

EPISODE 1123

[INTRODUCTION]

[0:00:01.6] **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]

[0:00:24.3] **WS:** This is your Daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Today, our guest is Farrah Ali. Farrah is an entrepreneur and real estate investor, and her journey is nothing but short of inspirational. From battling an uncertain future to becoming a real estate investor, she co-founded We Win LLC. An organization founded on the principle that no woman should feel left alone on her entrepreneurship and investment journeys. She has successfully used her real estate investment knowledge and experience to equip other women to find success. She also authored the best-selling book, *Diaries of a Female Real Estate Investor*. Today, we talk about her journey. She wrote a book. Our single mom went from 80000 in debt to multimillion-dollar portfolio, and we go through that process a little bit of how she did that from really rock bottom, and she goes into that some to making a decision in that turning point right to success and making those key decisions that help lead her to where she's at today.

[0:01:26.6] WS: Farrah, welcome to the show. I'm interested in your stories, I know you just wrote a book about it, and I know many people are gonna be encouraged by what you've accomplished, and so I'm looking forward to diving in to see just how you did that. Right, so give the listeners a little more about your background, who you are, because I know they're going to be encouraged by hearing it.

[0:01:47.1] FA: So... Yeah, my name is Farrah. Thank you for having me. I was born and raised in Chicago, starting from there. And... My parents actually immigrated from India to America. My

dad was called actually, 'cause he was an engineer and he headed engineers at the time, so he was called to the US and then I was born shortly after, and from there, just kinda grew up in the middle-class family. I went to school, I went to college for a couple of years, and then I had gotten married pretty early in life, just because I guess that was probably from our culture and things are changing now, but back from our culture, I'd be... Start getting 20, 21, 22, and your parents are freaking out like, oh, it's marriage, age, that type of thing. So, I got married pretty early and then I had a kid pretty much within a year of marriage, so I had my firstborn, and then I had another child shortly thereafter. So, I have two sons, and after seven or eight years of the marriage there were issues and I ended up getting into separation and then eventually a divorce. And when that happened, I had realized that I had to figure out what to do. I was working full-time at the time with an insurance company, and that was good for the day-to-day income, but now with me being separated, and the way that I separated, I didn't take anything with me, I left all my belongings, so I was just walking into an empty rented house with my two kids, trying to figure out how to support them by myself, so basically I just started from scratch.

[0:03:17.4] FA: So, then what I did was, I think our brains are trained a certain way and went back at school to get my degree. I'm like, Okay, well, maybe that will help. And then from there, I immediately got my Master's degree thinking that I was gonna get this huge increase in pay and I was gonna solve all my problems, and although I did that and I worked out, it wasn't that much of an increase that I thought that I was gonna take care of everything in all my expenses for the next 15 to 20 years. So, what I started doing was researching how to make more money. And anything that I researched online, had to do with real estate. And the way to actually build well was real estate. They saw my research. So, I ended up going to a seminar. And from there, I was pretty much blown away by all the information and some of the things that I didn't realize at the time. I kind of walked in, I'm like, I'm just gonna try it out. I know I don't have \$100,000 sitting around to put a down payment. But when I went there, I learned that you don't really need to have much money at all to invest in real estate.

[0:04:20.7] FA: You just have to have the right people around you to know some private money lenders or lenders, the right support system to kinda teach you in all of that, so I ended up taking the classes that they had offered after the seminar, and within a month I got my first investment property. I was just shocked when it actually closed because I couldn't believe that I had a

second home, and then from there, I just kept going and going and scaling up and pretty much going from that to seven years later, having a property portfolio of 38 rentals and have gotten about six to seven flips, and about 20 to 25 wholesales. So, 50 plus, 60 plus transactions.

[0:05:01.3] WS: Congratulations, first off. It's an incredible, incredible story. I wanted to back up to a few things that you said there. It's interesting what happens when we're put in a situation where it's like, we're just like almost rock bottom. It's like, either do or you don't that's just for you either, you make a decision to do something or you just don't. And often, like yourself, you made a decision, Hey, I'm gonna go make this happen, and then at first it was college, getting your master's degree, which is interesting. Maybe you could just enlighten the listeners a little bit there. So, looking back, would you have done that again?

[0:05:34.3] FA: People ask me this question a lot. Actually, I don't think I would change anything, but I feel like one thing leads to another, to another, to another. Right, and the one thing that did – my MBA and going back to college – did get me was a different level of confidence. And I don't think if I have that other level of confidence, and I wouldn't have that promotion that I did at work, as well as me being able to walk into a seminar by myself without anybody else, kinda just walking in with the roughly, mostly men, and being able to do that. So, I think every piece of what happens to you in your life is something that's gonna help you in the direction that you're moving in. It's like a little lesson.

[0:06:14.9] WS: In love the answer that is like a level of confidence that was gained for nothing else, so it's like it wasn't a wrong decision, it's like it helped you in many ways, as many ways that people have gotten to the goal, there's a different paths to getting there, and so it wasn't a wrong answer, but it was something that helped you gain a higher level of confidence that now led to more things. So, your research on how to make more money. So, everything kept going to real estate, and I think often people have that conception of like, I need a lot of money to get started in real estate... Right, but you found out that you did not, and so he took some classes in... Congratulations on this. Within a month, you had a project, an investment property, tell us a little bit about some of the steps to get to that property, how did you do that that fast... What did that look like?

[0:06:55.8] FA: Basically, what I did was anything that they had taught that week, if they said to spend an hour a day practicing looking for properties, whatever, I would spend two hours a day just because I knew I had to perform better than the average person to get better than average results. So, I would spend a couple of hours a day just researching the area. What I did was I picked about 10 to 12 suburbs in the Chicago suburb area, with great classes to invest in. So, I didn't look for A areas which were a couple of areas because they're not usually the hottest market for rentals. I picked the B and C class areas. And so what I did was I went on some websites, looked at some demographic information, and I also looked at the ratio of rentals versus owners, all of that. And I can pick 10 to 12 of those suburbs. And then from there, I set up searches, I still Redfin anything that I couldn't even talk to agents on the ALS or they would feed me those properties, and as soon as those properties would come up, I had already learned how to calculate the number, so I would work back. How did you come...

[0:08:02.9] FA: What's rigging out the ARB and then figuring out, Well, what does this rehab would cost me? I would just look at the pictures at first and kind of estimate what I think the rehab would cost, and then I work my way backwards and turn out what my offer price was. And sometimes, I would have time to just run over there and take a look at the property and make sure that my rehab number is correct, and sometimes I wouldn't... I would have to put an offer and just kind of guess estimating and then you get it under contract, and we always have five days anyways for your attorney approval period. So, at that point, I'm gonna go and take a look at the property just to make sure that my offer is the correct one, so that's what I had done over and over and over again. I always say my first property was beginner's luck because I think from the three properties that I looked at one of them worked, so I didn't have to do a lot of the analysis, but my second property took me nine months to get... And that's when I was getting really frustrated.

[0:08:58.1] FA: I would do the same thing over and over again, but I'm like, Wait, the first one was so easy, why the second one is still difficult, and I realized that that's what I actually got really good at analyzing properties because you do it over and over and over again, yeah, it didn't result in me getting any of them under contract till nine months, but then once I get that second one after that, it was just... I knew what I was doing and I was able to get multiple ones in a matter of a couple of months.

[0:09:24.2] WS: For you, things that I hear there is like you took a course, and so many people have taken real estate courses and done nothing with it, and nothing happens of course, 'cause they didn't act, but you did, so you learn something, you went and put it to action, but then you double the time that they recommended, so I just always put it out to the listeners like, these things don't just happen. It's not luck, right? I don't personally believe in luck, I mean they're like you spent time, you put action to things you were learning, and it's just incredible what happens when you do that, and then the second one took nine months, but you didn't give up and wait six months, you know what, this isn't working, and I'm gonna go do something else, or I'm gonna start a different job, I'm gonna go do something else, like you know, you stuck with it until you got the next one, and on that note, tell me about how you scaled that though, you know how you scale now to a multimillion-dollar portfolio, what are a couple of the key things that helped you now to grow from that first project or two to doing many more projects now.

[0:10:20.5] FA: The key thing to scaling up is honestly, having a great team. You have to have a good team. So, I have a support system. So, within our class, the classes that we took, we have this network of investors, private money lenders, contractors, all of that. So, what I did was build relationships. So, I have 10 different private money lenders, so I don't use the same one, so if I'm doing five different projects, I'm using two or three different lenders or five lenders depending on who's got money at the moment. So, the way to scale up is you have to make sure that you always have access to money, if you don't have access to money, it's really difficult to scale up. The other thing is you need to build a really good relationship with your tradesmen or get a contractor because you don't wanna keep switching from contractor to contractor because once you kinda know how each other works, it goes really fast when we use pretty much the same paint colors throughout every house, the same flooring, whatever was left over, just went to the next house. So, I think those are probably the two key things, it's access to money and having a great team around you that can just turn those over pretty quickly. And as an investor, I would say you don't have to be so difficult with the contractor. Once they're done and you know they're done with their job and you've checked it out, pay them. Don't wait 30 days, don't wait 60 days to pay them and pay them on time because they will want to work for you if you treat them with respect.

[0:11:51.3] WS: Great words of wisdom, there is no doubt about if you wanna do a lot of deals., But tell us a little bit about how you finance those projects, or you talk about you don't have any money, you had to figure out that you have to learn that you didn't have to have money, but how did you still make that happen?

[0:12:04.6] FA: So luckily, the program that I'm with, the private money lenders in that program, give you 100% financing, so 100% purchase and 100% rehab. So, when we actually do our rehab calculations, our mentor always told us put a little bit of an Oops factor in there or 10% just in case something happens. Well, you have that little bit of extra money sitting in the account in case something goes wrong, but then you also have that money sitting around if something doesn't go wrong, to pay your monthly interest payments, if you choose to do so, if you have that. But 100% financing on every single deal is how I was able to scale up because honestly, I didn't have that kind of money of my own to use, and that's how we grew.

[0:12:48.2] WS: Is that still your method now to financing deals and closing deals?

[0:12:51.8] FA: Yes, I tell you the other people's money, I think it's really important. I do have some of my own money right now invested in some lots in Florida, which we could talk about when you talk about what's next... What I'm doing deals, I always get other people's money and just save my own sometimes where there's a rehab that goes over or maybe there's some other investments that I want to put them into.

[0:13:15.0] WS: Yeah. What is next?

[0:13:15.9] FA: So, I'm actually been going back and forth to Tampa a lot because we're... Our group that we're a part of, there's 30 of us we're going and doing new construction, so townhomes and not in Tampa itself, but with the surrounding suburbs of Tampa, the Sophos Florida, we're going there and we're building townhomes, so purchased about seven plots of land, so far and gonna build two or three units at a time and see how it goes, but it's really exciting because new construction is something new that I've never done, so it's a whole different ball game there.

[0:13:51.4] WS: But you're doing that with a group where you have other people...

[0:13:53.6] FA: They're individual... Yeah, so we're learning together, but I'm purchasing this lot individually, ...but none of us have experience in new construction, so we're kind of our mentors kind of like leading the way, and we're all kind of just learning.

[0:14:08.2] WS: Awesome. Farrah, what's a challenge so far you've had... In scaling your business, and how did you overcome that?

[0:14:14.4] FA: This is probably not gonna sound traditional, but my biggest challenge has honestly been other people kind of just being in my ears and being like, No, that's not... How much are you gonna grow... You already have five houses if you don't need anymore, just get married or just kind of hearing that from family, some friends and that sort of stuff is I probably been the most disturbing for me, and you know how it is sometimes when it's your own... It hurts more, like, my mom has always really been concerned about me being a single mom and stuff, she's like, Okay, you already have a great job, you're doing well. So, I think that as far as easily investing... Honestly, yeah, there are challenges here and there with rehabs and things like that, but nothing that I haven't been able to overcome, there's not been one deal where I've actually lost any money whatsoever.

[0:15:01.1] WS: Yeah, that's awesome. No doubt some of the influences from family and friends can be the hardest as you're trying a new endeavor. If they're not an entrepreneur or didn't experience that at some point, it's hard for them to see that. I can relate to that in such a big way, but on that note, thinking about a downturn or something like that happening, how do you prepare for something like that and the projects that you're buying.

[0:15:22.6] FA: The way to do it, honestly, is you have to buy the property right. If you buy the property right, your chances of messing up on the property is very slim to none. So, that's the biggest thing, is making sure that you do your due diligence upfront and making sure that you're buying the property at the right price. So, I think that's a number one reason why most people fail is because they're not buying right, I know people who have gotten really excited just because they wanna do their first deal and then overpay a property by \$20,000, and then they think that

they're gonna have zero invested in the deal when they come to re-financing the deal. But what happens is the appraisal hasn't come in as high, and now they have 20 grand that they need to stay invested that they don't have... And then to figure out how to come up with this. So, I would say to our listeners that buying it right and making sure that you do your due diligence is key, and it really, really minimizes your risk at that point.

[0:16:22.9] WS: For sure. Correct due diligence, a conservative approach. All those things. What about you, you mentioned a building in Florida and different things, do you have any predictions just for the housing market over the next six to 12 months?

[0:16:35.6] FA: As far as building for a mini construction right now, everything is hot, the shortage of inventory. We're building duplexes and triplexes over there. And right now, there aren't very many lots that are zoned for that, so when they do come up, we try to grab them, but the price... just keep increasing. So the margins on that are really, really good, you can make anywhere between 100 million, 150,000 in profit for duplex, or if you're gonna rent them out and get cash flow, you can make anywhere between 600 per door, and also when you rebuy... Get all of your money back that you invested, and then just keep going at it, so I feel that the market will stay hot for a while, I feel like a lot more people have money now than they've ever had before, this is just my personal feeling, and that people are not just buying only one home, now they're buying their second home, so now, pretty soon, I feel like, with people more working from home, they don't have to go to a physical location at work every day, so now they're able to move around anywhere in the United States or anywhere in the world.

[0:17:47.4] FA: But now they're buying houses in the same place like Florida or Atlanta or any where taxes, places that are warmer. So, I just think that it's gonna continue to increase because I feel like the ratio of families having one to one, that's gonna start increasing.

[0:18:03.7] WS: What about a way you've recently improved your business that we could apply to ours?

[0:18:07.9] FA: I don't know too much about the way you guys run yours, but I would say having a good strategy of doing rentals and flips or wholesales, I would say kind of be smart when you're

gonna hold versus when you're gonna flip. Sometimes if I feel that I can make a huge margin, let us say I can make \$100,000 and it took me two, three months to do that, but I might just make that decision of selling that property then rather than keeping it as a rental, the other thing is, during this period where the inventory is low. I know for me, at least I've done one of these, but I know other investors who have done a couple of these where you have a portfolio, right, so you take advantage of the market and you get rid of your properties that are performing average or below average not as well as maybe some of the other properties. Sell those and then take that and reinvest it into something else that will make more money.

[0:19:03.8] WS: Yeah. Are you working with investors now outside of like a hard money lender or something like that.

[0:19:09.3] FA: You mean like a partnership of an investor... (Right, right) No, I do everything on my own. I don't have any partnerships.

[0:19:15.0] WS: Yeah, okay, well, tell me, what about some daily habits that you are disciplined about that have helped you achieve success.

[0:19:21.4] FA: If you wanna be successful in real estate, you have to immerse yourself in it, so you should have friends that are in the real estate game. I feel like my social life has, the people that I network with or more investors been, become really good friends, we help each other out, we give you tips and ideas, so that's a huge thing, like how you spend your time every day is very, very important. If you do wanna become very successful, you have to pay attention to how much time are you doing daily on real estate investing, whether it's just to go and take a look at a property, whether it's to go shadow, other investors who are doing properties, whatever it is, because I have learned that wherever I am even today, with me having the type of experience that I have, even today, I get nuggets from listening to podcasts or going out with a couple of people who were going through a property, maybe an inspector, whatever the case is, so try to immerse yourself in this, it's like anything else, you immerse yourself in that thing, and eventually, you become an expert, and it can be very lucrative for you.

[0:20:20.4] WS: Just like you had to emerge yourself to get a master's degree. Right. (I did, yeah.)

You have to do the same thing in this business, tell us how you like to give back.

[0:20:29.0] FA: So, one of the things that I have, but for me and another attorney friend of mine, her name is Jane Diaz, and as she and I had opened up a company called We Win, and that is an organization that helps other women get into real estate investing. So as part of this whole group that we were in, we were seeing how women were doing, so is we're doing really well with real estate investing and real estate investing has always been a male-dominated industry, and so what we did is we formed this and we do pre-meetings once a month, virtually, right now that used to be in person, but we do it virtually right now, or we kinda take a topic and we kind of talk about it, so a lot of women, I think feel intimidated at first, 'cause I know how I felt when I first walked into the seminar, so now we kinda have just women and smaller groups when we meet, and then we kinda explain what we do, and that if they are interested, then there's a three-day event that we are a part of, that we invite them to learn more, another way that we give back is that her and I and another friend of mine during when Covid first hit, we created...

[0:21:32.1] FA: We Win Foundation. So what we do is we get donations from all our investor friends and other businesses that we know, and we actually go to the communities around where we invest in areas that are in need, and we have done food drives, Thanksgiving we did turkey drives, toy drives during Christmas, we give out 30 employees last year to kids in need, so a better school drive, whatever we can to kind of help our communities that we invest in.

[0:22:00.5] WS: Awesome, well, that's incredible. Thanks for sharing that, how you're giving back in their way and also helping other women get started in real estate, definitely can be intimidating to get started in any kind of endeavor, like the male or female.

[0:22:12.1] FA: And men are welcome too... We say it's because we wanna track women, but we attracted a lot of men, and we will definitely help them welcome to join any of our webinars as well.

[0:22:21.1] WS: Awesome, well, incredible to hear your story, going from nothing to pursuing, keeping on, go do some hard times and making this happen first and second deal, and know how you've grown, you went from nothing, you took those classes and even after getting your

Master's degree, you change courses and took those classes and took action in a big way, tell the listeners how they can get in touch with you and learn more about you.

[0:22:42.8] FA: Sure, so I have a website, it's farrahali.org and then I also email me at REI@farrahali.org. I also have a book that I wrote this year, *Diaries of a Female Real Estate Investor*. It's on Amazon, so it kinda goes through more in detail of my story, how I got started, some of the challenges that I went through, and then also it's educational where it has five case studies of the properties that I've done, the exact numbers. How I did the rehab, all of that is in the book, so I really highly recommend that for anybody that either wants to get started real estate investing or wants to scale off because I do talk about how I was able to scale up on a couple of ways to get a hold of me, I'm on Facebook as well, Instagram and LinkedIn. So, any of those avenues, and I need three meetings that we do... Was posted on my Facebook and LinkedIn as well.

0:23:37.5 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 for free material and videos to further your success.

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