



THE LANDGEEK

The Art of Passive Income Podcast With Mark Podolsky and Scott Todd

Today's Guest: [Dean Sioukas](#)

Transcript

Mark: Hey, it's Mark Podolsky, the Land Geek, with your favorite nichey real estate website www.TheLandGeek.com and I'm really excited for today's guest. Because, it's not often, Scott Todd, we get a guest that can literally overnight change your life, right?

Scott: Right.

Mark: And this is that guest. I'm really, really, excited. It's very innovative. I can't wait to get into it. But before we get into it would be remiss if I didn't properly introduce my co-host, Scott Todd from ScottTodd.net, LandModo.com and most importantly, if you're not automating your Craigslist and your Facebook postings, PostingDomination.com/TheLandGeek. So, Scott, are you ready for this?

Scott: Mark, the thing is, is that you can never run out of what this company provides.

Mark: You really can't. This company it's like you can never get tired of hearing, "I love you," right? So, let's talk to Dean Sioukas, the CEO of Magilla Loans from MagillaLoans.com. Dean, how are you?

Dean: I'm very good. Thanks, Mark and Scott.

Mark: So, Dean, if we were in an elevator and it was kind of awkward but I looked at your badge and said, "Magilla Loans CEO" and I said, "Dean, what's Magilla Loans?" How would you answer me?

Dean: The shortest version is we are the equivalent of KAYAK for business and home loans or as others like to say we are Match.com for business and home loans or if you are even younger we are Tinder for business and home loans depends on maybe your age. I say we are KAYAK.

Mark: Okay, I can buy in with KAYAK. Now, let's say for example that I need 22 million dollars.

Dean: Okay.

Mark: Right and I want to go out and I want to buy some commercial real estate.

Dean: Correct.

Mark: Why wouldn't I just go out and call my buddies and say, "Hey I want to start a fund, let's raise 22 million bucks. Take some of your self-directed IRA money, your QRP money, let's make it rain. I'm going to give you this percentage of a return and let's go on."

Dean: Yeah, you can certainly do that. As you know my background I'm a real estate developer by trade. That's what I have been doing prior to Magilla. And, you can certainly do that. Again, that's a financing tool that I've used and a lot of real estate investors have you used. Most of the time you do that because you don't have the ability or don't think you have the ability to get FDIC insured bank financing which of course is going to be a lot more advantageous to the sponsor, guys like myself and guys like you.

Mark: Why is it more advantageous and why would somebody on the Magilla Loans platform give someone like me 22 million dollars FDIC, that might not have a track record or might not have great credit or whatever it is?

Dean: Of course. Magilla is not the fairy godmother and we can't make it happen just like you can't go to KAYAK and say, staying with the KAYAK example, "I want to fly from San Francisco to Paris nonstop direct. I want to fly first class for \$400." You might want it. Just because KAYAK doesn't give you that response doesn't mean KAYAK is not working. KAYAK is working fine. KAYAK is showing you the opportunities that are available for you to accomplish that task today.

It changes from day to day as airlines have different promotions and different needs and different schedules. They might have a flight that's not very full and they run a sale. How would you know? You don't know. You've got to go KAYAK. Because we are not that smart, we don't have the ability to search every single airline's website and you might not be able aware of a certain website that's a certain airline like, I don't know, Lufthansa, let's say you are not familiar with Lufthansa. It didn't come to your mind and there is Lufthansa running a sale.

Similarly, in Magilla, there are six thousand FDIC insured brands in the United States. That's a lot. It's a lot more than airlines. It's a lot more than cars. We have countless tools to help us plan a trip, buy an airline ticket or find a white AUDI A4, a 2005, with 20,000 miles on it. There are a bunch of car sites that will help you do that.

Mark: Right. So, if we flip that example around and we say here is Scott Todd, he's got liquidity, he's got great credit, he's got a track record, why should he have to hustle and go to his local bank or start talking to his friends and going through that song and dance when he can just go to Magilla Loans and all of a sudden, he's got 6000 options. Is that right? Is that's right? Is that the way to look at it?

Dean: Yeah. Of course, Magilla doesn't have all 6,000. It's going to take us a while to get all 6,000 but we have well over 100 brands and hundreds of loan officers. Of course, within each brand, we have multiple loan officers.

You have the residential, you have a re-fi, you have a commercial real estate, greater than 20 million, commercial real estate re-fi. You've got a loan officer at a brand for every variety of loans.

If you're Scott Todd and you say, "Well, I have a banking relationship with..." Let's say Scott has a relationship with or thinks he has a relationship with three banks. That's three. To see what those three relationships can do for your particular need at that moment, despite the fact that you have a relationship with them, you are going to go and fill out all their forms, give them three of the tax returns, all of your K1's etc. That's the typical process if you are even in the Scott Todd's category of having the relationship. We are making the assumption this example I have three relationships. Not everyone has three. Some people don't even have one.

So, you put your loan in Magilla, you don't say your name is Scott Todd. That's the beauty of it. You do tell Magilla this is the asset that I'm looking to buy or refinance, these are the metrics of the asset. Then you move on to the metrics of Scott Todd, Scott Todd financially looks like this. We don't know if it's a man or woman, African American, White, Greek. Magilla doesn't care and we don't think anyone should care what you look like, what your gender is, what your race is. I want to know what the asset looks like on a financial scale and what Scott Todd looks like on a financial scale. The loan officers get push notifications when a loan meeting their criteria enters the system. They use their Smartphone, they review the proposal or the request and they make you a proposal. It's that simple.

Scott: So basically, what they are doing is they are looking at it and they are saying, "Okay, well this is an asset class that we would lend to or not lend to, so we will either engage or not and then from there they might send me a generic term sheet. It's not necessarily an approval. It's just a hypothetical term sheet, right?"

Dean: It's a little more than that. It's not a generic term sheet. A generic term sheet would be like some other websites you may go and say, "Let me check rates." Well, that's generic. There is a rate sheet that somebody gave a website that says, "These are the rates from these institutions." No, that's not what Magilla is giving you because a live red-blooded person reviewed your proposal, your request, and made you a proposal and added notes in

the proposal to expand on it. To say, "This a fixed rate option for five years," and then the notes they are going to say, "If you connect with me on Magilla we have some other opportunities as well that we can explore." We can explore a live wire based option or whatever. So, it's not a generic response. If they don't like the asset class or don't feel comfortable, they won't make you a proposal and we see it happen all the time.

Scott: I'm still constrained to the loan to value type of stuff. I still got come up with money for my portion of it. It's not like they are going to give me 100 % loan to value.

Dean: Of course. Life isn't fair and life isn't easy. Magilla is just making it a lot easier and a lot fairer because we are giving you the borrower access to information that there is no other way to acquire. You're lucky if you can get proposals from... Wouldn't you be happy if you got three proposals from three different FDIC-insured banks for a certain real estate project? How long would that take you to get? It's not a day. It's weeks, months, I don't know how long that would take. You're going to have to go through the whole process. And what have you accomplished? You have a handful of proposals.

Scott: So Magilla gives me a response in how long?

Dean: The commercial loans, we give the lenders 10 days. In reality, a residential loan is going to be done in about 24 hours. Commercial depending on the complexity and the size could take the whole 10 days.

Mark: Are there any commercial asset classes you don't like or FDIC insurers don't like? I would imagine land would not be one of them.

Dean: Land is one of them. Land is definitely one of them. I'm a land guy and we don't always have the luxury of getting loans from FDIC-insured lenders. The asset classes that do the best in Magilla of course are the ones the banks want are real estate based assets. Whether that's commercial, office, multifamily, single family, rehab, flip, and of course all the consumer side of things. Purchase and buy a second home that kind of a... We started it as a business only platform, we expanded to residential, single family residential a couple of months in. There was just every business investor has

a house so they wanted to refinance their house and their second homes through Magilla.

Mark: So, Dean from a business aspect you are a search engine for loans, you're free, no hidden fees.

Dean: Correct

Mark: Well, how is Dean making money?

Dean: Subscriptions from the banks.

Mark: Subscriptions from the bank.

Dean: Yeah. I'm not a real estate broker. I'm not a loan broker. Of course, we use brokers in our real estate lives. Magilla is doing things a little differently. We are saying we have access to the data, we have access to the inventory of loans, and in order to make it so that a real estate investor doesn't see using Magilla as increasing the cost of their loan because as a real estate developer myself I wouldn't want that. What are we doing? We are saying, "Lenders this is a much more efficient way to find Mark or Scott or Dean or somebody who looks like us in a financial sense," and for that efficiency, they are willing to pay a monthly fee.

Mark: I love it. Is this a VC backed company?

Dean: No, not yet.

Mark: Not yet, okay.

Dean: It will be, but because we had careers before and nothing against 18 and 22-year-old kids making innovations. It's amazing what they do. This is a little different because in order to have determined what works for banks, what works for real estate professionals, you kind of have to have lived it. Otherwise, I know we wouldn't have come up with the system in the format that we built it. I just wouldn't have had the experience.

Mark: You are solving the raising money pain point efficiently with artificial intelligence and big data is that correct?

Dean: Correct and it's pure economics. I was an Econ major in college and we always say it's pure efficiency. We are trying to make a system with the least amount of friction possible. We feel that at least for our system, the brokerage commission gets in the way where I'm sitting there, and I'm basically playing cops and robbers at that point, right? I say, "Magilla we introduced Scott Todd to Bank of America. What happened to the loan?" Bank of America may say, "It didn't go through." Technically true maybe, except that they didn't refinance Scott Todd's multifamily request they found in Magilla for whatever reason. Maybe Scott Todd decided to move on or he dropped the property. But I've already introduced Scott Todd to Bank of America. He's already talking to the guy or woman, and in the conversation they did a different loan and refinanced the building for Scott Todd, that he didn't even realize that he could benefit himself from.

This has happened in Magilla on many occasions where the original request, just like business in general, you don't know where a meeting is going to lead. All meetings are good meetings. You don't know what's going to come of it. It happens all the time. You sit down with somebody and you realize 10 minutes in this is probably a waste of time. Five minutes after that you're like, "Oh my Gosh, I can't believe that you, this person that I was having a meeting with about one topic, and now I'm going to do business with you about something that it was completely unrelated." That happens in Magilla all the time.

Mark: What happens for the guys like me, let's say me maybe I've gotten an asset that FDIC insured companies don't like, is there a second tier of this where let's say like my good buddy out here works for a billionaire. He's got a private office and one of the things they like to do is private loans, right? So, the banks pass and now instead of getting a loan at say 3 to 7 % now you're looking at 10-13 % with a point or two. Does Magilla go that route as well?

Dean: Yes, and it actually happens similar to the way you described. Most people unless they have really intense time constraints, are better served with an FDIC insured vendor. That's why we built it. You're going to get the

best rate. You're probably going to get the best terms. It maybe a little more arduous, probably more documentation, and take longer, but that's really where you want to be. Like you said there is a second tier where not all loans are going to fit in that category especially if it's a business loan. Let's say you haven't been in business for three years. Let's say you have been in business for two years and three months. Well, a lot of banks have a hard and fast rule, you've got to be in business for three years. Well, Magilla wants to help you.

Again, we are throwing a wide net so for the lenders who have set their default search criteria to say, "I'm willing to look at all businesses, not just business three years and over," they are going to get a push notifications. They are going to be aware of your loan in the system without you having to go knock on the door of the branch. In a lot of cases like you said there is no branch. How are you going to find them? How is a guy in Sacramento going to know that there is a private lender in San Diego who has the capacity to do the loan I'm looking for today? It's impossible.

They don't know you exist. You don't they exist. It's two ships passing in the night, it's not going to happen. So, we all rely on word of mouth like you said in the beginning of the conversation. I ask my buddy, I ask my friend, I ask my colleague, I ask a fellow real estate investor or developer, "Who do you use?" That's okay, right? We learn from our peers, but your peer only has visibility again to so many lenders. There is too many. There is too many.

Mark: Now in this world, there is always guys that got the three Cs. We've got collateral, we've got credit worthiness, and we've got character, right? How important in your world are those three Cs or is one rated, which I would imagine would be the collateral, more than the others?

Dean: Yeah, I think it's the collateral. I think the collateral is king. It's kind of like when you try to get into college or when I went to law school let's say and I had a buddy who had a better GPA than I had. So, what do you have? You have the same things. You are going to college or you're going to law school and you have your GPA, what I do for the last four years, the results of the tests, SAT, LSAT, whatever test you're taking and then what's your character. What does my essay look like and all that?

If you could get only one of those which one would you choose? Well, I would choose the test. Yes, it would be a fair equalizer in that example and in my case, it worked. I did extremely well in the test. I got into a lot of places. My friend who had admittedly a better GPA than what I had, did not do as well in the test and he got in basically not in too many places. Similarly, in real estate, I would choose the collateral and you just would. You want all three but if you can't have all three that's the better way to go.

Mark: Scott Todd I think Dean is on to something.

Scott: Yeah, I think so.

Dean: Brilliance.

Scott: I think the fact that you're matching lenders in this large space to the consumers and making them find people that they didn't even know exist, banks didn't know exist, I think it's a good move. I was driving down the street the other day in my own neighborhood and I look over to the left and... I'm stopping at the stop light and I look over to the left and there is this bank, I've never even heard of them before. I think it's like Millennial Bank or something. They probably have like one branch.

I was thinking like, "Well, here is a bank let's say they have one branch or a few branches, and they really could use some business loans. Because they've got money to move, at the same time they are going to make money off of this asset class." I would have never found them had I not been driving. So, we always think it's Bank of America or the big banks. On your platform, most of these people are they smaller banks or bigger banks?

Dean: It's pretty much everybody. I would say right now the bigger banks have been very receptive to Magilla. So, we're doing a lot of the big banks. A lot of the ones the named brand banks that you would expect. We also have a lot of community banks. The banks that are even more interesting for Magilla are... let's say it's a community bank that has a national charter. Well, that's the best. For my system that's the best.

You don't have a lot of brick and mortar, you are maybe known in your community as a very solid community bank but because of historical accident or how the bank came to be, they have a national charter. So, they can loan in the 50 states. Well, at that point Magilla becomes a very powerful tool for both the consumer and the bank. Because who loses in that? Nobody, nobody loses. If you're in Texas why can't you get a loan from a small community bank that is physically based in California? There is no reason not to.

Scott: Some national banks, let me pick on Bank of America for example, Bank of America or Wells Fargo I know there are certain asset classes that they will say, "Yeah, yeah, we do that," but when in reality they don't. Is that something that if I put this asset class through and they really don't have the desire to do it, are they going to come back to me and waste my time or are they just going to not respond back to me?

Dean: You know what we've seen Scott? Is we've seen it play out in the charts. We have something that we trademarked. We call it a Mag Chart, for Magilla, a Magilla Chart. It's basically a comparison chart that any person would want to create for themselves. If you had the ability to get multiple proposals what would you do with them? They are all going to be on different kinds of term sheets, different paginations, different formats, right? You are probably going to take those term sheets and synthesize them into a little chart for yourself. Well, Magilla just does that for you. So, when the banks put in the proposal, we present it to the borrower in an easy to read, easy to compare chart.

The bank that really isn't that excited about the asset class, we find that it's very obvious on the chart. You can see it in the terms, something will stick out, it's going to be pretty obvious that they are not that jazzed up about the asset class or you will see it in their notes. So, if the borrower puts in their loan they get to put notes. It's your opportunity to pitch yourself. We make the notes compulsory and we make it compulsory because it's for your own good. The more you can say about it, you have to sell it a little bit.

The banks do the same thing. They are selling themselves to you. If a bank doesn't put a lot of effort into it, they probably don't care that much. They care a little bit because they made you a proposal. You will see in the chart

another bank that will make it very clear to you that they have room in their portfolio for that type of asset. That's usually how it plays out.

You are talking about something that again the consumer can't know. So, if I ask my buddy the real estate professional, "Who is the best in town?" That's strike number one. Why I'm I looking just in town? I shouldn't look just in town. I shouldn't look just in California. I should look everywhere. But you would say, "Who is the best in town to do a 10 million dollars office re-fi?"

Well if the gentleman says XYZ bank, it's not that he's necessarily wrong, that might have been right when he had the experience but that was February. It's now May. So, what's happened in the last quarter? I don't know. You don't know. Your friend doesn't know, nobody knows. The only person who knows is the head of the bank who is balancing their portfolio. There is no neon sign that says, "Not so hot on office loans this quarter." You don't know that.

But Magilla will find out for you and it will be pretty obvious in the chart. If a bank skipped over on you, they probably skipped and if you walked into the branch they might tell you they can do the loan but once you go through it all, they are probably not. A lot of the times we see banks where the large banks have skipped over on a loan and the borrower only is getting proposals from smaller community banks. Does that mean Magilla didn't work? No, it means Magilla worked. It's telling you for some reason... it doesn't mean you're a bad borrower or a bad loan, it's just for some reason you're missing one element that a big national FDIC insured bank wants to see.

Scott: Right. Okay.

Dean: And you don't have it.

Mark: I just went through the systems while you guys were talking. It was very simple.

Dean: It's pretty simple.

Mark: And enjoyable. It wasn't that bad.

Dean: We are trying to walk a line between approachable because banks are intimidating, right? We all know that. I don't care how long you've been doing it, banks are intimidating. So, we are trying to make it less intimidating but at the same time, it's not a joke. This is a serious topic. So, we don't have dancing people or people jumping around on the site. We want it to be inviting but take it seriously. You wouldn't be here if you weren't serious. If you are not serious about it, we may not be the platform for you.

But if you really, really, want to refinance your house or really want to buy that vacation home or if you're a larger investor, you want to buy a 65-million-dollar retail center, yes. Why wouldn't you come to us? You would say, "Well, I already have relationships with KeyBank and Wells Fargo, and US Bank," three. There is six thousand. You've rattled off three. And how do you know and we see this also on Magilla, within a large bank there is different silos. It's possible that your asset and your profile fits into two different silos at the same bank.

So, they are times when a loan gets two proposals from the same brand. How can that happen? Because there are from different sides of the bank, one is the real estate division and one is the, whatever they want to call themselves, the personal wealth division, it doesn't matter. Each of them has different criteria and the terms can be and often are different, same bank.

Mark: So, Dean, one more question before we get to the tip of the week. Why would I go to Magilla if I need money and not go to some real estate like, we will say RealtyShares, like a real estate crowdfunding site? What are the major differences?

Dean: Well the biggest difference is, again we like to align ourselves with the concept of KAYAK, where technically any lender whether it's an online lender like Kabbage or OnDeck or other aggregators are all falling under the umbrella of Magilla. We are not a lender, we are not giving you the money and we are not trying to give you the money. We are giving you a safe, and that's important, a safe, honest place where we don't have an influence over the outcome. We are trying to make a very, very, efficient and friction-free

system for you to see all your options. Those options may be from crowdfunding sites, they could be from out lenders, they could be from investors like you said who are going to take a point or a couple of points and take an equity stake in the company.

Of course, it started as an FDIC-insured lenders platform and I think that's always going to be its main focus, but our goal is to make sure that, you today may need an out lender, a year from now hopefully maybe you don't or two years from now. Or your internal portfolio looks different and you can support larger debt loads and you're going to grow over time. I mean I've been doing real estate for decades, I couldn't do so many years ago what I could do today. I'm a different person. I have different skills and I have different experience levels. Magilla wants to grow with you.

The market will dictate what your best fit is today in 2017, and 2018 come back, it might be different. We are going to have more lenders. You are going to look different. The economy is going to be different. Interest rates will be different. Magilla is free and it's easy so there is no reason not to keep trying. We don't run your credit. How can we? We don't know your social security number. That's important. We don't want to know your security number.

You are going to give your social security number to the bank that you choose to have a further conversation with. You're in control. If you get 15 proposals and you don't like any of the 15, don't act. Nothing happens. You don't have to throw your cell phone away because it won't stop ringing, right? This is a businessman and a business woman's game. You don't have time to take phone calls from sales people. You want to get down to doing business. If that's buying an office building get to it. If you want to refinance your house, do it. That's the point.

Mark: I love the model. I love the way you're leveraging time and making this simple. I think the KAYAK analogy is really applicable for this actually. It's great. Dean, you're a big deal. Nice job, nice job. All right, we are going to put you on the spot and ask you for your tip of the week, a website, a resource, a book, something actionable where The Art of Passive Income listeners can go right now improve their business, improve their lives, what have you got?

Dean: I would say, and this is the type of person that I am, I would pick your least... Look in the mirror find where honestly you are the weakest in. If it's accounting or statistics or even basic real estate legal concepts, if you don't know the difference between tenants in common and a joint tenancy. These are the basic concepts that come up and you want to sound as intelligent as you possibly can when you are in meetings. You want to project confidence and if you don't know something you want to power through it, project it, and you will figure it out after.

I would suggest going to www.Lynda.com and www.Lynda.com is a great resource to learn anything that you need whether it's coding, legal, to the most basic to the most extreme. If you feel in your hearts of hearts that your ability to make complicated spreadsheets is compromised, don't live that way. Go to Lynda.com and dedicate; when your kids are out at a friend's house or something, dedicate some time to yourself. Go in a quiet room in your house or your office this weekend, pick one topic and learn it.

Mark: All right, great tip.

Dean: Yeah. It's important to find your weaknesses and we all have many and bolster them up as much as you can.

Mark: All right, Lynda.com. Scott Todd, what's your tip of the week?

Scott: Mark, have you ever needed to count down something like you have this big date, something is happening on this date and you want to know how many days are left? Well, my tip of the week is to look at the Mac Store, The Mac Apple Store at WaitingList, WaitingList.

Mark: All right, I'm checking this out.

Scott: What it will do on your desktop at the top on the menu bar it will put like an icon and you can put in special events. Like, "Hey, this is the day." Maybe it's your birthday, maybe it's a trip, maybe it's Bootcamp and you can just pop it down and you can see how many days are left right down to the minutes, seconds. It's a countdown clock.

Mark: I like it. Have you seen The Death Clock, Scott?

Scott: Yes.

Mark: I love the Death Clock. This is fun compared to like The Death Clock.

Scott: Yeah, see?

Mark: All right, I'm in.

Scott: Okay.

Mark: I'm going to count in how many days left I have to live plus days to Bootcamp.

Scott: Bootcamp, the next Bootcamp so that...

Mark: Or how long it's going to take Magilla loans FDIC lenders to approve my loan.

Scott: They have got 10 days, right?

Mark: They've got 10 days.

Dean: They have got 10 days.

Mark: So, I can create that as a countdown. But Scott isn't this going to be distracting? I only have the attention span of a ferret on a double cappuccino.

Scott: No, it's up at the top. It's only when you need it like, "How many days to a Bootcamp. Okay, I got it." I guess you could ask Alexa how many days until whatever. Oh, oh, I shouldn't have said her name.

Dean: Oh, oh.

Mark: Oh, oh.

Dean: Scott Todd you're not supposed to do that. You can't say the word.

Scott: Yeah, it's bad.

Mark: "Alexa, buy Mark a gift."

Scott: No, no, I got ear buds in, she can't hear.

Mark: Okay. In that case, "Alexa return the drone." All right this is great. My tip of the week is, learn more about the KAYAK of lending at www.Magilla.com. I will have links to it.

Dean: www.MagillaLoans.com.

Mark: MagillaLoans.com. I'm sorry. MagillaLoans.com, there is also an iPhone app and an Android app which is surprising since so few people are on Android.

Scott: Do people with Android get loans?

Dean: They do, they do. We have a lot of Android users. It's just not an iPhone game.

Mark: No kidding. Who would have thought?

Scott: Who would have thought?

Mark: Unbelievable. It's a changing world, Scott Todd.

Scott: Save your hate mail. I'm just kidding.

Mark: We are all just kidding. We love you Android users.

Scott: One.

Mark: The one of you listening to this. All right, well, I want to thank everybody. Look, the only way we are going to get the quality of guests like a Dean Sioukas is if you do us three little favors. You've got subscribe,

you've got to rate and you've got to review the podcast. Send us a screenshot of the review to Support@TheLandGeek.com. We are going to send you for free the \$97 *Passive Income Launch Kit*. Don't forget just like we were talking about you can always make more money you can't get more time. Start automating your Craigslist and Facebook posting, PostingDomination.com/TheLandGeek. Did you hear that Scott? I just pressed a button and I just put out 124 ads.

Scott: I got it.

Mark: Boom. Dean, are we good?

Dean: We are good. We are good. Thanks a lot, both of you.

Mark: Thank you. Scott, are we good?

Scott: We are good, Mark.

Mark: Are we skipping it?

Scott: Yeah, we got to skip it.

Mark: All right. Listeners, thank you. Let freedom ring. Thanks, Dean.

Dean: Thank you both.

[End of Transcript]