

EPISODE 783

[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 your daily real estate syndication show. I'm your host Whitney Sewell. Today, our guest is Pam Scamardo, thanks for being on the show Pam.

[0:00:32.7] PS: Thanks so much for having me Whitney, I'm so excited to be here.

[0:00:35.7] WS: Entrepreneur, Pam Scamardo is the founder of the Create Wealth Network, the number one free educational resource for commercial real estate investing. Officially retired. Pam discovered the ability to become job optional through passive income after realizing she did not need to be a millionaire to begin investing in commercial real estate.

Aeronautical and mechanical engineer by trade, having been employed by Lockheed Martin, Boeing and UTC Aerospace. Pam made a career pivot almost 10 years ago and founders are first multi-family acquisition and investing company, TPK properties. Pam, welcome to the show, looking forward to hearing just the – how you made that transition, that's such a big deal to transition from a career like that, you know into an operator or a passive investor and sounds like you've done both .

Looking forward to hearing a little about that and just how you talk about becoming job optional, it's so interesting. But get us started about who is Pam and let's talk about that transition a little bit.

[0:01:37.0] PS: Sure, yes, it's definitely not a conventional path I believe. As an aerospace engineer by trade, I work for those big name companies and I really enjoy the technical work that I was doing but I started realizing as I was getting promoted, moving on up.

The work was coming in but I was having less time to myself. I realized that I was trading a lot of my time and effort for the money and I was beginning to think gosh, maybe there has to be a different way to kind of diversify my income streams and that's what really began my journey into what would eventually allow me to arrive at my job optional status was I started researching different ways of investing and the first book I read was *Commercial Real Estate Investing for Dummies* by Peter Conti and Peter Harris. One of my favorite books, I had Peter Harris who became my mentor and he taught me and helped me to acquire my first deal and so after I secured that first deal, I thought wow, let's do this again, it was so fun.

And then the misconception, at least I know I had going into it was I thought I had to be like a millionaire or a billionaire and the truth was that I didn't need to do that. That's kind of the beauty of syndicating deals and so I was able to quit my job, my full-time engineering job in two years after acquiring three properties, syndicating them between my friends and family and that's kind of the beginning of how it all started.

Now I'm just happy that the passive income comes in like clockwork, the rental income and I'm just here to now spread the word on that, that it's possible, especially more than ever of just a rough year it's been. I really want to help, especially women as well to understand that you can get into this while you're working full-time. It's not easy but where there's a will, there is a way.

[0:03:36.8] WS: That's awesome and I'd love to talk about that as well because I know there is women listeners as well as men also that can benefit just from your ability to make that happen while also being a wife and mom and I mean, business owner, working. I mean, that's difficult

stuff, right? I mean, difficult to manage all those things, right? Spending all those plates, a syndicator already has to spend many plates but when your mother, you have many things happening and I know how busy my wife is and we could not make it without her and as hard as she works, it would be no way and I can't imagine she was trying to be a syndicator at the same time.

But you mentioned trading time and effort for money and time is our most valuable asset, right? You can't get it back. You know, once it's gone. It's interesting to think about that, you know? As a listener, you know, are you thinking about where your time is committed and if you're in that J-O-B, it has to – you have to spend it there, you don't really have that choice and it sounds like Pam, you know, you realized that and you created an option so you didn't have to have that J-O-B.

Let's talk about those two years you talked about a little bit, syndicating three deals, congratulations by the way on making that happen and in two years also. But can you just speak to the listener who is pursuing that, maybe in the middle of that right now also. Maybe not to their first deal yet but maybe they are a mother or a father but you know, you have a J-O-B and you're trying to make this business happen.

Just some of the difficulties that you can speak to and encourage them.

[0:05:01.7] PS: Sure, yes. It's definitely is not easy. I recall, I would wake up probably a couple of hours before I had to head into work to work on my real estate investing business and then, during my lunch breaks or during the day time breaks at work, I would be focused on that as well and then when I came home in the evening, it was the same thing and so that's kind of the one thing that I realized early on was as hard as it is, you have to just puzzle as much as you can in the beginning because Whitney, as you can probably attest to, a lot of the upfront work will become beneficial later on, it's setting yourself up, it's a system, right?

Once you find that way that works for you and you set it up properly, then things will start to flow in. For me, the hardest part was definitely a lot of hours beyond my regular 40 hour work

week and to be frank, it was actually turning into a 60 hour workweek ready at my JOB and so I needed to find different ways to work around it and thankfully, at that time, my husband and I, he was my fiancé and he fully supported me and I think that's something that a lot of people don't often talk about but it's the support network, that gives you the extra umph.

Whether it's your religion, your family, your friends, that gives you the extra effort and energy to keep you going along that path and I remember I was very upfront with him and I said, I don't know if you're going to be in my life permanently yet because I did not know if we were getting married or not and I said, you're either in with me or you're not and that's okay but this is my path and right now, I need the support and he took the back seat and helped supported me throughout it all and he wasn't demanding on my time in a sense so if I had free time, I was so passionate about it because I think when you have that first taste of getting close to buying your first property or you're in the mist of exploring and learning.

You get so excited you just want to pour all that energy into it and that's kind of what I'm doing now is I've decided to give back, I created the create wealth network at www.lets gocreatewealth.com to provide free educational resources because there's so many paths one can take, right, Whitney?

For me, it's multi-family real estate but we have others who might do storage unit rentals or single-family homes or whatever have you in the commercial real estate umbrella and to do syndications. But for me, that's what spoke to my heart and I think I was very overwhelmed starting off and so, now that I'm gathering my thoughts here. I feel that you know, having that support network really helps out, I found a mentor as well, he was very instrumental and getting my mindset straight on focusing my network and growing it with intention and being mindful of who I am, who I'm talking to and how I can collaborate and that really helped out a lot.

I think the hardest thing though, when you are wanting to syndicate is getting that first deal down. When you get that first deal down, that's when the fun begins and I say fun, but it can get exciting, it can get stressful as well but truly, when you can close that first deal with

working with other people and learning how to utilize raising capital, those skill sets that are life long and also making friendships that are lifelong as well throughout the process and bringing in a team of advisors to your wealth team.

Like you said, you're spending a lot of different areas as a syndicator when you learned how to do that. Gosh, it's just so rewarding to see that you're making everyone happy in the process including your tenants, your investors, your team mates, yeah.

[0:08:58.5] WS: That is awesome.

[0:08:59.9] PS: It's tough but it is doable and that's what I'm here for is to help motivate everyone that even if you're working right now in your essential job, in the job that you need to have to pay those bills, you can still try to grow your passive income stream on the side just takes time, takes a lot of hard work but don't give up, you can do it.

[0:09:21.7] WS: I think it's great that you bring up just your – the support network that gave you that extra umph and talking about your fiancé at the time or just family because it's something I talk about when I'm speaking at an event or own a podcast, being a guest, people ask about that and I'm like, I could not have done it without the support of my wife at the time and family, you know, it's such a sacrifice for not only me while working full-time and making deals happen, working with investors, doing all these things, right?

We're spending all these plates, I could not have done it if my wife wasn't completely on board and supportive because she was doing everything in the home, everything. Well, I'm working so many hours so I can completely relate to that and I just appreciate you talking about just the transparency. Really, with your spouse, this is what I'm pursuing and painting that picture, right?

They need to know, they need to be able to see that, the hard time that's coming but also painting that picture of where we're going is important and also you found a mentor so

important. What about just – any current misconceptions about multi-family investing that you see, you've been in the space for a while now and on the passive side and as an operator.

[0:10:28.6] PS: Sure, that is actually a great question and I started writing a blog on that and I haven't published it yet on my website but one of the main things I do want to focus on are the current biggest misconception I see is that you have to have a lot of money, you have to be backed by a lot of money or you need to be really well off before you throw down and buy that property.

That's just not true. Because, the sooner you learn how to work with other people's money and how to properly syndicate a deal, that in itself is a skillset that you can take anywhere. Whether it's from a small deal to a large deal and so that's the common misconception I get and these days, a student outreach is at the heart of everything for me and when I speak at colleges or real estate clubs, a lot of the students have that misconception of gosh, I have so many student loans, I'm just trying to graduate.

I want to do this but I don't have any money. Where can I go get money and the first thing I tell them is that, well, maybe you need more of the experience versus the money. The money will always come, when you have a really good deal, I am a firm believer in that and knock on wood here, I haven't been proven otherwise with all my deals that I bring to the table with my investors and talking with people land so that's kind of a misconception to me.

You have to be like a millionaire, bazillionaire just to be able to jump into this.

[0:11:58.2] WS: Yes, no doubt about it. I think everyone feels that way in the beginning because it seems so far out of reach, right? What about just what you see foresee happening just in the real estate or commercial real estate industry over the next six to 12 months.

[0:12:10.0] PS: That is also another great question and Whitney, I just thought of another thing of another common misconception that I get asked a lot and I don't know if you experienced this as well as the so-called house hacking method. A lot of folks that I've talked to have

asked, you need to start in single family homes first before you jump into multi-family and my answer is always no. Because it's pretty much the same amount of work except you get more units, therefore more rental income coming in, right?

That's another misconception I do want to share is that no, you do not need to start off in smaller single family residential homes before jumping into a different game, they're both to me, if you're going to put in the work, might as well buy five units and up to be considered in the multi-family sector and moving forward to your question on what do I foresee happening in the next six to 12 months.

This is a great question. I actually just answered it on our Forbes real estate council article that was published recently. Speaking from the multi-family side only, I said that I foresee a large exchange of wealth between ownership in the multi-family sector because when the pandemic hit earlier this year, no sector of the economy remained untouched, right? The impact of that very greatly, while some industries were completely devastated and some benefited greatly due to the change in the human behaviors and the supply and the demand.

For example, many office jobs are forced to offer work arrangements from home for the first time ever. While that has started many are now moving out of the city centers, out of the dense populated city centers and so I believe that with the flexibility or the increase of flexibility of working remotely, people want to move out and have more space where they can work from home, have that office space, have that yard that they always wanted, right? Just spread out a little bit in the suburban areas.

Not have to drive maybe two, three hours in traffic, five days a week and so what I'm predicting is that there's going to be a big boom in the suburbs, in the area. I mean, we already know that there's a shortage in affordable quality housing well we now will see a greater need in that and that shift happening towards, hopefully enabling cities to enable, developers to be able to build more affordable housing in the suburbs such as the two, three or four bedroom apartments versus studios and one bedrooms because you'll see more families out in that area and more people are living together.

People will always need a roof over their heads so I always feel that the demand is always higher than the supply and until that gap is met, there will always be a need so speaking specifically on the multi-family sector, I don't see a downturn so to speak, I see just a creative new angle of an increase in supply that will really help out but also, that's talking about the positive.

On the negative side, for the multi-family investors out there, we know that every city, every state, every county has their own eviction moratoriums in place so it will be interesting to see what's going to happen. I imagine there's going to be a mass movement of evictions filed and that'll be interesting to see how landlords and tenants will be handling that issue in the next few months to a year here.

[0:15:38.6] WS: Nice, yeah it is going to be very interesting that's for sure let's say the least. Pam, you know what's been the hardest part of your syndication journey or process up to this point?

[0:15:48.9] PS: Well, two things that I can think of Whitney. The first part, when you're starting off, everyone has to start somewhere. No one likes to be a beginner at things. So I believe that at least for me it was extremely overwhelming of just who to talk to, what information is valid, where to go, how to find a deal. So to me that was the hardest first kind of step into this arena and when I found my mentor and I'm hoping that my website can help ease that process for everyone out there as well.

And when I closed that first deal then it started making it easier. So I think up until closing that first deal, it's going to be very hard but I want to encourage people don't give up because that is where you're going to jumpstart your life and get closer to your financial and retirement goals and be able to be financially independent, right? When you close that first deal, it's not like you're done. It's just that first step and it is often the hardest hurdle.

The second part about it though that I want to be frank with everyone out there is that when you have a transaction or when you send in your LOI and they accept it, that doesn't mean that, "Yay, we're in" there's so many things that can happen right? Throughout the whole real estate transaction that could go wrong that might not work for you, that might not be a fit for the seller and could cause a deal to not happen. So I think that is the second part that's really hard.

And the key to helping ease that process is to really pick and choose your wealth team wisely. Make sure their values align with yours, like for me, being able to trust them and seeing their work ethic and then having integrity is of utmost importance to me because we're dealing with other people's money and my money and so that is also hard because you are bringing in a team, right? So you want your A-plus team together to help reduce all the risk and also help with the due diligence process to help close a deal.

So to answer that question, there is two things there that's probably really hard on the journey but just know that it's part of the process when you embrace that and you go in with a good heart, treating people with respect and just treating them like they're human as well. They're coming to the table because they want something too. That's the process I love is negotiating something that works for both parties to just move forward.

[0:18:15.0] WS: You know as an operator, how do you prepare for a downturn?

[0:18:18.6] PS: Well, that's another great question. You know I have heard about like the downturn and how to prepare and all that. I think in general as a basic preparation method for my team is that I always have reserve funds. So whenever we go into the deal, if I am raising capital to a certain amount, I raise some and more. You can't go wrong with having like a cash fund and so when downturns happen or when unexpected things happen such as a big repair or a big capital expenditure.

That you did not plan for because life happens, that is what will help buffer. So in regards to a downturn, it's always good to have that extra buffer and I go by kind of like a ballpark amount

per unit depending on the market it's in and how many units are in that property. That's what helps kind of alleviate my investor's concerns and then obviously over communicating. I would rather over communicate than under communicate just so that they know every step of the way.

And then also, we are involved with our property managers and our tenants too. I've always been a firm believer of like a happy community will bring in happy people and when you have happy people they're likely to stay longer and treat your property with love and it's a win-win. The other misconception that now I am thinking about there, sorry Whitney for segueing here is that a lot of people think landlords are like slum lords and I want to put that out there.

That's not the case. We all are – okay, I can't say all but the majority of us are operating with love and care and so I think that's something that can help offset a downturn is being smart by preparing your financials, always having a cash fund and then also over communicating with your investors and your team because that way, when you are communicating upfront all the time, you start to game plan together and people will bring their fresh perspectives to the table so you'll always be a step ahead.

[0:20:13.8] WS: There is definitely bad actors in every industry, right? That doesn't paint a picture for everyone, no doubt and so Pam, you know I believe anyone that's successful in this industry and almost any business has a high level of self-discipline. How did you gain such a high level of self-discipline?

[0:20:29.1] PS: Ooh that is a good question. You know, ever since I was a kid I was really good at focusing and being very disciplined and I have to give thanks to my dad for that. He was a high school teacher in Thailand and so he drilled it into me early on that academics is really important but also to focus my passion on other things in life and so for me, what I found was I love Thai classical music. My dad and I would always play music together and that's how we found our connection.

And it is amazing that when you play music, it really requires a lot of self-dedication, discipline and focus and all those years of that, I mean I am super thankful for that and also with him, also encouraging me to focus on my academics and he always, you know I guess for lack of a better words, he was definitely more strict than other parents growing up but when I look back now, now that I have my own children I'm very thankful for what he instilled in me because at the time, I may have not understood.

I may have whined and I may have thought, "Gosh dad, I want to go play" but to him, it was always like, "Well, take care of these chores first. Focus on your education, your chores first then go play. If you can finish all of that I have no qualms but if you can't finish that, then don't do that. Don't go have fun yet" and I think that has been really drilled into my brain and so the idea of delayed gratification is something that I embraced especially with entering this journey of mine to becoming financially independent.

To being job optional was that when I first got a couple of deals down, I could have just went out and just splurged on for example, a fancy car or something or just spent all the money away and that has really helped hone in of like, "Well, what's the bigger goal out there?" What is that long term goal that we as a family need to focus on? And realize our gains later and it is going to be okay. So yes, self-discipline is so important especially in this field as well because you need to be able to be focused.

And when deals come, sometimes they're hot, right? You need to act really fast or maybe you have like stacks of 300 pages of due diligence to do. You can't just go lollygag. You have to focus with your team and get going. So kind of have your eye on the prize so to speak.

[0:22:56.1] WS: Is there a daily habit that you have that you are very disciplined about that's helped you achieve success?

[0:23:02.0] PS: Yes. I do have a daily habit and it's in the morning. So right before our call here Whitney, I focus everyday on mindfulness, meditation or yoga. That is something I've discovered in the past seven year when I have my son and it's helped me to kind of bring focus

and clarity to starting off my day and it doesn't take that long. Initially I fought it and I just thought, "Oh my gosh it's so hard. I'm not going to be able to sit down and meditate or just be mindful or focus on myself, my breathing pattern."

And I realized, sometimes it only takes two minutes or a minute and so that's my daily routine is focusing on me time just kind of reflecting and being present as well. It helps start off my morning and then I felt that by making tea because I love tea and then just sitting quietly before the chaos starts meaning before my kids wake up and then they say, "Mommy" and got to take care of all of that.

[0:24:05.0] WS: I understand that. What's a way that you've recently improved your business that we could apply to ours?

[0:24:08.6] PS: Yes, one way that I've started doing is giving back a lot to students. I know that students are often drowning in a lot of student loans and they're eager and they are very passionate about learning and what I've realized is that in mentoring or providing internships to students to help solve business challenges, daily business challenges, they come in with really fresh ideas that you normally don't think of and I just love that and I honor that and then we bring that to the table.

So it is nice to get fresh perspectives, I want to say that's been a pleasant surprise. They are very eager to share their opinion too, which I love and we encourage that. We don't want them to just sit quietly in our meeting roundtables. We want them to just bring in what they think even if they think it's silly. I always tell them there is no stupid question in our meeting ever. You just bring it to the table and let's rock and roll with it.

[0:25:06.8] WS: What's your best source for meeting new investors right now?

[0:25:09.6] PS: My best source, you know it's been by word of mouth thankfully Whitney. Like the latest investor I met just happened to be in a yoga class with me. I was not intentionally finding to network but we just hit it off, we got to talking about what do I do, what does she do

and I've shared with her and now, yeah we are working together. So I guess word of mouth and just meeting people. I don't have an exact source and Whitney, maybe you can attest to this too.

That when you are more comfortable in syndicating your deals and you have a good track record going, there is less pressure for that. You just meet and go and there's no pressure to be like, "Hey, I need you in my time and we got to close the deal together" kind of thing.

[0:25:54.7] WS: Right, it definitely changes referral start to happen a lot more and that's yeah, much better no doubt about it. Now, what's the number one thing that's contributed to your success?

[0:26:03.6] PS: The number one thing, I would have to say as cheesy as it sounds is my husband. I love him very dearly and you mentioned it, we talked about the support network. I think that's the most important thing aside from bringing on a mentor if you want to learn faster, don't be afraid to fail, right? But the sooner you learn the things, the process, the better you'll get but that's to me it's been the number one thing.

I've realized in the past 10 years here that this is a relationship business. So that is the number one thing is how you handle your relationship and to me my husband and I we're probably the closest and so our relationship success really helps carry forward to the success in all of the other relationships I have.

[0:26:51.6] WS: No doubt about it and Pam, maybe you already answered this a second ago but I like to ask every guest just how you like to give back.

[0:26:58.7] PS: How I like to give back, yes that is wonderful right there. I am very passionate about empowering women as I said early on. Also open to helping men out, no doubt about that but I do want to see more women multi-family investors out there and so that's where my heart is. I am actually the incoming CREW Network global board director for 2021 and CREW

stands for Commercial Real Estate for Women. So I found my tribe and that's how I like to give back.

I volunteer extensively with this organization and this organization also gives out scholarships to local emerging leaders, to students all over in different chapters and markets and that's also another way I love to giving back is student outreach because I do remember when I was a student, where I was lost of like, "Gosh, it is such a big world out there. Where do I go? Who do I talk to?" and that's what I love about our CREW Network is that we are here to help mentor and foster relationships with students as well.

And then also introduce them to our network since we are a networking organization, so business is very important and I am more likely to give my business to someone who's a CREW member than not and so bringing them into this tribe is also a wonderful way to give back, which again aligns with getting that support network.

[0:28:19.3] WS: Well Pam, I am grateful to have met you and had you on the show today and I just think it is interesting just hearing your story too coming from a – I mean not just any JOB, right? I mean you worked very hard to get to that place but then just the path of transitioning from that to real estate and talking about trading your time or effort for money just the desire to move into real estate how you did that now as a wife and mom and a business owner at the same time.

So just grateful for that and just thinking through how to become a job optional, I like how you word that and think through that. So tell the listeners how they can get in touch with you and learn more about you?

[0:28:56.5] PS: Sure, yes for the listeners out there, I just want to let you know is please have relentless determination in where you want to go and don't give up. If you want find me, I am on LinkedIn, Pam Scamardo. You can also find me on my website at www.letscreatewealth.com. I also recently started a YouTube channel. That is a spin off on that but you can find me on the website. Thank you so much Whitney for having me.

[END OF INTERVIEW]

[0:29:23.7] 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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