**EPISODE 1596**

**[INTRODUCTION]**

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

**[INTERVIEW 1]**

**WS:** Our guest is Daniel Holmlund, thanks for being on the show Daniel.

**DH:** Thank you Whitney, it's a pleasure to be here.

Daniel is an engineer at Intel who started and runs the real estate investment education club at Intel. He also owns a real estate investment firm named Aalon Capital LLC, where he partners with people to purchase multifamily investment properties.

Daniel is also the host of WIN Multifamily Show, a show that focuses on learning to move from Wall Street to Main Street, love that. Daniel, thank you again, give the listeners a little more about your background and getting into syndication business. Let's jump in to this transition that you're helping people with and you got a whole podcast on it, so I'm looking forward to learning more myself.

**DH:** Absolutely. As you said, I am an engineer at Intel, that has been my day job for 20 some years, but at somewhere along the line they actually figured out that I was a software developer who could actually speak to people too. I transitioned into the role of a teacher and I've been with the developer relations group at Intel ever since.

That's actually parlayed quite well into the investment world as well because I work with investors on syndications, like a lot of us in the space do. It's a technical complicated area and so we really focus on trying to make it a clear avenue for people that have full-time jobs, and to show them a clear way that they can get involved in getting their investments from Wall Street to Main Street.

**WS:** Nice. I think it's a great resource when you can show people that. I think it's something in our industry that investors – a blind spot there, right? When you've been stuck in Wall Street or the stock market, you know, forever, that's all you've been told your whole life, it's hard to believe that there's this option over here where you can just go and invest with somebody in real estate.

You know, let's dive in to that a little bit Daniel. I'm sure you've – especially doing a podcast on it now, where you work as well, that you've been able to grow probably your knowledge base and in your ability to help investors that are in that path or in that place. Get us started a little bit on helping us show somebody that clear way, or maybe how you do it from Wall Street to Main Street?

**DH:** All right. You know, one of the first things that you need to do of course is have a clear vision yourself of what you're trying to do. I started back –real estate is always kind of been in my family. I learned about real estate really from my grandparents. Who my grandfather worked for International Harvester his entire career, and then was only once he retired that he and my grandma decided to go in and purchase. They purchased a 125-unit building together with their brother, and it was actually only once he retired that he started building actual generational wealth, which he left to my parents. It was more than he had accumulated in his entire W2.

I was 10 years old when this happened and watching the entire process. I've done some single family home investing along the way, I rode the wave of 2008 and single family homes, but I actually really got around to investing in syndications in 2017 or so. Mostly listening to Joe Fairless and to your podcast. Thank you very much for doing that. I learned a ton from just the past podcast that you've done and, in doing that, I decided hey, I need to figure out this real estate syndication business.

I kind of looked at it in two different ways. I said well, I can go find somebody who can be a mentor to me and to educate me, or I can go educate myself with people that are already doing it. I actually chose that second route. I became a limited partner in a syndication down in Houston, Texas. It was 56 unit syndication, it was called Sycamore Grove, it was in Pasadena, Houston, and it turned up to be a pivotal point for me because when I invested with them, I asked them for all of the paperwork. I asked them for the legal work, the insurance, the underwriting, all the papers that were associated with the rent roll in two 12s.

I went through the whole thing and just really made sure I understood what was going on. I did a lot of emailing with them, just back and forth, great pleasant conversation. I started doing some small tasks for them to help them in their business, and eventually I guess they appreciated it enough that they invited me to be a co-GP on one of their deals, two of their deals actually.

I did my first co-GP in Houston, Texas as well. A 122 unit and then a second one. I'm involved in raising capital and asset management on both of these, the second one was 196 units. These were great experiences. I was part of the key principal package there, so I also got my Fannie Mae card during that. Then I decided hey, "I got to bring my business to the next level," and so I went out and I just started talking to other investors.

I actually ended up joining – I interviewed a couple of different groups and I ended up joining the Mark Kenney Think Multifamily Group. I'm part of that group as well and we are trying to align ourselves with people that are strong in this business in terms of boots on the ground, in terms of relationships with brokers and loan officers, and we're building our business from there.

**WS:** Nice, the path that you took, you know, you found somebody that was already doing it and you used that to help educate yourself by partnering with other operators but ultimately, by investing first, right? Is that something that you recommend. If somebody can, before they're actually going to get into the syndication business and try to be a syndicator or operator, do you usually advise, say, "Hey, why don't you invest passively first just to learn a little more about the industry," or not?

**DH:** Yeah, it's definitely a progression, an educational progression. I recommend people listen to podcasts and read books first, to be honest. And then once they have an understanding of the process, then they can venture out a little bit further and yeah, I recommend that they passively invest in somebody else's syndication. Somebody who has the track record, somebody whose track record you can dig into and investigate.

In the case of this group, they already had on seven syndications before and they had a good track record, good returns, I could go through and investigate all of it. I ran a criminal background check on them just, you know, just in case.

**WS:** Wow.

**DH:** But definitely go in, investigate it, and learn everything you can from passively and syndicating. A lot of people will want to keep it there because a lot of the people, for instance at Intel that I work with, they have full-time jobs. They're very busy people and they are not specialists in real estate, they're specialists in engineering and marketing and HR. For a lot of people, you know, that's the sweet spot to be. But then some people like to get their hands a little dirty and they want to continue going on to an active manager route and so for those people, we actually – I love talking and working with those people as well.

**WS:** Awesome, let's talk about the people who have been in Wall Street, in the stock market for most of their life, those people that you're helping to really break that mindset, right? That this is the only way, this is you know, the way everybody's done it. You know, I just think there's – you got to learn a little bit, right? It's out maybe outside of your comfort zone a little bit to jump in to a syndication. You know, I'd like to hear just how you've helped some people that have really, maybe only invested in the stock market, to really open their eyes to this opportunity.

**DH:** Sure. One of the first things that I did was, I realized at Intel that there is a stock investment club, there's a startup investment club, but there was no real estate club. I immediately went to Intel HR and I said, "I want to run the real estate investment education club at intel." It's a club where there are no sales pitches whatsoever, it is purely educational. People come in, you know, they can talk about what they do in their business and leave their contact information afterwards so that others can contact them if they wish.

It's really opened my eyes to the spectrum of types of real estate investments that busy individuals like to do. Some of them are – a lot of them are interested in things like house hacking, and so we bring guests in on those topics, we bring guests on mortgage note investment, on buying mobile home parks, on buying single family homes, it's a large amount of the talks that we do there.

It's a generalized real estate group. And it's great to really get to know the people that are there, and just to understand where they're coming from in their investment process. I've been running that now for almost a year and we do weekly guests, we bring in people every week to speak at that group. It's grown to a couple of hundred people now. You were a guest there, not too long ago as I recall, we had a little over 300 people for that particular group.

**WS:** Yeah.

**DH:** I was very thankful that you were there, it was a great group. I think sitting down and talking to people one-on-one is the best way to get to know them. Just hearing what their issues are, where they want to be in three years, how they're going to get there, and understanding and helping them with their real estate.

I recently, actually, just had a person come up and ask me to be a mentor to them at Intel. In terms of real estate. I'm starting to put together a curricula – not something that's paid, just a one-on-one, sitting down, let's talk about real estate and let's figure out what works for you type program.

It's been an exciting journey, it's all about the people that are in that journey.

**WS:** What's been some of the pushback that you've received from people who say, "Wait a minute Daniel, you know, I've seen the stock market work for this many years," or as long as you keep investing, you know, "How can I trust some operator over here that's going to go you know, blow all our money and in some real estate deal?"

**DH:** Yeah, I mean, I haven't gotten a lot of pushback in that area yet to be honest, it's probably because, to be honest, it probably just goes silent. It's the people that I don't hear from that are thinking like that more. But we have had a lot of people that have said, you know, "What is the process?" and, "How do I know that I can trust these people?"

Once you start bringing them to the process of explaining, "Hey, the SEC requires that we establish a relationship with you ahead of time. It requires that we be partners in this business that we know your accreditation status," and all the different things that the SEC requires. Once that process is explained through and how a real estate syndication works, most people get it. I really find that the obstacle is more one of education than anything else.

**WS:** Yeah. I guess, elaborate then on how you're going about educating some of these people? Or maybe some things, as we're speaking to investors, we're speaking maybe even at a small event, you know, or something like that. What are some things that you're sure to highlight about the syndication business, as you're speaking to these investors and, you know, just why they – I know they're busy professionals, right? Why they should invest in real estate?

**DH:** Right, the number one thing, and I take a lot of these reasons from my own personal experience. The reason why I got into real estate is because, as an engineer, I realized I could sit down and calculate out and look at someone's five year projection on a particular piece of property, and I couldn't do that with my stocks. I said, "Well hey, if I want to build a plan where I could retire then I need to start doing some projections so that I can actually understand where my money is and where it's going."

I think that's a really powerful argument for talking about real estate, in that, you can talk about the projections, and you can talk about why they are recession resistant, or why there might be exposure to a particular sector of the economy. You can tell the strengths and weaknesses of a particular real estate deal and talk about them in depth. Just being able to go through and dissect that.

You would not believe, some of the – engineers give you so many questions when you send out information about a syndication. I have sat down and literally written four hour emails answering questions that people will come up with about a particular deal that's gone through, and all the numbers, and how they work, and it's incredibly detailed. I really enjoy real estate because you can go through and you have a knowledge about the resistance to financial circumstances and you can make projections based off of it.

**[INTERVIEW 2]**

**Daniel Robinson (DR):** Our guest is Derek Clifford. Derek, welcome to the show. I appreciate you coming on.

**Derek Clifford (DC):** Hey, David, it's an honor to be here. Thanks for having me on.

**DR:** So Derek is a successful multifamily real estate investor, building out a small portfolio of single-family rentals and small multifamily commercial buildings out-of-state while working a full-time job. Today, he is a multifamily investor, controlling over 200 apartment units with over $2 million in assets under management. He's also the author of part-time real estate investing for full-time professionals, and a podcast host of The Elevate Your Equity show. He and his wife worked together in real estate and in her wellness coaching program as advisors and coaches for each other. So Derek honored to have you on the show today. Excited to get into your story and share that with The Real Estate Syndication Show listeners. If you can, we just give you a very brief bio there, but maybe give us some insight into your background and how you got to where you're at today.

**DC:** Yeah, sure, David, and thanks for again having me on and allowing me to share the story with the audience, it's great to be here. But in general, we started off investing in real estate by accident. My wife had a condo that she had purchased back in 2008, a couple of months before the real estate crash. So, we saw the value in her condo evaporate from $250K, which she paid forward down to $80,000.

And by the time she came to graduate in 2012, I believe around that time period, we still hadn't gotten enough appreciation to be able to even break even on the property, so it was technically underwater the whole time. So, at the time we started dating and I was moving out to wash in state, we got engaged, we didn't know what to do with this property because it was kind of underwater, and we didn't know, and she got a residency offer in the Bay Area, and she was up in Washington State at the time, so in order for her to leave that property behind, we had to either write a check or figure out some sort of creative solutions. So Sophie's family, they have rental properties in Austin, Texas, where they currently reside right now, and we decided to do that, we just decided, Hey, well, let's put these things out and let's try to rent them for a little while because we couldn't afford the check, we had all these student loans and stuff to pay off.

So, we ended up doing that, and as we were driving from Washington down to the Bay Area in California for her residency, we got our first rental collections check, and then the gears started turning. I started to think to myself, "Oh man, you know, if this is something that we did on accident, what would happen if we really tried to do this on purpose?"

And so right after that came a slew of learning how to invest in real estate from BiggerPockets and from a bunch of different materials online, and so we just spend a lot of time learning and figuring out what the next step was. And so the passion just kind of built up from there, and then I started meeting people and we tried on ourselves on a single-family in the Bay Area, it's a 1031 exchange, and that turned into seven properties in the Midwest. And then kinda doubled down the Midwest. Continued to build a portfolio while working a full-time job, and then started to get into multifamily once we maxed out the number of loans that we could take as a single-family investor.

And so once we got to that point, we started building our network up and the compound effect starts taking hold. And then there's kind of a hockey stick effect. We started getting into syndication and learning from some mentors, started raising capital, and that's when the limit or just kind of flew off the engine, and so we're able to fully do what we want to do. And basically, the only limiter now is our time and what deals we wanna pursue.

**DR:** Well, I love it, and that's a very, very condensed version of this journey that you've been on. And so, what I'd love for you to do is just maybe shed some light on what your business looks like today and what you guys are focused on? And then I wanna go back and fill in some of the gaps of How you got to what you guys are focused on today?

**DC:** Yeah, so today, we have a lot of stuff going on. We have our podcast, we have a book as well that we're also trying to help spread the message to people that are working full-time jobs, that there is a way out. It takes time and effort, but if you partner up with the right people, or if you have the right intention, and you are focused enough if you have consistency, and if you have mentorship, and if you have focus, if you can combine those three things together, then you can create an active business on your own and start building your own single families and everything.

So, we try to teach people how to do all of that. You can either be on the active side or the passive side, either way, we want you just to get started as a W2 employee. And, a big piece of that is working with your spouse, having your spouse on board with you is going to be one of the most important ways that you can multiply your efforts in your portfolio because if things go wrong when your spouse doesn't sign off or doesn't agree with what you're doing more understand what you're doing, it's pretty easy to understand what would happen if when that happens, right?

Obviously, if your spouse sees things aren't going well for something she didn't endorse or he didn't endorse, that's a problem. If things end up actually going well, where you have all this excess of cash flow, and then your significant other sees that as a payday and not as something which was you would wanna do is to turn around and reinvest it to multiply the profits, even more, that might also cause strife.

So, getting on the same page with your spouse is another thing that we're really passionate about. But in general, David, what we do is we just raise capital, we find capital partners, and we work together with them to educate them and bring them into the business and partner up with them on apartment buildings.

**DR:** I love it. Yeah, you mentioned a few things that I wanna dive a little bit deeper into. The first is working a full-time job while getting started in this space. What were some of the biggest challenges, or as you're educating and guiding and directing people through this, what are some of the biggest challenges that those people face working full-time, W2 employee, but also breaking into the real estate investing world?

**DC:** Yeah, as a full-time employee, you have a lot of pressure because you have time commitments, you have time constraints, and most likely you have a family or some sort of relationship commitments. And so, your energy and your time and the relationships and the things around you is not stacked up in your favor to start to get another side business up off the ground.

And so, I think by really being intentional and having the intention, and the consistency, and then the network, and the mentors to put in place, you can build a system for yourself to be able to consistently contribute time or energy or the networking effort to be able to devote to your craft. So I think the main challenge, at least for me, is back when I was working a full-time job, I've since left the job about six weeks ago, which is really cool, I'm now retired and working.

And, I remember just working at the job is like, it was a mindset thing. You don't think you can do it because you have this fallback plan, you have the full-time job to be able to rely on it if things don't go well. And so, by having this real estate thing on the side, you're building up skills. So, just take some time to be able to do that, so you have to allow yourself some time to learn this business and to get to know lots of people.

I think that that's also the major challenge, and what's behind all of that is the mindset, the will to make it happen, what the vision is. Because if you have a vision or if you have a strong why, then the how gets legs. And that's all it takes.

**DR:** Love it, great insight. And you mentioned these three things twice now, intentions/consistency, a mentor, and a network. When you're guiding people and helping them with that first step, intention, and consistency, what does that need to look like for someone who is still W2 with the ambition to get out of their W2 and go into real estate full-time, or maybe they wanna stay in their W2 long term but just wanna be involved in real estate?

Let's start with the individual that's wanting to eventually make the transition from an intention and consistency perspective. What does that need to look like for them?

**DC:** I'll tell you one thing, David, if it's not on your calendar, it's not a priority. So, the basic answer here is time, block out that time every day that you're gonna be devoting to your craft, whether it's building a network, whether it's learning, listening to podcasts or reading books or going out on forums and talking with other investors, anything that you feel you need to do, even if it's something to just build your plan, like "What am I gonna do with my hour?" Taking an hour every day to do that. That's the consistent effort that worked for me.

So, as a full-time employee, usually the work starts at a certain time in the morning every day, and so you can either take your lunch hour, I don't recommend the lunch hour because you can get distracted and pulled in different places, so I usually recommend doing things in the morning before the day starts. That way when the day ends, you don't have to have that will power stamina, the day is over, take the vote to the craft, so if it's really important to you, it's a priority and it happens first thing, it's an hour, 30 minutes, 15 minutes, whatever it is, just know that it's a consistent effort that's gonna get you there. And even if it's just the plan out what you're gonna do with your time, that's the most important thing.

**DR:** Yeah, great tip. And then, as far as finding a mentor, I assume that that was a step that you took, maybe it wasn't, maybe you navigate your own, but maybe give us some guidance for that individual that's a W2 employee, they've started to carve out some time in their day, whether that be in the morning or after work, or maybe they choose to do a late lunch, but they've carved out some time in their day to be able to focus on this aspect of their life. How important is that mentor piece and what's the best way to go about finding one?

**DC:** Yeah, David, I would say that mentorship piece is everything. Because as a business owner, which you can consider yourself a business owner, if you have the intention to start to build your portfolio, you can start running in a direction, but that's just it. It's a direction. How do you know if you're running closer to your goal, or if you're running further away from it? You just don't know, or if you're just wasting time.

So, if you don't have a mentor to be able to ask questions like, Is this right for me, or what is the end product looks like or what worked for you that will help you become way more efficient with the consistency time block that you're setting up. So, that's why I think mentors are super important, even if you have to pay for them, I think it's well worth it.

And an easy way to do that would be, number one, go out and find free meet-ups in your local area, like go to meetup dot com, or go on to some forms somewhere online, and see if you can find some people who are investing either out of state or locally, depending on where you are. And just do that. It's really easy to do that and you can set that up inside of your time block, you can plan it out and say, “Okay, I’m gonna be out there at this time,” you can do that and work around your schedule for something that works.

And, once you’re there, start talking with folks and see, look for people that are maybe one or two steps ahead of you, because they’re gonna give you a little bit more, but they’re gonna get you the advice that you need, but if you try to go straight to the uber mentors if you try to go straight to the speaker, there’s nothing wrong with trying that, but most likely you’re not gonna really get too much of their attention because based on the questions you ask, if you haven’t done your homework, they’re gonna tell that you’re really new and it’s not worth their time, unfortunately, to be able to start to work with you and put lots of time into you.

So, once you do find those people, take them out to lunch, it’s a magical thing when you treat people for some sort of meal that you’re giving them value in a different way, they’re gonna give you value in the form of their knowledge or their experience, and if you take that to lunch, that’s something that they would value, so everyone needs to eat, right?

So that’s a couple of ways that I would start, and then once you get up there and the mentorship and you wanna start to get further along in the mentorship space, start asking that question to your network. So start asking, “Who do you guys like?” or you see someone with rapid success, you ask them who they’re talking to, and it turns out it may be a paid coach or it may be someone else that they’re working within other stuff, and then you try to get yourself aligned with those folks and just really be curious and helpful, and try to add as much value as you can by taking people out to lunch or making connections or offering to do stuff for them, that’s pretty much how it all works.

**DR:** Yeah, and you touched on the third, I think with this goal of finding a mentor, but the network. What do you mean by that? We talked about those intentions and consistency, the mentor and then the network. What do you mean by the network?

**DC:** Oh man, David, the network is almost everything. Network is basically just finding people that would be potential team members. So, that could be property managers, it could be other agents, it can be contractors, but it also can be other investors in it at the very beginning, it should be other investors because those people will help guide you and then he’ll tell you, and then put yourself in your position if you were someone who is further along and someone asked you a question, why not share your knowledge? It doesn’t hurt anyone at all, there’s plenty of real estate to go around for everyone, and not everyone’s looking for the same thing and the same approaches.

So just asking, being curious, and being genuine and authentic, that’s gonna go a long way and the network helps build you options because if you can find someone, let’s say that you’re really good at underwriting and you don’t like to talk with lots of people, but another person is really good at talking with people but doesn’t know numbers, that sounds to me like you can probably work together on a few things. You can both have something to bring to the table, and you guys can do incredible things together. And that doesn’t happen until you start figuring out who is around you.

So, finding that fit, finding the people out there to network with, and finding people that may need you or you need them, I think that's the thing. And then the other thing too that it enables, David, is it allows you to understand what your options are, 'cause sometimes you only know what you know, but if there's other people doing some really incredible things or inspiring things, you might wanna try following or learning what they're doing and then try to replicate that model or maybe modified a little bit, so those are a couple of things.

**[END]**

**[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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