

Deal Syndication

Video 3: Raising Investor Funds

Part 1 - What To Do Before You Have A Deal

What's covered in this training?

Video 3-1: What's covered?

- Fundraising overview
- Preparation
- Finding investors
- Record-keeping
- Nurturing investor relationships before you have a deal

Overview of Fundraising

- Identify people potentially interested in investing in MFRE
- Qualify them
- Determine how much they want to invest
- Nurture the relationship until you have a deal
- Sell them the deal when you have one
- Make them money so they re-invest with you

Overview of Fundraising

Put simply, it's a process of:

- Meet investors
- Nurture relationships
- Offer deals

Phase One: Preparation

Before you start meeting investors:

- Really understand your investment thesis and be able to explain it to someone with no real estate knowledge
- Prepare an investor deck, like your broker credibility package

Phase One: Investor Deck

What's in your investor deck?

- You and your team – pictures, bios
- Your investment thesis
- Target markets, assets and returns
- Pictures of sample properties
- Your contact information
- Investor qualification form

Phase One: Meeting Investors

How do you meet investors?

- Go out and find them
- Have them find you

Phase One: Meeting Investors

Go out and find them:

- Tell everyone you meet what you are doing
- Family and friends
- Networking
- Be sure to ask everyone you meet for referrals - Do you know anyone else who might be interested in talking about this?

Phase One: Meet Investors

Attract investors to you:

- Good alternative for introverts but requires strong commitment and consistency over time
- Basically, it's demonstrating your expertise through media
- Website, podcast, blog, social media, etc.
- You ARE already an expert

Phase One: Meet Investors

Both methods:

- Reality is: at first, you will need to do both – going out and finding people and attracting them to you
- Over time, you can figure out what works best for you and focus your energy there
- If you are consistent at either strategy, you will start to get referrals organically

Phase One: Meet Investors

Strategies for in-person discussions with investors:

- NEVER SELL: you should never feel under pressure to convince anyone of anything.
- Your real goal here is to QUALIFY people, and then start a relationship with qualified people or get a referral.
- Tell people WHY you are doing this. Why do you love real estate so much?
- Discuss your thesis with enthusiasm and passion.
- Walk them through your investor deck (some people like to do this on an iPad – it looks very slick and professional).
- Use silence: when you are done going through the deck, do not talk until they talk. They're expecting a request for commitment. Make them ask how they can be part of your deals.
- Then explain the process and offer qualification form.

Phase One: Meet Investors

Meeting strategy in-bound potential investors:

- Same as above, but I send them the pre-qualification form first
- Don't want to waste time with people who are not qualified or not really interested and this weeds them out
- If they come to you, they are already familiar with you from your online activities, so less explaining. More about qualifying and judging "fit."

Phase One: Record-Keeping

Document your “pre-existing substantive relationship”

- Name, contact information
- Date of first contact
- Date you received signed qualification form from potential investor
- Date you had an intake interview
- Amount they want to invest
- Summary of important points in conversation
- Create file in email for “investor intake” and file your emails with them to demonstrate relationship
- File your qualification forms somewhere safe

Phase Two: Nurture Relationships

How do you nurture investors while you are looking for deals?

- Send them newsletter or blog posts
- Podcast
- Pick up the phone
- Drop an email occasionally
- Method is irrelevant. Point is to stay in touch regularly to develop the relationship.

Continued in Next Video

Video 3, part 2

Phase Three: Offering a Deal