EPISODE WS1597

Brian Tobler (BT): You've done your homework. I think the key is just to create a relationship with the banker. I mean, we're all people, right? It's at the end of the day, it's scary. It should be one of your colleagues, one of your friends, whatever you want to call it, your trusted advisors that you can lean on, you can ask questions, almost consult back and forth bankers all talking to each other.

Whitney Sewell (WS): This is your Daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Today, our guest has 15 years of experience as a seasoned banker. It's interesting. We had a great conversation around his background and the perspective that it brings into our industry. But just a big background in finance, real estate and sales, professional, proven track record of success.

His name is Brian Tobler. He has a solid production history, demonstrated availability, source, analyze and execute a variety of commercial real estate deals. You're gonna learn a lot from him today, I just gotta go into it. He was a financial analyst for the government, and then a bank examiner, right through the 2008 crisis. There's things that he's gonna have a different perspective, right than many we have on the show. So I enjoyed that. And I hope that you learn a lot today. It is interesting to hear from different perspectives in our business, right?

There's different fields who, as an operator, I want to know how they see me as I come to work with them, or as we partner on deals, whatever this may be, but today, and this perspective comes from a banker, and it's a lot of experience, and now even an active experience in our business. Brian, welcome to the show.

BT: Thanks for having me. Good to be here.

WS: Yeah, honored to have you on looking forward to learning from you and the listeners learning from you as well. Give us a little more about your banking, background, finance background, you know, and then we'll move towards, you know, now your active role in this space as well.

BT: Yeah, so just a quick synopsis on me. I largely began my career with the government as a financial analyst and moved into being a bank examiner through the Great Recession, if you will. So I was able to see a lot of different deals as a bank examiner and a lot of different banking institutions that struggled through that downturn. So it kind of gives you a different view of what happened from the financial institution perspective there.

After that timing, I pivoted out of that into commercial lending. For the last nine years, I've done hundreds of millions of dollars in deal flow to largely real estate investors in the Denver Metro area. So anything from ground up construction to commercial real estate, retail, industrial, hospitality, multifamily, I mean, kind of the whole gamut. I've seen a lot and still have a lot to learn, you know, nobody knows everything. So happy to always learn from others, but bring my perspective and what I'm good at, what I know.

WS: Yeah, that's interesting. I would love to hear maybe some lessons learned or a couple examples or stories about being a bank examiner during that time. And what did you take from that, that you're able to apply? Right now?

BT: I think the key there is, you know, the market always has cycles. And you know, sometimes even banks get confident in lending and giving out debt that maybe shouldn't be given out, or sometimes sponsors or borrowers push banks to do certain things. But I think I think the wisest approach is for the not only the borrower, but the bank, both to feel comfortable with the leverage and what they're doing, make sure that it's underwritten conservatively, because, you know, I think what we saw then, at least here in Colorado was there was a lot of development deals, land deals, that ultimately failed.

And when you have to sell those for 30 cents on the dollar, and you're talking tens of millions of dollars, that bleeds the capital out of the bank, literally, almost overnight. I mean, you know, if that value drops that quickly, I think that the key is just going back to the fundamentals. And you know, we can all get a little excited, the markets hot, we're going to miss out, we all get a little greedy at times.

And I think that's where we have to catch ourselves and say, hey, does this make sense? Is it underwritten fundamentally? Right? Are we protected, both from the investor standpoint as well as from the financial institution staff? Because the capital stack, and it has to make sense for everybody? Right?

WS: It does. Yeah, that's interesting. It's just, you know, I have these many interviews, I've never had someone on the show. I don't think that was a bank examiner, specifically during that time as well. So that's just an interesting take and, you know, in that, like, the first thing you think about for the wisest approach was really that LTV, is that accurate? Ensuring both sides the operator and the lender are good about that loan to value that we're not over-leveraged?

BT: Yeah, I think loan-to-value and then just making sure the cash flow is there, right? Because I think especially for developers, you know, if it's an operating existing assets stabilized, that's a little bit different than if it's you're buying land to develop and you're buying more and more and more because you want something in the hopper so you don't run out of inventory, right, and that's when you can overstretch and really kind of have a bad day or month or couple of years.

WS: Yeah, a few years, many years.

BT: Yeah. Work out of it.

WS: Yeah, it's great to hear that perspective. And just think through that, and how we can apply that right now. You know, after this many years now in banking, we'll try to do both sides of this given time that we have, but first, you know, the operator coming to you, the lender, help them to be better prepared than normal, you know, just equipped to work with you, as the banker, being in their shoes.

What were some of the best examples, maybe, you know, of operators that came to you that man, you were like, Okay, this operator's got it together, this is somebody we want to partner with.

BT: I think the best operators and the folks that the bankers appreciate the most, and obviously, being on the investor side, too, I have to keep this in mind as I push forward and turn to banks for debt as well. But, you know, I think it's having your package clean and orderly. So if you have your underwriting, that you can submit with your proforma, you have your property or project information, all laid out very clean and orderly, you have the overall financial package, whether that requires a personal financial statement, the tax returns, the rent rolls, depending on whatever property type you're doing.

And then you know, a resume or something that kind of lays out the expense, depending on how long you've worked with this banker. But if you're new, you're going to need it, all right, and they're gonna have to get to know you. So bringing all that in a Dropbox file, or in some way that the banker can get it, read it, review it and make a quick decision on Yes, we think this is something we can pursue with, they can get it into their team into the underwriting a lot quicker that way.

Everybody comes out happier than if it's piecemeal together. And occasionally, yes, the bankers are going to come back and say, Hey, we need more or we need we need a little more on this or that. But I think that's a huge start kind of not that you're going to treat them any differently. But if somebody comes unorganized, or they're missing a lot of the material or there's their financial zone out, or something, it just starts to raise red flags. And then that hurts their chances honestly, of getting through or getting through quickly.

WS: Yeah, for sure. Now you laid out a number of things that are two to have together in that package, you know, that you talked about? And no doubt about it just makes it easy, makes it show that they've done their work, their homework, right before they come to you. Yeah, they've educated themselves, hopefully about the asset class, but this specific asset they're coming to you about?

What would you say about someone coming to you maybe before they have a deal, right, just to develop the relationship and discuss their plans? Is there a way that you even like to see that presented, maybe even before they have a specific project in mind that they need lending for?

BT: Yeah, I'd say that one of the best ways is usually bankers are pretty willing, unless they're just totally overwhelmed. But if you can get them, you know, out some sort of a coffee meeting, or a lunch, sit down with them, get to know get to know their personality, and then talk through what you're doing, you know, we're, it's not rocket science, it's just more of, Hey, these are my thoughts, these are my ideas, this is what I'm doing, I'd like to come to you for this type of financing, does this make sense?

And then, you know, maybe do a little give and take of feedback from the banker, and vice versa. So you can kind of fill each other out with what that looks like that helps you to meet in person, or even if it's a Zoom call or something, if it's unable to be in person, so they know who they're talking to. And then when they do come back with a project, you know, the banker can be a lot more confident and excited about, hey, I know this person. This isn't just somebody that randomly popped out of the woodwork.

And I have no idea where they came from. Because quite honestly, a lot of banks will say, hey, was this a referral from another existing customer? And if it was, it's usually a little easier to get them in? If it wasn't, it's like, well, how did you get to know them? You know, where do they come from? What's their experience? What's their background? So all the things that the banks can want to know?

WS: Yeah, for sure. I want to make sure we have some time to really talk about, you know, the opposite side of this coin a little bit, and even you going into the active side of this business now, but anything else you would like to leave the listener with, as far as you know, from the banker's perspective, you're sitting in the banker's/lender's seat, right? You know, working with an operator, what else would you say, hey, they need to make sure you all know this, or before you have this meeting, or this deal, whatever it may be.

BT: I think if you've done your homework, I think the key is just to create a relationship with the banker. I mean, we're all people, right? It's at the end of the day, your banker shouldn't be scary. It should be one of your colleagues, one of your friends, whatever you want to call it, your trusted advisors that you can lean on, you can ask questions, you know, almost consult back and forth bankers are always happy.

I mean, most bankers are on a salary. So it's not like they're, they're losing money to talk to you. And then from there, it's obvious they want to get deals because that's how they're compensated. So they want to make sure that they're dealing with people that are really going to come with a full package and be able to fulfill their side of it so the deal can get closed.

WS: Yeah, no, it makes complete sense. Well, you know, speak to your decision to leave that industry now, you know, and go in more of the active route your thoughts behind that, I guess why do you feel that good about our industry and our multifamily, whatever asset class it is you're focused on?

BT: Yeah. So I'm kind of spiraling right now, I'm in a little bit of a brokerage role. I'm currently not in in a banker seat, I do have banks that are interested in wanting to hire me, but I'm trying to decide, you know, what do I with my time, and a part of that is, is taking more of an active role in the investment community, you know, getting involved in more conferences and masterminds, meeting people helping people. So I think the biggest difference is, you know, I was able to see some syndicators information internally, and it kind of opened my eyes to wow, this, this can be a really lucrative career path.

And not only that, but you get to help a lot more people than you know, if you're just helping each operator as they come there, you know, those deal sizes, you can help a handful a year, you know, based on dollar volume, but you can help a lot of people if you become a syndicator, especially if you know, multifamily or storage, I mean, people need units, right?

People need a place to live, a lot of folks are looking to deploy their money, they have 401(k)s and they're like, well, this isn't getting me there, they work hard, they do good and what they do for work but they're trying to figure out other solutions and other alternatives to invest their money and I think that's really what lights me up is getting involved and helping people raise the capital get it into deals so they can make their money work for them.

WS: You know, it's interesting to hear that you know, different people leaving what a lot would say a secure long term you know, position right to move into this field. I did the same thing. And I started with the government many years ago, but not in the financial world by any means. That's interesting. Speak to your growth. Now, you moving into the active route, how did you determine Hey, I'm confident enough to do that or educate yourself? How did you start growing in this way? And you know, your plan moving forward?

BT: Yeah. So I think the first place for most people is you get material right? You start educating yourself start reading or watching podcasts, you get more involved in the community and then as you do that, you get more knowledge and more confidence that okay, well this is what what is maybe my path, you know, there's a lot of different paths that person can take, you can partner you can you can do your own operation.

You can be a capital raiser, you know, you can do funds there's a lot of different approaches you could take in this industry. So I think that's where I started. I mean, I jumped in and started educating myself, started networking and the more I did that I was like well man, this is I really enjoy this is what I'd like to do more of kind of speaks to you, so to speak.

WS: Yeah, no doubt there's so many ways to educate ourselves and unless so much free information now too. I think men do have to jump in and make some stuff happen meeting some people. But uh, one thing before I forget I meant to ask you was background kind of on the banker conversation a moment but how do you know which bankers are going to be the ones to help you get the deal closed? Right, you know, so you're not spinning your wheels you know, really with the wrong lender as well. Any thoughts on that?

BT: That can be somewhat tricky because some sales professionals will talk it all up and then they don't fulfill it right? It's kind of all talk and no action. So I think it boils back down to whatever markets you're going to want to operate in. I think that is part of your due diligence not only for yourself but your your investors of saying hey, I need to get a list and I need to interview some bankers and I need to get you know, word of mouth probably the best referrals right of talking to other operators, who do you use who has been good? Who will fulfill what they say they'll do? Who gets deals closed and doesn't re-trade or do weird things?

And I know there's always circumstances things can happen but I think that's the best way is is the referral sources and then if it's just hey, what banks are lending on care you call them up and you start drilling down and you get them to go to lunch with you or you know have the buyer banker buy you lunch can't speak tech so you know you get a free lunch out of it and they they're happy to you know, they're looking that's their job is to grow business development, right?

Just like just like anybody so I think that's what you've got to do and I think I would say have two or three you know, I think one primary guy but have have maybe a backup or or even a third that's in the market so if for whatever reason that bank is full on that type of asset for the year, for the budget, then you have another another one or two guys that you can lean on to get the deal done.

WS: For sure. Have more than one in your pocket from your experience I mean your bank examiner then a lender, you know yourself for many years now going active from what you learned, which asset class are you focused on and why?

BT: Right now, I'm primarily focused on multifamily. That tends to be where a lot of my network is not that there's anything wrong. I like storage. I like multifamily, like industrial. I've personally invested in both multifamily and industrial. I think any asset class can make sense. But for me personally, right now, I'm mostly geared towards the multifamily space.

And I would say there's, you know, there's a lot of properties out there, there's a lot of activity going on. And this is where I see opportunity. So any asset class can be good, you just want to make sure you understand it, and the underwriting is solid. And, and it's making sense. you know.

WS: How are you mitigating risk now, you know, just in the economic climate that we're in, you know, from previous experience, other than, you know, having the LTV that you feel good about, maybe what are some of the things that, you know, from your experience, too, it's like, okay, I know, we should be doing these things, or if I'm partnering with an operator, you know, these are some things I want to see in place for them doing or in our deals or whatever.

BT: Yeah, I think there's a, there's a few big things that I guess that we all need to be aware of. And I think the first thing that I look at, if I'm gonna partner with an operator in particular, is I want to see communication that's consistent, and it's good, it's timely.

Second, I want to see that they, whether it's me, or them, if I'm doing my own, or I'm partnering with somebody, that they vetted the location, right, that they understand the market, and that the locations that they're looking to buy assets are the ones that are underwriting are in a good location, because you you know, you can't trade the location, once you buy the asset, it is where it is. So I would say location is very, very important. And that's the age old phrase, right? Location, location, location, but that holds very true in the marketplace. And it draws a certain guest person to the property, if you will.

So again, it's the fundamentals, hey, do they underwrite? Are they conservative? What are their assumptions? Are their assumptions realistic? And reasonable? Are they stretching to make lumber numbers look better? Or is this just, hey, this asset cash flows, day one, we can go in, this thing makes sense.

Anything we do to force appreciation, is just really just that value add, right? If we're not having to, like really, really heavy lifts, I, you know, I think people need to really know what they're doing. Because in a lot of cases, those won't have cash flow on day one. But if you know what you're doing, and you get in there, and you can, you've got a good team that can still make sense.

But yeah, just kind of nothing, nothing earth shattering, right? It's just the same old fundamentals that happened and in a process of taking down an asset, but then also say, the experience of the operator in a partnership basis of, you know, have they gone full cycle, you know, what are their other properties look like? What were the results? What did they tell their investors? And then how did that end up coming to fruition?

WS: Yeah, no, that's a great list of items there, no doubt about it. And we hear some of those often, for a reason, right? One they are important in, they've been proven to maybe have not been done many times by many investors, writer operators. So we can't hear those things too many times, I believe. But Brian, do you have any predictions just for the economic market or real estate market over the next 6, 12, 18 months?

BT: I don't really have any strong predictions, I think that we all kind of know, it's going to be a little more challenged. So, you know, obviously, the debt markets, the interest rates are high, and any floating debt has to be thought about cautiously and carefully as far as you know, what that looks like, from a cash flowing perspective of the property. So even if it's an interest only, you know, bridge loan, if you don't have some sort of cap on that, or some sort of reasonable timeline, you know, that could squeeze the property.

So it'll be really interesting. I think there will be some distress. You know, I think we're seeing that coming out of some of the news articles, some of the research hitting the news is saying that, you know, some distress is already starting to hit the market. And that will really determine the kind of operators because I always like to say, we all look like heroes in an up and up environment, right?

Bankers, operators, whatever, everybody looks like a hero because the appreciation of the market gets cheap, you know, we can just sling deals, and it can turn and turn and burn. But now that things are leveling out, and debt has gone up significantly, I think it's going to change the game for a lot of folks. And we're going to have to really be thoughtful about the underwriting assumptions surrounding that in particular.

WS: Yeah, the last thing we want as a bank examiner to be having to look at.

BT: Yeah, that's never good.

WS: What's the way you've recently improved your business, Brian, that we could apply to ours?

BT: A way that I have improved my business? Well, I don't have a great answer for that. But I think the way that I take daily action to improve is to continue to learn and grow. I mean, I don't think there's a better way than just personally to learn and grow and kind of learn something every day, right?

Whether that's reading, watching something, taking something in networking with people just so much out there sometimes it feels overwhelming, right? I'm like, man, I still have so much to learn still relative to what's out there. But I would say the number one thing for me is that growth, learning and consistently improving myself so that I can be better for those that I'm serving.

WS: Awesome. What about your best source for meeting new investors right now? What would that be?

BT: Best source, man there's, there's a lot. I think the quickest way if you want to start to meet a lot of people is to attend conferences. I mean, that's, that's just jumping in the deep end, you know, you can't be a wallflower. Just get off the wall, shake hands, talk to people, everybody's there for the same reason.

So you know, you shouldn't hesitate to just talk to whoever you can and get to know them what they're doing, see where you can add value to them. Another way is obviously LinkedIn. You know, there's so many professionals out there, you kind of see their background, you see what they're about, you can message them and get to know them, especially if they're in obviously, different markets. So those are two great ways.

WS: What about your best advice for passive investors?

BT: Best advice for passive investors, I think the best advice I could give is, you know, make sure that that you understand what the active partnership or operators are doing as best you can, I mean, you're not going to, you're not going to know everything, but you should have a good solid understanding of, hey, this is what we're investing in. Here's the numbers. Does this make sense? And then obviously, feeling comfortable with their history and their track record.

WS: What are the most important metrics that you track personally or professionally?

BT: You caught me red handed now, I could be better at tracking, honestly. But I think the metrics to track I think boil down to financial metrics of, you know, that's kind of proof in the pudding that you're doing things right. So whether that's you're growing your rents and a property or you're growing your revenue, I think the most important metric, though, is profitability, because ultimately, that's what pays us all, you know, you can have all the revenue in the world.

But if you're just breaking even, you know, that profit margin is huge. So and then just personal goals, I do have goals, I write those goals down, and I track those. So to me, that is a metric of how am I tracking my goals? You know, how am I doing with those goals and reviewing those regularly and making sure they're written?

WS: What's the number one thing that's contributed to your success?

BT: I think it's a combination of just being diligent and being hungry for reaching those goals. And then just being somewhat conscientious. I know that some people get success by not being conscientious, they just go for it. But for me and my career path, I think you have to be conscientious and think things through, look at the risks, but then still take action. Right? So ultimately, you gotta move that needle forward.

WS: And how do you like to give back?

BT: I don't need a fair amount. So I give back through service primarily, I'd say through my church and then financial donations to a I am consistent in doing that.

WS: Awesome. Brian, it's been a pleasure to meet you and have you on the show. I've enjoyed, you know, being able to tackle it from the perspective of a bank examiner, but then also a lender. That's fun. I can't say we've ever done that, you know, 1,600 shows so grateful for your time and to meet you. Tell the listeners how they can get in touch with you and learn more about you.

BT: Yeah, so get in touch with me. I think the two easiest ways is my website, ToblerCapital.com or LinkedIn. You can find me under my name, Brian Tobler. You know, get my background, my history is all there. So those are probably the two easiest ways.

WS: 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.