

**EPISODE 917****[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 Whitney Sewell:** This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Today, our guest is Brian Martinez. Thanks for being on the show Brian.

**0:00:32.0 Brian Martinez:** Hey, Whitney. Thank you so much for having me. Good morning.

**0:00:35.0 Whitney Sewell:** Good morning and Brian is a Senior Business Development role with a NuView Trust, a self-directed IRA custodian. Brian surrounds himself with like-minded investors through meet-ups, IRAs and mastermind groups. He shares his experience using the power of self-directed IRAs with commercial real estate investors who are raising capital to build wealth for their clients.

Bryan, welcome again to the show, it is a topic we talked about numerous times in the show... But probably not often enough. I still get questions all the time about self-directed IRAs, is this for me, when should I do this, all these things, right, or the different types of deals that they can use to use their self-direction IRAs to invest in... And I'd love to get into that a little bit, and then the different tax implications as well. Right?

Sometimes questions people have, but then a lot of times people don't even know to ask those questions about the tax implications, so I'd love to get into some of that as well, but give us a little more about your focus right now, Brian, NuView and let's jump in.

**0:01:31.9 BM :** Yes, obviously, since the pandemic, things have kind of changed, so I've kinda adapted to the new normal, I'm jumping on podcasts and a lot of virtual meet-ups, and we have virtual conferences that have been very successful, and I kind of like this new normal because I'm able to touch and network with people that I probably would have never networked with before, thanks to more people being active on LinkedIn and creating more meetup groups and more podcasts, and I've probably ever seen the last three years.

**0:02:00.8 WS:** Yes. For sure. It has changed everything or the way most of us business in a big way, but let's jump in, obviously, we're using IRA, sub-directed IRAs is your specialty, and helping people understand this tells you work with operators in our business, working with lots of investors, I would like to talk about maybe the different types of deals in the way people use their IRAs to build wealth in syndication. Could you just elaborate on that a little bit? Maybe some options there that people don't normally think of, and then we'll talk about different types of deals...

**0:02:35.3 BM:** Yeah, for sure. So, I mean. syndication is great, it's been around for a while now, and I don't think enough people get involved or learn about it, so I've actually done my own due diligence to learn more about syndications, I've been reading books like... There's a book by Robert Beardsley about underwriting for syndication deals, and I'm just doing my own research and my own networking to learn how those syndication work, and one of the newest things I've kind of learned is , you know, whether you're doing a 5-6 C or 5-6 B, it makes a big difference, whether you can talk to those self-directed IRA investors or not.

You might be limited to accredited investors, or you might be able to pitch that deal to your network of good friends and family that could potentially invest with you. So that's probably right now what my focus is, is just learning myself how the syndications work, what kind of deals are being created, how much capital are raising, because that does affect NuView as

well. If anyone's raising under five million, that would be a retail client, if anyone's raising over 5 million that would fall under our institutional assets, which usually works with broker-dealers, and it's a larger group of people raising a lot more capital.

**0:03:41.8 WS:** So let's talk about the 506 B, 506 C thought just a little bit. Does it matter as far as your IRA investor, if they are investing in a 506, C or B. Let's assume they're accredited for the sake of that, but when they're specifically using their IRA, any differences in a B or C that they should be aware of?

**0:04:00.0 BM:** Yeah, there are some differences, obviously, accredited or not, that limits the amount of people you could probably... That have those IRAs, there's probably a lot more people that are accredited and would probably prefer to use their own cash versus using their IRA funds, and everyone's different, everyone's, you know, methods are different, and everyone wants to invest their money wisely, of course, 'cause this is their retirement money that they're talking about, but whether they're accredited or not, and whether it's 506 C or 506 B, it doesn't matter.

Everyone has a retirement account. Now, if it's with their current employer, it's probably tied up, and they won't be able to use those 401Ks... 403B type of retirement plans. If they have IRAs, well, how much do they have in that IRA? Isn't enough for maybe that minimum 50,000 dollars to get into the deal, it might not be enough if you are talking to those non-accredited investors, however, those are accredited investors, like I said, they're not always looking to use that IRA money, they might have it invested in other things like stocks, bonds or mutual funds, so there's challenges on both sides, but there's also potential on both sides to have more investors that would use this type of capital.

**0:05:13.1 WS:** For sure. And what about just the tax implications, maybe you can highlight some things that an IRA investor, they need to ask, right? They need to talk to their counter, they need to talk to somebody like yourself, or they need to at least ask some questions. And I find that often, we don't know to ask these questions, or there's questions you just don't know until you get into it, sometimes it's your life, but what should they be asking about taxes.

**0:05:33.4 BM:** Yeah, that's a great question. Something comes up very often in day-to-day for myself, so there is a taxation, it's called UDFI or UBIT, and this occurs whenever somebody, especially in real estate that you see it, if you're investing into a business, which it would be the LLC, or if that business or that real estate deal is using the leverage, you'll be subject to a taxation.

It scares people off sometimes, and sometimes even the indicators putting the deals together don't understand how the UBIT or UDFI works. There is one plan though that is exempt from that, it's called a solo 401k, some people call it an individual K or we call here a NuView solo QRP, that plan is exempt from UDFI taxation. That's the only plan that would be exempt from that.

**0:06:17.6 WS:** A solo QRP and who's eligible for that, is that anyone with an IRA? Is that... Walk us through that process, a little bit of that. Having that Q or solo QRP.

**0:06:27.0 BM:** Yeah, so in order to be eligible for that type of plan, you have to be a self-employed individual with no common law employees, you could be in a partnership, it could be an S Corp... It could be a C Corp. The only rule is you don't have those employees, you're an entrepreneur, you're self-employed and you are earning self-employed income. You meet those qualifications, you're eligible to have a plan like this, it's a great plan, it has high contribution limits, you can contribute as the employee and the employer, because you're both, if you play both of those roles.

So as the employee, you can contribute up to 19,500 dollars a year, you can decide if you want it to be pre or post-tax, the perk of it being an exempt for that UDFI tax is huge, also, you can take loans against it if you needed to, if you're doing your own deal and you wanted to buy a piece of real estate, so you rolled over some pre-tax money from a traditional IRA you had existing into this 401k plan.

Well, you also could use leverage, you're not gonna be taxed at UDFI as well. If it's your own

deal, so there's a lot of great perks of having this plan and being eligible for that, the reason this plan was created because not enough self-employed individuals create a retirement plan for themselves, so it has a lot of catch-up contributions and on the employer side, you can contribute up to a 25% match of your earned income for that calendar year. Maximum would be 57,000 dollars. If you're under the age of 50, there's an actual 6,000 dollar catch-up if you're over the age of 50 that most people don't know about as well.

**0:07:57.5 WS:** Brian... Yeah, I guess I speak to... You're talking about the new norm for right now, just after the pandemic, are still going through it now, or the aftermath, so tell me, what's that done for self-directed IRAS? Are there more past investors looking for this type of thing now or they're less... How's that affected that industry?

**0:08:14.9 BM:** Yeah. Okay, it's a great question. So 2020 was actually... I think a lot of people are hesitant on what they wanted to do, but from all the conversations I had through 2020, people were scared to move their money around, but they didn't want it in the stock market, they wanted their money to be safe, so they were kinda holding on to it. 2021, actually, December, once the vaccines were released, I think people got a little more comfortable, our phones definitely were blowing up, a lot more people are interested in investing in alternative assets.

That is one of the ways to control your money, it's one of the best ways to pick your own investments and diverse fire portfolio, I am non-fiduciary, so I can't tell my clients what to invest in, what's a good or a bad deal, I can help them ask certain questions for due diligence, but they should always seek an attorney or a CPA for those types of questions. But we're seeing a lot more people investing in things like cryptocurrency, definitely syndication in real estate in general, a lot more people investing in private companies.

I myself, invested in some of the vaccine companies, and I moved some of my money in that even though it was the stock market, I saw some potential there, and a lot of things are evolving and changing, and I think we still haven't really seen the surface of what the new normal is going to be like when people are using retirement money for investments. And so

maybe 2022, we'll start seeing some trends.

**0:09:34.7 WS:** Okay, it's just interesting to hear how the pandemic has affected all parts of our industry, but I wanted to go back to and think about... We haven't talked about this in a while, but I thought you could shed some light on just like the prohibited transactions and what that is, 'cause I think there's some confusion there often as far as using my IRA and maybe what is prohibited.

**0:09:55.6 BM:** Yeah, for sure. So prohibited transactions are pretty straight forward, for the most part, there are what's called disqualified parties that you're not allowed to do transactions with or you're not allowed to invest in their companies, if it's a piece of real estate, these disqualified parties could never live or rent that property, they also can't put any sweat equity into it. So these are the disqualified parties, so the IRA owner and then their spouse, both of their parents and their grandparents, their children and their grandchildren, so those people are disqualified parties.

So when it comes to anything prohibited, there's a few things you can't do, you can't invest in collectibles and you can't invest in life insurance, you also can't do transactions between disqualified parties that I mentioned, there's one other disqualified party, a lot of people don't mention any would be anyone that's fiduciary to the IRA owner.

**0:10:42.4 WS:** That's good to know, Alright, we can't invest alongside our brother or our son's a property or something like that with IRA. Correct?

**0:10:50.9 BM:** Yeah, so brothers and sisters and uncles, cousins, nieces and nephews... Branches of our family tree. Those are actually... Okay. Those are not disqualified parties. It's just your A sentence and your B sentence that are... Your linear family tree that are just qualified...

**0:11:05.0 WS:** No, that's good to know. What are some ways, I guess, you've seen people... Alright, do you know the percentage of the people that are using their RIAs to invest in real

estate specifically, but in syndication versus say, single family homes, or there, you know, other types of asset classes...

**0:11:19.0 BM:** Yeah, I don't have a rough percentage, but I just know here at NuView, I'd say in real estate in general, so I'd say 75% more clients invested in real estate in general, whether it's a rental property in Airbnb, buying land. I'd say Out of that 75% of our clients, probably maybe 25% of them invest in syndications. Now there's 11 trillion dollars in retirement money that is out there, and a lot of these syndicators don't realize the power and how much capital they could be getting by just mentioning... Do you have a self-directed IRA? Asking their clients and their investors if they have IRAS.

I do wanna tell a story, I was at Grand card on 10X conference in... It was 2020, actually right before the lockdown, and he had a questionnaire that everyone was filling out when they were checking in, and you know what that question or asked at the very bottom, do you have a IRA? And he's maximizing on that opportunity, there was over 6000 people there live, so he has a team of people dedicated just for self-directed IRAS, and maximizing on that opportunity.

**0:12:26.6 WS:** That is a great idea, he added 6000 people probably to his investor list, as he is, obviously holding those events and whatnot. As you work with operators, what's some of the best practices that you've seen operators have when working with investors that have IRAS, but even as you are with you as a custodian?

**0:12:48.9 BM:** I think you said bestices? Okay, the best practice is to definitely get to know I have a point of contact at your custodian, whoever you're working with, and it could be multiple custodians, most people do do that. They like to give their clients some options, but make sure you have a go-to person that you can build that relationship with because there's a lot of opportunity you might be missing out on.

So here at NuView, we have the opportunity for syndicators to contribute articles to our clients, where we put it in our newsletter and our blog and our social media, we have webinars that we do weekly, and we bring guests in, for example, will be bringing in a pretty big name, I think

vineyard will be speaking on senior living pretty soon, and I'm pretty excited about that. But not only the webinars, we do virtual conferences, and we're always looking for guest speakers, and these guest speakers are maximizing on these passive investors that are actively seeking a good investment, they want to be educated, they want to learn about these things, and other custodians don't offer this type of education now, like I said, we're non-fiduciary, we can't sell clients what to invest in, but we can provide education.

So if you're a syndicate and you have educational material and you're working with the custodian, see if they're willing to put that out to the clients.

**0:14:09.0 WS:** Any big mistakes that you see passive investors making with IRAS within investing in syndication specifically?

**0:14:16.1 BM:** Any big mistakes that they make? It's a really good question. And in the sales department and work in business development, I'm not first touch with the clients, I help them establish, start town, get the account funded, I'll follow up with them for the first 90 days, I don't really... I can't say that there's any mistakes that they make, the only thing I would suggest is that if they do decide, because that's a passive investment, if they decide to be an active investor and do their own real estate deals, to definitely learn what the private transactions are there's qualified parties and learn other opportunities because they're gonna be getting their returns and that money is gonna start accumulating and sitting in cash.

And I think that the investors, these individual investors don't realize that their money is sitting in cash and they need to do something else with it, whether that's putting in a brokerage, precious metals, maybe until they have enough to put in another syndication or another deal, or buying their own single family property that they can get some rental income off of.

**0:15:13.6 WS:** Any other methods or just ensuring we're using the tax-free methods through IRA, as much as we possibly can?

**0:15:21.9 BM:** Well. I think that having different types of IRAS is pretty important, people don't



realize that art is pretty powerful in a lot of ways, yeah, you pay the taxes on it now based on what your tax bracket is at that moment, but once you've invested that money, it's gonna grow tax-free for you for the most part, of course, unless there's leverage involved and there's some UDFI taxation, but even with that taxation, you can still get tremendous gains and build your wealth and retire more than comfortable, which is... Well, I think most people wanna do in American.

That's the American dream, is to be able to just retire wealthy and enjoy that retirement because you've worked so hard and put blood, sweat and tears for so many years, so pay attention to what your money is doing, figure out other strategies in other ways, build relationship with a good CPA that can help you build those strategies. That's the advice I would give probably to my clients.

**0:16:13.9 WS:** Do you have any predictions, brand just for the real estate market over the next six to 12 months as you are more... About investors that are investing in real estate. Any thoughts there?

**0:16:22.1 BM:** Yeah, so I actually watch a lot of podcasts and I'm in a lot of meet-up groups, and I've been hearing a lot of what the trends are right now, and it seems to me that there's obviously a lack of inventory in the bigger cities, I think more people are moving outside of the bigger cities as well, and I think it was maybe like a scare because of the pandemic. I also think that the climate is playing a big role in why people are migrating, and I look in Florida, I'm in Central Florida, and we have a lack of inventory, and I believe the reason why is because people get tired of those rough winters up North and they wanna escape that, and not only that, the pandemic kind of said.

I think you just push people over the edge and they're like, I wanna move south, and... That's why there's a lack of inventory in the South right now, but there's still a huge market. When it comes to the apartment syndication, because those people are renters and not only that, there's a lot of student housing here, we have five colleges that are pretty well known in the Central Florida area, so my predictions are real estate is not going anywhere, it's gonna be

around people are always in need, somewhere to live, because there was the stock market crash doesn't mean there'll be a real estate market crash.

**0:17:31.4 WS:** What about some daily habits that you are disciplined about that have helped you achieve success?

**0:17:36.0 BM:** Okay, so I definitely... This is something I do on the weekends, primarily, but I work in sales, so I like to read books that teach me different sales tactics techniques, but the number one thing I do is I like to teach other people what I learn because that helps me retain the information, so I love when we bring on a new sales rep here at NuView, so I can teach them what I've learned or talk to them about the book that I'm reading, and we share best practices with each other, so that way we can get better at our craft.

**0:18:06.1 WS:** Is there a book recommendation on sales or anything like that, you would believe for us...

**0:18:11.0 BM:** Well. You probably already know, so I'm a fan of Grant Cardone, he's great at marketing as a great team people... He has a book called How to Sell or Be Sold. It's a great book. I would definitely recommend that my Director Lee Rodriguez and I actually gave me that book and I've really enjoyed it, and then as I mentioned, I'm learning more about syndication myself, and I mentioned Robert Beardsley, his book is great as well, it's a little more advanced for me, so I've had are...

Actually, this is my second time going through it as I've joined podcasts and meet-up groups and learn more, so not only am I working for Nuview as a self-directed IRA custodian, I have my own investments in mind and the strategies to build my own wealth of course, so eventually when I'm not accredited investor and I wanna be that passive investor, I have that wealth to do that.

**0:18:55.3 WS:** What's your best source for meeting new investors right now, even through NuView, how are you all finding new clients? That's what a lot of us are attempting to do, how

do you all do that the best?

**0:19:04.4 BM:** Just putting ourselves out there. I honestly was scared at first and be on podcast, I was a little bit nervous 'cause it was out of my comfort zone, and then I realized that you know what, if I'm going to thrive in this industry, I need to get comfortable being uncomfortable and getting in front of that camera and having conversations with people that are doing things that I strive to do myself, and that's how I'm gonna learn.

That's how I'm gonna speak the language, and I'm gonna get better at networking, but LinkedIn has probably been the biggest blessing for me because I'd say before the lockdown and pandemic, I would message people when I was getting zero response, and then once the lockdown happened, everybody was active on LinkedIn in social media, and we've gone huge returns and build some great relationships along the way.

**0:19:49.7 WS:** How do you like to give back?

**0:19:51.1 BM:** So NuView, that's actually one of our core values. We love to give back, pandemic slowed us down a little bit, but we have a couple of charities that we work with, so one of them... Well, there's a lot of them, but share love, which I think Jason and Joe, we have been on the show and they've mentioned as well, where we raised money, we do charity events and we do options and any ways we can, and we buy a huge thing of wheelchairs that we can deliver to countries that wouldn't have wheelchairs or we just give them out and we meet the people that are in those cities.

We've gone to Mexico, we've gone to Bolivia, we've gone to Nicaragua, Peru, so many different countries where these people don't have this type of accessibility for... Things that we might take for granted here in the States. Also, there's another charity that I love to work on, and it's called Sleep in Heavenly Peace, where we go from timber literally would... When we build beds for children and don't have beds, and there's a lot of families that they have these... They can barely get by, they barely have the apartment, and maybe even one or two bedrooms, and you might have kids sharing bedrooms...

I know I shared a bedroom, we now as a child, but they don't actually have beds that are their own... Their own space that they can call their own. That is so much fun to me, the bed builds are amazing. You're out there, you're sweating, you're getting sawdust everywhere, but it's actually so much fun, even the kids get involved at Come and help us, and then we get to go actually deliver the bed and put them together and meet these kids that were giving the beds to.

**0:21:24.1 WS:** Awesome. Well, Brian, grateful to get to meet you and another part of the NuView team, and just laying out some different things about the IRA using your IRA to build wealth for us and thinking through different types of syndication deals versus different types of taxes and some of those questions you need to know about it, you need to be speaking to somebody like yourself or somebody that can help you think through the tax implications that may come from this decision, whether it's at the end of this year, whether it's five years from now, or whatever that may be, but appreciate your time, tell the users how they can get in touch with you and learn more about you.

**0:21:54.5 BM:** Yeah. Whitney, thank you so much for having me again, I'm a big fan of the show, so you can reach me a few ways if you go to NuViewTrust.com, and it's spelled N-U-V-I-E-W. Some people spell it incorrectly, they can never find me, but it's nuviewtrust.com, there's a little section that it's a chat bot, you can message me directly there and either myself or my director... Liso, get right back to you. You could email me at BMartinez@nuview.com, or you can call me directly. My direct phone number, 407-519-9172 and feel free to leave me a voicemail and I'll call you right back

[END OF INTERVIEW]

[OUTRO]

**0:22:29.6 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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