

WS887_ Nicole Pendergrass

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whitney@lifebridgecapital.com

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0:00:01.7 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.

0:00:23.7 WHITNEY SEWELL: This is your daily Real Estate Syndication Show. I'm your host to Whitney Sewell. Today our guest is Nicole Pendergrass? Thanks for being on the show Nicole.

0:00:32.3 NICOLE PENDERGRASS: Hi Whitney. Thank you for having me.

0:00:34.8 WS: And Nicole started her real estate journey with no money, no credit and no connections. She bootstrapped a couple of unsuccessful ventures before finally building her credit and saving to buy a three-family house hack. A few years after, she refied her equity, joined some multi-family communities and close on her first commercial apartment building. Nicole, congratulations on pushing through and getting to that first commercial building or apartment building. I look forward to hearing about that story. Back us up a little bit to maybe a little about your background, 'cause I know many are trying to do the same thing you're trying to get to that first commercial deal. Tell us a little about that.

0:01:11.2 NP: Okay, well... Firstly Whitney, thank you for having me. And my story has been a long journey, I started maybe a few years out of college with no money and no credit, of course, so when I first went to my first three-day seminar, and I found out that real estate was for regular people, like people like me, you could actually buy apartment buildings or even not even apartment building specifically at that point, but just get into real estate and create wealth through that vehicle. I was kind of blown away. Like, Wait a minute, why didn't I know this before? I just was all in. Of course, I went right to the back of the room, signed up, I brought my mom with me the second day so that she could put a little bit of donation in because of course, I didn't have any money at the time, and... Luckily, she trusts me enough to find that for me, and from then I started with all the regular things they make you try to do when you have no money or credit or experience which is wholesaling. So I was... on that for a few years, I even got some partners together, we did that for a couple of years, that ended up not working out because of a bad partnership, in the end. I joined the REA, which is what they tell me...

0:02:15.3 NP: we should do, and actually through the REA, we went on a couple of property tours in other cities. And one of those was Detroit, and at the time there was a lot happening. It was still one of those controversial places because the metrics weren't that great, but there was a lot happening in the area, and we like the prospects and the growth potential, so we decided to all chip in a little bit of money. It was probably 20 or 25 of us who actually went in on it, and then we bought some four properties at tax auction and trying to deal with all of that. We're based in New York City, so dealing with Detroit properties and rentals and single family and owning and the contractor, a lot of contracts are actually taking advantage of out-of-state investors because Detroit, you could get properties for so cheap. So yeah, that whole experience. We ended up selling those at a loss, I think that actually was probably mini-syndication illegally because we didn't know that we were doing a syndication, but in any case, you live and you learn. And during that same time is when I brought my three family, because somebody in the REA convinced me or showed me like a...

0:03:19.6 NP: way, an avenue to do that. And then after that a few years, I ended up being able to refi my equity out because the Bronx is where my property is, I actually grew a lot in appreciation, it's still growing now. And from there, I ended up joining Jake and Gino, I joined MIH Mastermind, and I networked like crazy last year during covid, and I met my partner through someone who had worked with him, who was in Jake and Gino, but my partner is not in Jake and Gino. And then after that, he called me about a six-unit deal and saying, "Hey, do you wanna do this with me"? And so I jump right on in and we closed in December, so basically just hustle, keep going even when things weren't working out, I just knew that real estate was still my avenue, my way out and my way to the life that I wanted to live in my future and for kids, even before I had kids, so that was kind of the journey and it was all about me just sticking with it and networking and doing what I could do and pulling that equity out of my first property, but it was all mindset, grit and perseverance.

0:04:21.9 WS: Great story, I appreciate you elaborating on numerous details there. First I wanna say congratulations on sticking with it, right? You're trying numerous things, so many people do, some are successful, wholesaling in different businesses, and you said maybe due to a bad partnership that just didn't work out, but even thought before that you were at that event or a Jake and Gino event I assume, and you noticed that many people are building wealth in real estate, it's very similar to me as well, I felt like that was for other people, I just didn't feel like I could ever do something like that. Way back when, and when I started going to all these conferences. It was like, Wait a minute, you know, not just like one or two people are building wealth and real estate and buying apartment buildings. Lots of people are and quickly... So I understand completely, but you even got your mom to help you to sign up for that mentorship because you were convinced it was the way to go and you needed that mentorship and Jake and Gino a long time, a great guys and a great network they've built as well, no doubt about it.

0:05:14.3 WS: But you join that REA... It's interesting, I wanted to ask you, you said 20 to 25 people and you all bought four properties, I think you said through tax auctions and all together, how did you all get 25 people to commit to this partnership?

0:05:27.9 NP: Well, we are at a whole bunch of people in the REA.. on the property tour, and almost everybody who went on the property tour was sold on the potential of Detroit, so you could still get properties for very cheap. There were billions of dollars going into the downtown area, so we've met with realtors there, we met with property managers, we met with bankers, any kind of team that you would need to start with real estate, we had met and went on actual property tours, like walk properties that were for sale or were down there... I think one of the properties we walked was actually one that we bid on, but the other three we bought from tax auctions, so everybody was sold, it wasn't... And then what we did was very little, we put 5000 in each because we all were in that stage where we wanted to do something, I wanted to make something happen, and that was the resources that we felt or whoever the person who originally put the group together kind of said, "Let's keep it at that range". We have 20 people with 5000 dollars each... with 100,000 dollars, we could buy a few properties and have the rehab money and just do basically everything with cash there.

0:06:34.2 WS: How did you all determine who had the majority, I say there, or did you... Was everyone equal, you said?

0:06:39.9 NP: No, everyone wasn't equal, we were equal partners as far as ownership, but when it came to responsibilities, there was a team of like four to five of us who were doing the day-to-day

responsibilities, like the management team per se, and the person who actually was heading it up was one of the head people in the REA who kind of helped organize everything, so naturally we all feel comfortable with her leading the charge, and then for some of the other positions like acquisitions, chair, management, co-chair and those other things, we kind of voted for. So we had a big group meeting and everyone voted or put in a nomination, I nominate you, I nominate you... And that kind of happened. I ended up being voted for acquisitions co-chair, but that was kinda after we had one person has stepped down and maybe wasn't fulfilling their responsibilities the way they should, and then someone voted for me to be the acquisitions co-chair, and at the time I kinda was just like, I don't know if I wanna do that.

0:07:38.5 NP: Like I didn't feel like I had the experience. I was super new, I had gone to a ton of education and workshops, but I guess at some point you have to just jump in and get started.

0:07:48.4 WS: You do. Well, is that partnership still going on? Has that been successful?

0:07:52.0 NP: No...

0:07:54.9 WS: Give us one or two reasons like why it was not successful, it has not been in what you would have done differently?

0:07:59.8 NP: I think about that a lot in hindsight, and I really feel like we didn't know enough about Detroit, just going on a property tour one time, it was a rough city... It still is. There are people who are successful there, but you have to have boots from the ground, if that's one suggestion I can give to people, have boots from the ground and the area. Even you don't have to live where you invest, you have to have somebody who can either get there quickly or super, super familiar with every street and every block in Detroit. It's extremely block by block, like one block, and we drove down and saw it on... Block is full of vacant houses in the next block is like semi-mansions, and so if you don't know that block by block, then you're not gonna be successful because you're gonna buy in the wrong area, you don't know the demographic of the people on that block, or what.. What's happening on certain corners, so I think that's probably the main reason that we weren't successful, and then also there were professionals... There was so much outside money coming into Detroit and out-of-state money because properties are so cheap that there was a lot of scamming going on, contractors, you know, taking advantage...

0:09:03.4 NP: We actually got sued by one contractor who said we didn't pay him, but he never finished the work he was supposed to finish, so there was a lot of stuff, and then one property we had almost finished the rehab and it caught on fire. I don't know how that happened, we had to like, deed it back to the city, so there were just a lot... Just even knowing the city ordinances and what's happening, regulations and stuff like that. Yeah, we have property management everything, but it's just no one's gonna care for you care for your properties like you care for your properties.

0:09:33.6 WS: You learned a lot. No doubt about it.

0:09:35.8 NP: Yeah, you have to hand over the reins at some point, unless you're trying to be a property manager, but at the same time, we needed to get a little bit better and actually have somebody boots on the ground on the team.

0:09:45.2 WS: Okay. So then you bought a triplex and you house hacked that one, is that right?

How did you buy that? And is that local to you... Did you have partners?

0:09:51.1 NP: Yeah, that was in the Bronx. I didn't have any partners, I basically saved because I was able to do 3 and a half % on FHA. I took a loan from my 403 B to help with that, I had saved up some. And then I think my friend actually was able to loan me a little bit of money, she said she gifted it because I needed a little extra for reserves that I didn't realize that I was gonna need. So basically, as soon as we closed, I just gave it back to her, the bank just wanted to see that there and yeah, so I basically started even looking for a property because there was a home ownership grant, first time home owners grant that my friend from the REA had told me about... And I started trying to use that, but there were so many restrictions and regulations, and the way they apply the grant is first a loan, and it gets forgiven 20% every year for five years, 'cause they want you to stay in the property for five years. So then that was affecting my DTI and all these other things, so I ended up... It just expired and I wasn't even able to use it, but at that point, I was already in the mode of looking and I was like, Oh no, I'm gonna buy something, and so I just kept going.

0:10:53.7 NP: I actually did a direct mail campaign for three or four family houses, and a couple of zipcodes of the Bronx, and the triplex that I bought was from that direct mail campaign.

0:11:02.8 WS: Okay, well, get us to the partial deal to 6 unit. How did you find that? How did that come up and how did you close on that?

0:11:09.8 NP: Okay, so after a few years of owning the Triplex, I actually was able to refi, 'cause there was a lot of equity that happened in the Bronx, and once I refied, I had multiple plans for that money, I was like, Oh, I'm rich now, I'm gonna spread this apart and every kind of vehicle that I can... So one thing that I did was I opened a whole life insurance, one of those Bank-On-Yourself kind of policies, and then I put money in there, so... it's basically double dipping, I put money in there and then I borrowed it from myself and use that as a down payment on the 6 unit. So now it's still growing with interest in the whole life policy, but now I've also been able to buy an asset with it, so trying to double dip there, but to find the six-unit... I actually joined Jake and Gino was one of the other things I did with the refi money and also the MIH mastermind. And from that, I joined at the end of 2019, and so I started going to my market and working with my coach and doing all that stuff, and then 2020 happened, of course, everyone knows covid hit, so that kind of put a little wrench in my plans and so after a couple of months, I was like, No, I can't let my progress slow down, and so that's when I joined MIH Mastermind, because I said, You know what, I need some extra accountability.

0:12:17.9 NP: I need somebody on my back, I need that constant communication because we basically... Right now, I was working by myself and I didn't have someone to kinda talk to every day, and that's why I love the Mastermind too, because we have a Facebook Messenger group that there's just constant information and motivation flowing back and forth from there, and that's how I started actually networking with a lot of people and having phone calls, and everybody I talk to would refer me to somebody else to talk to, and refer me to somebody else to talk to, and then I ended up getting to someone who was in the market that I was looking at through referral and we had a few fun conversations, we hit it off really good, and then a couple of months later when the deal came on the market, he called me and said, "Hey, is this something you wanna look at and maybe we could do this together, 'cause it was priced correctly, even though it was on the MLS, I actually got the email about the deal and I saw it". and I said, "Oh, I need to analyze that just for practice".

0:13:09.6 NP: And then the next day he called me and said, “Oh, let's do it”. And I said, “Okay”.

0:13:14.1 WS: Yeah. No, that's awesome. It's just interesting to hear how people get to the next deal, and even after a few years, you were able to refi... You were able to pull that money out. So you didn't give up. I just come in that similar story for myself, it seemed like you fall on your face a few times, but if you quit... That's when you lose it. Right? Congratulations, I'm just keeping on going. I wanted to ask you though, you mentioned you did the Bank On Yourself method, we've had a few people on the show who have talked about that method and promoted in a big way, but I'm not sure I've had many on that have actually done it, and then actually pulled money out and use that to buy a property in some way. Can you talk about your experience with that a little bit? And now after you created the account, you pulled money out, you used it to buy a property, what's happening with the Bank On Yourself? Just accounts. And how is it working for you?

0:13:58.2 NP: Well, actually, what I really like about it is that you control when you pay that money back, so I basically was able to borrow from it, and that's why I knew I wasn't gonna have some mandatory monthly payment that would just, like, stress my cash flow. So right now, the property that we bought needs a lot of repositioning as a high value add, mainly it's super under rent and he's a little bit of cosmetic work, so right now for me to have that monthly payment wouldn't have been good for my cash flow, I would have been pulling out of my own pocket to pay, so that's why doing it that way instead of going to a traditional bank was better for me, because now the interest is accumulating, but basically because there's interest that I'm paying back to the life insurance company versus the interest that I'm earning kind of equals out. And so there's different types of policies, one, I believe it's direct recognition, where if you get a certain percentage, let's say you get 5% interest earned on your life insurance policy, but then you take a loan and a 6%, then they increase your interest are to 6%, so you're basically not losing on the percentage, so it's something like that.

0:15:03.0 NP: Don't put me... Exactly, yeah.

0:15:04.4 WS: No, I've heard different people talk about it, and a lot of people have had interest in that. I've had people call me and say, “Have you done that before?” And I've not, I've not done the Bank On Yourself method, personally, I've learned a little about it, but that... Just interested to hear about your success.

0:15:18.8 NP: Yeah, if anyone wants to read a book either the Bank On Yourself wrote by Pamela Yellen or heads I win tails you lose. That was the first one I actually read it, and I read a whole bunch after that, and I talked to probably like three to five different Bank-On-Yourself type life insurance policy, because you can't just go to any agent, they have to know specifically how to set it up in a certain way, and the thing, I promise this way that you set it up gives the agent less commissions upfront, that's why whole life gets a bad rap because they're setting it up so they get most of their commissions on the front end, and that's why your cash doesn't accumulate as quickly. Like let's say I put 20,000 dollars in as my upfront payment at 19 and some change was available as a cash withdrawal immediately, so it's really... It's a good strategy.

0:16:03.8 S1: So you joined Jake and Gino, you had a mentor, and you also joined the Mastermind. You love that accountability. I would agree completely. It's so helpful when you have a group or at least someone that's helping hold you some what of countable can make a big difference in your

commitment to checking things off, right, getting those things done, especially on a daily basis and being consistent. And so you found that mentorship, what your goals or your plan moving forward to get to the next commercial deal, and what does that look like for you?

0:16:29.4 NP: Right now? That's something that I'm trying to refine my strategy, one of my goals is really to bring a lot of black and brown dollars into commercial real estate or real estate in general, but right now also deal flow is super tight, so I'm using my social media to try to encourage and educate people about the benefits of investing in real estate, even passively. And so that's one of my strategies for raising some capital and bringing that opportunity within the other strategy for deal flow, is I really wanna start a direct mail campaign in my market. But right now, that's the main thing. There's just so much that I'm trying to juggle look, with the day-to-day as I have two young kids too, so it makes it in my W-2, so my time is super limited, and I think right now for finding the next deal is really either starting that direct mail campaign, but what I've always been doing since last year when I joined the mastermind was just networking, networking, networking. So if I'm networking with people and I'm willing to partner in JV and whatever skill set I can bring to a deal, if someone has a deal on the pipeline, and I can help them with that and maybe bring capital, maybe asset manage any of those other kind of sales that I have, that's kind of my strategy right now is networking and direct mail.

0:17:41.4 WS: Nicole... No doubt about it. Somebody like yourself, and has been done numerous things in real estate, they've not a lot going well, but you have continued to push forward, you have to be somebody that has some self-discipline... That's for sure. And so what are a couple of daily habits that you are disciplined about that have helped you achieve a success and that you're gonna continue moving forward?

0:17:58.7 NP: Right now, I actually... Really try to have some quiet time. Like I said, I have two young kids, one and three, so my days are just always a zoo, but first thing in the morning, I wake up at like 5 o'clock or 5:30 and just have some meditation prayer, do some yoga, and then I alternate my yoga versus my cardio day, so I really need to do that, that's a thing that just sets my day off. Right? And then also I've been starting to try to time block as much as possible, just because I really need to have my days dedicated in time, like a lot of... For certain activities and then I just... If something's not working with my lifestyle, I kind of alter it a little bit, but for the most part, it's the morning routine and time blocking.

0:18:38.6 NP: What's your best source for meeting new investors right now?

0:18:41.5 S2: Right now, actually, social media, I've been heavy since that was one of the things one of my coaches said or two of my coaches said that you need to start telling everybody what you do... Be on social media, do it, do it, do it... And so I started, I just dove in head first, and so that's really where I get from just posting... People will DM me or message me privately. And we set up calls and have conversations with them, see what they wanna do... Their goals are and how it can help them.

0:19:07.9 WS: What's the number one thing that's contributed to your success?

0:19:10.1 NP: I think my ability to... For my faith to outlay my fear, and I believe that just keep going. It's gonna work out. I'm also slightly a stoic by nature, and I think that's helped me with that as well, I might help with my grit, I mean, things just roll off me and I'm able to deal with whatever

situation is in front of me at the moment, and then I just move on to the next thing, 'cause I don't really have time or mind power for something that I can't control to control me.

0:19:39.6 WS: Yeah, many good answers there that listeners can take a lot from... I was thinking about your morning routine, and I can place so many things on my morning routine and just being consistent over a long period of time that I've helped push me forward in many ways, so... Especially with two little young kids, as you said at and a day job, you have to have that time. Right? And you have to have that time. I'll have you talk about you're getting some exercise in there, it's just a time to be quiet maybe to pray or to think, or all those things that you need some just quietness. And so Nicole, how do you like to give back?

0:20:09.9 NP: Actually tied in to my church because they have a lot of community programs and give back to , like, the immediate community where they're located, so I feel like I'm giving towards individuals that can use the resources that the church is helping out, and then also basically my social media trying to educate really with a lot of mindset, a lot of times people, they're in their own way. They don't realize they have a lot of false assumptions about what they can or can't do or what the rules are for real estate without actually digging in to find out for themselves. So I just try to put that out there and let people know that it's possible and change their mindset.

0:20:47.0 WS: Nicole. I'm grateful to have met you and just hear your story, I think it's encouraging to me and to listeners as well, just... you didn't give up in numerous partnerships, numerous things that maybe didn't go so great, but most people quit there. Especially after the first... And especially the second one, second time or so, but you didn't quit, and I just wanna say congratulations again, but even going through how you use the Bank On Yourself method or you did a refi... Numerous things to help get to that next deal, and now join a Mastermind and the mentorship, just crucial steps I see in so many people's success or the majority, anyway, that you are taking... No doubt you're gonna find that next deal soon, congratulations on the first commercial deal as well. I look forward to seeing the next one that you do. How can the listeners get in touch with you and learn more about you?

0:21:28.8 S2: Actually, my website is up, it's noirvestholdings.com... NO, I-R-V-E-S-T-holdings dot com, and then also on Instagram, LinkedIn, Facebook. You can Instagram message or a Facebook message me, and I'll get those quickly, they're all of my social media links are on the website as well, you can message or set up a call with my common... through the website, so

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