

**EPISODE 586****[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 Holly Williams. Thanks for being on the show again Holly.

**[0:00:33.8] HW:** Hey, thank you Whitney, it's so good to be here. I'm up here in my home upstate New York out of the city quarantining and we're winging it here.

**[0:00:44.1] WS:** Well the view behind you looks amazing.

**[0:00:46.2] HW:** Well, I tell you what, we're very grateful and very fortunate to have a place to go, this thing is – you can't buy a webcam now and I left it in the city. They're sold out everywhere, you can't buy them.

**[0:01:01.3] WS:** Wow. Well, in case the listeners aren't familiar with Holly, I would encourage to go back and listen, believe it or not, show WS16, that's hard to believe. That was on November the 6<sup>th</sup> of 2018, learn a little more about her and her background but also, she spent the last 25 years building her career as a successful advertising executive before getting into multi-family real estate investing. She's a founder of keepmore.com which has over 200 communities encompassing over 4,500 doors and offers passive opportunities designed to minimize risk and maximize cashflow.

She's also the author of *Hidden Investing: What the Wealthiest 1% Know that We Don't*. Together with Ashcroft Capital, she is currently a general partner in projects throughout Texas. Holly, thank you again for your time and appreciate you being willing to share your expertise with the listeners and myself again and it's been a while back that you were on before but I'm looking forward to really discussing this 1% that obviously, we all want to know, right?

I mean, I want to know it, right? You know, I want to jump in a little bit, I want you to share what you can, share – I know we may have to go get the book to figure all of it out but for what time we have, I'd love to just dive in.

**[0:02:13.7] HW:** Sure. Well, the whole premise of the book is that the wealthy people in this country understand, they think about money differently than the rest of us. The book is really geared towards those people that have been successful and worked hard and are paying 50% of their income and taxes. Sort of people like me, right? That's what happened to me and I accidentally was given an opportunity to invest in this multi-family syndication. I never heard of a multi-family syndication, I didn't know what it was and I just – I knew real estate and I knew the benefits of investing in real estate but it takes a lot of time, it's a lot of work.

This was no time and no work and I was able to get the benefits of buying real estate and that's really what we're doing, right? We're bypassing Wall Street.

**[0:03:10.9] WS:** Okay, the multi-family syndication, I know, for the longest time, I'd never heard of syndication before and you know, kept pushing to buy single family homes or duplexes, things like that and I would have never imagined that this thing was out there, you know? It's amazing to see even we've created over the last few years and been able to accomplish but I'd love to dive into that a little bit because most of us feel like we do just have to keep paying those taxes and they're like, there's no other option, right?

We just kind of give up right there.

**[0:03:37.2] HW:** Since 2018, when I was on your show the last time, I had done several syndications in and now I've worked with, I have three main partners that I work with, I've done

probably twice what I'd done in the last, you know, 18 months. I've talked to many investors and what I find is that when I talk about real estate syndication and the tax benefits and all of that.

When you watch the news and when you talk to your financial advisor and all you hear is Bernie Madoff stories. Ripped off – that's the only thing that makes the news. What you don't hear is the hundreds and thousands of private investments out there that are often safer and definitely more lucrative because you don't have the fees, they were taking so much of the returns, right? Private investing is what the wealthy know about.

You see, we hear hedge funds, we hear private equity, we hear all of that and those private equity, real estate companies, all of that, we buy a lot of our apartments from institutions like that.

**[0:05:00.9] WS:** You know, in interviewing that many people too and thinking about how they – I love how you talk about, even the news because I feel like we're brainwashed most of the time and it doesn't matter almost what the topic is, I almost have learned, I better do a little more research myself, right? Find some trusted resources and this is one of them. Investing no doubt about it, we better be doing our research about investing and how to really reverse the 50% taxes, all these things that we just assume is just the way it is because that's just the way it's been maybe or the way we were raised or those things, right?

You know, how do we start to learn some of these things or how do you start to teach people that it isn't the way it has to be.

**[0:05:40.9] HW:** Well so, in the book, I talk about 10 different myths, right? That are about investing that are commonly known, right? Put the most in your 401(k), right? The reality is that that's not going to most likely get you through your golden years and I watched this all happen to my parents and I watched them get killed with taxes and you know, they did everything they were supposed to do but what I've come to realize over – I've been doing syndications now for like five years or six years and what I've come to believe with all my heart is that you know, we are taught, the way we're taught in business school, we're only taught about stocks first of all.

We're only taught about the stock market and about publicly available, institutional kinds of investments and that's all we think that we think those are safe, right? What I know is that these 'system', everything, all the retirement planners, think about it, the first question they ask you is how long do you expect to be retired?

The whole thing is designed for us to die broke. We talk about wealth, it's not wealth, it's income. The whole system is designed for you to die broke and it's crazy if you think about it, if you think, in one of the chapters is the wealthy think about money logically. We think about – or I'll speak for myself. I think about it emotionally, you know?

You can have the greatest business executive, you can have the greatest highly competent of everything, they turned it into shriveling little balls of insecurity when you start talking about investing and money.

**[0:07:33.5] WS:** I love how you said though, the whole system is designed for you to die broke, I've not really thought about that before, not sure that I've ever heard it said like that but even having conversations with investors, I like that line. Think about it, what's the first question that they ask you, you know?

**[0:07:47.3] HW:** Everyone of them. See, the whole thing is designed – we think in our heads that the stock market is going to return 10%, it averages 10% but what the reality is, what happens is that it doesn't do that all the time and it goes up and down while Wall Street makes money whether it goes up or down, right?

You have to sell the asset to make the money. Our whole retirement planning is set on save this much money and we think these million dollars is going to pay us \$80,000 a year and we're going to be hunky-dory. But a corona virus hits and I don't care what you're in, it's down. Well, if I hadn't done this, I'm 58 years old, I was able to retire completely two years ago, a year and a half ago on passive income from multi-family syndications.

It's changed my life and I just feel like we – I did not know this existed, only the wealthy have really had access because who is buying these, if you've got a 30 million dollar net worth and you can – 10 million of it is liquid, whatever, if you've got 30 million dollars, you can get a wealth

management account at Goldman Sachs or JP Morgan and along with that's going to be a team of accountants and everything in those, that's who is buying.

You know, we put our money in the bank. The bank invests in real estate syndications, right?

**[0:09:26.2] WS:** That's something to think about, yeah.

**[0:09:29.0] HW:** I mean, that's what happens and so, we're taught to put or buy this REIT, we're taught to buy this public REIT, invest in a REIT. Well I don't need to - I'm in REITs. But a REIT is a mutual fund and what they're doing is they're taking your money, they turning around, investing in an apartment complex and they're taking huge fees and yeah, you're making money but you know, it's just really not that great. And so people think this is too good to be true and so I really want to help educate.

**[0:10:02.0] WS:** Yeah, what would have happened to you if you had – still had all of your say, investments in the stock market even just over the last month or two as supposed to you know, how you now have in transitioned into multi-family syndication.

**[0:10:15.0] HW:** I tell you, I moved over to very – I think that I would have had a significant portion of my retirement wiped out. You know, it's going to come back, right? If you don't need it, see, that's where I put my money that I don't need now. My safe money is in real estate syndications and other private investments.

My gambling money, because that's what it is. If you look right now – another chapter in my book talks about the difference between wealth and income, right? An income is taxed, right? Taxed heavily. The wealthy, the uber wealthy, the 1%, really the top 5% are living off of their wealth. They're not living off of their income and it's almost like – I bet you if Warren Buffett, Berkshire Hathaway is probably a hobby.

**[0:11:18.0] WS:** Right, for sure.

**[0:11:19.0] HW:** Having a good time with it, right? He's got other investments that he can write off and so the tax benefits when I discovered that I could take the depreciation that the

government incentivizes us to do things, you know? That's what the tax code is about too. Another chapter talks about how the rich get richer and how angry we are supposedly about this but you know, honestly, they're following the law, you know?

Who would disagree that we're supposed to follow the laws in America, right? That's what the tax code is, it's not designed to tell you how much you're going to pay, it's designed to give you incentives to make the economy of the united states of America grow faster, that's what it is. Now, I didn't make it up.

**[0:12:11.1] WS:** Even that, I feel like is a mindset shift because I feel like when you're stuck in say, the day to day grind, the W2 mindset. You know, you don't feel like you need somebody to help you with your taxes, you know, hiring somebody that's really good at that, you feel like, that's an extra \$400 a year that I could be saving or whatever but you know – I try to convince people all the time, that's the best money you're going to spend is having an expert on your side that's expert in taxes that is.

**[0:12:36.7] HW:** You are so right and you know, we are conditioned to think that – and even our jobs tell this, right? The 401(k), by the time it gets down to us, the fees that including the company we work for, right? It's usually – it's an amazing thing how the wealthy understand this and it's a mindset because when I went to school, I got out of college, well, I went to business school, I didn't learn any of this. I learned about stocks and P/E ratios and I thought I understood the stock market, that's what really cracks me up is that now I realize nobody understands it, right?

It's driven by emotion. But nonetheless, when I got out of college, you see, I was filling up a 1040EZ. I didn't need tax benefits because I wasn't making any money but as I moved up and up in my career, what happens is my investing, my attitudes and my thoughts and my beliefs about money didn't change along with how my life was changing. I was still doing the same thing, only going to the tax preparer, right?

I would say, my god, this is crazy that I'm – That means you're making lots of money so you should be happy. Okay, it's not that I'm not grateful, right? But they're not just not good stewards of my money, that's the whole – it's the biggest challenge I have.

**[0:14:06.9] WS:** Well, I wanted to go back to you talking about the difference in like wealth and income and I feel like that is a very valuable statement there for us to think about but how do we get that say, that income, how do we turn it into wealth so we are thinking that way?

**[0:14:20.8] HW:** So when you think about wealth, the wealthy first and foremost invest in cash flowing assets. People were taught to with a stock, right? You have to sell it to get the money, right? It is all speculative if you really think about it. If you really think about it and we really don't know Apple's whole PNL and what the trade agreement is going to do their business and what their profit margins are in 47 countries and we really don't know.

But I can really tell you with my real estate holdings, what the risks are, what we are doing to mitigate those risks and that is why we are still cash flowing with the corona virus, right and everything else has crashed. So that is the first thing is that really what we are doing in the stock market is we're investing in something that is going to go away and it is going to go up and down and up and down and that is good. That is fine but it an educated guess at best, right?

The wealthy invest in assets, I mean gold and silver, oil wells, I mean things that people don't understand that you can especially in the northeast because where I live in New York City, cash flow does not exist in real estate. So when I say I am a real estate investor, "Oh that is risky. Oh we are going to go and buy a piece of land and build this and that and the other thing," I don't do that, right? We buy assets that are already cash flowing and you can make lots of money in a lot of different ways.

But that is just not what I do so wealth to me is generational. My parents did everything they were supposed to do and when they withdrew for their 401(k), they got killed in taxes and they almost run out of money and they worried. It was terrible. It was heartbreaking and there's got to be a better way and that is when I started looking and one thing has led to another. If you look, the universe shows you.

**[0:16:30.7] WS:** Well help us think through maybe one other big myth before we move to a couple final questions that people have when they are first learning about real estate syndication and maybe they are hesitant.

**[0:16:41.6] HW:** So one of the chapters is called “The Air is Safe at Ground Zero” right? The experts don’t always know any more than you do and so that is something to really keep in mind right? We are listening now to the – that we are going through this corona virus and it is horrible and terrible and all of that but the people that were listening to all of that are in their compounds on Singer Island in Florida where the networks have put them all up and they are doing fine.

And their careers are moving along and they have gotten more exposure than they could have ever dreamt of and they’re not really staying at home and if you watch – you know? So there is a lot of that but the biggest thing is that you see the people that we are – most financial advisers and most professionals grew up like I did, right? And they went to business school, they got a job at Goldman Sachs or whatever and they have moved up the ladder and then they don’t know any different either.

Because they train you on all – all the financial advisers work for somebody. So most are sales people and they’re not ripping you off. They believe in all their heart that they are doing the right thing because that is what they know and for many years I thought they were doing the right thing too and that is the wrong thing. It’s not like – don’t get me wrong I think that there is a place and time but we put all of our eggs in this whole basket and give our entire lifesavings over to people that readily tell us that they don’t know what is going to happen.

**[0:18:29.0] WS:** I appreciate you just making that so clear, you know? Because it is so true but it is hard for us to believe in it.

**[0:18:34.5] HW:** This book is all about taking a step back and let us just say you’ve landed from another planet and you were asking, “What do you all do here? How does this whole thing work?” and you know if you really look at it that way and step back and understand and see what we’re doing is logically a lot of what we were doing just doesn’t make any sense.

**[0:18:57.1] WS:** I agree and given that where we’re at right now with everything that’s happened with the COVID stuff, you know a question we’d like to ask is how are you prepared for another downturn, well, how did and we have talked about it a little bit but if you could elaborate how the types of investing that you’ve been doing prepared you for this.



**[0:19:15.1] HW:** Listen, so that's what's so interesting about this. So I started this book, I had it almost finished when COVID hit and everything crashed. When I was writing this, we had the best economy that we had had in gazillions of years but it is so funny that people say when they tell me one of the reasons for not investing, "Well, anybody can make money in this economy," no. So what you have to do and what we've done is we have found cash flowing investments and planned for the worst case scenario.

So if you have a 500 unit apartment complex and it is 95% occupied and you have stress tested it to you can meet your expenses at 60, 70% occupancy and you are going in too with 30% equity or whatever and you have a trust fund to make it so that you could pay your expenses for several months at least with no income coming in. You know I don't do everything unless we have planned that. Now I don't have a crystal ball, this could be –

I mean I would say this, thank God all of our tenants are paying their rent at this point and you know those that the few that aren't we've had them – they were just waiting for all the assistance and all that sort of stuff to kick in and we're in contact with them and we are working with them and so you know I don't know what is going to happen. I don't know what is going to happen but I do know if these go and we lose and crash then we're all in trouble and it really doesn't matter.

**[0:21:01.7] WS:** I agree. We got to have a place to live right?

**[0:21:04.6] HW:** There are tanks in the streets, I don't know about what is going to happen about any of this but that is exactly right Whitney. So if you look at real estate right now, you know we are all working from home, who knows what it's going to be but you can't work from home without a home and you also people are not wanting to necessarily violate. The banks just increased their lending requirements for single family homes.

I think that more people are wanting to rent in the first place. So there are ways to do this that I feel very comfortable with and then comfortable enough to put my friends and family because that is the other thing that you have to know somebody to participate in a private investment in

this. So you know I just can go advertising that is probably other reasons people don't know about it.

**[0:21:57.1] WS:** Wow, well a few final questions Holly before we run out of time, what has been the hardest part of this syndication process or even investing in syndications for you?

**[0:22:06.7] HW:** I think the hardest part has been – so this is very simple, tenants pay rent, we pay expenses from the rent and what's left over is profit. This is all very basic and simple as opposed to a lot of other things but it is almost too simple. There is no way you could make those returns and it is getting over – everything that I talk about in the book even with me. I will tell you something, here is a real story I talk about it in the book.

Even after everything I know, so I had just written this book it was just about finished with everything that I have been talking about, I am on an airplane early February and I am sitting next to this guy that is going to Washington and we are on our way to Washington DC and he is on this corona virus thing. He is coming from Atlanta and that is where we are coming from and he told me this was going to happen. He told me that this thing was worse in China than they thought it was and blah-blah-blah.

I landed, I called my stock broker. See I still have this because I like him, my financial adviser he is a friend, right? So I called him up and I said, "Listen, this thing is going to hit," and they thought I was crazy and it was going to cost me so much money to get out, that is the other thing. I was going to have to pay a lot of taxes to get out. So I had him sell some, a decent amount actually but not everything and then the next call I made is to my husband. I told him.

And I said, "Listen, I really think we ought to, you know – I think this guy maybe right," so after everything I know, everything I know and all the professionals and everything that I just talked about my wiring took over. I was afraid, you know? People were saying, "Oh Holly you're crazy because it will never," blah-blah-blah-blah and –

**[0:24:10.3] WS:** And you want to believe it right?

**[0:24:11.6] HW:** And I listened to the person who was right was the guy on the airplane that I didn't even know.

**[0:24:17.9] WS:** So interesting.

**[0:24:19.9] HW:** It is interesting. So I think that's been the biggest challenge and frustration is overcoming, this is why I wrote the book.

**[0:24:28.8] WS:** What's the number one thing that's contributed to your success?

**[0:24:31.3] HW:** I think that is the opposite of that I think what's contributed to my success is that I surround myself with wonderful people that have the same mindset. The people that are involved in this business, I mean you are one of them right? And it really is just an amazing – it is club, it really is a club I mean but we are welcoming, right? So I have probably made better friends and have better, deeper relationships than I did in my 25 years advertising.

Although I have some of those too but it is interesting because a couple of those people have gotten into this and they are in our group now.

**[0:25:16.6] WS:** It's not hard to get in, you just got to meet somebody right? So Holly, how do you like to give back?

**[0:25:22.7] HW:** So I like to educate, spread the word here. I am involved with junior achievement here and helping financial literacy, education all over the place. I really believe in that. You know I have a teenager and so I am at a point now where I am doing a lot of work with her. Yeah, so I give back at her school, you know I do a lot of work in there and she is a swimmer in the swim team and that sort of thing. So I am getting into working with the kids that way, trying to help. It takes a village to run one of those too so.

**[0:26:01.3] WS:** Well it is nice that you have built your passive income up so you can enjoy those things and do those things with your daughter.

**[0:26:07.9] HW:** It is wonderful, it is such a gift and I just really want to tell everybody about it.

**[0:26:15.8] WS:** Holly, where can people get in touch with you and learn more about you and find your book?

**[0:26:19.9] HW:** So keepmore.com is the home, my home and it is keep more of what you love, keep more of everything that's good and then the book is called Hidden Investing, there is hiddeninvesting.com, Keep More, it's all going to go to the same place but they can go to hiddeninvesting.com. I have a free little gift for them and we'll get that in and they can get the book and it will be on Amazon and all the usual places as well.

**[0:26:50.3] WS:** Awesome that is a wrap Holly, thank you very much.

**[0:26:53.4] HW:** Thank you.

[END OF INTERVIEW]

**[0:26:55.2] 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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