

**EPISODE 605**

[INTRODUCTION]

**[0:00:00.0] 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]

**[0:00:24.4] WS:** This is y our daily Real Estate Syndication show. I'm your host Whitney Sewell. Today, our guest is Corinn Altomare. Thanks for being on the show, Corinn.

**[0:00:33.6] CA:** Thank you, Whitney, for having me.

**[0:00:34.9] WS:** My pleasure. A little about Corinn, in case you haven't heard of her before, she has a very unique background, I don't think we've had anybody on the show that's had a background like her before. I'm interested to hear her story and transition into real estate. But she was a classically trained musician turned real estate investor. She spent 13 years in music and five years, in IT project management.

She is now eight years in multifamily real estate where she's developed the property management and syndication functions of her company, Hearthfire Holdings. Her company most recently acquired through syndication, a self-storage facility, diversifying the company's portfolio of commercial and residential multifamily properties in the Philadelphia MSA.

Corinn, thank you so much for your time. Get us started and let's just jump right into your background a little bit in this transition into the syndication business. I know a lot of listeners are attempting and trying hard to make that same transition themselves. And so, I think it's very beneficial to hear how others have done it successfully.

**[0:01:34.6] CA:** Right, I started as a professional opera singer. That was my life's work and passion and that's what brought me to Philadelphia, where I ultimately got started in real estate. I relocated here from Los Angeles on a short-term contract. Now, the unfortunate thing about pursuing your passion is that it doesn't always pay the bills, and when it does, might be very irregular basis.

I also had a resume that helped me thrive in a corporate environment as well. And so, I was working as an IT project manager in addition to my musical pursuits here in Philadelphia. It was leveraging that W-2 job in order to qualify for my first investment property which initially was just to be a source of passive income for me to continue pursuing my dreams.

Once I got into real estate and started learning about what you could do not only to provide tenants a fantastic place to live, but as we got into syndicating, being able to provide investors a source of financial windfall and growth for themselves and their family, that's what really hooked me in, what you're able to do with syndicating larger projects and including in other investors in your endeavors.

I started with a single triplex with my then boyfriend, dragged him along into my real estate investing pursuits. Our next project we purchased together nine months later and then we started syndicating a little over a year after that with at first with family and very close friend because it was a new venture for us. That brought it into our extended network. We both were holding down our full-time day jobs while we were exploring and getting into real estate and then building our business, implementing business processes and operations.

I was an IT project manager, my partner was 22 years in IT, in various forms, started with just building computers from scratch, did a little foray in security and very much in the IT space. We leveraged everything that we knew about technology and systems and outsourcing so that the business didn't need us manually to be involved at every facet in order for it to continue to grow. That's how we were able to scale from three units to 300 in self-storage, most recently in 2019 while still holding down our full-time jobs.

We both ended up quitting 2016 and 2017, so we're more recently into things full-time but for much of our build and growth and development, we were hustling, it was the evening this week-ends, 10 minutes here and there and between meetings, lunch hour, that sort of thing.

**[0:04:27.9] WS:** I've been there. I mean, your story is more similar to mine than you might think. I was not a professional opera singer, though. However, I did have a passion that really – I didn't recognize it at the time, but it was really holding me back more than anything. Pursuing this thing like you said it, that may never pay the bills.

**[0:04:47.5] CA:** Now that we're in real estate and doing this full-time, I'm able to – I do still sing and I'm able to love it that much more because I don't have the financial pressures of having to make it – make everything else fit.

**[0:05:01.4] WS:** Yes, that's awesome. Tell me though – I mean, it's not easy to pull back on a passion like that, that maybe you felt like you were getting some traction, I mean, you come all the way to Philadelphia to do this, right? And you felt like you're probably getting some traction, but now you see that maybe you need to take a different direction for a little bit, is that accurate?

**[0:05:19.4] CA:** I started in high school. I went to a performing arts magnet high school. I had been doing the hustle for really long time and I was ready for a change. High school, both of my college degrees and then bouncing around the world for a little bit on different programs and what not. It wasn't bringing me the joy anymore and I was ready for a change and jumping into IT project management and learning all of that and that spoke to – because I started on piano when I was five.

That spoke to my foundations in music of doing scales and your hand in exercises for two hours a day, the very introverted focusing on technique part of things, the technology and project management side of that job really helped me tap into that part of my personality and equating that to real estate and property management and landlord-tenant interactions.

I mean, I just loved putting together project plans and acting on those plans, building in dependencies, building in your contingencies so you know, whatever scenario might come up, you're

prepared for it. Those are all the other perhaps less artistic sides of me that really came alive when I found myself wanting to change and moving into real estate.

I found that I still – there are still – there's so many parts of real estate and so many varied parts of real estate and different roles you can play, different strategies and ways to make it work for you and for your individual proclivities and just how you function that I really found a lot of happiness there.

**WS:** Wow, I want to get in to the, how you all leverage technology and how you all have made this happen while both of you working full-time, I think that's a common struggle. I know it was for me and I'm sure it is for lots of the listeners as well. But I would also like to back up just quickly and say what had to change, what would you say had to change say personally for you to really make this a mindset shift to being able to do real estate full-time?

**[0:07:24.9] CA:** What had to change for me and my mindset to do a full time? It wasn't about me anymore, right? As an artist, you yourself are the instrument or as a singer, you yourself are the instrument and you're working with a big group of people, you're working with the orchestra-tor, conductor, your other – your fellow performers. The fundamental mind shift is really all of the details involved in real estate. There's so many more things that can go wrong and that you have to be prepared for.

In my experience in music, I never really – I enjoy jazz but I did not get into it quite as much. You're going off of score. You're going off of music that's written down for you and you memorize and prepare for that.

In real estate, you can't predict whether a hurricane's going to come and knock down a tree and come through your roof. Being able to mentally prepare for all those different scenarios but again, my work in project management I think helped me make that shift. And my years where – It was really interesting because as I was learning and growing in in project management, I was building our business and so I was learning in both of these fields, but there was so many correlations and things that I can apply from my day job to real estate into our growth. I hope that answered enough of it.

**[0:08:47.1] WS:** Sure, no, that's good. It's different for everybody sometimes. But I just think my mindset had to change a lot for me to start seeing growth personally. You know, before the business did. But working full-time, I did the same thing and it's difficult, working every night, weekend, holidays, sometimes up at five AM, sometimes taking calls in and different things but for you, talk about some of the tech that you leveraged to do?

Because I know you all are also management in-house as well and which I love that, that that hands-on. Let's get into some of the technology that you all have utilized to make that happen.

**[0:09:23.1] CA:** Sure, heavy use of templates. We invested very early on into a full property management system. We use Propertyware, which is a real page company. And it was an expensive move to make very early on but we made that investment because we knew that we wanted to grow and we didn't want to waste our time fumbling around with self-made operations.

We purchased and invested heavily and really utilizing the full strengths of Propertyware which has built in DocuSign, mail merge. I mean, it's a very powerful tool, I could probably spend the whole hour talking about it.

We did that, we also established templates so that we're not sending out email messages for the various repetitive scenarios that come up. We have a standard process, we know what sort of communication we send out, depending on the scenario, all sorts of automated notifications and reminders settings for it when it comes to leasing and marketing, use of product called ShowMojo.

That was really a gamechanger for us, the amount of time that we spent back in fourth answering phone calls, setting up showings and all of that. We saved all of that when we converted over to ShowMojo which if your listeners are not familiar with that, and they're property management, leasing and marketing, I highly recommend checking it out.

**[0:10:48.7] WS:** SureMojo?

**[0:10:50.4] CA:** ShowMojo.S-H-O-W-M-O-J-O I can spend far too much time talking about it, check it out. Leveraging those systems and then for our investor management, we use IMS, Investor Management Services which presents to our investors a portal that consolidates all of their investments with us, it's a very clean presentation of all the financial data as well as for new offerings, it streamlines the process as far as they all go through IMS. It's not as fielding various phone calls and emails kind of outside of the system and then having to pull it all together.

We funnel everything through our IMS portal and it also helps us manage the distributions when we come time for that. Those are some of the technology, those are really the biggest heavy hitters, Propertyware, ShowMojo and IMS.

**[0:11:43.8] WS:** Nice, maybe elaborate a little bit on like ShowMojo. We haven't heard of Propertyware either on the show I don't think before. Let me ask you about that first as well. Is that for somebody that's strictly – I mean, they're doing all the property management themselves or would that be for maybe, I'm not sure what Propertyware does for you but it sounds like it's all property operations or management operations, is that correct?

**[0:12:04.7] CA:** It's our entire backend system for managing the properties. All of the information about a property, all of its details you can set up within the calendar and maintenance function, you can set up automated reminders for forward looking at maintenance issues whether you need to you know, every spring or fall, schedule some sort of cleanup for the property or what have you.

It's also how we keep all of the tenant information so all of the application fee comes the application fee and application process comes through Propertyware so that the prospect is directly fed into this system, that makes it very simple to screen them, collect all of their supporting documentation from application to conversion, into moving in and then it's a click of a button to convert them into a tenant, activating their tenant portal. So, similar to our investors, they have one log in, they see all of their lease documentation is pre-populated. They have a ledger, they can pay online, they can communicate with us through a chat feature within the portal. And it's one central place for the multiple members of our company to see all of that, right?

I don't have to check in with our leasing agent and say, "Hey, did so and so get back to you about XYZ maintenance issue?" If we're using the system properly and it allows for all of this then the tenant entered a work order, we responded, there is a communication thread directly on the work order, so I can go there within our system and see exactly who spoke to whom about what and where things stand.

It makes the process much more streamlined, it also provides the tenants our accountability, right? They can see when they entered a work order, when we responded, who we sent out there and when it was closed and what exactly was done to close it. They're not making a phone call and leaving a voice mail that maybe goes unanswered for days, weeks, months on end.

When I moved from Los Angeles to Philadelphia, I was a renter. And when I got into property management, I swore that I would not be – I had a less than stellar experience so that's our way of staying accountable to our tenants and the owners also have their owner portal login so they can see the same thing. They can see the maintenance work orders, they see the receipts that are attached to those, they see where their money is going and in real time.

Because everything goes through the Propertyware so as soon as we enter it there, the owners can log in and see it. There's no lack, there's really complete transparency.

**[0:14:38.4] WS:** ShowMojo, is that something that's just for building templates or is it more than that? Who is the ideal person to need that?

**[0:14:47.0] CA:** ShowMojo is marketing and leasing. You could have if owners are self-managing, you could definitely use it and plug it into however else you're operating your portfolio. Essentially, what it does is you create the listing once within their platform and it disperses it out to 50 plus websites. So, you don't have to be creating the listing across hot pans, across all of the different – it saves you time there as far as the syndication aspect of it.

And then with ShowMojo also you can set it up. So that when people submit email inquiries, ShowMojo will automatically send a response to those email inquiries. So, you can imagine how much time that saved us in responding to us within minutes that the inquiry email comes in and

you can completely customize the response. So, we always send you know the full listing right now because we're in lockdown. We are doing 3D virtual tours, so sharing the link to that for interested applicants to do that on their own time before speaking further with us. So, that was really the time saver and the power of ShowMojo.

They also have, if you are doing self-tours, they have lockboxes that you can set up on the property where prospective applicants can enter their information. We require ID and a credit card before they can get access to the lockbox and the lockbox gives a generated code that is good for one hour for the applicant walk through the property. And we're notified when the lockbox is accessed for them to take out the key and then when it is accessed again for them to remove it and we have should anything go wrong, we have their ID and their credit card on file.

**[0:16:32.2] WS:** Wow, I like that. We'll have to look into that a little bit more. That is very interesting. I appreciate you sharing that. And well we have a few more minutes, I want to get into your company a little more and your focus a little bit. And also, I know you all are starting a blind fund as oppose to doing funds on individual properties like a lot of syndications or syndicators do. And so, I want to get into that just a little bit and maybe the thought process behind doing a blind fund versus the way you used to do it and just what your focus is right now in the industry.

**[0:17:00.2] CA:** Sure, so we really had a strong record in multifamily. We purchase mostly 2014, 2015, 2016 and then we found that the margins were getting thinner and thinner, right? It was getting much more competitive in the multifamily space because of our desire to be hands on. We wanted to stay somewhere within the two to three-mile radius of Philadelphia, where we could get to the out site easily and keep an eye on things.

So, we pivoted into self-storage. And our most recent syndication was a 35,000 square foot self-storage facility closer to Lancaster area. So, still reachable from Philadelphia and up until now, we've each syndication has been its own entity, standard GP/LP structure with our company serving as the GP and all of our investors being limited partners and we are very happy with the self-storage space.

So, we fully expect our future acquisitions to be within either self-storage or affordable living, affordable lifestyle assets, so we are looking at manufactured home communities or RV parks



as an affordable family vacation home destinations sort of investment. So, we are looking at those while our base still in multifamily. So, we'll continue keeping our eyes and ears open across all of those different asset classes.

The pool fund we are setting up so that we can move quicker. We are expecting, as we recover or re-establish the new normal coming out of COVID-19, we are expecting there would be plenty of well-capitalized players that we just waiting for the blood to hit the streets and make some acquisitions at prices that we couldn't have achieved up until now. So, we are setting up the fund so that we are able to move quickly once we identify the right project.

**[0:19:00.4] WS:** So when would you say you all knew you were ready to do a blind fund? That is not something that normally somebody can do obviously when you have no credibility, you have no track record, right? You already have to have lots of established relationships with investors, but when did you all – is it because I mean you all have a track record, you all have years of experience now investing and was that because of what is happening now you just highlighted, “Now okay, we can do this because of our track record,” or what was it for you all?

**[0:19:28.7] CA:** We are really finding the economies of scale and we've played in the smaller spaces now. We have been really hands-on and in the weeds so that as we go up to larger levels, the self-storage facility for example, we're not there every day operating it now. We have strong technology systems in place and there are, with self-storage, it can be completely unmanned and just operate it completely remotely.

But it was all of those years of us putting in the work and playing at the smaller levels and learning so that as we grow and scale into these larger projects, we know what the numbers are supposed to be because we have been doing it and so we know not to completely trust the pro forma. We have our own numbers for underwriting and our analysis and we have built and grown this pool of investors. We want to continue doing right by them. Up until now, we have been able to deliver 23, 24% IRR to our investors, which we're incredibly proud of and we want to continue that.

And in order to do that, we want to move into larger assets that will continue to afford us the opportunity to deliver that.

**[0:20:38.3] WS:** Corinn, what's been the hardest part of this syndication business for you?

**[0:20:42.4] CA:** Working for and with friends and family. It's a terrifying amount of responsibility, right? When you are being entrusted with your family's money, I think that has also set us up for success because we have been very conservative and it's always been, it's been our own money along with our investors and that is why we keep the hands on property management. That is why we are very, very involved and all of the day-to-day.

It is challenging taking that first step and saying, "Okay let's make a push for it," and just jumping in. I would say the first step is the hardest, right? Just moving from analysis paralysis to actually doing.

**[0:21:22.5] WS:** What's a way that you all have recently improved your business that we could apply to ours?

**[0:21:26.7] CA:** Oh, we have continued to throw a lot of technology at our operations. I am not sure if it is necessarily – I mean it is right in line with our track record but with the lockdown and not being able to do showings or not being able to be onsite for managements for self-storage, self-storage was deemed an essential business. So, we have been open but operating everything remotely, really just more strongly leveraging technology.

We identified a photographer that uses 3D technology and whereas has until now really been reserved for the higher-end buy and sell properties, we found a local operator, told them our story and the whole of our portfolio and said, "Look, we have 100 doors that we would use you exclusively for. What is the best rate that you can give us?" And so, we are able to offer that technology in order to keep our vacancies turning over.

We have placed three tenants during the course of this lockdown that have been completely contactless move-in and move-out processes. So, I would continue – There is so many resources out there in the technology space just continue leveraging that and not trying to do everything ourselves manually but reaching out to experts in the field who can help streamline the process overall and revolutionize what we are all doing.

**[0:22:46.1] WS:** What is a way that you all stand out with your investors amongst all the other operators?

**[0:22:50.1] CA:** I would say it is our personal touch. We really – we started with friends and family. We really bear that responsibility. Our goal is to set up the entire family legacy for one of long-term wealth. So, we are not here to make a quick buck. We are here to educate and neither of us really came from a family of real estate investors. We had to do a lot of not only educating ourselves but our family and our friends and those who ended up being our first investors as well about what we were learning and seeing from our first original personal investments, right?

We ate our own dog food first. You know we went through it all with our own blood, sweat and tears. And so, our differentiator is really the investors that come to us and work with us, we want to educate you. So, if you are still learning about the space and people that we work with aren't necessarily just investors. We help guide and consult for personal buying and selling as well or if needing some extra hands on help managing your rental, we do that as well.

We just want to spread the awareness of what can be accomplished through real estate. We are finding the economies and scale in syndication but if you are just looking to build a small multi-family portfolio yourself, we are happy to help share what we have experienced and learned along the way as well.

**[0:24:17.0] WS:** How are you all finding investors right now? What's your best source of meeting new investors?

**[0:24:22.1] CA:** We are fairly active in a couple of different networks. My husband is a blogger for BiggerPockets. So, he does get a fair amount of contacts that way. I am certainly a more introverted one. So, I am involved in a network for women in real estate that that's more knowledge sharing. That is less about gathering investors. I would say that primarily our investors came from our W-2 jobs. I mean it is amazing that our contacts in the corporate workspace didn't have any exposure to real estate.

And so, the daily lunch conversation was, “Well Corinn, what is your latest landlord war story?” So those are always great fun, but then when you tie in, “But I made X amount percentage return on dealing with all of those headaches,” then that starts getting people thinking, “Oh, well maybe, you know maybe this might be a good option instead of just relying on my 401(k).” So, I would say probably coworkers and then just we talk about it wherever we go, just continuing to spread awareness.

**[0:25:26.3] WS:** What’s the number one thing that’s contributed to your success?

**[0:25:29.1] CA:** Pushing through, resiliency. Just keep on getting up. Don’t let the knocks keep you down, just keep on pushing through and when things stop working like for me, when things aren’t joyful anymore in music, taking a step back, taking a breath to re-evaluating your landscape and maybe picking a different path. You know, maybe trying something else slightly different. I never would have expected to be in the self-storage syndication but following all of the other different twists and turns in the journey has brought me here and I am so grateful that I just went along with all the hip and changes and try something new out.

**[0:26:08.7] WS:** And how do you like to give back?

**[0:26:10.3] CA:** So, I am involved in the Real Estate InvestHER community, which is for women in real estate. It is really meant to empower women to financial freedom through real estate and there is a weekly podcast, there is a Facebook community of over 3,000. I lead our Philadelphia chapter, which has over 800. We have monthly meetups and for me, as a woman in real estate I am so glad that I became aware of the community and have had the opportunity to serve in a little bit of a leadership position by pulling together our monthly meet ups and contributing.

I do strive to be as involved and active as I can on the Facebook community, I am probably posting there multiple times a week especially for those in Philadelphia who are maybe just starting out. The landlord knocks and bruises, anything that I can share to spare someone else, some of those expensive lessons when they first start out. It’s just been really wonderful experience to be able to connect with other women in real estate.

It is a very supportive community. I wish I had known about it or didn't exist when I first started. So, I am so glad that the co-founders started it and I would just highly recommend it for any of your female listeners if they are in real estate. It is a fantastic community to be a part of and I hope to see you there.

**[0:27:34.8] WS:** The InvestHER network, I know we've had a couple of people on the show out of the network that's in the network or a co-founder, Faircloth

**[0:27:42.0] CA:** Liz Faircloth and Andresa Guidelli, yes.

**[0:27:44.1] WS:** I was trying to think of Liz, yes Liz. So, I've had her and obviously Matt on the show a couple of times and just great people. I think a lot of them and I am sure that is a great network no doubt about it. How can people get in touch with you and learn more about you all and your company?

**[0:27:57.9] CA:** Our website is [hfireholdings.com](http://hfireholdings.com). If listeners are interested in what we are doing from a syndication perspective, you can sign up for our syndication insider, where you would get information about any developments particularly with the fund or any new acquisitions and you can contact us through there and then my email, [corinn@hfireholdings.com](mailto:corinn@hfireholdings.com). Send me an email and I would love to hear from you and see how we can connect and help one another. This is all a team game.

**[0:28:31.5] WS:** Awesome, that's a wrap. Thank you very much.

**[0:28:34.1] CA:** Okay, thank you.

[END OF INTERVIEW]

**[0:28:36.2] 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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