

EPISODE 1427**[INTRODUCTION]**

Whitney Sewell (WS): This is your Daily Real Estate Syndication Show and I'm your host, Whitney Sewell. Today we packed a number of shows together to give you some highlights. I know you're gonna enjoy this show. Thank you for being with us today!

[INTERVIEW 1]

WS: Our guest is Ellis Hammond. Thanks for being on the show, Ellis.

Ellis Hammond (EH): Whitney. Awesome to be back, man. Great to see your face.

WS: Give us an update on where you're at in your real estate business and then let's jump into what this means, the mission of multifamily and what that stands for.

EH: Yeah, that's great, man. That's actually the first time I heard that bio read back. Whoever put that together, I'm glad it got to you. Thanks again, man. Yeah, I'm a former missionary, Christian pastor and now full-time real estate entrepreneur and investor. It's funny, the last time I was on the show, I was still a full-time pastor.

Now we've made the transition and we were investing in real estate both in San Diego and out of state before. Then just realized like, we all have a calling and a mission. Vocationally, I was serving as a pastor for six plus years. My calling really hasn't changed, which is to really honor God, serve God and make a difference and use the gifts that he's given me for his glory. Part of that is building communities, which is our mastermind and really helping people keep the most important things first.

Then also, what I'm calling the mission of multifamily and how to really steward not just my time and other people's time, but also our capital and our wealth for a greater purpose. A huge part of my journey and why I'm so passionate about this message is that I was so against money, and so against wealth for so long, that I only really was stewarding my time. I have a new revelation, a new conversion you might call it to say, wow, we can actually steward both time and money to create impact in this world.

Like you, Whitney, which is why I'm such a big fan of you as well, as you get this, we can use our business in multifamily to create impact and to change people's lives with your ministry with adoption. Anyways man, I know you're a brother in this, and so that's what I'm excited to share today, hopefully.

WS: Yeah. No, that's awesome. I appreciate you highlighting that and just your backstory a little bit. I didn't remember that you were still a full-time pastor when you're on the show before. Now you're full-time in real estate. I loved how you said, your calling hasn't changed. I just appreciate that.

Then maybe you could highlight a little bit though before we move forward. It's just that mindset that you had about wealth is evil. I feel like I was raised that way, to think that way too and that was a turning point that I had to have as well. It could be a slippery slope as well, right? When you start to experience some wealth and maybe you never thought would happen for you. Tell me a little about that mindset behind why you thought it was evil and how that changed.

EH: Yeah. I shared this journey in more detail in the book. Quickly, it's given me now that I've written this book, I'm going through this journey, I've had a lot of time to process and look back about how I formed that mindset. I'll tell you a quick story how it shifted, but to go back a little bit further and I've had some time to process this. I think, the reason I'll share these, because I think a lot of people will relate that it typically is something for all of us that has been cultivated or nurtured even bad thoughts. I think it's going back and doing the work of realizing why we hold these convictions.

For me, I look back at my life and my father passed away at the age of 55-years-old. He retired at 40, but from 40 to 55, my dad always worried about money. I just had a negative view. My parents divorced at 10-years-old and money was always a conflict. Again, I hated what I saw money do. In some ways, it was disappointing, it caused conflict. I've had time to look back and say, "Wow, those things really shaped my view of wealth." I honestly chose a career, man, that took me away from money, because I was like, "Why would I pursue that when all that I see money and wealth doing is really cause division or disappointment?"

At age 27, I was serving as a college missionary and we were raising funds to support our non-profit. I had a young guy on our team come to me and say, "Ellis, I don't have enough money this week to buy groceries. I'm not bringing enough in. My support has fallen short." That was the turning point for me, man, where at least hit me to realize, wow, how could money be so evil if a guy like this who was serving a great purpose, who loved God, who was helping people, needed more money.

I mean, it was really simple. It's like, I'm so wrong. I've only learned how to steward my time and not my wealth. I mean, I just went on a journey. I got serious about how do we figure out how to create capital and use wealth and even the system of capitalism. I mean, that's why I started this thing called Kingdom Capitalists because there's a system that we can use to take

advantage of to really steward. That was the turning point for me, man. Those are the things that I look back at and formed that mindset. Then that moment at least was like a dagger of, “Oh, I think I’ve gotten this wrong.”

WS: Yeah. Wow. That’s awesome because I think I was raised that way to think wealth is evil. I heard a very well-known pastor one time talking about no, if you’re a doctor, well be the best doctor you can be and make as much as you can, so you can help the kingdom and help other people. It doesn’t have to be evil.

EH: There are three shifts for me. One of those shifts was learning to either master money, or it will become your master. I think a lot of the fear, especially in the world of Christianity around money is that the reason we talk ill against money and the reason Jesus talks so much about money is that we know and he knows that it does have the power to become your master. We can only serve one master, but if we learn how to become masters over money and how to steward it, then money is just a tool to do incredible things, which is what you and I are really using it for. For me when I learned to like, “Oh, I can actually become master over it, learn how to use it as a tool and a vehicle to accomplish my mission,” things got much more clear.

WS: Well, why don’t you go ahead and elaborate on there’s The Mission of Multifamily and what that is?

EH: Yeah. Well, I mean, we know money is a vehicle that we get to steward, to have impact and influence. The Mission of Multifamily is really simple. Again, you and I are in this business of multifamily. We’ve seen that it can be an incredible vehicle to have an impact. I say, our mission is to transform neighborhood cities and individual lives. Well, from a city or a neighborhood perspective, I mean, when we own an asset like an apartment complex. We have ownership over people’s homes, where they live, and do community.

There’s an incredible organization I learned about, which was also a turning point for me to say, “Man, maybe I can do business as a ministry called apartment life,” where we actually are able to place a missionary, or church family into apartment complexes and essentially be there for the community. Put on events. Create an environment where people can have fun and nurture relationships and have a place that they can call home.

This is not just hey, these are tenants. No, these are people’s lives that we get to really steward over and help build. That’s one way, man. I also think from a investor standpoint, individual life standpoint, there’s a real stewardship I feel as a capital raiser to help people think differently about freedom. I’m sure I’ve heard the definition by now, financial freedom is not just having a bunch of money stored up in the bank, but it’s having enough money coming in, passive cash flow to cover your expenses.

Listen, that's a huge mission of mine to help people find freedom in that regard, because going back to we have two resources, I guess, to steward, our time and our money. Listen, the only one of those that really is limited no matter what people think is time. It's not our money. There's so much money out there. There's so many ways to create money. There's no way to create more time. That is what I'm passionate about helping people get back as well, because part of our existence, even when I find to be important, our faith, our family, it's those things helping people get back more of.

Helping people think and consider a different way to pursue freedom and especially in finances and helping them steward their wealth in a greater way. We invest in properties that have cash flow, that pay people on a monthly or quarterly basis, and then can double that money in the next seven to ten years as well. There's an asset side of this, but there's also an investor side of this. I think I love this vehicle, because it brings together both. We can do business. We can really help people make money, but also have an impact as they invest.

I don't know, Whitney. I guess, I'd ask you this two minutes, you've seen this. I think so many people have their giving pocket and then they have their investing pocket. They have an impact with their giving pocket, but they just want to make money with their investing pocket. As we've seen, those don't have to be separate anymore. Haven't you seen that to be the case in your business as well?

WS: For sure. I mean, trying to think even more so towards giving long-term and giving in a bigger way and even investing to be able to give, or even our non-profit investing and in our properties and things like that. It can give in a bigger way long-term, not just today, but five years from now be able to give in a much bigger way.

EH: Right. Yeah, and there's the giving side and there's also just – I talk about this idea of triple bottom line. For me, I was always just trained to hey, how much is this dollar going to make if I invested in this? Now I get the opportunity to say, "Well, how much is the seller going to make and who does it impact and how is the kingdom advanced?" It's fun for me to be like, how do we make more money? Because that money is not just making more money, it's doing a multiple of things now. I get really excited about that opportunity.

[INTERVIEW 2]

WS: Our guest is Derek Alexandrenko. Thanks for being on the show, Derek.

DA: Thanks for having me.

WS: After years of building a personal real estate portfolio composed of assets valued at 33 million, Derek is now manager of the Hammerhead Build to Rent Fund. Focusing on creating multi-family assets using single-family dwellings resulting in great communities for residents and legacy returns for fund investors.

Derek, welcome to the show, looking forward to hearing just about this business model that you're operating and you know, your experience I think is general contractor, how that's helped you to do this and be successful at it. Let's jump right in, give us a little more about your background so we can better understand your ability to operate this fund and then let's jump into the fund and the model a little bit.

DA: Sure, I started investing my freshman year in college. I had wanted to get my first property when I first graduated high school but found out I had no way of doing that, I didn't have anyone to co-sign, I didn't have any income. I went to college and got a job at the Home Depot.

I was reading all the how-to books and you know, as I got the work history and I was able to buy it that spring, my first home and then just kept on doing the same thing. By the time I graduated, I had three houses on the same street and a 27-unit over there in Baton Rouge and from there, I kept on buying, remodeling, Behr strategy, it wasn't called that at the time. I went through 2008 all those bumps and bruises from that but tons of learning and more recently, about five or six years ago, became a licensed general contractor.

Realized it's easier for me just to build these rental properties from scratch, get exactly what I want, more control over the finished product and the tenants like them better. Now we're putting together that fund model to just scale it up.

WS: Nice, tell me, what were you going to school for and were you using – did you use that to continue or to start to build your real estate portfolio?

DA: No, not at all. I was pre-med, I graduated pre-med, I did have a business minor though. I used that part much more than the pre-med part. When I went into college, I didn't even know –

WS: Okay.

DA: What to do? I always knew I wanted to be in real estate. I remember working out in my room, just doing sit-ups and push-ups in high school football team, watching the late-night TV shows, I think its Colton Streets infomercials. Selling his real estate course back then is on CD's and whatnot.

I never got the course but I was like, it got the wheels turning about real estate, there's got to be value there, how these people are buying it and able to buy more. How are they able to do the next house after the first one, I was always thinking about that and that just opened the door for me.

WS: It's interesting, I just like asking sometimes to be able to talk about getting that real estate bug kind of in school, in high school, college and then how did you use that college degree to get where you're at now and if that happened or not, how that worked out but I would imagine you're grateful that you took the real estate route now are you?

DA: Yeah, I mean, once you get in – I mean, I'm pretty much addicted to it. I love the opportunity that it provides and even remodeling the ugly properties and seeing something there you could create something useful from that and then just build something from scratch.

It's just such a great space to be in and then as far as the things that it allows us to do with the freedom of our time whenever you do it successfully is really nothing like it.

WS: Congratulations to you for just having three homes by the time you graduated. That's an accomplishment in itself that most will not try that early on so congratulations on making that happen, I'm sure that didn't come easily going through school at the same time.

Tell us a little about, you got your license, your general contractor license and then you started developing. Then you have a fund now, tell us about that timeline a little bit up to the fund and why have a fund.

DA: I started doing that, let's see, five or six years ago is like I said, I started with just building one house and then I started doing two or four at a time and then eight, and just last year, recently with COVID kind of hitting the breaks on everything and starting to regroup and pivot, I really felt like I was being led.

I could do more with the same business model to increase my impact. I could do more communities better for the tenants and then also on the back end of the fund, we plan on partnering with charities and doing some things there. I really feel like the time is right for me to use my experience and just go larger with it.

WS: Tell us a little about, just so the listener knows you're doing a 506(c) fund so we can talk about it, you can advertise it, you can put it out there, you don't have to have that pre-existing relationship like if you're doing a 506(b).

This fund, you're doing a fund so obviously you can raise capital, investors can partner with you, you can develop more. Tell us the type of fund and you know, more details of the type of builds you're doing, what your plan is, how long is this fund going to last and what's your exit strategy.

DA: It's a 10-year fund lifecycle, we plan on focusing on building single-family home communities from 100 to 200 units but they're going to be gated communities, they're going to be under multi-family ownership structure, we're going to do the asset management, we're not going to sell off individual homes.

It will be handled and owned just like the multi-family syndications but in the development space, our biggest hurdle is the land and the entitlement process, getting through the zoning, and making sure you could actually build what you want to build on this track.

That's why we chose the fund model so that we could go out and have multiple tracks that we're working on, simultaneously, that way you don't have a project you're working on and you hit a brick wall and then all of a sudden, you know, you have to go back to your investor and say, "I'm sorry, we're just waiting for another six months."

We have multiple irons in the fire if you will and that's why we chose the fund model.

WS: You mentioned like 100-to-200-unit single-family homes, you're going to build this community, even be gated. You then all will manage and rent these or then you will eventually sell them, how does that look?

DA: I think the evaluation will always be higher as a multi-family. Just through the cash flow and appreciation under the multi-family ownership, the things that are so great about multi-family. Unless the markets – some of these markets go crazy, we have square foot prices like California, then it would be feasible to sell them off individually.

We always have that option because they will be individually entitled lots – but I do see at least in most of these markets in the southeast and Texas that the multi-family evaluation will probably be the exit strategy.

[END OF INTERVIEW]

[OUTRO]

Whitney Sewell: Thank you for being a loyal listener of The Real Estate Syndication Show. Please subscribe and like the show. Share with your friends so we can help them as well. Don't

forget to go to LifeBridgeCapital.com where you can sign up and start investing in real estate today. Have a blessed day!

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