

EPISODE 1516

[INTRODUCTION]

Paul Wakim (PW): Knowing what I know now, if I could snap my fingers TwnSqr to success, would I go out and start another tech startup? Yes, I would. 30 days ago, whenever I was in the thick of things like, alright, how do we hire enough development talent? How do we get the products out the door fast enough? Like what does the pipeline look like? And I'm just in a blender, as I call it, trying to grasp for all these different things and control it all. I would have said, no chance, no way. Maybe another 30 days, I'll feel that way again but I would do it again. Everything in business, I feel but especially in a tech startup requires so much structure, like if you're gonna move fast, and you're gonna break things, as people say, in startups. It has to be structured, and it can't be a blender where you're just trying to grasp everything all at the same time.

Whitney Sewell (WS): This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Our guest today, he has started a business that's helping people find deals. We're all looking for off market deals, if at all possible. But whether you're looking for the single family or duplex to a large apartment community, it's helpful if you can go direct to seller and figure out who that person is. Today, our guest is Paul Wakim. He's a co founder of TwnSqr, a real estate technology startup devoted to breaking down the barriers of the real estate industry by providing homeowners and real estate professionals full control over the connections they make for their next real estate transaction. He started TwnSqr as a project to create an algorithm to predict who would sell their house or property next, so he could buy more deals. Today, TwnSqr has reimagined how the real estate process works for buyers, sellers, and investors. And it's the most secure and fastest way to connect with the best person for your next real estate transaction on your own terms. So definitely in our space right now, deals are hard to come by right, no doubt, and I hear more and more people talking about trying to go direct to seller one way or another. There's many ways to thinking about doing that. I know many of you have heard about that today. And tomorrow, we're going to be with Paul, he's going to talk about TwnSqr. And we're gonna talk about even some other things behind even

starting a tech startup and raising money that that came out of the interview that I thought was fun. That could apply to every one of our businesses. I know you're gonna learn a lot.

[INTERVIEW]

WS: Wouldn't you like to reimagine the process for real estate investors and sellers? Man, our guest today has done just that. Paul, welcome to the show.

PW: Thanks so much for having me. Whitney. I'm excited to be here.

WS: Yeah, honored to meet you and learn more about what you have going on. I mean, it's very interesting. But let's do that. Let's jump in. I want to learn a little about you and TwnSqr, give us a little bit of background, what is TwnSqr, so that listeners, you know, have a little better understanding than I could give them. And then why real estate as well. But first, what is TwnSqr? How did this happen? How did you get to TwnSqr?

PW: Yeah, so first things first. TwnSqr is a marketplace for off market properties, real estate investors, wholesalers, anybody who really has a property to sell off market or has the expertise to sell it themselves off market. It's a marketplace. But I've been real estate investor for the last six or seven years. And I know what tools I need to help me sell my properties faster. So we've built this marketplace at TwnSqr, but then we're building tools on top of that marketplace structure to support real estate investors and improve their businesses. So yeah, it's been a long time coming. I started my real estate journey right out of college in 2016. And it's been a little bit wild, going from pure real estate investor to real estate photography to now doing real estate technology. It's been a wild ride. But yeah, TwnSqr is an off market property marketplace for active real estate investors with tools built on top for those active real estate investors to support their businesses.

WS: Nice. Is it true you acquired some properties for \$1?

PW: Yes, the one property that is the jewel in my crown is a property that took me two and a half years and the final deed was that I bought it for \$1. You know, the sale price at the county assessment office was that I bought it for \$1. But it was about \$15- to \$20,000 in attorneys' fees getting to that point. But I was one of the first people in Pennsylvania where I bought that property to go through a process called the conservatorship where you kind of take control with the help of the family after somebody has passed away. But I ended up buying a property for \$1 and then selling it to my landlord who I was renting from at the time for \$86,000. So it was a great day.

WS: That's awesome. Like you, I can see that being the jewel and you're just interesting deal. And what about prior to TwnSqr, you said you got into real estate in college and real estate seem to have always been something there. Right. I think you had mentioned earlier to your wife's in real estate or in some sector of real estate. Why real estate? Why not some other industry?

PW: Yeah. So growing up whenever I was really young, like elementary school, I saw what my grandparents on my mom's side and what my uncle on my mom's side of my family what they were doing in Palm Beach, Florida, which is a really nice part of the country with some houses now that are listed over \$100 million. My uncle was an architect, my grandfather was a builder and my grandmother was a real estate agent. And they all work together to sell some of the most expensive houses in America and I got to see how their businesses work from a young age and understood the life that real estate could provide. And it really just like left an impression on me that has lasted for forever throughout my 29 years of life. But then in high school, I was over at my friend's house So one of my best friends and his dad was a real estate investor is still a real estate investor. And he explained what the process was and how much money you could make by owning single family homes, and then multi families and then raising money. And that also left a humongous impression on me. So I've always had this like stamp in my brain of real estate is something that you can trust. And it has led me down the path that I'm on today. Maybe if all those different people pointed me towards opening a grocery store, I would have opened a grocery store. But here I am with real estate on my mind at all times.

WS: Yeah, I don't think you made a mistake by focusing on real estate. It's interesting, though. And even interesting, just what influences us, even from a very young age, I just always think about that with my kids is their little, you know, what am I dealing with influencing them good or bad, you know, but wow, well give a little insight into why a tech startup. I would love to know a little more about that personally, but I just think it's interesting. You know, I've never started a tech company. But I'd love to know some of the details about what it was specific to a tech company and why you chose that path, even in the real estate industry.

PW: Yes. So when we graduated from college, my wife and I, my girlfriend at the time, she had bought me a drone from my graduation president. And it led me down this path of creating what has become one of the largest real estate photography companies on the East Coast based in Pittsburgh, Pennsylvania, where I'm from. And as I was the only photographer in that business, I had this lightbulb moment that is so obvious, and so dumb now, but there is no real estate without a seller. So I thought if I can predict who is going to sell their house next, then I can rule the world of real estate. So I was a real estate agent, I was a real estate photographer, I was a real estate investor. And I knew there was no real estate without a seller. So I figured out what machine learning meant. I figured out what algorithms were and I taught myself how to code. I woke up at 3am for six months straight and worked with a coach over in Europe to learn how to code in Python, I built a very sad, very, very rudimentary algorithm to predict who was going to sell their house next in the Allegheny County market, around Pittsburgh, Pennsylvania. And it actually helped me buy that one house that I got for \$1, and a couple others. So definitely has helped start my career.

PW: But then I met my co founder, our CTO, his name is Mitch. And Mitch is a true genius when it comes to computers and technology and data structure and machine learning in front end development and back end development. And whatever other buzzwords you can think of that means a smart guy in tech. And I said, listen, then we can predict who's going to sell their house. And he said, yes, we can. He quit his job, we built this really cool algorithm in the beginning of 2020, and then the pandemic hit. So the pandemic hit, all the data got screwed up. And we had to what we call in the tech world, we had to iterate on our idea to keep it alive kind of like fanned the flame. And the way that we decided to do that was by raising money

from family, friends and family offices around the East Coast, so that we could build this technology company and go through these different iterations. So it all started with me thinking, I know how to code or I can teach myself how to code so that I could support my photography business and my real estate agent business and my real estate investor business really wanted to solve that problem of figuring out who was going to sell their house next.

WS: Wow. Okay. Well, I wanted to point out a couple things there. Because I love stories like this, where it's like, okay, you're waking up at three. For one, you obviously had a lot of drive to make that happen. And then you had a coach, you had somebody that's like going before you teaching you, right, helping you Yeah. Are you? Are you working full time at the time as well? Is that why you had to get up at 3am?

PW: Oh, yeah. I was the only photographer taking 12 to 15 photography appointments a day and coming home and trying to figure out my real estate investment. So, it was early morning, figuring out how to code, all day taking photos, and then all night figuring out how I could buy my next property.

WS: Yeah, that's awesome. Well, I love stories like that, you know, it's like you persevere, right making it happen. But then you met your business partner, how did you I get that question all the time. How do you meet your business partner? Because it's so often you talked about how, you know, he's the genius and tech or whatever, which is helpful in a tech startup, right? If you're the CEO, and you met him, right, but often, even in my own case, it's like why have skill sets I have placed parts of the business that I focused on and I've dialed in and spent so much time on Well, there's so many other parts of the business it's helpful if I can find other people right that know those skill sets, but when I found my business partner, we also like took off right because he brought other skill sets that I didn't have an eyebrow skill sets that he didn't have. So I get the question all the time. How did you find your partner? Well, how did you find yours?

PW: Yeah, Mitch and I met rock climbing. So I'm very outdoorsy, I really enjoy pretty much anything outside. And at the time that Mitch and I met, I was rock climbing as much as I

possibly could. My days usually were, wake up, learn how to code a little bit, go to the rock climbing gym at 6am, rock, climb for an hour and a half shower with my camera bag in the car, go out and take photos and then come back and do my real estate investing. And I met Mitch through a couple of my rock climbing friends. And at the time, he was into real estate a little bit. He had an Airbnb. And I just told him while we were rock climbing one day, like, Hey, I'm doing this. And yeah, it was very, very much serendipitous at the base of a rock climbing wall in Pittsburgh, Pennsylvania.

WS: Wow. I don't know if I want to partner with a rock climber because I feel like they're open to too much risk.

PW: I'm just getting. There's a lot of risk in a tech startup. I'll say that much. You're totally right.

WS: Yeah, a little more risk and some rock climbing, I would say but I don't know anything about it. I just feel like there was. But now interesting. So what about raising the money then? You know, it's not cheap, right? Free to start a business of any kind, really, almost. So you raise money from family friends, you even mentioned family offices. Speak to how you raise the money.

PW: Yeah, so there's this thing in the tech startup called an accelerator, your listeners and you might be familiar with it. An accelerator is a place where companies go to get coaching, get connections to investors and get legal documents, to assist in their money raising and an assist in really running the business. The premier tech startup accelerator in the world is called Y Combinator. Insane companies have come out of Y Combinator. And they have really created the gold standard for how early early stage, as we call them, pre-seed tech startups raise money. And the way that we raise money companies like TwNsqR have raised money is with a safe, a simple agreement for future equity. And it's a document that Y Combinator puts out their open source for everybody to use. And it's essentially a convertible note, but without an interest rate. So the standard tech startup Safe is a convertible note with a \$5 million valuation cap post money valuation cap and a 20% discount if that \$5 million post money valuation cap isn't met. So we put together traditional safe went out, I learned how to pitch what exactly a

safe was, talked to some former business partners of mine, talked to some family members of mine, and then got the introduction to a family office on the East Coast that had some experience with safes and investing in risky, pre-seed tech startups and proposed our idea to them, and it's all worked out since then. But it's definitely because in large part because of the people that I had around me and the ease of access to those simple three page contracts that the likes of Y Combinator put out.

WS: Wow, okay. And somebody's doing this today, what would be the first step in making that happen?

PW: In raising money?

WS: Yeah, for a startup like that?

PW: Yeah, I would do what I should have done. And that is understand what the investors are looking for, you know, your investors are looking for the terms of the agreement, your investors are looking for, okay, what can I expect my return to be? Where are the numbers at in this document? And then how does Paul or how does the person raising money speak to those numbers? I took the approach whenever I was starting to raise money, of, okay, I understand these documents and how they're going to help me. And then I went out and pitched. This is how it's going to help me you need to give me money, because this is how it's going to help me.

The shift happened in my brain whenever I said, okay, it's a \$5 million cap with a 20% discount, and I need \$400,000. And it's gonna get you this much. And you can expect this kind of return in X number of years or whatever. As soon as I framed the conversation in the way that an early stage tech startup investor wanted to hear it, then it was much easier to raise money. So I'd say understand the nitty gritty terms of an agreement, understand how it can help you and what you need out of those terms. But then whenever you're pitching to a potential investor, understand how those terms sound in their mind and for their return on investment.

WS: Yes, we can all learn from that right there. Man, that's so important. What you just said, thank you. I mean, in our business, I mean, like, that's so important. I mean, framing the marketing for our investors, like they care about them, right? I mean, we care about them too, but oftentimes, it's exactly what you just said we want to talk about even our deals and say, you know, this is what's going to happen if the deal or whatever, which is important, our investors want to know those things, but And how's it going to affect the investor? When are they going to get paid? You know, how long is their money tied up all those things? What's the risk level? And why all these things that affect them? So it's, it's interesting, you know, framing the marketing for the investor, or putting yourself in your investors shoes, right? What do you care about, you know, when you're presented an opportunity for investment?

WS: Okay, so you get this to a start, raising some money, your seed round, or whatever you may be from these family, friends, family offices, he was one of the first steps that you also can in growing or that that helps you to scale? You know, even I think about our syndication business and brand and other people that are, you know, I just get questions all the time about how we've scaled quickly or, you know, because there's growing pains, no doubt about it, right? You don't unfortunately, didn't learn lots of things that come the hard way. And then you pivot and learn, but what would you say was a couple of the next steps that you took to really scale or start to grow?

PW: Yep. So I'm a big fan of the book called "The One Thing" and I was looking at it to see if you had it behind you on your shelf, but I don't see it.

WS: I do have it. But I think it's at home. Yeah.

PW: Nice. So a lot of my business career, and especially running this tech startup is centered around the ideas in that book. That is, how do I get the one thing done every single day, that is going to push the company forward and allow us to get closer to what we quantify as success. So we raised this money, and I have this book, I mean, if anybody's looking at video, I have a notebook that sits in front of me every single day, and I have an orange highlighter, and I have a

yellow highlighter. And I highlight the things in yellow that are my one thing, things. And those are the things that have to be done every single day for me to be able to sit down at dinner with my wife and say, okay, I've had a somewhat successful day, I actually got the things done that I needed to get done.

PW: And we raised this money. And I was looking at my notebook saying, okay, how do I get the orange highlighted things off of my plate and onto somebody else's plate so that I can focus on the yellow highlighted things. My one thing, so we raised the money. And I went out and hired somebody who was actually one of my childhood best friends who was great at sales, and still is with us as our director of sales to take over those sales actions that weren't my strong suit. But were things that were showing up on my to do list that weren't my one thing each day, but they were important. So I took my my notebook and translated that into a position that I needed to hire somebody for, and went out and hired that person with the money that we had raised.

WS: Awesome. Yeah, that's interesting come from that book, and how you have implemented that in a big way. Just that way of thinking of the one thing I encourage people to read that book, it's it is thought provoking? And what is the most important thing that you can get done today? Right? It's right. Yeah, it's so helpful, because we can get so we're overwhelmed with all the mundane tasks, right, that fill up our time, similar, like email, and not get anything done. Right. Yep. All right. So now, you know, I know just from our conversation to you all have a remote team, you know, speak to how you have scaled, maybe you know, some of the next hires or what that looks like and how you operate remotely.

PW: Yep. So after we hired Kevin, who's our Director of Sales, he was our first employee, we hired a couple overseas employees. Some people in Pakistan that have been working with us since they're a product of a girl from Pakistan that I had been working with for five years at the time, and I'm still working with her. It's now been seven years that we've been working with her. So we saw, okay, what was my one thing? What are my yellow highlights? What are my orange highlights? Okay, Kevin gets a lot of my orange highlighted tasks. Okay. Then Kevin makes a orange and yellow list. He figures out what his one thing is. And there's a lot of stuff in

his none-one thing tasks, his orange highlights that are more or less busy work or things that can be done by somebody who's less expensive. So we hired more VAs overseas to help us with those lower-level tasks, things that can be done faster if you're focused on just those instead of focused on a bunch of other stuff at the same time. And then we just really kept going through that process. And today, our team is totally remote. I'm currently in Lake Tahoe, California. Mitch, my business partner is up in Oregon. Kevin is in Scottsdale, Arizona. Taylor, one of our other sales guys, he's in South Dakota. And then we have five VA's in Pakistan that are rock stars. And everybody works great together.

WS: That's awesome. Speak about communicating across a remote team. How do you all do that well? Even building culture, communicating and building culture.

PW: Building cultures definitely has been, I wouldn't say difficult, but it's been something that I have to focus a lot on, instead of just being in an office and high-fiving people. High-fiving and giving hugs would be a lot easier than joining a zoom call and smiling really big. But communicating, I'm actually happy you ask because I'm really proud of the processes that we've put in place for communicating. First thing is, everything is written down in a Google document and organized. Every single meeting, every single conversation that has any serious substance is easily findable in our Google workspace. I can see exactly what Mitch, my co founder and I talked about seven weeks ago, even though I haven't seen him for three months, or four months in person. Same thing goes for my three day a week sales meetings with Kevin and Taylor. Same thing goes with my bi-weekly meetings with our VAs in Pakistan. Everything is written down and in a folder inside of our management and meetings place inside of Google Drive.

PW: The next thing is we use Slack, it's a bit of the bane of my existence, as we were saying a little bit before the call. Slack, it can be a time suck but managing when you get notifications, and when you don't get notifications has really helped with our communication internally. We actually just instituted this new process where our sales guys and our entire team really but our sales guys in particular, we give feedback on each other's sales calls inside of a specific Slack channel, that is sales feedback. Everybody takes the CRM link that has the recording of the

call, they were just on, they paste it in there and say a little bit about who it was with. And then everybody gives feedback. And it's written down there for everybody to review. So yeah, making sure that everything is written down and very visible for everybody else, has not only helped us communicate more clearly, but it also builds the culture of keeping everybody accountable. So, those are the things I would say, we've done that have been successful.

WS: Yeah, now that's awesome. I know, we've done lots of things over the last year, or just learning and implementing things internally to help us to communicate better across the team. It's helped with culture and all kinds of things, right. There's a number of like, we're having more meetings than ever, but it's still they're very structured, many are very short amount of time. But it's those times a constant interactions, right? or continuous. Were even times outside of the day to day grind, where I can express that I care about my people, you know, and that's going a long ways, I think. And also, you know, in a book I read recently questioned me about, you know, if you don't know your team members, say spouse's name, or how many kids they have, just a few basic things like that. Maybe you're not having enough conversations with them outside of work, right? Or maybe think about the culture that you have, that you're pushing forward. But I appreciate that. Would you do a tech startup again?

PW: I would say, honestly, my opinion has changed quite a bit over the last like 30 days, honestly. Knowing what I know now, if I could snap my fingers TwNsqR to success, would I go out and start another tech startup? Yes, I would. 30 days ago, whenever I was in the thick of things like, alright, how do we hire enough development talent? How do we get the products out the door fast enough? Like what does the pipeline look like? And I'm just in a blender, as I call it, trying to grasp for all these different things and control it all. I would have said, no chance, no way. Maybe another 30 days, I'll feel that way again but I would do it again. Everything in business, I feel but especially in a tech startup requires so much structure, like if you're gonna move fast, and you're gonna break things, as people say, in startups, it has to be structured, and it can't be a blender where you're just trying to grasp everything all at the same time.

WS: Sometimes I just think you get more organized while being in the blender. Like a blender doesn't get turned off, you just get better at being in the blender.

PW: You have more arms to grasp things.

WS: That's right. That's right. No doubt about it. Well, what is the projection for TwnSqr? What's your long term goals to real estate, you know, in TwnSqr that you have.

PW: Yeah. So what we're pushing for right now, with our platform is legitimacy. You know, there's a lot of available properties and there will be more available properties, I think, as this downturn comes and people are willing to sell fast because they're in financial distress, and they're willing to sell off market because maybe selling on market seems like it's a longer process. I think there will be more properties coming online and TwnSqr will be busier than ever. But our long-term goal for the properties, the posts, as we call them on TwnSqr, is for them to be legitimate to the point where they can be underwritten by a lender right from the platform. So near-term goals are that a hard money lender, a bridge loan lender or a syndication can come to TwnSqr and have all the documents, all the rent rolls, everything that you could possibly ask for, all the comps in one place so that that property can be underwritten to 85-90% completion right from that post, and then long term, I think just like any other startup, maybe one day we'll sell and walk off into the sunset and start our next startup. But right now we're laser-focused on legitimacy and making sure that the influx of properties that do come online, off market are standardized, clean, professional, and legitimately underwritable by other professionals.

WS: Yeah, no, that's awesome. Paul, I just want like listeners investors to know, you know, as they get started the potentially a great platform to get started and learn, right, learn a lot and find their next project. And so, Paul, tell the listeners, how they get in touch with you how they can learn more about TwnSqr also, give a inside look to the listeners. Before we go is that Paul's gonna stick around we're going to do another segment on sourcing off market deals, and we're going to dive into that, but that'd be tomorrow. Paul, how can they get in touch with you and learn more about you?

PW: Yep, you can get in touch with me by sending me an email, you can send me an email at paul@twnsqr.com. It's just TwnSqr without all the vowels as these creative tech companies are. And then you can find TwnSqr, T-W-N-S-Q-R across all social media. I don't personally really maintain a social media presence. But you can connect with me on LinkedIn. My friends from high school and from college kind of make fun of me because I don't have Instagram presence. I don't have, I don't have a TikTok, I just focus all of my effort on business and spending time with my family. So yeah, TwnSqr across social media, LinkedIn for me and send me an email if you have any questions.

[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 the Real Estate Syndication Show and how they can also build wealth in real estate. You can also go to LifeBridgeCapital.com and start investing today.

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