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Welcome to the Old Dawg's REI Network, where cash flow is king, real estate investment the means, so you can enjoy your retirement dreams. This is the show where we cut right to the chase, no sales pitch, no long monologues, just simple how-to real estate investing advice so you can earn the passive income you need to enjoy your retirement today.

And now your host, and chief Old Dawg, Bill Manassero.

Bill Manassero: Welcome to the Old Dawg's REI Network, I'm your host Bill Manassero and this is the show where 50-plusers, and anyone else who wants to join us, gets solid no-sales-pitch real estate investing advice to help generate real cash flow.

This podcast airs twice weekly on Mondays and Fridays, and if you aren't already a subscriber, go to iTunes, type in the Old Dawg, so it's spelled D-A-W-G, find our podcast, and subscribe.

We have an interesting show on tap for today. We have a returning guest, this particular person was a guest on Episode 49 entitled “The ABC's of Multi-Family Syndication,” and she also happens to be my personal syndication attorney as well.

Well, I'm talking about Kim Lisa Taylor, she's an author, real estate investor, and nationally recognized speaker, and is the founder of Syndication Attorneys PLLC, a Florida law firm that helps entrepreneurs create successful investment companies.

She and the other members of the Syndication Attorneys team focus on helping small business owners and developers structure and convey their investment opportunities in a way that will attract private investors both domestic and foreign. They teach their clients how to use securities laws effectively and provide them the tools and resources they need to achieve their business goals legally.

An attorney since 2002, Kim has made corporate securities law her primary focus since 2008. She has written more than 300 securities offerings and numerous joint venture agreements. Wow, that's certainly a mouthful.

Well, welcome back, Kim! We're glad to have you on the Old Dawg's REI Network.

Kim Lisa Taylor: Hey, thanks Bill, I'm so happy to be back.

Bill Manassero: It's great to have you. How are things out in your neck of the woods?

Kim Lisa Taylor: Well, we're keeping busy and everything, the firm is growing, and we're adding staff, and we're happy to be able to help more people achieve their goals.

Bill Manassero: Now you're out in Florida, right?

Kim Lisa Taylor: That's right, but we are able to help clients in any state because most of our clients are syndicating under federal securities laws, so we're able to help them anywhere.

Bill Manassero: That's great, that's great. We have a lot of folks that listen to this show, and many of them if they haven't already launched into syndication, are interested in syndication as a sort of next step to grow their real estate efforts in their portfolios.

I'm sure there's a ton of questions that folks have. In your first interview you went into a lot of the basics, and some of the things that anyone looking at syndication should look at. I would just love to explore a little bit more in-depth. What are the key things, I'm sure there's plenty of mistakes people make when they first syndicate for the very first time, and I would like to address those issues that a person coming in can do to ... You can never, I guess, ensure total success, but to be able to hedge it so that their first syndication really is something that is well done, and has avoided some of the pitfalls that other folks may encounter.

Kim Lisa Taylor: Sure. That's good planning, for any business you’ve got to set the groundwork, and I think this is a great topic to go over because it's something everyone needs to know.

Bill Manassero: Great, great. Well let's say I'm somebody who is calling you for the first time and I'm saying, "Hey Kim, I know you've done a lot of these offerings, and have syndicated people, a lot of first-timers as well. What are some of the things that I need to do and know going into this to be best prepared to have a successful offering?"

Kim Lisa Taylor: Well, I think it kind of breaks down into four different areas. So let's cover them one by one.

First of all, you have to have the right training. Because you've got to be able to figure out what your business model is going to be. What kind of real estate are you going to buy? What kind of geographic area? What's the geographic area it's going to be in? Are you only dealing with commercial? What size commercial? What type of asset class?

Once you've nailed all of that down, then you have to get some training in that because there's a whole lot of people out there that have probably done exactly what you want to do before, and you can learn from their mistakes so you don't have to make hundred-thousand-dollar mistakes yourself.

That's where I would say is, you've got to figure out what your business model is, and then get some training in that field.

Bill Manassero: So, do you have certain folks that you recommend? Have you had people that came to you, and really seemed to have the perfect background, so to speak, to be able to move to the syndication step. And if so, where are these people getting their training?

Kim Lisa Taylor: Well you know, there's some really great trainers out there, and unfortunately I don't know all of them yet. I would love to, but I've only really been exposed to a few and of course I've been exposed for a really long time to the RE Mentor group, and that's David Lindahl and his team, and they've put together a tremendous training program for multi-family.

If you want to buy a multi-family, that would be a good place. They have Multi-Family Millions Boot Camps, and Private Money Boot Camps that I co-teach, and some other really great partnering events.

Other trainers include Jake (Stenziano) and Gino (Barbaro), who are hosting a training event coming up in Nashville. I haven't been to any of their events yet, but I know them and they seem to be pretty upstanding guys, and I've heard a lot of other people say good things.

Rod Khleif is another guy who has been out training folks, and he's been around the Tony Robbins organization for a long time, so he's really motivational … he gets a lot of people charged up to move forward with their goals.

But I've heard a lot of other names out there that people have spoken highly of as well, and there's training out there if you want it.

Vinney Chopra is another trainer, he's a former client of mine. In fact, probably my most successful syndication client, he's syndicated 26 deals and he has his own training program. So there's training out there to be had if you want it, and I think you've just got to avail yourself of it.

Bill Manassero: Yeah, and those guys I would second you on that. All of them have been guests on this show, but all of them I would highly recommend as well, so I think that's real key.

What are you looking for if somebody is coming in ... What kind of basic knowledge would they have to have in order to be effective in moving it to the syndication stage?

Kim Lisa Taylor: You know, I think you've got to come with some inherent skill sets. This isn't a job that everybody can do. It's just like not everybody's suited to be a banker, not everybody's suited to be a truck driver, we all have our different skill sets in the things that we're best at doing.

So I think the ones that come to the top of mind that are really kind of important skills for all syndicators to have are, they've got to have some good analytical skills, so you've got to be able to crunch some numbers, look at some data, and figure out whether it makes sense, plug it into some spreadsheets, tweak the spreadsheets this way or that to figure out what you can offer investors, what you have to offer for a purchase price, and it's going to make sense for your investors, what you're going to be able to earn for yourself, and whether it's worth it, and what you can do to a property once you get it that might enhance its value down the road or increase the income, decrease the expenses.

So I think you've got to be able to kind of mesh all that together, and really look at the numbers that you get from the seller starting with the purchase price in their last couple years of income and expense statements, and then project that forward and see how you think the property's going to perform for you and your investors. And you have to be able to do that in a realistic way.

Another thing you've got to have are some good negotiation skills, and that's something that some people inherently have, but I think it's also something you can learn. And the same with the analytical. I mean, these coaches that we talked about are all going to be training people – how to do the analysis, what kind of numbers you need to gather, and what you need to do with those. They can train you in the art of negotiation, and if they don't train you in the art of negotiation, there's a lot of books out there in the world that will train you in the art of negotiation.

A record keeping system — you have to be able to establish and maintain a record keeping system, not just for your accounting purposes, but also for dealing with investors whom you've met, what conversations you've had with them, what kind of financial qualifications they have, what kind of follow-up you've had with them, what things you've sent them, what further interactions you've had with them, what deals they've invested in, and all of that. So you've got to be able to establish some pretty sophisticated record keeping systems.

And you don't have to generate all this stuff from scratch because there are systems out there that are already in place that can help you, and once you get the right coaches and the right training, they're going to help guide you into some of those systems.

But you also have to have good organizational skills. You really can't be the person that has stuff piled high on your desk and expect to be very effective because you've got to be able to separate deals, and keep separate information about those deals, separate information about those investors, separate information about those partners that might be in those fields, and then all of the information that's coming to you from the properties that you've actually acquired.

So those are some skills that you're going to have to either have, develop, or purchase.

Bill Manassero: So let's say somebody calls you up and you get a phone call and they say, "Hey, I've got this 200-unit apartment under contract, I'm going to syndicate this deal." So what are sort of the first questions out of the chute that you ask some of these folks that are coming to you for the first time?

Kim Lisa Taylor: That's a really great question Bill.

We do brief 30-minute consultations for that very purpose so that we can help understand what kind of deals our clients have, whether it's something we're going to be able to help them with, how long it's going to take, what kind of documents they're going to need that we're going to have to generate for them, and then the cost.

So in order to figure all that out on our end, we have a series of questions that we ask people who contact us and say, "I've got a property and a contract." So let's step back just a little bit; when would you hire us? Well, we suggest you hire us after you have a signed purchase and sale agreement, you've reviewed the last two to three years income and expense statements if it's a commercial property, and someone from your team has physically been to the site.

And we suggest you do all of those things before you spend any more money hiring inspectors or paying for other reports and things like that. Because in my experience — my husband and I are also syndicators, we have a syndicated property in Ohio — in our own experience, and the experience of my clients, those are the three likely deal-breakers. If you can't get a purchase and sale agreement, signed purchase and sale agreement because somebody else beat you to the deal, or you just can't come to terms, you’ve got no deal. If you look at the financials and you figure out there's a lot of things missing and once you add them back in, the deal doesn't work. That's another thing that's common, and then you might drive through the neighborhood on your way to the site and just go, "Well, I don't think I want to buy this property after all."

So once you get past those three things, I think that you're probably 95% likely to close on the deal, and anything else you find in your due diligence is going to be just a deal negotiation point with the seller versus an actual deal-killer.

So that would be when to hire us, now that you have a signed purchase and sale agreement and you say, "OK, I've done that. Now I need to talk to my securities attorney." Then you would call us, and we would say, "All right, so tell us what do you have under contract? A 200-unit apartment complex in Mississippi? When do you need to close?"

And so ideally you should have a 90-day escrow period, or at least a 60-day escrow period with a 30-day financing contingency because you really need a good 90 days to be able to syndicate a property. The first time we do documents for a new client it usually takes about three to four weeks from the time they engage us to the time we get them final docs, so we want to be working on those documents at the same time that they're conducting the rest of their due diligence, ideally finishing at the same time as the due diligence period ends, leaving them a good six to eight weeks to go out and then raise the money, and then continue processing their loan.

So if we can do it within those time frames then that's going to give them the most likelihood of success, and help us be able to get their documents done in the time they need them done.

So that's kind of the timing. Then we're going to ask, "Where do you think your investors are coming from? Do you think that they're all coming from within your state? Do you live in the same property as the state?" What we're trying to determine is whether you're going to be crossing state lines. Are the investors coming from all over the country? Or maybe even outside the country? That's going to help us determine whether you can use an inter-state offering where everything's contained within one state, and we're going to look at the state's law to decide what kind of rules you need to follow.

Or can you work underneath the federal rules? And then we're going to ask you, "What do you think the financial qualifications of those investors are? Do you think some of them are non-accredited? Or do you think all of them are accredited?" And then hand in hand with that is, do you need to advertise?

So once we have the answers to all those questions then we can say, "All right, based on your answers, this is the exemption we think would be appropriate for your offering. Here's how long it would take to do it, here's the documents you're going to need. Here's the structure, and here's our quote. Sounds like you're ready to go; we can get that started."

So that's kind of in a nutshell how do we figure out what it's going to cost, how long it's going to take, and what you're going to need, and what rules you're going to have to follow.

Bill Manassero: Now, are you involved in sort of assessing the investors? Somebody that may qualify as an accredited investor but hasn't really done a deal before yet. So for them to get recognized as an accredited investor, do you get involved in any of those types of things?

Kim Lisa Taylor: Well, it depends ... I'm a lawyer; I always have to say that at least once in the conversation, right? It depends.

Bill Manassero: Sure, of course.

Kim Lisa Taylor: Yeah. Just a requirement, they teach you that the first day of law school. So what we do is we educate our clients so that they can assess whether the investors are appropriate for their offering. If they're doing an inter-state offering, or a Regulation D, Rule 506(b) offering, then they would be allowed to bring in both accredited and non-accredited investors; all of those investors would have to be sophisticated.

We actually give them some articles to help them understand how they determine whether they're accredited, they're non-accredited, and whether they're sophisticated. So there's some information on our website, an article that talks about determining suitability for a Reg D, Rule 506(b) offering.

For a Regulation D, Rule 506(c) offering, that's an offering that can be advertised, but it's only available to verified accredited investors … those investors have to go through a verification process to determine that they indeed are accredited, and that's something that they can either provide some evidence from their own attorney, a CPA, or a registered investment adviser, somebody with a license, or there are services that that investor can go to and pay somebody like 50, 60 bucks to review their financials and issue that letter.

The syndicator's obligation there is just to have a reasonable assurance that that investor is accredited within the 90 days before they make the investment. We can guide clients to those services and give them the template that those investors could take to their own people and have signed. But we don't actually evaluate whether or not they meet the criteria.

Bill Manassero: Is there sort of a third-party process that verifies these? Or is it just really dependent on your client to make sure that these people qualify?

Kim Lisa Taylor: Well, the Rule 506(b) offering allows investors to bring in an unlimited number of accredited investors and up to 35 non-accredited investors, but the subscription agreement is designed so that these investors can actually self-certify. We write the subscription agreement in a way that the investor can review the definition and say, "Yes, I meet that criteria," or, "No, I don't."

And then if they're either non-accredited or accredited, then they go on and answer some questions about their level of sophistication in other investments that they've had, maybe their educational background, prior business experience, etc. So it would make them sophisticated.

And generally it comes down to this, if someone only has a job and some savings, they're probably not sophisticated, but if they've heavily invested in the stock market, they've owned businesses before, they've owned other real estate themselves, they have their own investment real estate, or something like that, then they can be elevated to sophisticated.

Also, the definition of accredited includes any member of the management team. So any member of the management team for a specific syndicate is automatically by definition considered accredited with respect to that deal.

Bill Manassero: Really? That's great. That's great to know.

Have you ever had any folks that they're under contract, they sign up with you, they're moving forward, and in the inspection process they find out, "Oh my, this is a total dog, we've got to get out of it." And you're already like, well on your way to putting the offer together and so forth.

Has that happened? Is that common?

Kim Lisa Taylor: It's pretty uncommon, but it does happen occasionally. And it's probably one of the main things that happen, more likely that they're not going to be able to raise the money than it is that the deal's going to go south on them. Because again, once you've done those three things I suggested, the purchase and sale agreement, you've physically been to the site, you've reviewed the financials, the deal is 90% to 95% likely to close. It's only maybe 5% of the deals that get past that stage that you find some fatal flaw.

But the other thing that can go wrong is that you don't give yourself enough time. And if you don't give yourself enough time, and then you're scrambling around and you're trying to raise all the money in two weeks and you've got a seller that's not going to give you any further extensions, then that's where people get into trouble.

Or they don't have a database of investors already lined up whom they can call when they actually have a purchase and sale agreement on the property. So if you're thinking that this is a “build it and they will come” kind of deal, that's not right because you must have a database of investors.

The SEC says that the median raised on a Reg D Rule 506 offering is two million dollars, and has 14 investors in it. Well, so there are gurus out there that will teach that you really should have a database of at least three times that much, and get commitments for at least twice as much as you need, and don't count anybody as an investor until they send the money.

Bill Manassero: Right.

Kim Lisa Taylor: So you just keep raising until you hit the raise, and don't wait for any investor that says they're coming through; you just keep raising.

Bill Manassero: Now, folks that aren't able to raise the amount that they need, do they ever go to crowdfunding? Or shift gears and go to other avenues? Or can they do that even once they've started with you?

Kim Lisa Taylor: Well, there's two things that happen. There's actually three things. The situation where you don't have a database of investors to call on. Well, the way to fix that is to hook up with someone who does and give them part of your deal, right? So you team with somebody else, you leverage off their investment group, off their experience, off whatever you need from them in order to get your deal done. Half of something is worth more than nothing of nothing.

This is a very rookie mistake, and it usually only happens the first time, is that people try to spend a lot of time chasing after whales. So they're looking for that single investor that's going to take on their deal and that is usually always a mistake because whenever I think of whales I always think of the book “Moby Dick” and the wake of destruction that was left in his path.

Bill Manassero: Right.

Kim Lisa Taylor: I just see that happen again and again, that you waste a lot of time chasing people that say they're going to do it and then you get to a point where they either back out, they change the terms so it's no good for you anymore, or they want money from you which means they're probably a scam to begin with. And in the meantime you've wasted three or four weeks going back and forth with these people and you could've been out raising money 50 or 100 thousand dollars at a time.

So those kind of whale investors frequently don't pan out, and just don't put all your eggs in one basket. If you get somebody like that, keep raising money. That's what I say, and the more money you raise from outside that source, the less you need them, and you get to the closing table and they're no longer there, it doesn't matter because you've got the money to close.

Bill Manassero: Gotcha. Well, maybe when we continue on, just look at some of the attributes of those successful syndicators, how they need to prepare themselves.

Kim Lisa Taylor: Well, you've got to have the right mindset. There's definitely a mindset, the first and foremost hurdle that most syndicators have to get over is to understand that they're not asking for favors when they're talking to people about money. You're actually offering an investment opportunity that those investors need. So if you think of it that way, "I'm offering you an investment opportunity, and you may or may not need it. It's a take-it-or-leave-it deal," then you're not going to put yourself in this position of weakness, you're going to be in a position of strength and that's going to be perceived by that person that you're approaching and talking to.

And the other thing is that you're not going to get into a position where you’ve got individual investors trying to negotiate with you on getting a better deal for themselves, which is going to be a disaster in a syndication because you really can't do that. The securities laws are going to kind of preclude that except in very limited circumstances, and it's generally going to be your much more sophisticated deals where you've got a private equity partner coming in for part of the deal and your private investors coming in for the other part of the deal.

You're not going to get to those kinds of deals until you've done multiple syndications with just private investors. So the beginning syndicators, you always want to think about you're offering an investment opportunity that investors need, and it's a take-it-or-leave-it deal.

You have to be fearless to have that kind of a mindset and to be able to talk that way to investors when you've never raised money before. You've got to be a little bit fearless, and you just got to be able to take a deep breath, and get some confidence and just go for it.

You have to be perseverant. So you can't just reach out to somebody, you meet them on time, you think they're going to invest with you or buy a mailing list, send out 100 postcards for 10 cents each and expect to get $100,000 checks in the mail. None of that's going to happen.

Once you meet someone, that's not really the relationship ... That isn't the relationship you need to be able to ask them to invest with you. That's just the tip of the iceberg, you know? It's like a dating relationship. You have to meet someone, gather contact information, then you have to have a follow-up system so that you're actually reconnecting with them outside the event that you met them at, and if they're local, have coffee. If they're not, have a phone conversation, or a video call or something where you can maybe see each other face-to-face and just try to get to know them a little bit better, and to try to determine their financial circumstances to know whether they're accredited or non-accredited, and also to get a feel for their investing goals and whether the types of things that you might have to offer them in the future are going to be a good fit for them.

And the other thing is more important than anything else — just making sure that you like the person. Nobody wants to be in business for five to seven years with somebody that they just don't like. And it's not a good fit, if you get a sense that that's happening, or you feel like they're going to be maybe litigious or pretentious or just not a pleasant person to deal with, you're going to have to deal with these people through the good, the bad and the ugly. And you want reasonable people, and reasonably nice people, to be in your deals.

So spend that follow-up time getting to know those prospective investors, and making those determinations, but then that's what you're putting into your record keeping system, what you learned about that person, and any notes you want to take about them so you'll remember them, and you'll remember the conversation in the future.

And then once you've done that kind of a conversation, now what? What if you don't have a deal for another three to six months? How are you going to stay top-of-mind with them? You're going to have to have some kind of a system, maybe a newsletter or something that reminds them of who you are, or a planned follow-up call or something.

So you've got to be able to be perseverant and you have to continue following up, not in a crazy way — you don't want to stalk people — but you need to be able to follow up.

And then the last thing I think that's really important — of course there's a whole lot of other things that you could need — but I think that it's really important that you're motivated. Because you've got to be able to get up in the morning and lay out your tasks for the day of finding deals, finding investors, processing the deals that you've already got under way, overseeing them. You've got to be able to keep a lot of balls in the air in order to keep your business moving forward.

Bill Manassero: Gotcha. Well, I know that for the people that I've known that have done successful deals, always seems that they have a powerhouse team that they put together. Besides yourself, which I think is just obviously a key, key member of that team. What can you tell us about some of the other team members and team aspects?

Kim Lisa Taylor: Sure. I think that's a really great thing that we need to explore. First, you need to think of, who is going to be your internal team? Who is it that's going to be doing this with you? Syndication is a very big job for one person to do by themselves. So if you don't have other internal team members or partners, then you're probably going to need to have some paid staff.

So one or the other, but it's just a lot of jobs, finding investors, finding deals, doing due diligence on deals, overseeing the deals that you have, communicating with the investors that you have. You can see how this is really something that requires some kind of either a corporate structure with people delegated to certain tasks, or some people who have just agreed internally that "We're going to do this together, and I'm going to be in charge of handling investors, you're going to be in charge of finding deals," and all of that.

So two or three people — don't get too many people on your team. Five seems to be like the best now. Anytime we have more than five members in a management team, we never seem to get to the finish line with the same folks who started. So keep your numbers small enough that everybody can agree on things, and then when you actually get to formalizing, you get your first deal underway, then we're going to help you formalize that agreement in an operating agreement in an actual company that is going to describe how you're going to share decisions and money and what happens if somebody needs to get out of it, or doesn't fit.

So your internal team is going to be good, so you've got to have somebody who's good at deal analysis, somebody who's good at talking to brokers and combing the internet and finding deals, somebody who's good at negotiation, and you're going to have to have people that can be boots on the ground and be your due diligence team for when you've got the property under escrow, but also maybe afterwards when you own the property, once you've actually acquired it.

Then you're going to have an external team, OK? Your external team is going to be your legal team, so that's going to be both the syndication attorney and your real estate attorney. The real estate attorney is the one who works with you and helps you with the purchase and sale agreement. They help you with your loan docs, and they deal with the sellers, and the escrow company, and the closing. That's what your real estate attorney does. They should not be drafting corporate documents for you, they should not be forming companies; that's what your corporate securities attorney is going to handle — helping you structure the deal with investors forming the companies that are going to take title to the property, that are going to sell interest to the investors, and that are going to embody that internal management team that we just talked about.

So that's what your corporate securities attorney's going to do. We're also going to give you the information you need to be able to follow the correct securities exemption, and then we will do the filings that are required with the SEC, and the state securities agencies for your securities exemption.

You're going to have to have real estate brokers who are either people that you're in contact with in your target markets who are feeding you deals, or the brokers that are actually involved with the transactions that you have under contract. So you're going to be dealing with some real estate brokers.

I don't recommend that you really bring brokers onto your management team because they're going to perform a job and they're going to get paid a commission in a different way. So unless it's somebody who just happens to be a broker that wants to be a syndicator, sure, that's fine. But as far as a broker that's actually going to earn a commission on a deal that you have, you don't need to bring them into your management team; the role will be fulfilled in a different way.

With bookkeeping and accounting, sometimes you'll have somebody in your own team that can do some bookkeeping, but you're probably going to want to set up QuickBooks. If you're dealing with non-U.S. investors then you're going to have to have a CPA that is well versed in dealing with foreign investments because there are some specific IRS rules that pertain to that and there's actually some withholding that they will have to help you calculate and send to the IRS out of those investors' earnings.

You're going to need a marketing team, so either that can be internal or external, but you've got to have somebody who can set up a website, maintain your website, who can create fliers, maybe help you create some events and maybe some PowerPoints, some presentations for your investors, those kinds of things. So some kind of a marketing team.

We can provide some of that stuff for you, we do have some marketing services that we're able to provide in some instances. Then you're going to need a property manager. Property management is obviously going to be really key to maybe helping you conduct the due diligence, certainly on the takeover of the property and the running of a property, providing all the recourse that you need to be able to share with your investors. A great property manager — and it's probably going to be different property managers in different markets because they're usually local to the properties — there are a few that are nationally known companies or regional that you might fall in with.

So that's kind of who I have on my list. Can you think of anybody I missed, Bill?

Bill Manassero: Well, maybe just taking a step back looking at the internal team just one more time. It looked like you interchangeably used a management team. So internal team would be management team, right?

Kim Lisa Taylor: Let's just kind of dissect management, because you've got a property manager who's dealing with your tenants' toilets and trash, and then you've got an asset manager, and this is going to be your group, the syndication group that's actually finding and putting together these deals, and putting together the investor group.

So we call them asset managers. Usually we're going to use a limited liability company to take title to a property, and when we form that title holding entity, it's going to sell off some interest to investors, and it's going to keep the share of ownership for the management, this asset management team.

So when we form that LLC we're going to form a manager managed LLC, and the manager itself is going to be its own LLC. So that asset manager is the one I think you're talking about. Is that right, Bill?

Bill Manassero: Right. Your general partners.

Kim Lisa Taylor: Yeah.

Bill Manassero: Those individuals, right, that usually have an equity stake, your sponsor if you have a sponsor, or sponsors. Wouldn't they also be in that group as well?

Kim Lisa Taylor: Absolutely. So if you have somebody that's helping you qualify for a loan, or somebody who's providing services to your syndicate, then they're usually going to be in conference within that manager LLC, and then that manager LLC is going to keep a portion of the ownership interest, and the entity that's taken title of the property.

Bill Manassero: Is it common that you have your property management company represented on that team?

Kim Lisa Taylor: No.

Bill Manassero: Not unless they have an equity position, right?

Kim Lisa Taylor: No, they're a hired gun.

Bill Manassero: Right, gotcha.

Kim Lisa Taylor: Unless they're helping you by sourcing deals to you, and they're going to provide some investors or something like that, there would be no reason that you would bring your property manager into your asset management team. You're just going to pay them as an outside contractor.

And the reason is because you don't want to be stuck with them. What if they're not any good?

Bill Manassero: Yeah, that's true, too.

Kim Lisa Taylor: You know, what if they're not doing what you need to be done? Then you need to have a contract with them that can be severed within 30 days, and your lender's usually going to require that.

Bill Manassero: Right. This is great, great information, Kim. The problem is I have like 50 more questions. Just kind of looking at what we've addressed here, and again people that want to do it right, want to come into this right, any other things that you think are important for them to know if they're considering syndicating, let's say, for the first time?

Kim Lisa Taylor: Get some training, and not just training; get a coach. Every one of my successful repeat syndication clients has had a coach, at least in the beginning. And I had a coach when my husband and I were syndicating our property. We had a coach. So get a coach, and follow their instructions. They're the ones who are going to keep you motivated, keep you on track.

You're going to have to find a way to keep motivated and there are two ways, I think, to do it. One is be a religious listener to Bill's podcast because he's got some fantastic guests that come on the show, so every time you hear that stuff, even if it's stuff you've heard before, you're going to catch something new, you're going to learn something different, but it's going to re-motivate you.

The other way to stay motivated is get plugged in to your local real estate investment associations. They usually meet once a month, sometimes there's two or three that are close enough geography to where you live that you can hit a couple of them. Those people are learning all about real estate investing, they're bringing in speakers, you're going to continue your education, you're going to keep picking up tidbits, and you're going to meet people in those groups that might become investors with you if they see you coming back again and again and again over a long period of time. They're not going to invest with you if you show up once. You've really got to start going on a regular basis.

I used to do that a lot — go and just meet those people. You might have to get some speaking opportunities out of it; there's all kinds of good things that can come from networking with like-minded people, so you just got to keep doing that as much as you possibly can.

Bill Manassero: That's great advice, great advice. You mentioned earlier how if you're looking for 14 investors, you go for 30, or 60, or what have you. I've also had a coach that basically said to me, "If your raise is $2 million, then you make $4 million your goal for hard commitments from people." So in each investor you've spoken with, I've got $4 million that people have verbally committed, and because more than likely you're going to get at least half of that. I think that's a good recommendation on your behalf too, just to seek way beyond what you think because even the folks with the best intentions could drop out once that property's under contract.

Kim Lisa Taylor: That's right. And until the money's in the bank, they're not investors. So it's always first-come, first-served, and you always want to create that sense of urgency if you can. And you really do have a sense of urgency if you've got a property under contract that you have to close in 90 days and you're only going to have about 60 days to raise the money because you're going to spend the first 30 doing due diligence and getting legal documents in place. That 60 days is going to become all critical, and you've got to have those people lined up and ready to go so that when the securities offering documents are ready, then they're going to read them, sign them, give back their checks to you, start putting those in the bank, and watch that account grow until the time you're ready to close on the property.

Bill Manassero: That's great. Well, like I said, I've got too many questions here, and I could hold you forever here, but thank you so much for sharing great information, great information. Just a lot of excellent material for anyone that's considering syndicating, or maybe somebody that just has done some syndication, but really wants to do it better.

And so I would recommend everybody listening here that they contact you. You've got great resources, too, by the way. Your newsletter, and some of the stuff that you've posted on your website, just a wealth of information there, and I've referenced stuff on your site numerous times just for my own sake.

Kim Lisa Taylor: That's great.

Bill Manassero: Yeah, so how can folks get hold of you? How can people find out and have access to some of these resources you have?

Kim Lisa Taylor: The best thing to do is to go to our website at www.SyndicationAttorneys.com and there's a “Free Info” tab there, and underneath that are a whole bunch of one- to two-page articles on all different aspects of syndication, as well as we do free monthly teleseminars. So we'll pick a topic on syndication, and we'll talk about it and a lot of times we'll bring in some guest speakers. We will just kind of take a deep dive into some specific aspect, and we have recorded those calls for the last 16 months and they're all available currently for free on our website.

Also there are “Frequently Asked Questions.” And I just want to say, there's one stand-out guest on our website that you had as a guest on your show, Bill, who I think everybody needs to listen to, and so listen to it on Bill's podcast, listen to it on ours, listen to it on both, and that is Sam Freshman.

Bill Manassero: Gosh, yes. Sam, what a ...

Kim Lisa Taylor: Amazing.

Bill Manassero: Yeah, amazing man, yes.

Kim Lisa Taylor: Yeah. We all need to know what Sam knows, and Sam's been doing this for 60 years, so I would say do that. But also just to give a little plug for Sam, he's got a fantastic book on the “Principles of Real Estate Syndication.” You can buy that on Amazon, and I think that's a book that's well worth reading for any beginning syndicator.

Bill Manassero: Yeah, great. Yeah, it's kind of like *the* book on syndication. He's been doing this for so long, like you said. I don't think it was this common when he started, kind of borrowing the ideas from what was going on in the movie industry at the time, their syndicating to fund movies, and borrowed a lot of those ideas I think in some of the things he has in his book. But yeah, good stuff, really good stuff.

Kim Lisa Taylor: Well, just one last comment is that on our website you can schedule a free 30-minute consultation. If you're just looking for general information, you can probably get it off the website. If you've got a deal under contract and you want to get a quote, schedule a call and we'll be happy to talk to you. But get on our newsletter mailing list so that you can get into the upcoming free tele-conferences and we always do live Q&A at the end of those calls.

Bill Manassero: Yeah. I would really recommend to folks listening, too, that they do that 30-minute consultation. I'll let you know as somebody who did that, that a lot of times you'll hear that, they have a free consultation, but then they spend 20 minutes of the 30 minutes selling you on their services, and that is not the case with Kim.

She really does provide you with stuff you can take home, and a lot of great information. Every question I asked was answered, and it was so helpful, so I would take advantage of that and some of the other great resources she has. But it's invaluable the services they provide.

Kim Lisa Taylor: Thank you, Bill. And thank you so much for letting me participate. I've enjoyed the call.

Bill Manassero: Same here, same here. Well you know, you're not off the hook yet. You got to close us out with your best old syndication hound dawg howl. Are you ready?

Kim Lisa Taylor: I am ready, and I'm going to do the same one I did before. I had a beloved Alaskan malamute and his name was Tundra and he had this howl that was just phenomenal. So here you go. “A-woo-woo-woo!”

Bill Manassero: I love it. Well, thank you so much, Kim, for being on. Really, it was great talking to you.

Kim Lisa Taylor: Thank you, Bill. Have a great day.

Bill Manassero: You too, and I just also want to thank all our Old Dawg listeners out there too for joining us. I know there's a lot of other things you could be doing right now, but the fact that you've taken the time to join us means a lot, and we greatly appreciate it. Please note, everything we discussed today, and there was a lot of great meat there for those, especially that are interested in syndicating that can be accessed in our detailed show notes on the Old Dawg's website at OldDawgsREINetwork.com/Blog and to look for the episode with Kim Lisa Taylor.

That is it for today, we thank you again for listening. Remember, cash flow is king, and real estate investing the means. Until next time, keep moving forward, and may God bless.

Announcer: Thank you very much for visiting the Old Dawgs REI Network. We would greatly appreciate if you would stop by iTunes and let us know what you think of the show. We would love if you could subscribe to the podcast, give us a five-star rating and write a review. The more ratings and reviews we receive, the more visible the podcast will be to others. Thank you.