

**EPISODE 822**

[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]

**[0:00:24.0] WS:** This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Today, our guest is JD Bates. Thanks for being on the show, JD.

**[0:00:32.8] JB:** Thank you so much for having me.

**[0:00:34.0] WS:** JD has climbed the corporate ladder as COO, PM, CMO, as well as a member of the Board of Directors with companies in the United States, Costa Rica and Panama. His passion for innovation led him to create FiveSigma Technologies, the parent company of Noteproz.com. Now, the company's grown, providing high-end digital optimization and software solutions to clients around the world. JD, welcome again to the show. I love technology personally, I love finding ways that we can automate things and be more productive, so it takes less of my time but also just being as professional as possible as we're working and finding new clients, working with current investors, all those things, right?

I want to learn more about this platform and I want to hear more about how you got into this business, what pushed you to develop Note Proz and what that does. But give us a little more about who you are and get us up to this platform and how it can help us.

**[0:01:29.1] JB:** Yeah, basically I started FiveSigma Technologies around four years ago, right? Then I was working in this other company. I was working in a marketing, advertising company in California, but I always wanted to have my own game, right? I always wanted to be able to create something of my own. I went off and then I started just basically freelancing. I just basically started freelancing for clients and I started doing like websites, social media stuff, basic freelancer tasks. One of my first client was a note investor, right, which is obviously as you guys know, like a niche, a segment of the real estate investment, right?

I started getting to know this client very well, and then this client started referring some other clients. Then I really started to get to know that niche. As I started getting more clients, the company started growing. Then one day, one of these clients started to propose, “Hey, would it be cool if we could create a tool that could do like a scraping thing? Because when we do our due diligence, it takes a lot of time. I’m spending day and a half, two days going through a list of assets that we might want to invest. Can we create like a little tool like that?” I go, “Yeah, sure. Let me take a look.” That’s how it basically started. It basically started like a very, very simple tool and now it has grown to be like a full flesh, real estate platform that you can do your due diligence, you can do your asset management. Even, we’re still offering basic services that we are offering, right? Like the web process, websites and all that stuff.

**[0:02:59.3] WS:** Awesome! Well, I want to get into that a little bit. I mean, all those processes, whether it’s due diligence or asset management, I mean, it’s crucial, right? I mean, there are so many steps that are just crucial, that they’re completed, and that they’re completed well and ultimately by professionals or people that hopefully has some experience, right? We all need systems to help us to make sure we’re checking every box, because things can definitely be easily overlooked. Let’s dive in there a little bit. Tell us how can the system like this help us with due diligence or asset management? Then maybe I want to stick to one of the — you mentioned like initially like scraping assets during due diligence. Tell us what that means or jump into the due diligence process specifically and how this can help.

**[0:03:37.0] JB:** Right. The platform has three modules, right? I call it the initial due diligence module, which is like a window where you copy, paste — you can copy, paste up to 50

addresses at the time. You copy, past those addresses and you just click analyze on our tool. Then it's going to take probably around a minute to go through those. Once it's load, we're going to give you a bunch of data here. We're going to give you finished square feet of the property, the low value, the high value, when it was last sold, last sold prize, tax assessment, tax assessment year, the type of house, the year it was built, the square footage. We did an integration with Google Maps, realtors in the area, but we also have city data like what county it's in, the population of that county, the poverty statistics of that county, occupancy status, how much is it occupied, the housing vacancy status and the tenure.

All that data you can get from just once scrape, 50 addresses at a time and then it's going to load a sheet, a full sheet with all that data for each property. All of that's done in less than one minute.

**[0:04:44.3] WS:** Wow! I mean, that's so much great information, right? Just the address at your fingertips. What about commercial real estate as well? Will it work for larger properties also?

**[0:04:54.1] JB:** It will work in any address. So you put in the address, then it will scrape. Then if it has data, it will show it. Yeah, mostly, these ones are for residential, but it works with any address.

**[0:05:05.8] WS:** I was thinking about all these data that it's pulling. Where is it pulling it's from, how do we know it's good sources and that it's accurate?

**[0:05:13.9] JB:** Of course. I'm pulling it from a lot of places, right? For example, like Silio, Trulia, the Census Bureau. I don't know. I have probably have like from all those columns, I probably have around 10 APIs, different APIs. We're grabbing them from other sources that we're able to connect with. It's not like we're going to, I don't know. We have a database and then we pulled out from the database. We don't have that, right? We actually pull from companies and sites that have all these data updated constantly, right? It's not like [inaudible 0:05:43.0] server just sitting there. We're just pulling it from sites that actually do this for their business as well.

**[0:05:49.6] WS:** Okay. We have the initial due diligence where you're putting in, I mean, you're putting 50 addresses at a time. It's going to provide all that information. Is there more to that initial due diligence, or what's the next model?

**[0:06:00.8] JB:** Then the next step, it would be like the secondary due diligence, right? Like I said, this one is in bulk, right? You can get all this initial data from all these properties in bulk. But then if you want the idea of this first module is for you to kind of filter out the properties that do meet or do not meet your investment criteria, right? Let's say for example, from all those 50 properties, you like 10, right? Okay, these 10, they meet my investment criteria. I would like to get more information. We're providing detailed reports on properties.

We have 10 different reports. We have property details reports, total view reports, transaction history reports, open lien reports, transaction chain and lien reports, sales comparable, tax status, foreclosures and document images. All those reports are detailed reports of properties, right, where you can get the owner information, last transfer inconvenience, the last market sales, more detailed data on just a single property, right? This is definitely more like if you want to go into depth into each one of the properties that you do like from your first stage of due diligence.

**[0:07:09.3] WS:** Nice. Yes. So we have to filter it down and we're going to get closer and closer to what we are looking for, maybe even closer to the time — maybe we already have a property and a contract, right, and we're trying to find comparable properties or else close to getting under contract anyway, and we're trying to narrow down those comparable properties. So we're trying to filter out the ones that don't meet that criteria or maybe even we're just looking to buy and we're filtering out our criteria. Then there's the third model, is that right?

**[0:07:36.0] JB:** Right. For example, this is the — you did all your due diligence, you went in there, you made the investments. Okay? You got it, right? This is yours. Okay. On the third module of our platform is the asset management platform. This will allow you to manage basically the way Fortune 500 companies manage their portfolio, right? You're going to be able

to input all the information of your assets, your investors, your JVs. Then all that information is going to be on a dashboard, then you're going to be able to create financial reports. You're going to be able to give access to your investors so they can see all the data with their investments with you independently.

When you create like an investor profile, you create with their email and you give them a password, right, so they can log into the platform as well. Because a lot of people, they manage their portfolio in Excel, right, and they just send quarterly reports to their investors, which is fine. But you can go a little bit further and try to keep it on the cloud, create a lot of different financial reports with us. So like I said, for example, you can manage users. If you have a portfolio manager, you can create an access for them. Like I said, you can create access for investors, manage your JVs, manage your assets.

Then on the financial section, you can manage your investor cash account, so all the financial [inaudible 0:08:56.3] for investors, you can manage them through there. The asset in-command expenses, you can also manage them through there and any general ledgers, you can manage them through there. Then that is going to give you reports, investor reports, JV reports, asset reports, cash flow reports. I could go probably an hour, then we could probably do like another show just on the asset manager because it's so robust. It gives you so much data and it's on the cloud, and then investors can access this information, then on our dashboard where you're going to be able to see global, what is your investor's investment, total invested, your profit, your ROI, the total ROI, analyzed ROIs and how many active assets and closed assets do you have.

**[0:09:36.8] WS:** Nice. Some great information. It's something that I work with my team often to figure out some KPIs, right, some things that we can track so we can know that we're improving so we can set some goals in the future and hey, we know if we're getting there or not. There are things about some of the things you were mentioning there. But whether it's even property specific, on the ground operations or even just the capital raise process, and meeting investors, and following up with them, and developing those relationships. There are so many things we need to track.

Asset management is so crucial, right? I mean, your investors have already invested. The property has to perform and you have to keep track of it. I mean, it can't be like this monthly thing you call somebody and figure out what's going on. I love just the detail. You talked about investors having access. When you say investors, does that mean like people that are the operators that have access, or is this like investors who are investing with you, they can also have access? What does that look like to them? When they go in there, is it a different type of portal or different type of dashboard for an investor like that or is it mostly kind of the same for everyone? Just thinking about the investor experience versus the operator experience?

**[0:10:43.3] JB:** Right. They will basically see the same dashboard that you have as an admin. They will see their investment, the total investment, their profit, their ROI, their annualized ROI. They will be able to see the statements of their account with you. They will be able to see everything that you see, but only to the assets, and deals, and JVs that they have with you.

When you're creating an investor account, when you're creating a JV, you're assigning who is part of this deal, right? You choose the investors that are part of that deal, then that his going to hook them up to their account, to their view. Then when they log in, they only will be able to see those deals that they're related with your company.

**[0:11:23.3] WS:** Then what they're looking at I assume is data that you or your team has put in there.

**[0:11:27.4] JB:** It's the same, right? It's the total investment, the assets, how the JV is performing, the ROI, all of those things, right? The usual suspects of the reports for your investors are there. It's just that they're going to be able to log in and check them out whenever they want. They can generate a report, an Excel report to see the report and download. You can see so much more credibility if when you have a tool like this to an investor, right? It's just like, "Listen, all of your information is on the cloud. You can access it whenever you want."

**[0:11:57.7] WS:** From people who have signed up and are using a platform like this, what have you seen? How does it transform their business in the most or the best? What do you see happen or what were their struggles for?

**[0:12:10.2] JB:** Well, I think it's mostly — when I created Five Sigma, it's a digital transformation company, right? This is basically what we want to be able to give to real estate investors, be able to digitalize your business, your due diligence process, your reporting process when you're looking into investment. Once you have it, how are you operating, right? How are you be able to get all this data to make better decisions, to scale better and just basically being able to manage your business how you should. On 2020, 2021, the future is now. Then a lot of people are still operating on Excel without a website, with their Gmails. We want to be able to provide all this digitalization to their business at a very low cost.

**[0:12:54.6] WS:** Nice. Well, again, I love technology so I love looking into platforms like this and seeing how not only can we improve our efficiencies and operate properties better, but also just the user experience, the team's experience. But even more importantly, the investor's experience if it's something like you're talking about where they have access. You always want it to be just very easy to use, you want to show the information simply as possible but be very detailed and professional at the same time. I love looking at things like that.

JD, what are a few things, maybe daily habits that you have, that you're very self-discipline about that's helped you achieve success?

**[0:13:29.7] JB:** Well, you definitely have to be able to follow through deadlines, commitments. Communication I believe is the most important part of any business with your team, and your clients and investors. So daily habit is basically go through who am I speaking to or who haven't I been speaking to lately, right? Then just talk, have a call, communicate and get that flow going. If you go through a day or two without having a call, things are not moving how they should. So I really like to be able to have calls at least once a day, have meetings and be able to just be organized with those things, and set the goals and operate your business in a way that you're delegating things so you can have free time to communicate and be more

creative on your business. That's the entrepreneur's job, right, creative. It's full creative job when you're an entrepreneur.

**[0:14:20.7] WS:** For sure. Wow! Is there a piece of technology outside of this that has helped you all to grow or that helped you all to be productive?

**[0:14:29.4] JB:** Sure. Well, I use a project management platform called Teamwork, Teamwork Projects. We manage all of our project to the Teamwork. All the communication is on Teamwork. Let's say for example, we're on a call right now and then something has come up. Okay. We have to do these three or two tasks, right? Then after that call is done, I probably will have notes or we'll have somebody from my team on the call. Then right afterwards, those tasks will be assigned on Teamwork to responsible person, what are the assets that are needed, what are the due dates. Then that goes into the queue or all the team to work on.

**[0:15:05.1] WS:** What's the number one thing that's contributed to your success?

**[0:15:08.2] JB:** Passion, determination, be able to get yourself back up when you're down. It's a marathon, so yeah, we just have to keep going until you go wherever you think you're going or just trust the process and enjoy the ride.

**[0:15:23.4] WS:** I can relate to all those things. That's for sure. How do you like to give back?

**[0:15:27.6] JB:** I do like to give back with my team, the person that are working with me, I don't know, people around me. I want to be able to be the best person that I can. Just be a good person and that's how you give back to all the people. You don't really have to have a charity or anything else or give stuff away. Just be the best person that you can be.

**[0:15:46.4] WS:** JD, I'm grateful to have you on the show and to learn about Note Proz and how it not only helps note investors but also just other people who are buying hard assets here or real estate as well. And learning about the three models, especially the due diligence and asset management pieces of any real estate business is so crucial, so I love automating those



things or having ways our team can better communicate and all that that you talked about is so important. Tell us how our listener how they can learn more about you and Note Proz.

**[0:16:14.8] JB:** Visit [noteproz.com](http://noteproz.com). There's a demo there, a demo or two demos there. You can try it out for free. Like for example, the asset management module, you can try it out for free for a dollar. I mean, not for free, for a dollar for three days so you can check it out for a dollar. Then the asset management module, we have a premium version. So if you have less than five assets, you can start trying it out for free. You won't get to give access to investors and stuff like that on the premium version. But you will be able to start loading your assets in there forever, right? If you have five assets only, three or four asserts and you're just starting out, you can use it for free. Just go ahead and check it out. If you have any questions, you can just reach out to me to [jb@noteproz.com](mailto:jb@noteproz.com).

**[0:16:59.1] WS:** Awesome. JD. That's a wrap. Thank you very much.

**[0:17:01.3] JB:** Awesome. Thank you so much.

**[0:17:02.9] WS:** All right. Have a blessed day.

[END OF INTERVIEW]

**[0:17:04.5] 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]

**[0:17:45.4] ANNOUNCER:** Thank you for listening to The Real Estate Syndication Show, brought to you by Life Bridge Capital. Life Bridge Capital works with investors nationwide to invest in real estate while also donating 50% of its profits to assist parents who are committing to adoption. Life Bridge Capital, making a difference one investor and one child at a time. Connect online at [www.LifeBridgeCapital.com](http://www.LifeBridgeCapital.com) for free material and videos to further your success.

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