you could do that, and with that technology, it can be figured out in 30 seconds, you can actually just. They put it in their bank card and password and everything's secure, and you just get a digitalized bank statement with all of it analyzed on our end, so you can actually see the information you need to validate the information. And that's really the whole purpose of where we went down and doing that and bringing out a product to the market and tweaking it based on what different landlords and getting people comfortable using this kind of technology that has been in the last two years.

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WS: That sounds so smart to me right there. Because so much is said about you, about where you spend your money, so much information there about each of us, I mean, if you could look at a credit card statement or a bank statement, 'cause you're gonna be able to see obviously where you're going and what you're buying and your income as well, like you said, that just seems so smart to me.

But tell me a little bit more about how that works, how does someone gain access to someone's banking information like that, obviously, so it's legal and it's confidential, and all those things that everyone's gonna be worried about, but how do we go about that? So we can gain that information like that.

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CG: So, what you do on our end, so what a landlord does sign up, creates their own digital application, whatever they wanna ask, question-wise, and we have connections to all the major banks. I know there's a lot, especially in the US, Canada is a little bit different, but there's a lot obviously in the US, we have lots of partnerships with all the banks, small banks, large credit unions, there's some aggregators that help you.

what happens is, the person puts in their card and password and nobody gets access, the landlord does not get access to the card number or the password. What happens is our system gets a digital bank statement and we analyze that and we actually just show the landlord within 30 to 40 seconds of all the important information that they need to see to make the best decision on their tenants. And it's a completely secure it's legal, all that kind of stuff has been validated by

banks and by legal side.

So, it's really simple and easy to use. People are using banking every day to do things, no different than if you go on PayPal to pay something or very simple, people are just doing it today, it's just the thing now.

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WS: Speak to how the information is analyzed, how is that broken down or let's say a tenant has two bank accounts, right? And maybe they do some things out of this account, that account, how do you still know you're getting the correct information that you need.

0:06:59.6 S1: So, what happens is every account within that institution, we get everything, their credit card payments, every account, savings, checkings, all that within that same institution, and we analyze everything, so we can actually tell you whether or not we can see the payroll, we actually check for the rent payments, so you can actually see the rent payments going out to the landlords, so you know that's valid, you see what their income is, you can see how much cash flow they have at the end of the month, you can see if they have any NSF's, you could see if they have any pet transactions, for an example, if you can see if they're on government assistance, you can see all the income all itemized done, and we have algorithms to figure all this out. And the newest feature, kind of what we've been rolling out is to actually see if somebody smokes based on the habits and where they go to buy at a certain price range, if they're buying smokes from certain places. It's just all this machine learning we've been doing by running through over 30,000 people's bank accounts to give you the right information to make the best decision. And we're all analyzing and doing that for you in 30 seconds.

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WS: That's incredible. Such a vast amount of information right there at the end of your fingertips. I guess, speak to the operator that's a little bit skeptical, or I guess what don't you tell us what's the biggest hold up for most operators or why do they feel like this wouldn't work, or what keeps them from using this platform?

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CG: I say that's a great question. Number one thing is care. Will people do this? That's the number one thing. Will my tenants do this, and we hear that all the time, and obviously security,

what we talked about, but the number one thing, will people do it? And when we started this business, that was the number one thing can we solve tenants actually doing this process. That was the number one thing that we had to prove to the market, people will do it. Well, because the rental market has become so tight, no matter what, there's so much tightness that people are competing to get places that you kind of have the advantage.

But what we were shocked about as we went through this, the tenants actually liked it better because it was faster for them. Because what happens is if you're a tenant, think about it on their perspective, if you're an operator. You have to provide different information, maybe to five different people, so you have to give them this, this person that, and this person that, but nobody likes it this way, but they want it this way. With our system, it streamlines everything, so then it's a lot easier for them than gathering all this paper information and giving out their private information in emails, who knows if this stuff is gonna get shared. So that was the number one thing, speed and many things easier for everybody.

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WS: No, that's awesome, I could relate to that. I'm sure it's gonna be a big concern or are they actually going to do it? Are they just gonna say, no, I'm gonna go somewhere else because of that. How have you seen maybe operators even market that to tenants in a good way? Do they advertise the speed of process because of this system or maybe other ways that it benefits the operator outside of just even being able to verify these things so much better?

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CG: Yeah, the number one thing is they tell tenants that they can move the speed faster, 'cause we did a study that it takes about two days to actually validate somebody's information, my time to get a hold of an employer maybe all that kind of fun stuff. They tell them, and how secure it is, because at the end of the day, people are sending personal information through email, like who knows if your email gets hacked and different.

And the number one thing is, you can move through it faster, we can verify your information, we can get you in the place as fast as possible. And when somebody wants to move, they wanna move, so the process wants to get done faster. And the operators, what they love is that they can verify the information that person gave to them. You can't fake it like you can't say, 'Well, I actually make this much money.' But you can actually see the payments coming in, they say, 'Oh yeah, I

work for this place,' and you don't see any payroll coming in. Well, I don't know. The person says, 'Yeah, I don't have any pets.' And you go in, there's 45 transactions.

We also tell you how long the bank account's been opened, so you know if they just didn't open it next week and told you, 'Yeah, this is my account.' You have this information that you can verify faster. It's just the reality of the situation.

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WS: It helps you in your investigative process, right? I used to be an investigator instead of like if I had information like that, 'Well, I'm just gonna ask them about it.' Right? They give you the information and it doesn't seem to match up, right? We'll come and say, we'll explain this to me, I see this here. Blank. Let them talk, right?

But you have all that information at your fingertips there, that is incredible. And so how has that changed the verification process for our landlord? Are they still calling previous landlords? Are they still trying to do some of those things? Even though a lot of that information is right there in front of them now?

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CG: No, they stopped. It stopped because you have it on your fingertips. Now, you're going back to a tenant saying, 'Well, I don't see any rent payments, what's going on there?' Where did they come out of? How did that work? Well, you know, it's actually my cousin or my best friend I'm renting from, and I don't know. Right. Or, Hey, you said you're working, but we don't see any payroll? Well, I actually, I'm on government assistance. Now you can ask the stories, and at the end of the day, you can feel comfortable whether or not that story makes sense for your place or not. You take the question years that people are using. You take the data and you look at it and say, it doesn't match up.

And then you can ask them why. And again, your investigation, it makes sense. Like when people go to buy their houses, especially people watching your show, banks are doing this today, they're making sure financially and your stories all match up before they give you the loan to that house and you're kind of underwriting people to move into your property. You're doing the same thing at the end of the day, and that is their largest expense, at the end of the day. Rent, right?

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WS: Yeah. Lenders all ask for your banking information, right? They ask for hard copies of your statements and all kinds of things and wanna verify everything you've told them, so that's a great connection there. And I wanted to ask you though, as you are building out this system and how do you say the tenant and verification process changing in the future, or maybe in the near future versus be even five years from now?

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CG: What I see that's changing is we are going to a digital world, and I do believe that everything has to start getting digital, there was gonna be more helping tenants out, pay day, pay now, pay later kind of scenarios in the future. New ways of working tenants, I think it's very important that you got, everybody makes the right decision with the right information, whether you use my service or not, you really do need to do your due diligence, because as everybody knows, what we're dealing with right now is inflation, that's going ramping.

I was reading that this year, \$3500 more for people just to buy the same stuff this year, and especially the rental space, their incomes aren't really going up that much in that kind of area, and it's very important that you make sure you make the right decisions on your properties that people are buying into, and especially as all the freezing on kicking people out is changing and everybody's gonna be changing and the digital world is changing, people are working from home now all of a sudden, and we're not going into large cities and there is so much shifting going on that you really need to validate the stuff that's coming in, 'cause the world is changing so rapidly in the last two years because of covid.

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WS: No doubt. No doubt some massive changes, and I think some of the biggest changes we're still not seen yet, for sure. That's gonna happen sooner than later. What about any other ways that the software, it helps us to verify tenants that maybe we haven't talked about? Anything else that the listeners should know or consider, maybe they're doing it the hard way, that this could help them.

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CG: So we're trying to build a digital platform for people, so we're doing the bank piece, we're also now doing ID check, so it's all digitized. We're also bringing in a specific payroll service that

actually checks the payments of going into their account, and then also the gross of it, we only see the final piece of what they got paid, but they're full amount of what they're getting paid after taxes.

And we're really trying to build a digital world to take all that information for you quickly at your finger tips. And we're actually gonna be adding leasing at some point, so you can actually do the entire process in one spot. (Wow.) So, you can actually get everything you can do, and that's really where we're trying to get to. We're just trying to change the world for small landlords to large landlords so that you guys are just making the best decisions for your properties. At the end of the day, you know what's best.

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WS: Yeah, no, that's incredible. Tell us anything else about the screening process or anything that we haven't discussed. I just wanna give you another open door there, anything else that what, you know, people are struggling with this, but there's just no reason to be struggling with it ultimately because of technology?

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CG: Yeah, that's a great question. Technology now really is an important part of just checking things, like the world is changing. Like digital payments, now. People aren't even doing kind of checks anymore, now getting into a digital process of collecting the money that comes to your apartment to pay for the rent that they're in. And really just what I've seen is it's just a shift. I don't know, the paper is not important anymore, it doesn't matter what it is, even like you have problems at your property, you should have a digital system to track everything instead of this piece of paper, so you don't get into trouble trying to find things and really just digitize everything. It's just important, it's easier.

My process makes selection easier, but there's still the maintenance and the people being in there and just putting a digital processing and getting rid of the paper part. I know the industry is afraid of it a bit, but it's important to change. Every place is changing. Even if you look at automobiles where we're all big on gas and now soon it's gonna be an electric world. We just have to get used to the changes, and it's important that we get to this point, especially with people moving around so much all over the country.

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WS: Reminds me of the book *Who Moved My Cheese?* Have you ever read that, Chad?

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CG: No, I've never heard of that but I'm gonna check that out.

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WS: It's probably a 30-minute read, but it has tons of life lessons. I read it. There's even a kids version that I've been reading to my kids and say we're a little bitty. Anyway, highly recommend to the listeners and you as well, but that reminds me, being willing to change. But you know Chad, also, I know that you started a few different businesses. You've been highly successful in different areas. Give us a couple of challenges maybe you've had over the last year in starting a business or growing a business, and ways that you overcame those challenges.

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CG: That's a great question. So, I give my story of starting businesses and doing it. So, everybody says, 'Hey, write a business, put it on a piece of paper and follow that.' That's how it works, right? It never goes that way. Right, so in every business there's stages, right? You take an idea, 'cause I do B2B, so what I do is I get an idea, I put it together and I go to a first customer and say, 'Would you buy this product?' And that really determines whether or not I'm gonna move forward with a project or not, right? Can I get a customer? Can I get the first customer? And then you build out the product with them. And what you start with is never what you're finished with, 'cause at the end of the day, the market is always gonna tell you what the product should be and be prepared to have ups and downs.

An entrepreneur life is like a roller coaster, right? You're as high as can be sometimes, low as you could be the other times, and it's really just managing the roller coaster, ups and downs and different stages of bringing in team, and when do you bring in teammates, and when do you bring in investments and when do you know this product is something and when do you know it's not. And there's many challenges through that, and there's a million of them. I thought what I have my first idea of a product, people would just automatically do the banking, there wouldn't be a single problem, they would just love the idea. It doesn't work that way, you have to tweak and make it better and change it and explain to the public why you're doing this and all that, and so much has changed from when I first brought the idea and taking it to the market and tweaking it of what

everybody needs. And that's just part of the journey. And just enjoy the journey. And sometimes you start with clients and sometimes they fire you, 'cause you know you didn't build the right thing that they needed. It's just part of the fun. I believe, at least.

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WS: Speak to, somebody started different businesses and raised a lot of money as well, obviously we're in the business of working with investors and raising money, a lot of our listeners, who would even be good clients potentially of yours for this product. They're still raising money, they're still working with investors trying to provide that service to them, right, but speak to raising money from investors when you're creating a new product like that, I'm sure we can learn a lot from you as far as us trying to present our opportunities to investors and get in front of them and provide that opportunity for them. How do you do that? Even with our product, that's not been created yet.

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CG: So I find, especially with products and raising for buildings is different, but for products, there's different raises at different times. So there's building the product and building the proof of concept, and you wanna do that as cheaply as quickly as possible, so that you can prove to somebody that somebody's willing to buy the product, is somebody willing to pay you for that.

So, that's the first capital raise, that could be anywhere from \$10-50,000 or something. Usually that's your own money at the end of the day, that's the first bit. So, you make the product to show them that it works. Okay, then you go to the next phase where can you get to a \$1000 a month in revenue? Showing that, okay, there's some market growth.

Then you go out to friends and family and see, Okay, can I raise another 100 to half a million dollars, right? Okay, then you take it out to market. Can you get to two to five thousand a month in revenue? Okay, now you can do that. Now you can go out and as you're building out this network, you use your network of people you brought in to maybe bring more people in that are like minded, 'cause when I went out to the industry, people in the industry really liked the idea and they wanted to invest, so then their friends wanted to invest and it helped bring in more people for capital as we've raised our next realm, which is, Okay, now we have a commercialized product that makes sense, but we need the money to build a team to take it out to a bigger level to \$10,000 to \$20,000 a month, maybe to \$50,000 a month, and then do the next raise, and it's just

figuring out what money you need at what phases, and who do you need to bring those kind of capital in.

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WS: Interesting. Honestly, we gotta have a lot of money up front for a large piece of real estate, right? But it's interesting just to think through that, building out the concept and then promoting it, right? Or showing investors, you've done it to some extent, I guess up to that point, you've proven your model and then they're investing in the story, they're investing in your story and where you're gonna go with that, but tell us what's your biggest challenge. Say, the biggest challenge holding you back from scaling this to the next level.

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CG: One of the biggest things is we actually truly needed capital to scale it to the next level, 'cause you know, it's easy to have 100 to 200 customers when it's like three people, but as you get bigger and you need more help, and you don't have the skills. At the end of the day, one of my mentors actually had me sit down and said, okay, on the map, you should write down what are your strengths and weaknesses and say, okay, what are you good at and what are you not good at?

And be honest with yourselves, don't lie to yourself, be truthful if you're not good at, say you're not good at it, and try to put a team around you that does that skills that you're weak at, so that you have the team to help you build out what you need to and bring in the people that are important.

The number one thing now is I'm bringing in a sales team to help me expand out to get the product out to more people now, 'cause I have the money that I've raised so that I can actually get the sales team together to go out and build up the sales. And always remember, sales is most important, no matter what, you sell it, you have to sell the product. If you can't sell it, there's nothing there. It's just a concept.

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WS: And what would you say is a couple of most important things about the selling side is that the marketing, is that having the right marketing team, is that actually speaking to the client? How do you do that?

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CG: You have to determine what your product is and what is the fit. For me, I understand my business is B2B. Most of the time you had to go out and call the clients, it's just call them, don't be afraid to call people. That's really the biggest thing, build out a team to call and bring them in, if you're selling like a pen, you're gonna need a great marketing digital plan 'cause you're selling to consumers, so you need a good marketing strategy around that. It just depends on what you're selling.

If you're selling property to the investors, you show this is the opportunity, this is the growth in the future, and if you put your money here, you're gonna get this kind of return 'cause it's a fixed asset that you know, no matter what will always grow, hopefully, it's more likely than not. That's why the larger capitalized, they come in first, and that's what you're selling, you gotta sell the story at the end of the day.

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WS: Chad, what are a few daily habits that you are disciplined about that have helped you achieve success?

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CG: What I try to do every day, and I've been reading about this, is setting certain tasks, no matter what comes up during the day, you finish those tasks. So, you take three things that you wanna actually accomplish each day and make sure they get done. Because as everybody knows that we're talking about there's a million distractions of like, your phone's going off 50 times with some notification or something, right?

The thing is, you write it down, I can accomplish this, this and this today, and you get it done and you push off the stuff to the next day, so you make sure you've accomplished. Even if it's two things, you make sure those things get done, otherwise you would get distracted and never execute those.

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WS: That's great advice. We often talk about, even if they're small things, it's like the daily consistent things that you do that wow, you look back six months later and you can't believe

what's happened, you know, how far you've gone. But I love that advice. Write down three things that you're going to accomplish today and ensure you get them done. What about how do you like to give back?

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CG: I do enjoy some charity work and there's, in my area, there's a local homeless shelter, so I like to give back to that kind of situation. I think as a successful person, you should give back to the community, and I'm a lucky one. Honestly, I say I'm a lucky guy. Life is so... I'm lucky imagine being... I'm born in North America, where else would I want to be born? Just that alone I think about how lucky, my health and all that kind of stuff. So, I like to give back to places and people that are unfortunate because I think it's an important thing in life.

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WS: Awesome, Chad. I'm grateful to have met you, I think you have a product that I know I'm going to look into personally 'cause I think, it's so much information there that we need to operate our businesses better and to even protect the investment for ourselves and our investors. I think it's just an amazing tool that I will learn more about. And so tell the listeners how they can get in touch with you and learn more about you.

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CG: Yeah, they can go to our website rentify.house. They can sign up for a demo or go there any time, and we're there to help out, we have a sales team that can help you if you have any questions and yeah, we're looking forward to anybody that's interested and we're here to help and grow your investments and making your lives easier, hopefully, you don't have to do as much verification.

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