Episode 1612

Isaac Satten (IS): I was able to piece together what questions I wanted to ask, what did I need to hear and start developing those relationships? And I think for me, I picked up early on that. That relationship aspect is critical, really trusting the sponsor, understanding what are they going to do when the situation kind of goes from what was on the pro forma and on the page to reality. And as we talked about, we were prepping. I think I experienced that very early on. And I started investing in late 2019. And we know what was around the corner at the beginning of 2020. So it was an interesting time to kind of try out my mind in this new investing space when I got started.

[INTRODUCTION]

Deana Berg (DB): This is your daily Real Estate Syndication Show. And this is Deana Berg in for Whitney Sewell. Today's guest is Isaac Satten. Isaac is a passive investor in New York. And today, he's going to share with us some of the things that he's learned in vetting sponsors and making the leap into passive investment and then how he has reverse-engineered some of his goals in spending more time with his family, as again, his wife has a unique path right now. But he's talks about making special memories with his kids doing simple things, and how passive investment has allowed him to do that. Isaac is full of energy and full of life. And I'm excited to welcome him to the show.

DB: Thanks for joining us on today's show. Don't forget to like and subscribe and tell your friends about us. Thanks so much for listening.

[INTERVIEW]

DB: Well, Isaac Satten, welcome to the show. I'm so glad that you're here. You and I have spoken several times before and we've been talking about this having you on the show for a long time. You are an outspoken advocate for multifamily real estate syndication. And you're just a good guy. I mean, it's just enjoyable to be around you. Your enthusiasm is contagious. And welcome to the show.

IS: Thank you so much. And I appreciate the kind words and if you told me four years ago that I would be a guest on this show, I would have thought you were crazy. So it's really just a full circle experience for myself as a passive investor getting to come on and chat with you today.

DB: That is wonderful. So let's talk a little bit about that maybe you could give us just a flyover of who you are, what you do in your day job. And then I just love to highlight passive investors. That's what this spot is about. And so we'd love to get into that after you kind of give us a little flavor of who you are.

IS: Sure, absolutely. So I describe myself as kind of just a typical guy very to children have had a professional sales career primarily for the last 15 years or so I've moved in and out of sales and customer service and management and training. And now more of communications role, gaff kind of looked into real estate a couple of times early on, decided this is not for me, this is not my type of style of investing, you know, and continue to kind of glance at it. And it wasn't until I found part of the syndication world that I really jumped into feet first.

DB: Okay, we had a little conversation before we got rolling. And I said, most everybody has the same story. So if we could just skip over the whole I started with single family rentals, I realized it wasn't time efficient. And you interrupted me. And you said no, that's not how I started. And I was like, great. So why don't you get us going? And take a swing it? How did you get started in multifamily investment and syndication? Or just talk about your portfolio in general, you're invested in more things than just multifamily. We'd love to hear about it.

IS: Yeah, I think for myself, like I said, my career has been in sales. I've been extremely fortunate and blessed that I have a knack for it, I guess. So I've done well over the years and been able to grow my w two income that way around the time my daughter was born. And in 2015, it was like, alright, I need to start figuring out how to do some investing. And I was looking into college investing so kind of fell into the world of learning about equities in the stock market. And like I said, real estate kind of crossed over, you know, my page, but I was already owning a condo at that time. And I remember when a light bulb would go out, I turned to my wife and I'd say, oh, I guess we have to move now you know, because that's where, you know, people talk about toilets and termites. You know, I can't even fix the light bulb. I'm a short guy. So required getting the ladder from downstairs.

DB: Are you a New Yorker? I mean, this is what-

IS: I have for that tri-state area. Yes, a lot. A lot of apartment living. This is when we lived in our condo. So it was always ruled out for me of doing any type of single-family investing even in my local region or looking and doing turnkey and I kind of put it out of sight out of mind. And it wasn't until years later when I was listening to one of my favorite podcasts a time called Millionaires Unveiled. I'll give them a little shout out here where they just you know, interview ordinary, everyday people who are either millionaires or on their way to becoming millionaires a bunch of varied professions. And one thing I continued to notice that was in common was pretty much every other guest was talking about how they were invested in these real estate syndications. And they were part of these large apartment complexes. And that was kind of interesting to me because they talked about the hands off nature of it, how they didn't have to do anything beyond their initial investment. And at that point, I started scurrying around of how do I learn more about this? Where do I find out more about this?

IS: You know, to continue that story, obviously, I went into my favorite podcast player typed in real estate syndication. Fortunately, there was somebody who had started the show a couple of months earlier called The Real Estate syndication show, and I remember finding In this podcast and just calling it all kind of clicking at that moment thinking, alright, this is it, I gotta pour myself into that. And just one more thought with that very vivid memory I have is, I remember you already highlighted where I'm from my commute in and out of Port Authority in New York City every day. And for anybody who's been there before, I mean, you talk about the epitome of the rat race, you know, it's literally 1000s of people and literal rats, you know, running along the side of Port Authority in New York going through their jobs pushing through with and I remember listening to the podcast, and just pausing it and having this lightbulb moment and being like, I need to do this, you know, this is something that I think is really that next step and kind of setting up my financial life. And that's kind of where it began.

DB: The lightbulb moment has more than one meanings. It first, I gotta move, but it kind of meant the same thing. I gotta move, I gotta do something new. I like that analogy. So how long did it take you to take action to deploy capital from your learning process when you started listening to podcasts? Did you meet anybody in person? How did you get from point A to point B?

IS: Yeah, great question. So I'm someone that when I find a topic I'm engaged with an interested in, I'm huge on learning and education and knowledge, and I throw myself into it. So I have these vivid memories of just consuming hours and hours and hours of podcasts content, of course, finding my way to the BiggerPockets forums, you know, reading as many blog posts as I can. And before I even started reaching out engaging with people just trying to understand essentially, what could go wrong. I'm a very positive individual, but I'm definitely critical and a cynic when it comes to, you know, what's the way that this doesn't work out? So trying to understand that and, you know, once I started getting on the phone and talking to sponsors, that was the biggest question I asked, I said, you know, what kind of makes my, my wife turned to me and say, I told you, so I told you, this was a bad idea what could go wrong with these deals.

IS: So that was a lot of my education, I would say I started hearing about it in early 2019. And by the end of the summer of 2019, was when I wrote that first, check into that first wire transfer person dication. And you want to talk about a scary feeling, you know, going into that bank. And you know, aside from the actual transaction of my personal residence, never moving that much money anywhere that'll test you. I remember walking out of the bank, and it kind of gone well, you know, that was that and it wasn't with Life Bridge. It was with a different sponsor, you know, crossing my fingers. I just sent a ton of money to someone I've never met in person and I hope this goes well. And it has fortunately with that particular deal. And of course, with everything since then.

DB: What was it like jumping on the phone? Were you intimidated? Or did you have like a list of prepared questions? What was going through your mind when you get a hold of the sponsor?

IS: That's a great question. I think I have a little bit of a leg up being that most of my career has been on the phone, talking to people, vetting situations, asking questions, you know, being a sales professional, active listening. I think, for me, I would just listen to the sponsors on all the different podcasts they were on and making sure the story aligned and the timeline checked out and led them to become a real estate syndicator. Why did they want to go into this field and making sure that their values aligned with mine, making sure that they're putting as an investor my best interest first, as well as the people that I'm providing both employment for and of course, residency for it was very important to me.

IS: But I think as I got on the phone with them, you know, you started to learn what questions to ask, I had some experiences that weren't great. I had some people tell me, you shouldn't really be here, which obviously I didn't before to invest with those people. But I think that was something that over time, I was able to piece together what questions I wanted to ask, what did I need to hear and start developing those relationships? And I think for me, I picked up early on that, you know, that relationship aspect is critical, really trusting the sponsor understanding what are they going to do when the situation kind of goes from what was on the pro forma and on the page to reality, and as we talked about, we were prepping. I think I experienced that very early on. And I started investing in late 2019. And we know what was around the corner at the beginning of 2020. So it was an interesting time to to kind of try out my mind in this new investing space when I got started.

DB: So what happened when that like, when the news came out? Were you like, I was, I know I should have done this. Are you still holding out hope? I mean, you kind of like go to worst case scenario and be like, if it's gone, it's gone.

IS: Yeah, I mean, everything. I mean, that whole timeline of, you know, that first quarter of March was insane. I had invested in two deals at that point in summer of 2019 in November of 2019. So I remember in January, getting like the first ever two distributions and how exciting that was, you know, sent out a lot of capital. So you get those first two distributions of like, okay, this is gonna work like this is some consistent income. Look at this, I didn't do anything to get this extra income. And then by April, you know, both of those operations said, hey, you know what, we're suspending distributions for the foreseeable future.

IS: So that was that moment of just like, man, am I cut out for this? Did I mess up? And we actually sold that condo at the time so we had some liquid capital to make a decision with I remember right in March 2020, as the stock market was going down, but I was resolute at that point in terms of my education of you know, really leaving in the real estate space. That's what I got into a great deal with with the status apartments with Life Bridge, which turned out going great, but I think that was a true test for me that three-month window where I made the decision to I'm gonna lean in, I'm gonna push into the real estate because I believe in it, it was a great time to buy, obviously.

IS: It makes a tangible, you're actually touching you know that the physical experience of what you're doing at that time.

DB: This is the question. And by the way, for my first two LPS indications, I intentionally had them mail me checks, just so I could experience the pleasure of opening a check and holding it in my hand and doing snapshot deposit. Because sometimes when things go automatically, and it's just, you know, I don't know, for me, like the dopamine centers don't get triggered the same way it's holding it, you know.

DB: Yes. Okay. This is a question that I like to ask passive investors, just because of even how I experienced it, what was going through your mind the first time that someone sent you the PPM and said, okay, sign this and send us the money? Was it 90 pages? How long was it?

IS: Like I said, I, I like to delve into things. So it was absolutely some 100-page document. And, you know, I remember that the first 30 pages is just a bunch of definitions and jargon. And you're looking for the splits that align because the marketing materials, you know, the slide deck is usually so pretty when you get the investment summary, and it's so enticing. And then you get the PPM and it's like, oh, this is what it really is. It's like computer code almost. And then you get to that section, that's all about the risks, right? Here's more things, but every single thing that can go wrong with this deal, which again, when you take a step back, you can really appreciate the transparency, the honesty of what needs to be done there.

DB: I kept going back to the sense and I almost floated out to all of my friends who none of them are interested in this stuff. All of them are super skeptical. They think, wait, what you're you're investing in apartments in Idaho, what are you doing, you know, it'd be a guy on the northeast, like, it's just unheard of, but let people kind of pick it apart. But at the end of the day, you're still acquiring these assets that are tangible, you know, buildings with hundreds of units, and what would have to go wrong for the sub market to be so off all the patterns of job growth and occupancy and everything that's trending in the right way, what would have to go wrong, that assets really go all the way down to the point where I'd lose my investment, you know, you're really looking at long list of events that would need to go out there. So can it happen, of course, but I think for me, that was some of the justification of let me make sure I get the sponsors, right to know what they're doing, and then go from there in terms of their expertise, and everything will follow.

DB: That's so good. Yeah, it can be pretty overwhelming. So I wish that I would have had folks, you know, when I did that to kind of walk me through it a hold my hand or say, it's gonna be okay, just get through it. And you can't leave it to the last two nights scan through before you.

IS: I remember, I mean, I remember I'd take the document and I'd say to my wife, like, hey, listen, this is gonna take me four or five hours just to start getting through, and then maybe come back to it the next day and circle the certain things and, you know, get on the phone with the sponsors, and ask them the questions and things of hey, can you explain this to me just a little bit more detail? Or what is this trying to communicate here? Because, of course, they should be well-versed on that, even if they have had legal put it together for them. And that makes me feel better in terms of reviewing it and hearing the response of what they're trying to get out there and what they're trying to protect against

DB: Sure. Yes. Okay. So since you started, you wouldn't you told us about point A to point B? How many syndications are you in now?

IS: Yeah, so I've probably invested with somewhere around eight or nine different sponsors have gone into maybe 14 or 15 types of deals like really, at first tried to go the hyper diversification route, between types of deals and sponsors and even size amounts of the deals, just because I'm trying to learn everything. And you know, the best way is to sometimes be in it in real time, so had spread out across self storage into an RV park. That's a whole story of how that's gone up and down some different kinds of more esoteric type of things that, you know, factoring companies in terms of alternative investments, so really just tried to look around and diversify the portfolio. And for me, the goal was just to see kind of a sizable cash flow come in month over month and transform both my personal portfolio but then also what influence can that have on my lifestyle? You know, what directions can I do that? So that's been really encouraging to see in the last several years of how quickly that's been able to grow. And then I'm sure we can go into some of the lifestyle decisions that's led to for myself personally.

DB: Yeah, I want to get to that next. But first, I want to ask you, do you have a metric or a system for how you divide up what asset classes that you go into? Some people are 20%, one asset class 20%, another I won't do more than x amount. Do you have any rhyme or reason or to go on gut?

DB: The first couple of years and the first probably six to eight deals was just let's keep diversifying sponsors, finding really solid sponsors that their vision aligns with mine their goals align with mine. I understand their reasoning for being in the space. And then beyond that, it has gotten a little more challenging because I've had to decide, do I continue to invest with the sponsors who I've seen have performed well for me and I understand their value system and I understand what will happen when things go south because they've had to work on that in certain deals? Or do I continue to do this type of diversification?

DB: It's been tough. I mean, the past couple of years, I've been looking for mobile home parks to get into and just haven't had the right alignment of the deal at the right timing. Like I said, I kind of consider myself a lucky guy who's been fortunate to be good as profession. So it's not like I have capital just just coming in all the time, you know, I have to be very selective annually with which deals am I looking to invest in or, you know, in certain circumstances, I'm just taking from either equity events or dispositions or, you know, refinances. And that's the money that I have to redeploy. So I think at this point in time, 2020, through one recording this, everyone's kind of slowing down and thinking through things a little bit more. I know today versus four years ago, understanding metrics.

DB: And I remember last year, even I had that epiphany moment where I was like, I need to understand the debt terms of every single deal that I'm in, you know, it's something that I'm sure back in 2020, and 2021, I overlooked a little bit as a newer investor. And now it's much more important to me to understand, okay, what's the financing terms? Are we doing a three-year bridge loan? What's the plan after five years? Will it go to 10 years? Is that possible? Are there caps on, you know, where the interest rate can be? So I think I've gotten more sophisticated in terms of what I'm looking at from the metrics perspective. And in terms of diversification, I'm still attracted to the physical diversification across the country. But I think I'm getting more comfortable with when you kind of have those, those good jockeys, you stick with them. I'm sure Whitney will appreciate that with his worst background there. But I think that's really important of finding the sponsors that you trust that are going to do right by the investors no matter what.

DB: Totally agree, when you're looking over a investment summary, just like the key data points, what are the things where you're like, no, I'm not into this deal, what's gonna cause you to immediately roll your eyes and just toss that summary?

IS: I think the cap rate assumptions of what the exit cap will be and where it is right now, the debt service coverage ratio. I'm paying special attention to breakeven occupancy, I want to understand what is the value add component, if there is one doesn't really seem feasible in terms of what they're anticipating and expecting it my experience is that there's going to always be construction delays or construction issues, especially if there's not the vertical integration if it's if they're going outside. So just trying to understand those key things to look at.

IS: I think less-experienced investors initially are just really enticed by the pro forma numbers. And I've already fortunately gone to that place where I think just because this particular deal says they're going to have the highest prep, or the highest IRR, and the shortest amount of sale period, doesn't necessarily mean it's the best deal. You know, you have to dig deeper, and maybe at the point where you're okay with the sponsors, who saying, hey, you know, this is more of a realistic picture. Well, great, if you can hit the realistic picture versus maybe get to the ideal situation, I'll take that that realistic picture every single time.

DB: Yeah, that's really key. I mean, when in investor relations, and so when I'm onboarding new investors, I try to be really upfront and transparent and clear with them that when you're doing a value add deal, there's a stabilization process. And so I think folks can come on board thinking it's gonna do this, and we want to under promise and over deliver, but not always, there are things and so I always really encourage people to evaluate what your risk tolerance is, you know, because there's also new construction deals that you can invest in that have lower risk, it may be lower risk, lower reward, it may not be, but value adds certainly have the the bumpy ride factor or they can, at the beginning, you know, you can do your due diligence on a property, there's just some tough things that are very different than what your samples gonna find when you visit.

DB: So having kind of a sales background, I think, while I'm both enamored by a good sales presentation, a good sales pitch, the shiny marketing materials, I think it's also given me a sense of, is someone trying to oversell this versus educate? And so much of modern sales and sales and sales technique is just to bring information to people let them make the ultimate decision, but keep them well-informed. And I think you know, your role and your job, you probably relate to this, you know, exactly that. It's just about making sure people are well-informed, and you're giving them all the things so that they can confidently move forward with something. And I think that's something I'm always looking at with my interactions with sponsors, both through their materials, as well as all of their communication, right?

DB: What's their online social media presence? What's the written communication? Are they trying to, I don't wanna say beg for money, but maybe be a little bit too aggressive in their approach to acquire that versus, do they have the confidence that they know if they put good opportunities out there, the capital is going to come to them, man, I think that's really important. But that then creates this interesting scenario. We had a time period where deals were filling up in like a six-hour window.

DB: Now, I think that might be beyond us with the current state of the market. But I think that's also just another thing to point out as a passive investor is just keeping up to date because I think I didn't have an appreciation for how quickly things can change in this space and I see Matt last year with the mortgage rates just spike up like they did. And you and I were talking about someone, just the the financial news going on today is just really staying abreast of what's going on in the day-to-day and I continue to embrace that of just educate, educate, educate, stay knowledgeable, talk to people about this, because I don't think you can can get to rest to too easy in terms of one idea or one philosophy, because that could be dangerous. Things are always moving, I think.

DB: Yes. Okay, I'm gonna ask you one more question, then we're gonna move on to the bigger why the lifestyle, what it's really what this is producing for you. So when you're on the phone, or we're on the phone with, you know, vetting sponsors, tell me about an experience where you were like, what is off putting to you? You said that some said you don't, you know, you don't fit our criteria, more or less. But aside from that, like all things equal, what did you walk away with? Like one call? In particular, if you can think of something where you are, you just had a sour taste in your mouth?

IS: Yeah, I think the thing that stands out to me, are the sponsors who actually want to get to know me understand what my motivation is for investing. If they're really good, they'll be able to zero in on my concerns pretty quickly. And in the early days, I would even say, that was a fear, you know, it was, I'd never done anything like this, this whole concept of wiring a check for this amount of money seemed absurd to me, frankly. So I needed the sponsors who were going to not comfort me, but make me understand, you know, the steps that are included in this, the sponsors were, they were very brash, you know, maybe didn't want to offer that education, which I think is important for early investors.

IS: Because as we talked about him for years, I've lost him to, you know, having a decent enough portfolio, I've done 15 different deals, but I do recall that first sponsor, where if they told me you're not cut out for this, you know, you don't have enough experience in this space, you shouldn't be really looking at this, I was talking to a private equity person earlier who, you know, he knew what he was doing. He's been doing, you know, he's VP of this, and that, that just kind of threw me for a loop. I didn't expect that getting on the call with this individual. So you know, just how you treat people really, at the end of the day, right? That's part of what it comes down to have, you're always going to find people who are looking out for themselves first versus, you know, looking to kind of look out for everybody. So that stands out for sure.

DB: Okay, let's transition a little bit to this set and household. What is the reverse engineering goal that you're working towards right now?

IS: Sure. That's a great question. Because I think it changes quite a bit, I think, for anybody who are parents can relate to that. I think, introducing new members into your family at any time, kind of throw things for a loop. And you know, we're no different. Me and my wife have two younger children, I think three kids, we were both very career-focused, career-oriented, continue to stick with that through, you know, having the two children, I think, just during those pandemic years work from home, both of us being in very client facing roles, where a lot of our jobs required to be on the phone, it just became kind of untenable, she reached a point where she actually got a great promotion into a new role for herself. And it had us reexamine our lifestyle a little bit more.

IS: And because we now suddenly had this pretty reliable passive income coming in every month that could cover a certain portion of our expenses, it allowed us to make some changes where, it's today I work part time for my company that I've been with for quite a long time now 12 years wonderful working relationship with them. And I love the people that I work with. So we've been really able to work out a fantastic arrangement, where a couple days a week, I'm working for them, the majority of the time during the week, I'm able to be home and be dad and you know, handle all of the domestic responsibilities at home and I'd become a great chef in the last year since we transitioned to this, then it's allowed my wife to really focus on her career and something that she's really engaged with. And it's just been a good balance.

IS: And I think that's what we're all sometimes seeking out, you know, balance in life. You know, while it's great to look at big goals and big picture, sometimes it's just the day to day, you know, we were talking earlier, my son's been sick lately, and I got to stay home with him. He's five years old, and just play board games all morning, you know, and kind of keep his mind off of being sick and entertain him. And those are the things that I feel like when you look back at life are what makes up core memories and experiences and things that I recall with my own family growing up of things that stood out to me it's not you know, anything major, it's, it's those little fleeting moments that you just try not to take for granted at the time. So I feel like the passive income has allowed a lifestyle even at this point, even with not this tremendous portfolio to make some pretty big changes at this stage in my career.

DB: I think you made such a good point there just about even playing board games with your son and establishing those, those core memories because here's the like, the truth is if you're the busier you are the bigger bang, you feel like you need for your buck to make those core memories with your kids. You know, so whether you're driven by guilt, or you're driven by, you know, just a real longing to be with them. I love what you said about just stop what you're doing. Give them the ibuprofen let them feel better and enjoy the game with them. You know, that's hard for those of us To have home offices and that balance, but you're so right you know, at the end of it, those are the things that are going to matter the most that seem like petty inconveniences, but I love that you're called to, to action to just do small things that develop poor memories. I mean, I have those memories when I was a kid, what it was like when you're sick, and you you did get special treatment. So yeah, I'm encouraged by that.

IS: One of my favorite memories is I remember a day with my father where I don't know why he wasn't working. But we had the whole day. And I remember he said, You, you can pick what we do today, you get to plan the whole schedule. And I remember writing and in a list form and really bad handwriting, so I had to be young of just what we were gonna do when it was go to the arcade, go to the movies, go get pizza, and we follow that list. And you know, 30 years later, I still remember that day with my father. And it's one of my most favorite things.

IS: So I think about that a lot of how can I create as many possible days like that for my kids and do things and you know, I think just it's okay to slow down life a little bit. I think that's very counter to what a lot of people in in hustle culture, and I've been part of that, but just trying to think about what matters most? And how can I formulate that around that around my life versus getting swept up in more and more and more and more and more and more and more what I love to have passive income of $20,000 a month? Sure, who wouldn't? But do I need passive income of that amount? That's, that's the bigger question for me.

DB: Yeah. And I think too, we tend to like as our income grows, and our mindset shifts, we tend to want to, I don't know, spend more money to have those core memories. So I was just talking to somebody recently and saying, I've recently transitioned to coming back to work after being with kids for a long time. And so like thinking creatively about how to have impactful time that's memorable. I feel like I'm willing to do things that I would have been so inconvenienced before, you know, like, as a family at the end of the day, I mean, it's not right now because it's March and it's cold, but okay, let's jump in the pool with our clothes on, or let's have dessert on the roof, or, you know, do things that are just kind of bothersome by way of, I need to go dry all these clothes now, or, or whatever, but they're free, and they're wonderful. And your kids are like, Oh my gosh, my family's so fun. Yeah, my dad's just playing board games with me. So I love that.

IS: And it's fleeting, you know, and I think I've really enjoyed you, you've definitely shared on the podcast before some of the personal stories and anecdotes about your father. And I think, for me, that always sticks with me, you know, my daughter is eight years old, she's starting to get to that point where already, you know, maybe dad makes her feel a little bit, you know, embarrassed. I know, holding hands crossing the street going to her school, she's like, dad, okay, we're done holding hands now. But last summer, for example, we got to-

DB: Too young, that is too young.

IS: As we approach school, but you know, we got, we got tickets to the local water park. And we were able to go a bunch of days during the week, to the local water park and just, you know, had I been employed full-time, while it affords other things that would have never been able to happen. And those are our memories now already. And I'm looking forward to this upcoming summer of repeating that and, you know, doing the same thing. So that's what I'm really trying to focus on at this point, along with whatever else I can do to make my life better and other facets, you know, it's just day by day.

DB: That is so good. Yeah. Whitney had Jim Shields on, I don't know, his last summer. But in case anyone missed that episode, he wrote a book called The Family Board Meeting. And so our family has implemented this where every quarter, my husband and I trade off because we both work. So it's kind of like the working parent or the one who's less available, does the board meetings, either parent can do it and should do it. But the point is that they get meaningful time. And so this quarter was my quarter with the kids and they're always like, mom, when's my board meeting? And it's for hours, they get to pick whatever we do. It's no, like, no phones, no movies, like no tech, you're allowed to use your phone for photos. And that's it. You share a meal together. I mean, there's some like simple parameters, the book outlines and the kids are like, Oh, I love board meetings, you know, so they, they look forward to them, and I look back to them. I'm grateful for the new tradition. So that's awesome. That's wonderful. Okay, I want to ask another question. How do you keep track of so many different syndications? Do you have just spreadsheet after spreadsheet? Or what's your secret from you?

IS: Sure. So it definitely started with with spreadsheets and just trying to keep everything organized and put as much information in there as possible trying to hear how other people did their spreadsheets and then I'm sure they're they're starting to come into the space but I got connected with the the folks from visor pretty early on and talking to them about they were developing I was like yep, thing this is this is what I'm hoping to have. So you know, visor is just a great platform that allows you to have everything automated in there. It's automatically giving you all of your different metrics and stats and links up to your account of seeing when your distributions are hitting your account and letting you know if it's above or below and definitely a powerful tool as you build your portfolio so it's a combination of visor bio and excel and yeah, it's a lot to keep track of it definitely is an especially come tax time and trying not to drive my accountant crazy with all the extension of taxes and all the K ones. So staying organized is important.

DB: So do you file for extension every year?

IS: I think from here on out I'm going to I did for the first time last year and just kind of assumed, but again, that goes back to that education and knowledge of I remember, I remember looking forward to that, because I remember reading it in a forest somewhere if like, you're not really doing it right, or you're not really invested enough if you don't have to file an extension. So last year, when it was very clear that I would have to file extension, I'm like, Alright, this is good, right? Hey, ones until the end of September, no names mentioned. You know, things happen. I understand. And I don't think it's it's typically not the sponsors fault, right? There's there's got to be a lot of things in play in my day job. I work with accountants and things like that. So I know how slow moving things can be in hold ups happen.

DB: Yes. So how often do you check in with your spreadsheet and this app or this platform visor? Are you doing this every day? Are you doing it once a week? Are you doing it once a month? What's your MO?

IS: Probably too much? You know, the idea of passive income is you want it to be passive in the background, ideally, but you know, I think it's always good to go in and fiddle around and see the different levers of oh, well, what if this goes up? And what did this distribution goes this way? You know, it's interesting in this environment, that we're back to a place where some sponsors are pausing distributions, and obviously, there'll be the catch up for returns. But just trying to measure for that, especially having a reliance now on some of that passive income, it's important. So yeah, I definitely try to stay in tune with everything that's going on and look at the stuff pretty often. But I also enjoy the days that I don't, because it shouldn't be front of mind all the time. You know, I think everything has a time in place. So trying to keep everything organized mentally as well.

DB: No, that's helpful. What tips would you give someone who's we'll start with, and we'll follow up with another question. But what tips would you give somebody who's just new to passive investing and is overwhelmed with everything that you just mentioned? Where should they start?

IS: That's tough overwhelmed the stock because I was good at but before you finish that question, I was gonna say educate, educate, educate, get yourself to the point of being overwhelmed. I think once you become overwhelmed, maybe then working backwards and distilling it down. At the end of the day. You're making educated guesses, conjectures, I guess, and all the information available on people and places and things. So I think it's important to really get feeling good about something, I think a concept that I really like is resulting. And it's this concept of you can do all the right research, do all the right things. But then what if at the end of the day, things don't work out the way that they're supposed to?

IS: And I'm in a deal now. That's exactly that's happening, right? The sponsor did all the right things, the deal is going completely sideways, there was a theft at the property, the people who were supposed to be building it up, it's not going to as it's supposed to, and I'm hoping to just get my initial capital back.

I'm not mad at myself. You know what, I think that's really important. Some people will have a tendency to blame themselves and think, oh, I should have done it differently. I think, as an investor, do the right things up to a certain point. And then yeah, you will have to take action at some point, because you're never going to really determine if this is for you, if you don't take that action. I'm so glad that I did have that experience I alluded to back in 2019 and 2020, and continued to push forward with it and then say, now this real estate stuff is not for me, even the passive investing, you know, this is this is not going well, because I wouldn't have had the opportunities that are afforded now.

DB: Yeah, I like what you said about immerse yourself, it's almost liberating to say, I'm just going to go get overwhelmed. Because there's some of us who want to throw our arms around absolutely everything, understand every facet of it. And there is such liberation and knowing it's just going to take time. So take it easy on yourself, and just assume that knowledge, or new information is going to pass over your brain scientifically, what is it seven times before it fully absorbs it? Yeah. So then you're free and not having to stop and read it really slowly, every time to understand everything about it. Okay, so what kind of advice? Would you give a more advanced investor? What are you learning? Like what's one of your lessons learned or something that you want to press into and pursue?

IS: Yeah, understand debt markets. That's a big one of understanding right now. I think, for me that the methodology and terminology and trying to understand the underwriting a little bit better, is important, I think, trying to take a couple steps back and think about where things are gonna go. I think there's some people in the space to do a really good job of talking about the future. And of course, no one knows what the future holds. But taking that into account, you know, what do apartment complexes look like in five years? 10 years, 20 years? How will we live? You know, if anyone could have anticipated the work from home pushed five years ago, that would change a lot of decisions, what's going on with transportation what's going on with the jobs market? So trying to be better of thinking about those big picture things?

IS: Like I said, I'm just a lucky guy at this point, you know, who got to fell into this of finding something he was good at in terms of sales, being able to invest in these types of deals. So I'm very humble when it comes to that. But I think there's no limit on where you can take your education and trying to get better with that and never, never been absolutely anything either. Let your opinions be changed. I think that's really important that some people get so attached to thinking things in one way, and they cannot see the other side. And this space is such a good example of this, right? Because there's always a buyer and a seller, think about that one person is always thinking, this property is not for me anymore, the other person is seeing the opportunity. So I would challenge more senior more experienced investor, do the same thing, see things from both sides, try to understand both sides and then make decisions for yourself based off.

DB: That is so good. I'll close with this. Because I think Isaac, one thing I really appreciate about you is you're, you're an evangelist for what you love, I don't know, you're teachable by way of, you're a student of your surroundings and the iterative times that we're living in. And so I appreciate your enthusiasm. I mean, you are the kind of the pied piper with real estate syndication, you're getting everybody in the door, and it's great. But I also like your your student approach, or lifelong learning approach, and I think that the combination of that is, hey, this is exciting, and I want to continue to learn, I think you're gonna win, as long as you keep yourself open. So thank you so much for being a guest on the show. I'd love to have you back sometime in the future. Anything you want to say in closing or anything that's burning on your on your mind?

IS: No, I think this was an awesome experience. I love listening, I love that you guys are doing more focused on the passive investors as well. Because you know, hearing just other people who are in my shoes, I mean, that's how I got started, right of just listening to different people's paths and hearing other's journeys is wonderful. And I encourage everyone to always reach out and connect with each other, because I think that's where all the knowledge is shared. And in that instance, as well. So you know, learning together is huge for this space. I love the community I know that's ever just took place. And I'm hoping in future years, I'll be able to be there and be a little bit more of a physical presence in within this world.

DB: Wonderful. Well, thank you so much, Isaac. I'm grateful for the time and I'm sure we'll talk again back here on the show. Awesome. Thanks.

[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.

[END]