

**EPISODE 1398**

[INTRODUCTION]

**Dante Belmonte:** Being with the multifamily side, it's really helped me understand the business and to build up to larger scale but also take those relationships from broker side of things and push them over to the investor side of things.

**Sam Rust (SR):** This is your day real estate syndication show. I'm your host Sam Rust. Joining us today is Dante Belmonte out of Syracuse, New York. Dante is 24 years old, and in his latest venture as Managing Partner of Victory Capital Group. He is dedicated to working with qualified passive investors, hosts the Make Money Makes Sense in real estate podcast, and also hosts monthly real estate classes, teaching other investors the best strategies for investing in real estate, whether passively or in a more active role. Dante, welcome to the show.

**DB:** Awesome, Sam, thank you so much for having me here. I'm really excited to be on the show and excited to chat with you and your audience.

**SR:** Fantastic. Well, I know you started out in real estate as a licensed broker and probably still hanging your shingle a little bit in that arena, what sparked your interest in real estate going back to 2018?

**DB:** I started real estate back when I was 2018, when I was a little bit younger, and got my broker's license. And so my father is actually their real estate agent for going on 18 years now, never talked to me about it never pushed it on me, never really wanted me to go that way with my life. It was wasn't like, you know, you should do this, you should do that, just never talked about it. But I always observed him doing his job. And again, it's nothing we ever discussed.

But having him, we'll put them on the back burner for a second. There was a gentleman that I was actually, he owned a store that I was selling some products at. And we became really good friends. And he said, "Oh, I also invest in real estate. That's my really full time gig." He

had 120 units of duplexes locally where he lives. And he was kind of like a mentor to me. So he started showing me the reins and what investing in real estate is all about.

So my father was more of the brokerage side, he was really good at selling primary residence. And then my mentor, so to speak, this gentleman I worked for, was really good at the investing side of things. So kind of getting pulled both ways from them, getting advice from them, and getting started was how I got my first stars when I was about I believe 19 years old, I bought my first duplex and just started building up from there.

**SR:** You mentioned that your mentor taught you what investing in real estate is all about? What's the answer to that question? What is it all about?

**BD:** It's all about passive income, being able to make income while you're sleeping. So if you stop working, it doesn't mean necessarily the incomes are going to stop coming in, that you'll have that income coming in, no matter what's going on. And, you know, he lives in Syracuse, he also lives in Israel, and he lives in Florida. And he bounces between those three places all the time. But he's still able to make income through his investment properties.

**SR:** Whether you're on the operator side, and you want to take your skill set and grow and have visions for a large company, you obviously are building passive income along the way or for more traditional limited partner investors or passive investors that just want to put their capital to work. That's one of the great beauties of investing in syndications, and specifically for the purpose of this conversation, multifamily real estate.

**BD:** Exactly, yeah. And, you know, he was a mentor to me, then when I was getting started with a small, you know, 234-unit buildings. But now he sees what I'm doing. And the switch kind of flipped, where he's asking me, you know, what are you doing with these big buildings, and you have all these investors. I'd love to hear more about it. So it's pretty cool how the tables kind of turn there.

**SR:** On your website, you talked about being involved in more than 40 multifamily transactions. I assume a lot of those are in your role on the brokerage side. How did that prepare you to take the jump into more of an active role leading a syndication?

**BD:** Yeah, Sam, that's a great question. So just a quick what my day to day was when I was a broker was I primarily led my market in multifamily sales. If I wasn't working with primary resident owners, like a traditional real estate agent or broker, I was focusing more on investments and investors looking to buy property as investments. And I really niche down into that. And I built a community of investors with my regular multifamily meetup each month for local investors and people did come in on Zoom, and built relationships with those people but really understood how multifamily transactions worked and doing all that which I still do today, I still broker multifamily in my market, but I've been able to take and nurture those relationships with investors and transform them into LPs on our deals.

So you know, being with the multifamily side, it's really helped me understand the business and to build up to larger scale but also take those relationships from broker side of things and push them over to the investor side of things.

**SR:** Makes the test that's it's really helpful to have that just the the reps on the transaction side.

**BD:** Exactly.

**SR:** A lot more complicated than buying a home. The lending process, I actually think is a little easier than buying a personal residence, but all the title commitments and the various terminologies and you know, executing SNDAs for laundry leases, and there's just so many fine details that go into it. It can be a little overwhelming for folks that haven't had any exposure to the commercial world beforehand.

**BD:** Most definitely, completely agree with you there.

**SR:** So you're brokering in New York, you're in the Syracuse area, but you're investing in North Carolina. I have a sneaking suspicion for why that is, but why don't you share with us in our audience? You know, you've got all these ends, you should have great deal flow in Syracuse, why are you not buying there?

**BD:** Yeah, another great question. I get that a lot. So when my partner DJ and I, when we started Victory Capital Group and plan to buy multifamily, what we want to do before we even looked at any deals, looked at any numbers and understood how anything worked. We wanted to hone in on a market. And so we selected about 10 to 20 markets all along the east coast, one of them being you know, Charlotte, North Carolina and Pennsylvania, parts of Syracuse, New York, and blah, blah, blah.

And we did our research, where has the most population growth, job growth, income growth, where is net migration heading to, and it just so happened to be that Charlotte, North Carolina, the grid, or North Carolina area really is where we landed, and it worked out perfect. And it wasn't supposed to be like this, but my partner moved to Charlotte, about seven years ago. So he was already in the Charlotte area in North Carolina. So he was boots on the ground. And the thing I like about the North Carolina market is it's more landlord friendly than it is tenant friendly, like a state like New York, where you have lots of contacts, lots of events, lots of deal flow. And I talked about the population growth, the net migration from the northeast to the southeast, job growth, income growth, but also a big one for us is the structures.

So up in central New York, where I am, a majority of multifamily that you can get into was built in the late 1800s, early 1900s, older construction, lead, asbestos, galvanized plumbing, lath and plaster, you name it versus down in North Carolina, and we're only looking at 1980 assets and newer, so it's newer construction, the repair and maintenance bills aren't as expensive, they're easier to renovate, and they're gonna be more structurally sound. The only thing we're really looking out for is probably plumbing for the most part because 80s product and newer, you're going to have a majority of it's going to be upgraded copper, PVC, drywall, you're not gonna have lead asbestos, like I talked about. But up in central New York, it's almost

impossible to find a mark multifamily building, that is call it 20 units and greater that's newer than 1980s build. It's not a product that's readily available.

**SR:** Oh, that makes sense. And we haven't bought anything that was built prior to 1965-ish or so. And even that you have lead paint, asbestos those issues. I can't imagine something turn of the century.

**BD:** Exactly, exactly.

**SR:** I'm curious how you met your partner. I think that's a really important part of the evolution, part of this business is really hard to do on your own unless you're gonna go the coach EP route and really focus on capital raising. So how'd you meet DJ? What's the genesis story for Victory Capital Group?

**BD:** Yeah, so it's funny. So I'm younger than DJ's son. And DJ was actually really good friends with my father. And it still is to this day, and he actually went to our church. And that's where he met him up in Syracuse, New York, about seven years ago, he did relocate to North Carolina. And we always just stayed in touch. You know, I grew up swimming in his pool, he watched me grow up. And he was a chemical engineer, his wife, one of the vice presidents of spectrum. And he actually about three years ago stepped away from his job as a chemical engineer to pursue real estate full time. He wasn't on the active side, he was more managing their investments on the passive side. And he fell so in love with it, that he wanted to get into the active side, he saw that I was starting to buy up some stuff myself. And we just kind of made that mutual agreement that, "Hey, we should go into this together, we need a partner, because this is a large project, the business plan, the business model, we're chasing after." It's a lot of tasks to chase after. And I can't take that down myself. He can't take that down himself. So it's a divide and conquer, and where we kind of feel each other.

And so the typical story is, well, I went to a, you know, multifamily conference, and I met a guy there. And we partnered up. Well, no, this guy was always in my life. We both really prior didn't have real estate experience, until we got started several years ago, helped educate each other

stayed on each other, hold each other accountable. And now we've built up this great business. We've done three deals in the last six months, and excited to continue to grow the portfolio there. So that's what DJ and I are doing. And that's how we met.

**SR:** Oh, that's fantastic. I appreciate you going into some detail there. I'm curious what kind of communication habits you guys have formed, to maintain a healthy partnership, to be growing forward, making sure you're operating out of your respective strengths, seeking unity where you need it seeking diversity, where it helps the business. What have you guys implemented that you found helpful?

**BD:** Yeah. So I mean, first off, that's my business wife right there. You know, my wife says, I talked to him more every day than I talked to her. And it's kind of true, but we stay in contact every day all day. We're constantly doing calls together, Zoom calls together, email chains together to stay on top of each other, but kind of like that divide and conquer mentality. So typically, the way it works is, I have the broker relationships. I'm the one who underwrites the properties I find them I give them the initial pass or fail. I underwrite it. If things look good, I submit the LOI.

Once the LOI is in, and let's say the broker says, "Hey, this has a good chance of getting accepted, or, Hey, we want to get you on site," I reached out to DJ, I give him the info, the breakdown on the property and say, "Hey, you're set up at this time to go meet this broker at this property, they'll go out there, they'll walk the property, take photos, talk to the broker a little bit more." And then if it's double thumbs up, and still looks good, because everyone knows a deal looks good on paper, once you visit that site, it could totally change.

If we visit the site, and it still looks good, or we have to adjust our price, we will. And hopefully, we get the LOI accepted, we move to PSA. So I kind of tee up, I put it on the t-form and he knocks it out of the park, I get it all set up. So once we go into PSA, he's the one who works with our attorneys reviews everything.

On the back end, I'm starting with our SEC attorneys to get the documents drafted and then start reaching out to investors, get the OM made. But then the fun part comes in where I fly

down. As we start to do due diligence to the property, we meet up with our whole team. And we kind of tag team that together and asset management together as well.

So there's some tasks that we divide and conquer on. But there's other ones that we work hand in hand on to keep the business flowing. And a great tool we use that a lot of listeners may appreciate is called Monday.com. And we actually have like a deal flow built out for all of our deals.

So once we actually find a deal, and we like it, there's, you know, a certain process, there's a certain system we go through, we can assign tasks to each other right in the system, we can put notes in there, upload files, and it's a really good program that allows us to stay on top of each other accountability, but also stay organized. So we know where we are in the process.

So like as we're approaching closing on another asset, we make sure all the boxes are green, and the yellow ones that are waiting on or we're in the middle of doing something, we switch those to green. So that means they're complete, and we're ready to go to closing.

**SR:** That's fantastic. I appreciate you going into some level of detail, I have heard of several groups that use Monday.com and swear by it. The tools are important, Monday seems like a really good one. But I think just building those systems and being committed to the unity is the most important thing. And then whatever tools you do use are just additive at that point in time.

**BD:** You know, tools, programs, they're extremely important systems, processes, we all hear it, we all talk about it, but actually doing it is you know, that step that you have to take. And we're constantly making sure we have checklists available when we're going through certain things we hit on all those. But we're also implementing changes to our systems and processes. So they're always constantly improving. You know, after we close a deal, we go back and say, "Hey, here's, here's a pile of notes, we can pile on things we should do differently next time or things can get a check on."

And so for the next deal, we no we're not going to make those mistakes or miss any of those things. And it just continues to get better. We're each deal. We're closing our fastest syndication in 27 days, that's from under contract to all capital raised everything done loan and closing our deal before that was 32 days, we closed 15 days early. This deal we're about to close four days early. So it's all about those systems and processes. And that's because of the ever changing that environment.

We only had a 30 day rate lock expire for our fixed. So we said you know we're doing this, we love this deal. We've got a really good investor database. So that won't be an issue to raise capital in less than a week. We did that, capital secure in the bank on the closing. And we got that right before a rate lock so we can secure that deal.

**SR:** Yeah, that's fantastic. If you don't mind me asking what type of institution are you lending from?

**BD:** Yeah, so we're typically looking right now at a fixed rate, no prepayment penalty, bridge debt or debt funds. You know, we have done agency loans before, secured in some great sub three and a half percent rates. But we have some bridge lenders that we've done a few deals with that we've closed with that we have that relationship with, that we're able to get phenomenal fixed rate debt with no prepayment penalty after 12 months. And it doesn't cost an arm and a leg to get into.

So you know, we feel as if we can take predictable and long term debt into place. So it's a three year with two year extensions into it. We're more comfortable than say a floating rate. We don't have to buy an expensive cap on top of that as well. So we feel very comfortable there.

**SR:** What's the range over pricing, I assume they're pricing their bridge debt over the 30 days.

**BD:** I believe it's it's for over (inaudible), if I'm thinking correctly, we're seeing rates between five and a half to 7% right now on the fixed date for bridge, which is still pretty strong in an interest rate environment like we're in.

And again, if that's fixed, and we don't have to, it's not expensive, because right now, a lot of times people are just saying, "What's your rate? What's your rate? What's your rate?" It's not just that you're six other levers, you got to pull on the back end. What's your prepayment penalty? What's your term? What's the reserves needed? Are they doing capex or not? You know, there's a lot of different facets that we're looking at. So being in that five and a half to 7%, we still think is very strong with the attractive terms that we're able to secure.

**SR:** Yeah. And so I mean, fixed rate is huge. You don't have to buy rate cap. There's some horror stories out there of what rate caps cost these days. And you're also with it being bridged, you're probably able to lump in some of your construction costs and getting a little bit higher leverage, you're probably getting into like a 70 to 75 LTC with 100% of your capex rolled in, if I had to guess?

**BD:** Very similar, very close to the last deal we did was a 75% of purchase, 100% of CapEx. This deal, just because we actually chose to have a little bit lower leverage, just so we weren't over leveraged, we did 75-75. So loan to cost is 75. And we don't like to go any higher than 75. I know, there's 80% options out there. But personally, I just don't feel comfortable with those.

**SR:** Yeah, you need to have a little bit of cushion, I would completely agree with that we just did a couple of bridge deals ourselves at 70 and 100%. So very much the same philosophy.

**BD:** Yeah, a lot of operators out there will just take the highest leverage they can get, because they can use the least amount of money to get into a deal. And I think that's very elementary thinking you have to look more long term, and more risk averse.

**SR:** So you're active on the education and engagement side with prospective investors educating people about opportunities in commercial real estate. If you could pick one myth to dispel for everyone about investing in commercial real estate, what would it be?

**BD:** Well, you have to have a million dollar plus, to do it, you have to have two grand or 2 million in the bank, you know, I think anyone can do this. And you don't have to have a boatload of cash, you can find an operator that has all the cash the net worth the liquidity to get in. Or even if you're looking to get started, you don't have that much money, it's possible. But I'll say the real mess is buying real estate with no money out of your pocket. Like, I don't think that's true, I don't think that's true at all, you do have to have money, because you have to put the deposit down, you have to pay the legal fees up front, those deposits alone are anywhere from 50 to \$200,000. So an investor is not going to lend you that money, you know, an investor may buy into the LP group, but they're not going to lend you that money for the down payment, especially if you have no no experience, no net worth no liquidity. Probably an unpopular opinion. But I hate when people say, you know, you can syndicate and do real estate for \$0 out of your pocket. Not true. You know, we have 200 grand in these deals before closing, we get reimbursed that capital at closing, but you have to have capital to get there.

**SR:** I find that often to be the case. You know, there's a lot of us in the syndication business. And sometimes we're in our own bubble. And we're like, well, everybody must know about that. And the reality is that very few people know about it, that have the opportunity investor that have the ability to go invest in these style projects. It's still a fairly well kept secret.

**BD:** The Wall Street to Main Street mentality and being able to use your retirement accounts in real estate to you know, there's not enough word out there about that, but we're definitely spreading that good word.

**SR:** Dante, what's your why behind what you do? You started young, you've got a lot of interesting experience under your belt, you're growing significantly. What's driving you?

**BD:** Yeah. So that's a great question, I get asked that a lot. The why is being able to be comfortable in life. So I want to be able to go hang out with my wife, my daughter guy we have a daughter is seven months old, have other kids, and I want to be there for that. I don't want to miss out on those life opportunities, watching the kids grow up, spending time with my wife

and enjoying life. And a lot of times we have jobs or we have careers that take that away from us.

So I want to be comfortable, I want to be able to have an income coming in where again, I don't have to be at a desk every single day, I can go to a soccer game, go on a vacation, go to a family event, I'm not missing out on anything. And then also just giving opportunity to other people. So again, we talked about where you know, people think you need millions of dollars in the commercial real estate, but maybe that guy that has \$200,000 or \$100,000 Give him a great investment opportunity to invest with us. And we've certainly been able to do that.

**SR:** Oh, that's fantastic. I appreciate you sharing that. As you look back, you know, over the last four or five years, what's the daily habit that you've done or added to your routine that has contributed to your overall success?

**BD:** Yeah, so daily routine habit, I'm doing is probably just reading really, I like to read and educate myself a lot. So whether that's real estate related, mindset related books, or just overall business, I think it's something that helps me to stay sharp, improve my reading skills, because I never really read too much, or I don't have any formal education. So I feel like reading really helps me to do that. And that's something I try to carve out time to do daily, whether that's, you know, an hour on the couch or 15 minutes my office where I can just carve out some time to educate myself and continually learn.

**SR:** Yeah, putting stuff in the input side, they will inevitably result in outputs.

**BD:** Exactly. And I always say if I can take, you know, one idea out of every single book, you know whether the book costs \$30, who cares? If I can pull out \$1,000 idea or a \$10,000 idea. It's worth every read for every book.

**SR:** You mentioned that your goal is to get to passive income the ability to not have to be trading time for money, relate that to a goal or set of goals that you may have a victory? And then what do you see as one of the bigger hurdles in achieving that?

**BD:** Yeah, so we don't have like a specific number we wanted to hit this year, we did want to purchase a total of 10 million in assets. And we've already achieved that. So you know, we're about halfway through the year, as of today, this is the halfway point of the year. That's the end of q2. So we beat that goal. So we know we want to set a higher goal for that, we do want to see 1000 units in the portfolio total. And we're certainly working towards that. As far as the timeline goes, we don't really have that. But the short term goal we've already beat, and now we're gonna have to set another one for us.

**SR:** And what do you see as the biggest hurdle to get into 1000 units?

**BD:** The biggest hurdle, the two, everyone always talks about deals and capital. Everyone struggles with that. I mean, probably not so much the big guys, but someone like myself, who's younger, I'm 24. Just getting started out in the business deals have definitely not been as hard to find once we started closing deals. Once brokers knew in the area, were closing, we put them on our mailing list so they can see all of our closings and how all of our deals are going they've started to bring us some off market opportunities. Last deal we closed was a true off off market deal. It wasn't like a "Yeah, we brought to 20 groups" it was they got it the day they got it, they called us because we closed the deal with them. And we're making it happen, but capital too.

So we're continually building up our investor capital database, we've raised a little bit north of three and a half million dollars so far this year. And we're not tapping it out because we're continually getting referrals from those investors. But some of the deals we are exiting already that we have really attractive offers on. So we can recycle that money. But we're always looking to build the investor database and bring more capital the table for more deals. And, you know, one of the other biggest hurdles is just a very uncertain and ever changing economic environment we're in we're being very careful, we're being very picky. And that's okay, I'm, I'm happy to pick over any deal that comes across my desk. And we're being very, you know, risk averse for taking calculated risk buying on speculation or where we think the markets gonna go, we're gonna buy where it makes sense today. And we know it will make sense tomorrow.

**SR:** I often tell investors that we're going to pick good markets and good sub markets. And then we're going to really focus on downside prevention. And if you do those two things in concert, the positive results will often take care of themselves. But you almost have to be a Negative Nelly, which is hard for us entrepreneurs, but you have to be willing to pick things apart, look at worst case scenarios. And as we're seeing over the last six months, I mean, man, the problems that we're solving for investors in multifamily today, so much different debt terms are so much different. There's a little bit more hesitancy in some corners of the equity world. But I think there's going to be more deals to buy as well as people are shifting internal portfolio. So.

**BD:** I'm the "No" man, I constantly have to say no, no, no to deals until we're kind of forced to say yes to it, because it's hard to say no to. But I think that's some good discipline to have.

**SR:** And part of that is just chuckling I was looking at an OM on a deal that just went live today. But the broker put the payroll in his pro forma at roughly 50% of what it should be in the market. And you just see stuff like that where people are getting a little desperate they're trying to gin the numbers up a little bit make things look all nice and shiny. You got against it. No, that's not realistic. No, that's not realistic. Here is what is realistic and more often now sellers are coming to the table willing to engage willing to negotiate. It's not all the stars aligning for the sellers.

**BD:** Yeah, I mean, and tip for the listeners, don't even look at the alarm. Don't even open it. I can't tell you the last time I've actually looked at an offering memorandum from a broker, I want the rent roll, I want to teach welds and maybe I'll open up the OM if I'm looking for a unit mix or who use who pays what for utilities, but usually I'm just asking the broker when I'm on that initial call with them taking down my notes, but the OM is chock full of BS essentially and that's coming from a broker.

**SR:** Yep, it's their job to maximize the value of the asset. That's what I want them. I want them to be honest when they're selling my property, but I do want them to put it in a favorable light

Most definitely. And that's it you just have to recognize that's the way the game is played. Well, Dante really appreciate you joining us today. If folks want to learn more about what you're doing. How can we get in touch with you?

**BD:** Yeah, thanks for let me put it that in Sam. Best place to get a hold of me is going to be through our website. So victorycapgroup.com. That's victory C-A-P group.com or dante@victorycapgroup.com. You can also find me on Instagram at Dante Belmonte, LinkedIn as well, Dante Belmonte. So, Sam, really appreciate the opportunity coming on the show, spending some time chatting with you and hopefully adding some value to your listeners.

**SR:** Fantastic. He certainly did. Dante, thank you for joining us. Thank you to our audience for joining us. This is your host Sam rust signing off.

[END OF INTERVIEW]

[OUTRO]

**Whitney Sewell:** Thank you for being a loyal listener, the Real Estate Syndication Show. Please subscribe and like the show, share with your friends so we can help them as well. Don't forget, go to LifeBridgeCapital.com where you can sign up and start investing in real estate today. Have a blessed day.

[END]