

**EPISODE 1455****[INTRODUCTION]**

**Whitney Sewell (WS):** This is your Daily Real Estate Syndication Show and I'm your host, Whitney Sewell. Today we have packed a number of shows together to give you some highlights. I know you're going to enjoy this show. Thank you for being with us today.

**[INTERVIEW 1]**

**WS:** our guest is Darin Batchelder. Thanks for being on the show, Darin.

**Darin Batchelder (DB):** Thanks, Whitney. I appreciate you having me on.

**WS:** It's awesome to have you here. I know you and I've had a few conversations in where Darin is at in his syndication career and journey. He has a lot of value that he can provide to many listeners today and we're going to get into that.

A little about him, from trading loan portfolios to syndicating multifamily deals, he has a diverse background as a CPA, software sales executive, capital markets, loan trading, business owner, to multifamily syndication. He's gone from a duplex to syndicating 76 units, to getting that first deal. I know he has lots of value that we're going to discuss today, if you are in those shoes and you're trying to get to that first deal, or maybe you've done a deal and trying to figure out where to go and how to make your time most valuable.

Darin, thank you again for your time today. Tell listeners a little bit about who you are, a little about your path maybe, not too much. We're going to get into that. Just who are you, where you located, so they can get a feel for who you are.

**DB:** Absolutely. Thanks, Whitney. You covered a lot of the high points, but live in the North Dallas area. I'm in a small town called Prosper, just north of Frisco. Spent the last 15 years or so trading loan portfolios between banks, larger loan portfolios, residential, multifamily and commercial real estate. I knew the multifamily asset class very well from the other side, but had not delved into actually purchasing any real estate other than my single-family residence, until I got into multifamily about a year and a half ago.

**WS:** Why real estate? Why syndication?

**DB:** Right. First, real estate, I'm sure there's people out there that have looked at their 401ks and it just did not grow to the point that I wanted it to. I fell into the bucket of make a lot of money, squirrel away some, put it in a 401k and hope that your nest egg grows huge for retirement. As I started to look at it over the last 10, 15, 20 years, it just didn't grow to the point that I was looking for. I was looking for another way to grow my wealth and decided that real estate was really one of the best means to do that.

**WS:** Why not continue doing the day job, or the other career and just invest as a limited partner, or passive investor?

**DB:** Yeah. I had a unique opportunity, because my business transformed over the last number of years where it was very time intensive, the first number of years that I worked on it, to actually transitioning the product where it was more of a recurring revenue stream. Once that network was built up and the recurring revenue stream occurred, it opened up a lot of my free time.

I was like, "What should I use that free time for?" That gave me the opportunity to go after something new. Very excited about the multifamily space. The people are great. The vendors are great. The partners are great. I'm extremely excited about the future.

**WS:** Okay. You've had success really quickly, right? I mean, in the syndication business you got this deal done. I'd love to hear about that. I'd like to back up to where you started to

educate yourself, where you gained that confidence and some of the key things that really project you to this, to quick success.

**DB:** Absolutely. I joined a mentorship group in December of 2017; Brad Sumrok Group here in the Dallas market. Prior to that, I would say the few months prior to that, I just read book after book related to multifamily. Again, I decided I didn't want to purchase single-family residences. I wanted to go bigger. I read a lot of books and then I started to go out and say, "Well, there's got to be a way to do this. I just don't know how to do it." I started to go to some real estate meetups.

A few of them in the beginning were more residential based and I was like, it's not really a good fit. Then I ended up going to a multifamily real estate meetup and I met a fantastic couple right off the bat. They were part of this Sumrok group. They spent probably a half hour, 45 minutes with me telling me about their journey. That's all I needed was to hear a story of somebody similar. They were business owners. They didn't know how to do multifamily. They didn't have the background in multifamily and they said once they joined, they just networked with like-minded individuals and they were taught how to do it. I just took the mindset of if they can do it, I can do it. I joined and started to network from that, so in that point forward.

**WS:** Nice. Okay, so you had a mentor. I highly recommend some type of coaching program, but you got to navigate those waters delicately, who you partner with, or what coach you – because it's a big expense. I actually had a call earlier today. I have numerous times a week people are calling me, asking me about coaching programs, or what did I do. I highly recommend a coach, but there's a lot of due diligence that needs to be done before you actually write that check.

Awesome that you did that. Now you gained some experience. As much as anything, you gained a network and network is extremely crucial, which you've found out and even from that other couple. You moved from this duplex to this other deal. Tell us about this first deal and what really led up to making that happen.

**DB:** Sure. I joined December 2017. I first started to invest in other people's deals as a passive. I invested in seven other deals, where I was not the lead sponsor.

**WS:** That's good to know right there, right? Tell me how valuable was that being able to partner with all these people, all these other deal sponsors. Or I guess before you tell me that, I may need deal sponsors, different deal sponsors was that and how valuable was that experience?

**DB:** Yeah. Actually, seven deals with seven different deal sponsors.

**WS:** Wow.

**DB:** I wanted to see the difference between different deal sponsors. Also, I was looking for something different from each one. Some of them it worked out and some of them it didn't necessarily come to fruition like I would have wanted, but I still got the experience. Part of it was just I didn't want my money in the stock market anymore. Just from a return standpoint, I wanted to put my money into multifamily asset class. That was one piece of it.

The other piece of it was okay, if I'm going to start syndicating deals, I want to understand all the agreements that I have to sign. I read through all the agreements. I want to understand the communication that the sponsors bring back. I want to understand how they put together the investor PowerPoint presentations before you invest, how they develop the returns, forecast the returns. All of that knowledge I'm going to accumulate and I'm going to take the good from one and maybe – some things I mean, not like, I'm just going to let that go and then I'm going to accumulate my own format and my own style going forward. It was helpful in that regard.

**WS:** You recommend others do that if they're able before they actually become a deal sponsor?

**DB:** Absolutely. Again from both avenues; one I think investing in multifamily as an asset class is a safer investment than just putting it in the stock market mutual fund. Just from an investment standpoint, I think that it has the opportunity to have better returns and also, I think

it's a lower risk profile. Secondly, if you want to raise capital from other people to do deals on your own and to be a lead sponsor, then it'd be nice to get that experience of okay, well, what does it feel like being on the other side? What questions did you have before you invested in somebody's deal? When you were presented with three different deals at the same time, what motivated you to put your money in one deal and not the other two? All those questions that you answer for yourself are questions that you're going to have to answer to other passive investors that are looking at your deal.

**WS:** Nice. Okay, so you invested as a limited partner, passive investor and you learned a lot. I haven't heard of too many people who have become a deal sponsor that invested in seven different sponsors deals. That's some great experience there. That you're able to then take from all those different deals specifically, but then even the deal sponsors. That's very valuable. Okay, so you did that. Now we're pushing forward to becoming your own sponsor. What happened after that?

**DB:** The last deal I invested in, I invested in as a key principal. I was signing on the loan. That gave me experience. It was a Fannie Mae loan. Gave me the key principle experience. Get me experience with the agencies. Then all along the way, so I was doing those deals maybe a deal a month, or all on the way, I was starting to look into syndicating myself. I started underwriting deals. I started going on property tours. I started to go out and visit the properties and go and talk to the surrounding properties to shop the comps.

Each step along the way, you have – and I don't know if this is for everybody, but the new people that I talk to, I tell them, “I think you're probably going to go through something similar to me, in the sense that each step is a little scary and each step you don't necessarily know what you're doing at first, but you just have to push yourself through it.” Then you end up looking back on it and now you do that step and it's like a no brainer. In the beginning, it was you had to push through that fear and push through that unknown.

To give you an example, the first offer I put in, first letter of intent I put out was on a 64-unit property. I mean, it was probably two, three months after I started to really underwrite deals

and look at deals. I came back and I told my wife, I put the letter of intent in. She's like, "Are you excited?" I was like, "I'm scared. You know what." She was like, "What do you mean?" I'm like, "What if they accept it, right? I don't know if I'm ready." I've done all the things, the numbers all checked out, but you just don't know until you know, right?

I actually had two parties that were outside of the Brad Suumrok Group that outbid me by \$400,000. I lost that deal, but there was almost a little sense of relief on that first time I put the offer in. That gave me the confidence that okay, the underwriting that we're using, we're not creating, we're not way overpaying. It's working. That gave me confidence of where things were trading. It almost is a good thing to see a few deals trade away from you, because it gives you the confidence on where the market really is.

**WS:** Nice. Okay. Yeah, you talked about how – you were scared. I like before that how you talked about – I mean, it's such a mind game. I mean, your mind just has to be ready in the right place. Like you said, you're not going to know, or understand everything that's going to happen, but you got to be willing to put yourself out there, got to be willing to get started. I mean, obviously you got to take some calculated risk and you did. You underwrote numerous properties over a few months. Before you did that, you didn't offer on the first property that you came across. You did. You took calculated risk, but you took that step. Then you're much more prepared for that next to LOI, just because of that one, even though it got turned down.

**DB:** Exactly.

[INTERVIEW 2]

**WS:** Our guest is Denise Piazza. She is a founding partner of Main Line Capital Advisors. She's been investing in real estate for close to 10 years in a variety of real estate asset classes as both active and passive investing, so her experience with multiple asset classes led to her passion for investing in multi-family and educating professionals on the benefits of diversifying their portfolio with assets that provide strong predictable returns. Denise, welcome to the show. I'm excited about this conversation.

I wanna talk a little bit about your path from LP to GP in a moment, but I wanna back up some because you've had early success raising money and working with investors, and again, I know that we can all benefit from... Did you have any kind of mentors, anybody that helped you through that process and learning this business and growing to the point you're at now?

**Denise Piazza (DP):** Yes, I would say one of the most important aspects that accelerated my success in playing a role in as a co-GP is my mentorship, so before I decided to make the transition from passive active, I actually interviewed six different mentorship programs, trying to get to know the folks who run the program, and then also try to find people who were within the program for me, a lot of folks talk about when you form partnerships in this business and you're working with team members, make sure you find people with complementary skill sets... I would actually take that one step further with me, and I would say Make sure that when you're finding the right mentor when you're entering the space, try to find someone whose greatest strengths are complementary skills to what you have to offer, so where I focus my mentorship program is with individuals whose greatest attributes are in construction and asset management, because given my background, those are just areas that I didn't have as much experience in myself, and so I wanted to make it a point to learn from their experience, so... Yeah, so that was my very big contributor to my success.

**WS:** Interesting, I don't know that I've heard many people say that if anyone... Now I can find your mentor with complementary skill sets, that's a neat dynamic to think about, Hey, that's where my weaknesses are, why don't I find this mentor that's an expert in that part of the business to help you in that area? It's incredible, and you interview six different mentors and numerous people in those programs, I think it's great due diligence. I did the same thing many years ago, I've had numerous mentors for different things, right, at first it's like, Oh, did I really spend this money on a mentor? I do, I really wanna do this. And many years ago, I was seeing so much money for my wife and I to contemplate giving to someone, but I couldn't imagine it any other way. Now, hey, let's beat this process up and let's get somebody on our side that's been there and done that gives you so much confidence. That is awesome. And what about us move into that first deal, or actually, let's go back a little bit though, and talk about the path

from LP to GP, and then let's go into the first deal, so why go from investing passively to becoming a part of the general partnership or active side. Why do that?

**DP:** Well, I think it was so my experience and passively investing, it started with me becoming extremely passionate about the underwriting aspect associated with deals, so with my background being a CPA and my husband being a CPA, and by the way, we do always joke that if anyone has any problems, falling asleep at night. They can please feel free to call us and we'll tell you all about our day, so both of us being very financial oriented, that's just similar to a lot of LPs, they go and they focus directly on the returns and the metrics, the projections, and so I have valuation experience in my background, I have financial models in my background, so I try to do a lot more due diligence when investing with different syndicators. I always made it a point to not invest with someone until I had the opportunity to review their model and review some of the more key assumptions associated with those deals, and then I just became so passionate about it that I ended up... Even though I had the background in financial models, there's obviously some more nuances when it comes multifamily investing that I wanted to understand, so I got really focused.

**DP:** I've read several different books about the syndication process and then about financial models and different assumptions when investing in commercial real estate, and then I even went so far as to find a one-on-one mentor that would walk through underwriting with this with me, just so that first of all, it was someone in the industry that I had a lot of respect for and working with them, and then also so that when I did eventually make that transition and become a general partner, the most important thing to me is protecting other people's money and so I think you really have to understand how to underwrite deals, so that whole interest in underwriting and interest in the financial aspect of deals is really what triggered it for me and thought, I wanna do this and I wanna do it the right way.

**WS:** That's incredible. You need to mentor. Right, and it's ETO to like you're in your husband's background as a CPA when you all are gonna be all in the numbers, right, and you're gonna understand that you're probably gonna have more understanding than most just coming into the business, or it's gonna become easier maybe because of all the work you already do and



just numbers and financial planning and thinking through strategy and things like that, it's a great place in the business for you to shine, but already because of your background, and so there's no doubt they can see why you would dive into that section of the business and be passionate about it. Is there any ways that anything that's helped you accelerate that transition from passive to active... Anything that's helped.

**DP:** Sure, first of all, I'd say just my passive investing experience across multiple different asset classes and taking the time to develop my passion for multifamily, so I've now invested in close to 1200 doors as a limited partner, I use those experience to figure it out what I liked and what I didn't like about working with different operators, I also use the experience to learn best habits in terms of communications with investors and experience in different markets and diversifying myself, as I said, I had that experience with financial models through my corporate roles, but in understanding the nuances to multi-family assets, I really made that one of my main goals in deciding to make that transition, and I think that really helped accelerate that transition, another step that I took, as I mentioned as well, is really finding the right mentor, one that if at all possible, you can find that has complementary skill sets to yours, and that's their greatest strength and greatest attribute that they can bring to your background. And then I also went with a mentor with not quite as large of a group, so I've been able to make some incredible connections with folks in that team and try to lead with my value-add to wherever they are in their process and wherever their experience takes them, I know can do what I can do to help contribute to their success as well, and then truthfully, I would say the main thing that has contributed to accelerating my role as a co-GP would be my discipline and my sacrifice, so being an active operator for multifamily deals, as you know, is a lot of work, you have to be extremely disciplined in your approach and effectively using your time, so I like to think this is an area that I excel in just because of the example that my parents had set for me growing up in qualities that they instilled in me, and then the last, the fourth piece I would say is really just network. Network, until you're so exhausted that you can't network anymore. It's so critical because it opens up so many doors through networking with other individuals, I host a monthly real estate investing meet-up, I attend conferences, I am constantly reaching out to other syndicators, and as you know, there's so many folks in this space that are incredibly generous

with wanting to share their experiences, so it really provides a great opportunity for you to learn from other people's experiences.

**WS:** Those are some great tips. No doubt about it. And like you just said to you, there's so many people in this industry, I've been so generous with me as well over many years and just shared in a mastermind and talking about different things that we've learned, and it's just great, it's a great industry. And you have to put yourself out there, keep networking, right? To meet those people like you're talking about and make those connections is so crucial to moving forward, and especially accelerating like You... Dale's talk about that first multi-family deal a little bit, and raising capital for that first deal, often times people are scared to death of raising money for that first deal, and just how you have no credibility and nobody knows you are all those things. How did you do that?

**DP:** Well, I would say personally, I like to think that, especially with the first write, even though most folks are intimidated, that's the area that I was most excited for, because I feel I would invest or I won't be a part of any deal until I feel great about the underwriting, the team, and the market, and so that's where I sort of hear my focus in trying to raise capital, is I explain to folks my experience and passively investing in the three areas that I would vet prior to investing in a deal, and how important each of those aspects are, so that's allowed me just having that passive investing experience, it's allowed me to really sharpen those skill sets and to be able to empathize with folks that I've been in the same situation several times across several different classes that they're in, and able to walk them through each of those scenarios. And then another aspect that I think allowed me to do so well with the first capital rate that I did is just the transparency that I have with all of my investors, I talk about what I've done in the past, where I'd like to go with my role as a GP on the deal, and then also explain to them, Make sure you always explain to folks the risks that you perceive to be associated with the deal, not just why they should invest in it, but also be very transparent as to any risks that you see and what your team is doing to mitigate those risks, and I think that really goes a long way with people because they're already thinking about 20 different risks and you might bring up a risk that they hadn't considered.

**DP:** But again, I think it's all about being transparent and making sure that you can pivot your discussions and your ability to walk them through the deal, depending on their level of experience as well. So when it comes to new investors, I like to think initially, when I started investing, I didn't have much background or have the time to invest in learning all of the nuances, so I walk them through it, I'm happy to walk them through investor presentations, waterfalls, anything that they might be intimidated to ask questions about in a larger group, and then for the more seasoned investors, I like to think that I can anticipate many other questions, and I'm intimately familiar with the underwriting, and I think being intimately familiar with the underwriting, the market and the team, and feeling good about it. It just comes through when you're talking through your first deal.

**WS:** Great advice, great advice, just big transparent, be transparent with your investors, it says a lot about yourself, they can sense really if you're being very transparent or not, especially you talk about... Explain the risks, and I think that's important, but you also said which something everybody should be ready to do, but tell them what you're doing to mitigate those risks as well, to be prepared, obviously, if you share risk with them, what do you think they're gonna ask... Which I would ask as well. Right, and so you wanna be ready to share with them... Yeah, these are the risks. I said, why, we're still willing to pursue this deal, even though these risks exist, and this is we're doing to mitigate this risk. For sure. And so how did you have the confidence to move into that first deal... I know you had a mentor, I'm sure you were educating yourself, anything else that helped you to move towards that project?

**DP:** Again, I think that the years of experience that other co-GPs have on this deal, the market that we were in, and again, just leaning on and explaining to folks how my mentor, prior to my experience in acting as a co-GP, just like many other passive investors, focus on the financial metrics, and my mentors have been so incredible in helping me to realize the importance of the team and just the operations and the post-acquisition process, and I felt more comfortable in this deal that... In any deal that I've invested in in the past, because of that team that I get to work with, so I think that really helped build my confidence and know that I was making the decision, not only for myself, but for my investors, and I wanna bring my investors along with me on all of my future deals, obviously, but I would like for them to refer other investors, so I

think focusing on that excellence in customer service, and then also, just as I said, being extremely confident in the team that you get to work with and their previous success and ability to operate assets complements, as I said, the skills that I already bring to the deal.

[END OF INTERVIEW]

[OUTRO]

**Whitney Sewell:** Thank you for being with us again today. I hope that you have learned a lot from the show. Don't forget to like and subscribe. I hope you're telling your friends about Real Estate Syndication Show and how they can also build wealth in real estate. You can also go to [LifeBridgeCapital.com](https://LifeBridgeCapital.com) and start investing today.

[END]