

EPISODE 493

[INTRODUCTION]

[00:00:00] ANNOUNCER: Welcome to The Real Estate Syndication Show. Whether you are a seasoned investor or building a new real estate business, this is the show for you. Whitney Sewell talks to top experts in the business. Our goal is to help you master real estate syndication.

And now your host, Whitney Sewell.

[INTERVIEW]

[0:00:24.1] WS: This is your daily Real Estate Syndication show. I'm your host Whitney Sewell. Today, our guest is Chris Pomerleau Thanks for being on the show Chris.

[0:00:33.8] CP: Thanks for having me, I appreciate it.

[0:00:35.1] WS: Yeah, honored to have you on the show. A little about Chris, he's an attorney, a mediator, a real estate investor who also played both college football and arena football and served in the United States army. Thank you for your service, Chris. We're grateful for that.

[0:00:50.2] CP: I appreciate it.

[0:00:50.7] WS: He's passionate about helping others and investing in multi-family real estate throughout the Midwest. He has over 25 million dollars in assets under management and 420 apartment units within a three hour radius of Omaha. Chris, thank you again for your time, get us started, tell us a little more about who you are and we're going to dive into your super power.

[0:01:10.9] CP: Awesome, thanks for having me Whitney, I appreciate it. Yeah, born and raised in Omaha Nebraska and had a chance to play some college sports and serve in the military shortly thereafter. Did the law school thing and I really enjoyed being an attorney but that's also

pretty dang passionate about having an opportunity to do real estate investing. That's something we've been doing here for the last seven years and it's been working out well for us.

[0:01:34.3] WS: You know, getting into real estate while working full time, I can imagine and being an attorney as well, imagine your schedules pretty full, right?

[0:01:43.6] CP: It is.

[0:01:44.3] WS: I'm not sure how big your family is or anything like that but let's dive into that a little bit, how you made that happen and getting into this into the real estate business.

[0:01:52.3] CP: Yeah, I have a beautiful wife, Shivani, we have an 18 month old and we have one in the way, one's due in about a month.

[0:01:59.0] WS: Congratulations.

[0:01:59.8] CP: Yeah, I appreciate that. Hands are full for sure but you know, if you want to be successful and I think you just kind of got to make time, whether it's on the drive, on the way into work, listening to podcasts like yours or listening to audible, you know, taking time over lunch to research things that you can.

If you want to get things done, you got to kind of find a good balance and it's tough sometimes but it's certainly rewarding and if you're passionate about it, you can certainly make it work.

[0:02:25.7] WS: You know, you talk about finding a good balance. Can you give me an example or maybe a way that you found that balance? I mean, I've – almost anybody that's an entrepreneur has had to deal with this, you know, but it's difficult, especially when you're getting started and even more so if you have a full time job as well and little ones and you know, all these things that are on your plate but maybe give me an example or how you've done that?

[0:02:45.6] CP: Yeah, I mean, being an attorney, it's certainly quite the work schedule but I think it's about priorities, right? One of the things that I've really been able to kind of take advantage of is waking up early. Certainly, sleep's important but if you can wake up early and set a good

foundation for the day, kind of get some things out of the way, whether it's some positive thoughts or whether it's writing down the goals or even have a chance to research different real estate opportunities.

I think if you wake up early before most people are up, to go ahead and start the day and it's certainly helps you build more time with your schedule and that has been extremely important for me and why we've been so successful.

[0:03:22.8] WS: Couldn't agree more, it was a big change in my life when I said, "Okay, I'm getting up, you know, a certain time," and had a plan but I'd love to hear more about maybe your morning or routine or how that's structured.

[0:03:33.3] CP: Yeah, for sure. You know, I wake up each day at 4:44, it's kind of a unique time but a lot of people are waking up at 5:00.

[0:03:41.6] WS: You just want to be up before they are, right?

[0:03:44.0] CP: I'm up before them, getting stuff done. That's something I've said every day and so it's important not only on the week days and maybe try it on the weekends too and sometimes it doesn't work but you can certainly make it work if you want to and what I usually try to do is get up, get moving around a little bit. I have a rebounder, a little trampoline so I kind of get the blood flowing a little bit.

I'm certainly not doing backflips or anything in the basement but just to you know, to bounce up and down, get the blood flowing. I'll try to do about 10 minutes of some type of random education. It doesn't have to be real estate. I subscribe to something called Blinkist which is an app that kind of summarizes different books and you can actually listen to it if you don't want to read it but either way, it's synopses of different books and I always try to concentrate on non-fiction stuff.

[0:04:23.1] WS: Do you like that? Do you like Blinkist?

[0:04:25.0] CP: I do. I think – I like the audio, the audio option. I mean, a lot of people can read very quickly. You'd think as an attorney, I'm just speed reader king but I prefer to listen to it, especially if I can be on the trampoline or kind of moving around, maybe stretching or I don't necessarily take time out of silence to meditate but I will kind of move around and stretch and kind of listen to something while I'm kind of getting going for the day. Caffeine is obviously a part of that as well.

I always have a cup of joe in the morning. Yeah, I just choose that time to concentrate on myself and then I kind of make a list of what I want to do that day, kind of what went right the day before and then we'll kind of what went wrong or what's on my, to do list? I guess I wouldn't necessarily concentrate on being wrong but just something I perhaps didn't accomplish or something I learned, that's a better way to say it.

A lot of times I'll write down something that I learned from the day before, try to set goals for that day and begin a short workout in and you know, by then, it's 6:00, 6:15 and a lot of my peers aren't even up yet and I have accomplished a lot and that's kind of the way I've helped balance with everything going on in my life.

[0:05:28.6] WS: That's awesome. I love that. I do want to ask though, the 4:44, is there a significance to that time?

[0:05:37.4] CP: You know, I actually got that idea from my coach, Trevor McGregor. That's what time he wakes up and I like that idea, right? A lot of people are saying they want to wake up at five, they want to wake up at five and 4:44 is a nice round number and something to think about and I like that thought of that's great that you guys are up at five but I've been pounding up the day for 16 minutes already so I'm already kind of ahead of – you get a schedule, you get into a habit, set those positive habits. There's nothing negative that's come from this.

It's just helped me really propel each day to be able to start the day. I'm just stuck with it.

[0:06:08.7] WS: Yeah, I love that. Trevor, I can't speak highly enough of – he's been a guest on the show as well and as a listener. If you haven't heard of Trevor, I would encourage you to go back and listen to that show, you're going to learn a lot from that and just an amazing coach

that's become very well-known and helped lots of people. Anyway. Look Trevor up and thanks for mentioning him Chris. You know, what about organizing, though all these stuff you have to do though, maybe throughout your day. I mean, you're an attorney but you're also making it happen over here in real estate.

I mean, 420 units don't just come up out of nowhere for most people, you know? There is some work that went into that. How did you structure that as far as all this work you're having to do and as an attorney but you know, a family and then also you know, you're making it happen over here in the real estate business.

[0:06:50.9] CP: I mean, people speak about leverage a lot but it's paramount if you want to be successful and it's not just in the real estate world either. I mean, even in my own law practice, I'm leveraging the time of my paralegal, she's great at what she does and she really helps me out. If I try to do absolutely everything, whether it's answering the front door and doing some of the paralegal work and then turning around and going to court. I wouldn't be able to do as much.

The same can be said for anything you want to accomplish, especially in real estate. With that said, I try to surround myself with as many positive people as I can, I've leveraged connections through different agents and different cities, they've gotten me deals, they've connected me to different private money, they've connected me to off market deals for sure. I try to run in circles of people who are likeminded and I've really seen at the leverage aspect is extremely important because to try to learn absolutely everything yourself and then you try to drive down the property and swing the hammer yourself and then you try to meet all the bankers yourself and then you just try to do all the learning yourself.

There's only so much time in the day and as we've been talking about, I mean, you can wake up at 4:44 all you want to, if you try to do everything yourself, there's only so much time in the day. I'd certainly say leverage has been the most important thing for me.

[0:07:56.4] WS: Mostly, team members, or are there other things that you can think of that maybe you leverage on your team that has helped you to be ultra-successful as far as, you know, finding more hours in the day than what most people have.

[0:08:06.2] CP: My business partner, Collin Schwartz actually, I know you had him on your show recently, we've kind of got a good thing going where there are certain things that I – you know, I'm in front of a computer all day. If I'm not in court, I'm obviously in front of a computer so I'm able to take care of a lot of those things whether it's dissecting things through the Internet or signing documents or drafting documents. I'm able to do a lot of that stuff.

Collin runs a meet-up and so he makes a lot of connections through the meet-up. He manages a lot of our properties and I use a lot of other managers in town here as well but you know, making sure that you don't try to do everything by yourself is really important. I think as a team member, leveraging that is really important.

You know, agents can be great, brokers. I've used, within the last year alone, I've used at least five that I can think of and I'm sure that's relatively common but if you just try to stick with one broker, he himself only has access in so much time in the day and so often times, I just go with the agent that brings me a deal. Getting a coach, leveraging their knowledge. Trying to follow what other investors have already done. I belong to a couple of private masterminds if you will. Facebook groups.

You can bounce questions off of them and you can try to learn everything yourself in the next 20 years or surround yourself with people who have already done these things and you know, get it all done. I mean, those 420 units are on the last two years. There's no way that I could do that without being surrounded by people who sometimes are smarter than me in certain areas and they really help move that along.

[0:09:27.1] WS: Everybody that listens to this show knows that I'm strongly opinionated about you need a coach, you know? Everybody needs a coach. I want to ask you anyway, why get a coach. What's that going to do for you?

[0:09:38.5] CP: I think having a coach like I said, not only are you leveraging their expertise and different outlooks on life and how to succeed but the accountability is huge. I mean, if you have someone to answer to. That's the reason that these workout classes are so successful.

It's so much harder to work out all by yourself. If you're surrounded by 20 likeminded individuals who are keeping you motivated, that's the same thing with the coach. Let's say I have a deal where the funding isn't quite working out or I'm trying to make a property work out. I can try to learn that myself through Google or listening to a million podcasts or I can reach out to some of my private groups or a coach and get an idea of how they've handled it. Hey guys, here's what I'm looking at, what would you guys do?

We all learn together. I mean, there's so much opportunity honing in on a coach to keep you successful and keep you motivated and keep you accountable, I will have a coach in different parts of my life for the rest of my life and I think it's the smartest thing that not only real estate investor but business investor and just somebody who is trying to succeed in personal growth. That's the best idea.

[0:10:44.2] WS: What's a couple of tips you had in finding that right coach. I get that question, I mean, I've already had the questions on one call today, numerous times a week, people ask, "There's so many different coaches and they cost a lot," I mean, they're very expensive. I think it's well worth it but you got to do some due diligence, right? How did you select your coach?

[0:11:01.8] CP: Well, I mean. Trevor McGregor is not hard to select I think he comes referred by many. But for those that maybe aren't ready to step up to that level or for those who have heard of many other coaches that are available, I think you got to get an idea of kind of what the background is that are coming from, what they want to specialize in. You know, if it's a coach you're looking for in real estate. Try to listen to their podcast a little bit.

If there's a Facebook group there, see who is actually utilized them as a coach, try to talk to them offline, see their pros and cons, listen to their feedback. I think that the coach is really important. The coach you select is very important but I can tell you, there's more than just one coach and it's not just the coach that matters. If you feel good about the coach, a very large part of it and is even more important than the coach is the individual.

If you're willing to commit, if you're willing to pay that money and sit down and do what you're told, the opportunities are endless and I think that that's often overlooked. Where do I find the best coach possible? There are many coaches that can be successful for you but you're going

to have to make that work as well and I think some people don't want to – you know, they might have trouble coming to an understanding on that.

[0:12:05.0] WS: Yeah, I think that's great advice. There's lots of coaches, all of them aren't operating at the same level. However, any of them could take you to another level in your business.

[0:12:14.4] CP: Right. If you want to give them a call. The majority of coaches that I'm aware of, they'll give you an introductory call, they'll go through what they're kind of their plans are and what they're here for and some of them are here for you better – foundational purpose, you know, getting you back on personal growth. Some of them will help you with wholesaling and flipping and syndication and I mean, just make sure you're talking to the right people and make sure you had the right fit and just jump head first right in, get motivated and get going.

[0:12:37.0] WS: How have you stayed motivated through this process of you know, the working full time, full schedule and you know, also, 420 units in the last couple of years. I mean, congratulations to that but how do you stay motivated to make that happen?

[0:12:49.8] CP: I mean, I'm truly passionate about it and that certainly helps. If there's downtime, I'm looking at real estate investing. It's something I really want to learn about. Being passionate about it is helpful, I think financially being is a good motivation as well, to see these opportunities and these investments come to fruition and continue to get better. That's obviously a motivating that time in the morning to sit down and make those goals and actually to see them come true to write down what I have learned and then to I guess reap the benefits of what we're seeing financially without their force that is extremely motivating and you know, the more traction you get the more it becomes.

You know now I am talking to Whitney Sewell and a really popular awesome podcast. This is motivating right now. It's like I want to wake up already tomorrow at 3:33 and get going because this kind of subject keeps the ball rolling so.

[0:13:37.7] WS: What is your buying criteria now when you are looking for new and multi-family?

[0:13:41.7] CP: You know I hate to overuse the term value add because obviously that is what everyone is looking for right? And we are starting to get into so much longer term holds. We are looking at some Freddy loans that are interest-only for 10 years. You know that is 65% loan to value. That stuff we haven't gotten into but we are starting to because there's my approach now is actually contingent upon our investors. If we have someone who is bringing in 1031 money, they may not be trying to get that back in the next two to four years on a refinance.

So whether that's a joint venture or there is actually ways I've met with attorneys, even though I am an attorney I am not an attorney in the SCC guide area. So I met with attorneys that are helping the 1031's get into syndications. So I would say that the biggest growth I've had in the last couple of months is going from strictly a value add to how can I help the investors, right? Because there are many who just want cash right away.

There are many that understand the positive two to five years from now, getting that refinance back and having infinite returns and there is some people who just look to park their money and they are okay with holding it some place as long as there is a good return for a long time. I know that answer is all over the board but I guess it really is important to satisfy your investors because if you can make it work for everybody then everyone is going to succeed in the end.

[0:14:51.8] WS: So you know Chris what's been the hardest part though about the real estate business or syndication business for you?

[0:14:57.9] CP: You know, whether I am leveraging other people's time or not, it's a learning curve. I feel that I was able to get through law school and grad school and do all of this stuff and I am able to learn but the syndication process is not just something you just jump and do tomorrow. There is a lot of regulations right? There is a lots of ways to underwrite properties. So I would say the hardest thing for me has been the transition from partnering with your uncle's brother on a duplex to bringing in 15 investors and having to go through those SCC regulations and every sign PPM's and doing that process.

It's been a learning curve, I wouldn't say it's hard but it certainly is much more steep that buy a duplex down the street. So I would say just getting comfortable with the syndication process.

[0:15:40.8] WS: Anything that was key in helping you get comfortable or get to that point?

[0:15:44.5] CP: Yeah, I'd say the attorney that I hired. I mean if you don't mind if I name drop I mean.

[0:15:48.9] WS: Yeah I don't mind.

[0:15:50.3] CP: Kim Taylor is her name, you've heard of Kim. She's great, she is extremely smart and I heard her speak two years in a row actually at the [inaudible 0:15:58] that I have gone to and she's fantastic. She has a way of feeding you very mundane and boring SCC stuff in a manner that actually helps you understand it because it is not only important for me to understand but now I could tell my investors and help them understand it.

That is a prime example of leverage like we are talking about. Sure I am an attorney. I try to jump in at the SCC guidelines and syndication and actually make sure it was taken care of all myself – that is not going to happen. So using Kim has been phenomenal. She's a genius and I mean I know I am in good hands. So that is why the transition, although difficult, is much easier than it could have been.

[0:16:34.1] WS: Yeah, I have heard nothing but great things about Kim just so the listeners know and she's also been a guest but yeah, I love her. The listeners look her up on the show as well and is it syndication attorneys?

[0:16:46.8] CP: Yes.

[0:16:47.2] WS: Is it syndicationattorneys.com I think is her website. So check her out for sure but then how do you prepare for this potential downturn that everyone is talking about?

[0:16:59.2] CP: You need to be comfortable with the type of funding you are getting from the bank. There is certainly a risk. Now I think that there is a number of criteria that goes into this. I think investing in the Midwest has helped me feel a little more comfortable I can tell you in the –

where I invest in Omaha during the last downturn, which was pretty hefty on a lot of people kind of went sideways. It wasn't necessarily a big scare.

It could have been a terrible thing for a lot of house flippers but for people who are just collecting rents and doing this long term investment type approach with the multi-family it wasn't that bad. Just be prepared to sit there for a while. So if our plan going in is to reposition the property and somehow refinance it in two to four years or even sell it in three to four years, the safety net would be that we have some type of financing locked in on a fix rate or something for seven or 10 years.

So that we actually feel comfortable in the case something were to happen and I think that having that on the back obviously it not being non-recourse is huge but having that funding fixed for a long time makes me feel a lot more comfortable. I still have a great feelings in all of our investments but knowing that's fixed for a long time makes me feel pretty comfortable.

[0:18:03.1] WS: Nice. So, you know, Chris, what is a way that in your syndication business that you have improved your business that we could apply to ours?

[0:18:10.2] CP: Oh I think one of the biggest things I've learned is to never judge a book by it's cover. I understand that's extremely overused but what I mean by that is there is so much money out there. Just because they don't walk in in a three piece suit and they have been in four different professions in their life and you know they're a multimillionaire, doesn't mean that they don't have money or that their family doesn't have money or that they're looking for someone to help, right?

I mean whether it is diversifying, like they have a decent amount or maybe they have it in precious metals and they have some over here in the market, it's become very known that multi-family investing especially after the next tax code change, it is an unbelievable opportunity for people and so there's a lot of interest out there and they could be salt of the earth. They just sold a farm maybe and you just don't know where they're from.

Now obviously on a personal level you should be kind to everybody and you should never judge a book but I am saying on a professional level, just be aware that people are out there, you are

here to help them, they're going to help you. Now I am not hiding the ball there. We are all succeeding on this but listen to people, listen to what they are asking for, listen to what they want and you'd be surprised how much you might have in connection and how much you can help each other.

[0:19:20.0] WS: So what's a way that you stand out with investors that they want to come back to the next deal?

[0:19:25.6] CP: I think our track record. I mean, look, nobody is perfect. We haven't had any situations as of yet. I know it will happen where we have been extremely disappointed. We've had certainly learning curves but I think that our ability to have the end in mind thus far, we're not really into the really quick flips right, although we made some really surprisingly good money on selling apartments when we didn't even have the plan to just because of the market and our ability to reposition them.

I think that the fact that we have been able to refinance our investors' money back to them, all of their initial capital so that they continue to own cash producing asset indefinitely when they didn't put any money in has really excited a lot of people and I think that my partner and I and the team we surround ourselves, we are pretty down to earth about that too. I mean we understand the long term plan in a lot of this and a lot of syndicators are successful right?

They're, "Hey, give us your money, we'll give you back a great return in three years, four years," and that's a great way to handle things. Our approach so far has been helping people build a long term wealth and I think that is why they keep coming back.

[0:20:30.2] WS: How are you finding investors right now?

[0:20:32.2] CP: You know I just try to market myself and meet as many people as possible whether it is meet ups, whether it is going to these national conventions if you will, talking to different property managers, talking to different agents in different cities. You know, if I hear someone on a podcast that sounds interesting to me I'll do everything I can to reach out to them, introduce myself, get to know their markets, see who they know, how we can help each other.

Don't be afraid to throw yourself out there and I think that is really helped us. This goes back to just networking and trying to touch as many people as possible. Just try to get out there and meet as many people as possible because there is always a way to fit in and there is always a way to help each other and it's just been extremely successful for us.

[0:21:08.7] WS: What's been the number one thing that's contributed to your success?

[0:21:11.7] CP: I think the ability to not become upset or discouraged from a few setbacks. If I give you the example, there was a nine unit that I purchased in Omaha here and this was when I was starting a couple of years ago. It was one of the first properties that I have purchased and on paper this thing was going to help me retire. I mean this thing was amazing. Well the paper doesn't go very far and this particular property, and I have since learned this particular part of town is pretty notorious for not paying rent.

Well that's not a good investment and we lucked out with this cycle if you will where we're at that we're able to sell it and still make money. Now it didn't end up being what we wanted it to and it was a headache for a while but we took that as a learning opportunity right? I mean it is not just the pro formas anymore. You need to get down there and you see what's going on, you need to ask other investors.

Now that was really early on in our career but regardless, I could have chosen that opportunity to say, "Oh my goodness, no one pays rent real estate is a terrible idea, my family was right. Real estate is tough and I am not going to do it anymore," but instead we just try to learn from what you're doing. I mean, how is that any different than any other job right? You make a mistake, you learn, you find a way to tweak it and you keep it going.

And if there is anything that's undisputed is that real estate is the best way to gather wealth and keep it going and just because one decision didn't go the way you wanted to doesn't mean that real estate is somehow a bad investment now.

[0:22:36.4] WS: It is easy to quit right?

[0:22:38.2] CP: Super easy to quit just keep waking up and keep plugging away.

[0:22:41.4] WS: That's right, so how do you like to give back?

[0:22:43.9] CP: I've been meeting a lot of people offline on just whether we are picking up coffee or answering questions over lunch. I am actually now partaking in the coaching. I am actually coaching students as well but I have enjoyed speaking with people who are just getting started and just letting them know kind of what I did. Letting them know, "Look, you are going to make mistakes but here is what you do. Go to these meet ups."

Belong to these private groups or when you go to these events don't just go listen and leave, go listen and try to talk to 10 people, try to talk to five people, try to get a couple of phone numbers, try to hit them back up in a couple of weeks, see how they're doing. The same reason that we are talking is what you can do with other people and I like to see people grow. I have already seen a lot of the first people I spoke with just a year and a half ago.

They're already starting to do deals themselves, they are already starting to meet investors and that's rewarding. So I'd say I like to talk to people. I like to give them the mistakes I made, teach them what I know now so they don't have to learn it themselves and it is fun to watch them grow.

[0:23:39.8] WS: Awesome, well thank you for sharing that Chris and I appreciate your time and unfortunately we are out of time for the interview but I just always think it is interesting hearing about the different ways that people structure their mornings and their day and how they've been successful. I know a lot of the listeners can relate to you in just having full-time job and trying to make it happen in real estate and probably have a family and kids as well and there's a lot of them.

And so I just appreciate you being transparent and sharing so much about your morning and thinking that through. So thank you again. Tell the listeners though how they can get in touch with you and learn more about you?

[0:24:13.6] CP: Oh thanks for having me, I appreciate it. My phone number is 402-740-6995. Email, I have a couple but I think the easiest is my Gmail, it is ckpomerleau@gmail.com and that is just my last name. I am sure that will probably be in the shownotes, I am okay with that. You can find me on LinkedIn and you can come to real estate meet up every Wednesday if you want to up in Omaha here and I am happy to talk to whomever, email, phone call. I'd love to chat.

[END OF INTERVIEW]

[0:24:38.1] WS: Don't go yet. Thank you for listening to today's episode. I would love it if you would go to iTunes right now and leave a rating and written review. I want to hear your feedback. It makes a big difference in getting the podcast out there. You can also go to the Real Estate Syndication Show on Facebook so you can connect with me and we can also receive feedback and your questions there that you want me to answer on the show.

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[OUTRO]

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