

# Getting Private Money For Your Real Estate Deals

Step By Step Workshop  
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## Private Money Webinar Workshop September 2, 2008

**Hosted by:  
Trevor Mauch & Patrick Riddle**

**Trevor Mauch:** Of course, the workshop tonight is on how to recruit private money for your real estate deals. Up on the next slide here's your key deliverables that you're going to receive tonight during this workshop.

First of all, you'll learn why private money is essential in today's real estate market. Private money is very essential especially with the tightening of the financial market. And private money is a lot easier to get than a lot of people realize but it is very, very important for real estate investing businesses.

**Number 2:** you'll get to intimately know what private money is about and how it differs from other financing. There's a lot of misconceptions out there about what private money is and hopefully we can clear that up a bit more for you.

You'll learn where and how to find private money lenders, which is the part most people have the biggest problem with is how to actually go about there and get in front of people that have the money and present to them the right way to lock in those funds.

You'll learn how to present private money lenders. As I mentioned before, this is hugely important to actually securing private money. A good presentation can get you private money lenders; a bad presentation will not. So Patrick actually has a presentation that he can download. Powerful presentation after the workshop to use yourself that you can customize.

You'll also learn how and how not to structure private money loans. You'll receive the download links for the presentation I mentioned. Patrick created a speaking script you can follow when you're doing the presentation. There's some other forms, sample note, and some other things that I'm going to provide later after the workshop. I'll email it to you, just thanking you later.

Patrick provides a quick action plan for getting going and then we'll take Q& A.

So anyway, who the heck are your workshop leaders today? You probably never heard of me, you've probably never heard of Patrick since we're real estate investors,

we're not gurus. I started investing when I was 21 years old, about 5 years ago. I'm the founder of a website called [www.thereibrain.com](http://www.thereibrain.com) and that's a website that I want to make the most honest, unbiased, trustworthy, complete real estate resource for investors because that's what I was looking for when I got started and I really want to build that and help a lot of people.

I funded my first deal with private money when I was 21, in college, and I helped form the marketing program for trust deed investment company. That's a national trust deed investment company and then went out and got a lot of private money lenders. So I'm not an expert in private money lending, Patrick is, but I can provide a few unique insights that I can teach you.

Patrick Riddle. He's the guy on the left on the bottom. Patrick Riddle's a full time real estate investor. He's in South Carolina, been investing full time for 6 years. This is what he does day in day out. He has no other job. He's a real estate investor.

Patrick secured over 6 million in private money for his own deals over the 6 years and, like I said before, if you're just now hopping on, Patrick has just started a blog where he chronicles what he knows. The website is called [www.mustknowinvesting.com](http://www.mustknowinvesting.com)

Then I'll go ahead and pass the presentation to Patrick here. Give me one second. I'm going to actually pass the screen over to Patrick and Patrick will take over and hopefully give you guys some great content. Give us one second while it switches over.

**Patrick Riddle:** Well, thank you very much, Trevor. I'm very excited to be here tonight. And let's see do we have it all switched over?

**Trevor Mauch:** Looks like we're switched over and launch that puppy live and you're good to go.

**Patrick Riddle:** We're good to go?

**Trevor Mauch:** We're good to go buddy. Perfect

**Patrick Riddle:** Well, let's go ahead and jump right in. Hello. My name is Patrick Riddle. It's really great to be here and Trevor and I have begun a great deal of preparation for tonight's webinar so you guys are really in ...

And let's just start off by talking about today's real estate investing opportunities. We're going to start off and let you know that since I've been involved in real estate there hasn't been a better time to buy than now. Most people don't really understand when we have a down market, a buyer's market, when it's difficult to sell property regardless of what the mainstream media says, it's a great time for us as investors.

It's a great time to buy and this reminded me of a story I read about in one of [Robert Kiyosaki's books](#) where the would-be investor hears about an opportunity to invest. Waits it out a little while, hears about other people getting in, and how you gain value and finally when it peaks, the investor goes ahead and acts then. And this is the

exact opposite of what we want to do and I just want to tell you now's the time to buy. It is a buyer's market; a great time to buy. So we, as intelligent investors, want to do what we can do make that happen.

**The state of the mortgage industry:** There's not a whole lot left of the mortgage industry we knew even a year ago. And every month loan programs continue to disappear, guidelines are tightening up, and new legislation is in continuous motion. Which is creating this buyer's market and foreclosures are also at an all time high. There's a ton of motivated sellers out there who really need our help and now as far as the mortgage industry is concerned, this affects traditional investors negatively from a couple different angles. One, on the selling side, if you're an investor and you put property or plan on selling some property here and there to generate cash, it's a tough time to sell so you've got to look for some opportunities to structure the best financing you can to begin to combat the problem of selling, private money can be a big help.

And also there's a lot of traditional investors that have been going out and getting bank financing for years for their deals but now that the guidelines are tightening up and loan programs are disappearing they're out there and may not even know what to do now. And again there's a lot of advantages to learning creative real estate investment strategies. Private money being one of them and we, as creative investors, operate outside of some of these couple problems that we touched on so that you can capitalize on the huge opportunity in today's market.

And really all this feeds into now being the time to buy and as Warren Buffet says, "Buy when there's blood in the streets, even if the blood is your own". Trevor contributed this fine quote here. I had never read it before but wow – doesn't matter if you've taken a bath in some investments over the last few years. Warren Buffet the billionaire says now is the time to buy you better be out there buying.

**Trouble getting financing** – Maybe you're a novice getting to invest in your first property. Maybe you do it part time, buying a few properties here and there and even if you're a pro doing it for years the traditional ways, you might run into some roadblocks and then comes in the private money solution. It's your resourcefulness not your resources that determines your success and ultimately you're leveraging your way through your resourcefulness into other people's resources, their funds to invest in deals. And here's a couple questions I want you to think about to see if private money is right for you:

Now, have you ever lacked the confidence to make a cash offer on a good deal because you didn't have the funds lined up to buy it?

Have you ever had clients involved until the last minute and lost a good deal? If so, then how much did that cost you?

Are you starting out with no cash and no credit and don't know what to do?

Now, have you been in the game for years, for awhile, and are just tired of paying an arm and a leg for financing? All of these are reasons why providing private money for deals could be the answer for you.

**Here's the lowdown on private money.** What is private money? Well it's just money borrowed from private individuals, not traditional lenders. This could be someone you know from work. It could be a neighbor. Maybe your cousin or aunt, uncle, doesn't really matter. It's just someone, anyone, who wants to make money in real estate but doesn't have the time the experience the drive or maybe the patience but to be a real estate investor. They just have heard real estate offers good returns and they want to get a piece of it. That's when you come in.

Loans are based on a property and not on a person. Traditionally when money is lent through banks it's lent based on the purchase price or appraised value, whichever's lower, banks aren't rewarding us for going out and getting great skills on our contract but the properties were. So private lenders you can typically get loans based on the loans you contracted, the deal you have under contract.

**Private money vs. hard money** – hard money can be expensive. There can be application processes. Fees and points, sometimes for a hard money loan you may pay 4-5 points, which is 1% of the loan amount, sometimes upfront, sometime on the back. Anywhere from 12 – 18% so you definitely pay for it. And also it's a little more inflexible than private money which can be much cheaper, easier, less hassle, no application process. Lost of advantages there. And then flexible terms you get better interest rates, fast funding. I could contract the property today and have a check waiting at my attorney's office next Monday to close the deal. That's the power of private money.

Terms it's all negotiable. You work out whatever terms with the potential lender that work for your deal. Virtually unlimited supply of lenders and anyone that you know that has some money to invest is a potential private lender. And you can also keep some of your own cash liquid, which especially in times like this can be very beneficial.

**My journey to private money millions** – first off, why I chose real estate. During a college break one summer I was in Charleston with a couple friends and we heard real estate was lucrative, met a guy who had purchased 6 properties. He was in his late 20s and he had them all rented out, was making a couple hundred a month and whether he worked or not, he was getting checks in the mail. And he had someone else paying for his assets. Now when I internalize this me and my friends said, "What's going on here? Let's check this out."

So it inspired a trip to Barnes and Noble. We went and picked up a couple of books and wow. I just remember sitting down, sifting through and checking out some of this information and getting blown away and thinking to myself, "I have found it! This is what I've been looking for." And after studying those books and going to a one day seminar and such, I took what was in the books and put it into action. A few months down the road, I closed on my first investment property. And then I took the plunge. About that time I went to a five day seminar to get nice and educated and it was at that seminar after I bought my first property that I decided, "Hey, you know what? I don't

think I'm going back to school next semester. I'm just going to dive right in," and I've been full time ever since.

**Patrick Riddle:** And my first private money lender, it actually ended up being a friend of a friend. I set up a small group presentation, used PowerPoint like you'll see tonight, presented the idea, presented, "Here's what we're doing. Here's how you can get involved," and the next day this guy that I had just met just wrote me a personal check to go ahead and get started to invest. And I did this at the age of 22. And I have a baby face, so anybody can go out there and do this if you decide that it's something you want to do.

Here's a few testimonials. From Robert Simpo, "After a great deal of persistence I finally invested with Palmetto Property Solutions and to no surprise Patrick always kept me informed. He's punctual, professional, and followed through to completion on contracts and investments. Payment was always prompt without any complications."

Now, I want you to notice in the first line there's a key her. It's the word persistence. That says a whole lot about why I've been able to recruit money like I have because I don't take no for an answer. I take it as one step closer to yes.

From Mr. Carl Tompkins, "Thank you for the opportunity to participate in your program. Not only paid great return but suited my needs by providing short term investment. Thanks again. Your program will be highly recommended."

Michael and Amy Ellis, "We thoroughly enjoyed working with you. You made it extremely easy to invest as little or as much as we wanted with no pressure. My family and I will definitely want to do business with you in the future."

If you want to check out more testimonials, go to our website [www.investwhileyourest.com](http://www.investwhileyourest.com) and that's a website that is specifically geared to recruit investors who will be used for our company. So you can check it out too to get some ideas for yourself.

Let's go ahead and get to the meat of the presentation tonight. Here's the structure, just so you can know what's going to happen from here.

**How to recruit private investors** – private money lenders, getting started. Always get a ton of questions about how do you take the first step? How do you get started recruiting private investors today? How to market to them? I'm going to go over exactly how I've been able to cultivate an investor base over the years. Meeting with potential investors, what to say to them, how to present yourself exactly when you're with them. The power point will go through slide by slide

How to structure loans that work for you and them and much more. We're going to hit on a whole lot tonight so let's keep on moving.

**Finding private investors** – the number 1 thing that you can do if you really want to be successful at this is to take immediate action. Listen intently to what we go over tonight, take good notes, download the free resources at the end, find a partner to

learn with, and study what we've provided. At the last webinar that we did I found it interesting that about 70% of the folks that were on the webinar went and downloaded the free resources. So that means those 30% of the people didn't take action, that didn't go get the tools necessary to be successful to recruit private money. So I want you to make the decision right now, which side are you going to be on. Will you be on the 70%? The movers and shakers, the doers the people that say, "Hey, I'm going to recruit private money. Give me the tools to do so." Or are you going to say, "You know what, I'll get back to it later. I'll download it down the road and maybe be successful sometime."

**Patrick Riddle:** Now I want you to go ahead and make the decision now. Also you've got to start planting seeds. Tell everyone you know what you do, how people can get involved in your investment program, because every person that knows you're an investor, that knows about your program, whether or not they are in a position to invest, is one more seed planted in the soil. An important point I want to throw in, over the first couple years of my recruiting private money, on average it took right around 4 months, I found, to get someone to invest with me after first mentioning our program. Now that doesn't mean that will be your results. I'm just telling you from my experience and I want you to understand the importance of taking immediate action. And there's two types of best prospective clients:

**Number 1:** people that know and trust you. These could be parents, grandparents, brothers, sister, aunt and uncle a longtime friend. People from church, from rotary, you get the point.

**And Number 2:** people that know a good deal when they see one. These are real estate agents, mortgage brokers, appraisers, attorneys, anyone involved in the real estate process. And I found it interesting that I was speaking to an investor group in Columbia not too long ago on this subject and I asked the group, "Does anyone have experience recruiting private money?" But two people raised their hand. One mentioned that this uncle had put up the funds for him to do a couple of deals and they did a partnership on the profits and so, of course, that's people that know and trust you. And the other one mentioned that her inspector, had inspected houses, had inquired about her program and that's people who know a good deal when they see one.

**This is the marketing strategy slide** here, finding private investors. You may look at it and think it's a little rudimentary but guys, there's no magic bullets here. It's knowing what to do and taking action. And this is what has worked for me so just take it in and take it one step at a time here.

**Number 1: business cards.** On the back of my card I just have our website, which you can see at the bottom right corner of the slide [www.investwhileyourest.com](http://www.investwhileyourest.com) and that's it. Often times I hand out the card, someone flips it over and says, "What's this all about?" and then I give them my 30 second commercial. Or you could have a little slogan on the card. You could just say, "Ask about our investment opportunity." Something real simple but at least it gets the ball rolling, gets it moving.

**Patrick Riddle:** With the website, as you can see on the bottom of the slide, we do use the website that's specifically geared toward recruiting private investors. If you already

have a website up, you could do something as simple as creating a page or even just a paragraph that says, “We do have investment opportunities for people. Shoot me an email or click this link to inquire about how that works.”

**Networking events:** these have been tremendous for me and from real estate investment associations to chamber of commerce or rotary meetings. All business associations in your town, these people are professionals that make money, that are looking for good places to invest. So it’s surprised me over the years how many real estate investors that do the same thing I do, that go to the meetings also invest in our program because they want a consistent cash flow which can’t always be offered by their particular real estate business structure or model.

What I’m going to hit on right now, it’s not something that we’ve utilized. There are some grey areas as far as SEC regulations and compliance go, which actually we’re going to be covering a little later so we’ll get to that.

**And then luncheons,** when we got started the first couple years, we would hold luncheons every 4-6 months or so, invite a lot of people in, rent out a room in a restaurant, give a presentation. You could give it a try. In marketing it’s all about testing and seeing what works for marketing to your clientele. I would suggest, to start out, just meeting with people one on one or some small groups, whether it’s 3-5 people, giving the presentation, getting your feet wet, that sort of thing. It’s definitely not required to do the luncheon concept or idea.

**Trevor Mauch:** Before we go to the next slide here, I’m going to put my 2 cents in here really quick. I consider myself a pretty good marketer. I’ve been a real estate investor for awhile. I’m not a fulltime investor, I don’t want to be a full time investor. I own other companies as well, but these five elements right here are baseline marketing campaigns or baseline marketing tools that you can use in any business. And what people need to realize is that real estate investing is a business. It’s not a hobby, it’s not a pastime. If you want to make any considerable amount of money or income or wealth, you really need to treat it like a business, and businesses need a continual amount of leads and businesses need to market.

On the first one, business cards, Patrick mentioned but business cards, a lot of people get them wrong. You should really use every bit of real estate on the front and back of every business card you can to persuade people to take a specific action. Whether that specific action, like Patrick said on the back of his business card he places the URL of his website, which his website of course goes and sells those people on becoming investors. The back of your business card should have something like that. The URL to your website where they then go and get the whole spiel on who you are, why they should invest with you. You’ve probably seen things where go to this url to get this free report on whatever, in this case he can make it go to this url to get this free report on how to make 8% per year on trustee investments for private money investors, or whatever you want to call it. Just make it simple. Make them have a specific action that they have to take.

**Trevor Mauch:** Number 2: website. This is kind of my specialty, internet marketing and finding ways to drive traffic to websites and use the websites to convert people to do what you want them to do. Go to Patrick's website. He has a pretty good website there. There are a few things I would suggest changing up or maybe optimizing a little more but he's doing an awesome job of the actual sales copy, of walking them through, telling them who he is, why they should invest, what they can expect, giving testimonials of people who have invested with them. Testimonials are hugely, hugely important. Anybody who you do business with, whether it be a homebuyer or home seller, an investor. Get a written testimonial from them because you can leverage those big time in your marketing pieces.

Direct Mail, Patrick will go over that in a little while. That can be kind of sketchy. Not sketchy but there's a lot more things you need to concentrate and look at when you're doing direct mail for private money lenders and you need to make sure you're not overstepping the SEC bounds.

Anyway, that's my 2 cents and I'll let Patrick get back because he's really the guy who knows what the heck he's talking about here.

**Patrick Riddle:** Well thank you very much, Trevor. Alright!

Here we go, the holy grail of private money the perfect prospect: referrals. After a couple of years of working with private money, private investors and cultivating my list, I didn't even have to go out and seek additional clients, they just came to me from referrals of people in our program and this is huge because a lot of the time the sale had already taken place. The person that was a part of the program went out, told one of their friends or family or somebody they know about our program and sold them on the program for us. So by the time I end up meeting with them, all I do is sign them up. So you know after you really get the machine going, get some people in your program that have some experience and some transactions with you, ask for referrals, go to them and say, "Who do you know that wants to make a good return just like have?"

Alright. Meeting with a prospective private investor. So you have planted the seeds, practiced giving the presentation, and you're about to be in front of a potential investor. A few quick tips here:

Be on time. What kind of message do you think you're going to send to a potential investor if you show up late for a meeting?

**Dress the part.** If the roles were reversed and you were the potential investor, how would you expect them to be dressed? Would you want him to be wearing jeans and a dirty t-shirt? If you don't look like you've got it all together, chances are they're not going to invest with you.

**Attitude and expectations are everything.** First off, if you're not excited about your program, chances are no one else will be. Enthusiasm really sells, guys, you want the investor to get so excited about your program that they contact you on a regular basis to see what kind of opportunities you have available. I've found the best attitude to

approach an investor with is full confidence, whether or not you have it. Be assertive, act confident. Just as you can feel a certain way and your actions follow, you can act a certain way and your feelings will follow. So act confident and that confident feeling will be there.

**Patrick Riddle:** And also having the mindset that you don't need the money from them is very effective as well. If someone thinks they're your only option, they've got control, they've got the leverage and that's not where you want to be. Often times I tell them that I'm presenting them an opportunity that will not last long and they better jump on it or I'm going to have some body committed to this deal by the end of the week.

Alright. At the end of tonight's webinar there's going to be a PowerPoint and an e-book that's free for download, this is the PowerPoint presentation. This is what you'll be using when you met with potential investors and realize that as we go through it, it's very malleable. Depending on your particular business model, you'll probably want to change come of the content on a couple of slides and of course as on this slide where it says your company name, you put your company name on.

There's also a script that's been written in conjunction with. It's in the e-book. It's also in the notes section of the PowerPoint but just for easy access you can practice using the script several times and really get it down before you meet with you r investor.

Now on this slide I would say something lik, "Tom, I really appreciate you meeting with me today. How much time do you see us spending together?" and typically he might go, "Well, I don't know." And I'll say, "Well, about 45 minutes to an hour. I'll make sure to have all your questions answered. Just wanted to make sure you didn't have a commitment that I needed to adhere to a certain time to." That sort of thing.

And I'll say, "This presentation will explain the current opportunity in the real estate market, what we do, how we do it, how it relates to you the investor. I'm not sure if our program will be right for you so I'll be asking you questions throughout the presentation to find out. Does that sound good?"

And chances are he's going to say, "Yes."

This slide will probably look a little familiar. You want to give the investor an outlook of how the current market relates to us. So you'll say, "Well, it's a buyer's market. It's a great time to buy right now. There's a lot of motivated sellers out there. The mortgage industry has been in a continuous state of change over the last year. It's tougher for people to get qualified to buy traditionally which creates more motivated sellers. And also foreclosures are at an all time high. There's a ton of people out there in financial distress that need help from companies like us. There is a need for our service in the market. Especially based on today's market conditions."

**Patrick Riddle:** "An opportunity awaits the intelligent investor. Everything we've just talked about culminates in an incredible time to buy. And most people do the exact opposite of what they should do. They wait to invest, watch others get in early, wait a little while, wait a little longer, finally invest at the peak. In a down market, which is

where we're in currently, we do exactly do what intelligent investors do, we buy when the time is right. Does that all make sense?" and then the investor is going to say "Yes."

If he says no, then you want to know that he's not on the same page with you because oftentimes when they're in a state of confusion, the answer's going to be no, so we're checking to make sure what we're saying and also getting another yes from the investor, which in sales you know that through out a presentation if you can get their head going up and down and agreeing and saying yes, oftentimes it translates into a sale.

But next is our business model. You want the private, the potential private lender, to fully understand your business model. You want them to know exactly how it works and you want to dummy it down and make it as simple as possible. A lot of the people you're going to be meeting with are not going to be financially savvy, real estate savvy, so you want to make sure they understand how you do what you do.

So I would say we locate motivated sellers. People that need to sell. Not people that just want to sell. There's some big differences. People that have lost their job, maybe it's a military transfer, facing foreclosure, just financial distress. We locate motivated sellers and we provide solutions through speed and the ease of the transaction of working with the professional home buyer. Now the speed comes from using cash from investors to buy properties at deep discounts. You the investor, that provides cash really allows us to make offers where we'll tell a seller we can close next week and often times, because of the speed they can't get otherwise in the financial market, they'll accept our offers and give us a deep discount. And we create win win win scenarios between the seller, you the investor, making a good return, and our company who makes the profit in the deal.

So why do we borrow from people like you? First off, cash is king. I just mentioned that a big part of the lot of the deals we do is the seed that close the deal. If we were going to a bank to get a loan and we said, "Hey we've got a contract we want to close this Friday," banks going to laugh in our face. But if you've got cash ready to close, the seller will most likely say ok, you know, yes. I will go ahead and work with you because you can provide something that's not out there. And also tell the private investor, "Hey we look at it kind of like profit sharing. We're using your capital to go and buy property at a discount creating a lot of profit in the deal, is kind of like we're paying you a good rate we're sharing profits. That's what we're doing."

Now, I would say before we get started, "What all would you like to cover today?" And ultimately you want to know what's on their mind. You want to know what kind of questions they're coming into this with so this is when you've got your pen out, got your pad, and you're writing down everything that they say. Now maybe they won't have any questions and will say, "You know what? I just want to listen to the presentation and we'll at the end of it if I have any questions I'll let you know," but often times they'll have a few things, you write them down and then say, "Hey, if I don't cover all these questions, a, b, and c here in the presentation itself, I'll make sure to cover them when we're done."

**Patrick Riddle:** And now I go ahead and right out and tell them, "You're probably not going be interested. Our program's not for everybody, it may not be right for you. We'll

go through this presentation and figure out...if I figure out that we're not really a fit do you mind if I go ahead and tell you?" You know I go ahead and just tell them that and then I say, "You know what, at the same time, if you figure out that this isn't something you're interested in, will you go ahead and tell me?"

And I get into yes, they'll tell me and then I say, "Well, sometimes people say things like let me think it over. I'll call you next week. And I go ahead and let them know if that's the case then let's just call it a no, part as friends, no big deal."

So basically what I've done is I've made sure by the end of this we're getting a yes or a no, we're not getting a maybe. And by using this kind of phrasing, we're disqualifying them. We're interviewing them just as much as they're interviewing us and we want to find out because we never want to sell someone something they don't need.

If an investment's not right for them, we want to tell them, "Hey what you're looking for isn't what we're offering here. Doesn't look like we're a fit." And by saying we're probably not a fit, that's actually using what I call a negative positive language pattern which this sets you apart from other sales people tremendously, lets down their guard a little bit and gets the prospect in the right frame of mind. They go into detail how to use this and explain the psychology behind it in the book. This is definitely something very powerful that you want to check out.

[So check out the e-book for more.](#)

Now the next 3 slides are master evaluation slides. We're going to be asking them questions about their past, questions about their future. We're going to find out what their goals are and we're going to ask them questions about their decision making process. So we're setting things up so we're interviewing them. We're going to get all the answers we want to see if they're a good candidate for our program and we're going to know how to specifically set up the investment to coincide with their needs. But again we may find hey what they're looking for isn't what we're offering but you're going to ask them good questions, illicit that great information, and then at the end if you can provide them what they're looking for then you go ahead and feed it right back to them.

So let's say, "What experience do you have in investing?" Now this question is very important to ask because if they say, "Well, the only investing I've done is cds, some bonds, some mutual funds," well you're going to know what kind of rate that they're used to getting. So that could help you offer them something that's a little more than what they're used to but it's also great for you. They may say, "Well I invested in a real estate program and it went south or I lost money," or and then they talk about some negative experience. You want to know what experience they've had so that you can make sure that you've handled those kind of objections when they come up.

**Patrick Riddle:** Next question. "Are you happy with your current investment portfolio?" If they say yes, then you might not even be necessary to meet with them and talk. If they're happy with what they've got then their not motivated, they're not willing to work But a lot of times they'll say, "No, I want to find another program that can offer me this kind of rate or return and that's secure and such."

“How do you think our program can help with your investment holdings?” And then whether or not our program’s a fit isn’t important that you invest right now. That’s a good question because you’re saying, “Hey, whether our program’s right or not, are you looking to invest now. They might say, “I – well, first of next year we may look to invest.” Well then you know if you’ve got a deal on the table you need financing for, they’re not the answer.

Next slide. “Are you more interested in making a quick buck or building wealth?” This question here helps you determine if they’re more interesting in the short term or long term investment and just the phrasing that we’re using there of course, we would prefer they be interested in a long term investment, so that’s why we say building wealth. That’s a very positive phrase, there.

“Is having a regular income from the investment important to you?” That let’s you know if you need them to pay monthly or quarterly or such.

“What would the right investment provide for you?” You’re delving into some of their goals and dreams and this, of course, when they start thinking about these positive things, puts them in a great mindset to be more receptive to what you have to offer. So each of these questions is specifically crafted to create odds that bring results.

And this is the decision making slide. You ask, “How do you go about making decisions to invest?” I get an array of answers on this one but let’s just say that someone says, “Well, I always pass it by my attorney. Good friend of mine very investment savvy.” Well then you want to know because if he always passes it by his attorney, second hand information is no good. So if you know that he’s going to pass it by him, you might as well set him an appointment so you meet with both of them at the same time. Same goes if someone is married or has is in a relationship that they pass it by them.

“If you found the right opportunity, when would you want to get started?” This again just targets what kind of time frame they’re on ,who’s involved in the decision making process an important question because again you don’t want to meet with just one decision maker that is a ...that can just lead to time wasted which is never what you want to do.

Ok. This slide could most likely change for you. This is just the parameters that we used over the years. And you’ll see the small amount there and you may say \$25,000 how are you going to deal with that?

**Patrick Riddle:** Well, we do a lot of creative deals that are subject to seller financing so often times the deals that we structure don’t need a whole lot of cash. You could also change this slide to reflect a specific investment or deal that you have on the table right then. Maybe it’s 123 Main Street, here’s how much cash from a private investor, here’s the rate we’re offering, and all your terms. And some of this information here that we know from questions we’ve asked, so we would reiterate what they told us and what they wanted to fit in here. And so if I’m in front of an investor I might say, “These are the

ranges of investment opportunities that we have. Did you have something in mind? If this was the right program for you, what amount do you think you would be comfortable investing?"

And they're going to say a number or a range. So you write that down. And then, "OK were you looking for a shorter term or longer term investment?" Again, whatever they say, write it down. Maybe you're offering a specific rate so I would say the annualized rate of return we're offering right now is 10% and then payment terms. I would say, "Is a regular interest check important to you? Is that something you're looking for?" So that they have something to invest and I could have it accrue or pay it out whatever suits their needs the best.

And then this is the sample deal slide. Now, I would say, "This is the property that we purchased, it was a bank-owned property that we were able to purchase for a steal at \$99,000. Banks aren't in the business of collecting real estate, they're in the business of making money from the interest when they lend it so the bank gave them a great deal."

A private investor with \$140,000 paid for the purchase and renovation, holding costs all the costs associated with the deal, the property appraised after renovations for \$210,000 and at 10% per 6 months an investor would earn \$7,000 so as you can see, appraised over \$200,000 the amount a private investor put up \$140,000 plus the interest term equals over \$60,000 in equity which is the profit we make on the deal plus that's what secures your investment

And this slide could easily change if you have your own sample deal. If you haven't done a deal yourself, use this one, just make sure you clarify that it's not a deal you did. It's just a typical scenario of how it could play out.

**Common questions.** The next couple of slides we're going to cover common questions that come up and then on the next slide we'll see some specific questions we've crafted to get them thinking more outside of the box.

1. **How's the real estate market affecting your business?** Well, I would say it's a great time to buy. I would go back and reiterate some of the ground that you covered just so that they know as long as they know you're buying right, now's a great time to buy. Here's some money. A lot of money sell their house at such a deep discount. This often comes up when people just can't imagine why in the world would they sell their property so cheap and often times it's money's not the most important thing. When you're stressed out because of a divorce or bankruptcy or job loss, whatever, you just want whatever money you can get in your hand tomorrow and you'll sell at a deep discount.
2. **Would I be investing in a piece of property or your company?** You would be investing in the specific property. Is the investment secure. Yes it is. Depending on what state you're in. Here in South Carolina we're a mortgage state and a mortgage is what's offered for security. If you're in Georgia or other states, it would be a trust. It's what secures the investment for the investor.

3. **What kind of paperwork?** Well, a note is drawn up with specific terms and then the security either the mortgage or the deed of trust are drafted. More questions and again this slide kind of gets the investor thinking outside the box. Thinking of ways they can invest with you that they may not have considered.
4. **Can I invest form my IRA?** The answer is maybe. First, what I would tell them to do is contact your 3<sup>rd</sup> party administrator and find out if the funds could be self-directed to invest in a real estate program.
5. **I have equity in my home.** Could I use that to invest in your program? Yes you could. You could go out and borrow against your home to invest in the program, ours or another one like it. Whatever spread that you've created if we're paying 10% and you're borrowing at 6% then you're just making a little spread. Same thing.
6. **Most of my money is in the stock market but I don't want to sell right now. How can I invest with you?** Well you could leverage your assets. You could go borrow something against it, collateralize it. That's just a way to access your money without selling any of your assets.
7. **What about taxes. How will this affect my taxable income?** Just let them know it's taxed just like ordinary income and they have some other specific questions about their personal circumstances, I always just say the best thing to do is contact your accountant or an accountant if you don't have one and run that by him.

And the last slide here: next steps. Define the investment details. This is when I would back track with some of the information that you're covering and some of the things I've written down and I might say, "You mentioned that you would possibly be interested in investing \$80-100,000. What sounds better to you? What are you feeling right now?" and they'll tell you something.

**Time frame. Payment terms.** These are the things you've already elicited from them. Just reiterate what you have written down to make sure it's all in order and then I would tell them the next step would be to position the funds for availability depending on where the funds are. It could take a little time to access them if you have them with a financial planner or an IRA or in a Cd if you didn't want to take them out and be penalized there early. That sort of thing.

And in the last slides here, they're pretty much interchangeable. They can happen at the same time. You've received your investment paperwork package and delivered the funds for the closing and then you go ahead and if they have any questions at the beginning that weren't covered here you want to go ahead and make sure that you cover them and you go ahead and just ask for the order. Let's say, "Hey, this is the investment that we've structured for you. This is the time frame you were looking to invest, this is when you wanted to invest, would you like to go ahead and get started?"

Trevor, do you have anything to add there?

**Trevor Mauch:** You went over pretty good and you obviously polished up that in the last 6 years but more than anything what I would stress with people is that this investment is a large investment a lot of times for these private money investors. Whether be your uncle who's investing \$10,000 with you or some guy you meet through networking that's going to invest \$100,000 it's a big decision for them to make and the best way to break through the barriers and to guide them to the decision you want them to make, which of course is to invest with you, is to educate them all you can on you, on your business, on what you're about, just like what Patrick gives in this presentation. Educate them every step of the way, make them feel comfortable that they know you well, that they feel comfortable that you're a real business that you're not going to lose their money.

Everybody wants to earn a higher return on their money. If you're earning 6% people want to earn 10%. If you're earning 3% people want to earn 6%. You've seen to make them comfortable that you're not going to lose their money and the best way to do it is to answer all their questions, educate them as much as possible about what you do how you do it, use this presentation Patrick gave you and make sure you make them feel comfortable and make sure they don't have any questions after it's all done. They realize that you're a real company. This is what you do. And you don't need their investments. You can take it or leave it but it's always nice to have them. So anyway, that's my 2 cents. Go ahead and continue on.

**Patrick Riddle:** Alright guys. How to structure the investment. What's your exit strategy? Your exit strategy is going to determine the best way to structure the private money loan. But there's a big difference if you plan to flip the property quickly or if you plan on holding the property a few years, a few years down the road. So determining what your exit strategy is a primary important to figure out the best way to structure it.

Meeting the private investors' needs, two things have to happen for us to be a fit with the private investor. First, we have to deal with and meet their needs and then next, the loan has to fit into our exit strategy. Because you don't want to pigeon hole your stuff. You don't want to put yourself in a loan that doesn't allow you the flexibility that you want and need to feel comfortable with this, especially in the days...

**Patrick Riddle:** Specify rate vs. profit sharing. I'll tell you a little story. The first year that we got started... that I got started investing. Went out and contracted a smoking hot deal. A great deal. The market was outstanding. Properties were selling extremely quickly and we offered a woman in Mt. Pleasant a cash deal, close quick. We didn't actually have the funds available but we knew that if we got a good deal we'll find the money. Which is what we did. We got the contract and ended up going door to door to real estate offices until we found someone who knew a good deal when they saw it. He took one look at it – he was the agent in and had been for years and he partnered with us. We did the profit sharing with him, where he put up the fund – we gave him 25% of the profit, we kept 75%. We bought it, did a little bit of minor repair work, put it on the market, sold it, made good money and he knew it was a great deal for all of us.

Specified rate, as you saw in the PowerPoint presentation I had, that the rate was the annualized 10% return. On the last webinar someone asked would I suggest to her a rate of return and when I first got started on, the courses I went through suggested 15%. I

always thought that was a bit too much and it may even raise some skepticism so whenever I started, I started offering 12% and started going down from there. However I really say get the best money that you can. You may then if you're meeting with an investor and he wants...he's got to have x rate and you say lock him in to the deal maybe you go out and see if you can do better with it. Find cheaper money because ultimately everything's negotiable here and you want to structure the best deal that you can.

As far as paperwork, we already touched on it. The note that you're going to give investors spells out specific terms of the deal. Whether it's a rate, profit sharing, it's all going to be in there. And then the security, either a mortgage or a deeded trust, is what you're going to give them. And what worked for me.

A lot of times when someone was on the fence, when they had heard plenty about my program, didn't have anything new to tell them, continued to contact me about opportunities but were on the fence, I was able to get them in on smaller and shorter term loans. And so, let's just say, they had originally said, "Maybe I'll do an investment \$80-\$100,000" and I would go and say, "Look, let's just start with \$80,000. I've got this deal here that will work and why don't we do a short term." Maybe my exit strategy is to renovate and refi it. Or to sell it. And so I would set them up on a short term, go with a smaller amount than they were thinking, and a lot of times that got them off the fence. Got them in the program where they could experience a transaction with us and then go from there.

Here is an example deal of private money loans scenario. Let's say that you got a deal contract arv – after repair value – is \$250,000. Your purchase price you negotiated is the \$150,000. It's going to cost \$25,000 in repairs, \$15,000 in closing and holding costs. You're going to be in the deal for \$190,000. So you go out and get private money loan for \$190,000 and let's just say you struck terms a 6 month term, paid the interest monthly 10% per annum. No banks no hoops. No red tape. No bs.

**Patrick Riddle:** And this is just a sample of how a deal could be constructed. Let's look at it on the creative side of things and let's say the seller owed \$150,000. So your purchase price is \$150,000 so you buy it subject to and just take over payments on the loan, so all you would need from a private investor would be the repair money and the closing and holding costs. So that would only equal \$40,000 and I'll tell you from my experience it's a lot easier to go after \$40,000 than \$190,000 so use some private money. You're going to have folks that have bigger sums of cash that can throw it down or if you can structure deals creatively then you'll be able to get more people involved.

**Trevor Mauch:** And while we're on this example, let me throw in a little extra something just from my own experience and my very first deal.

Like I said way back at the start of the presentation, when I was 21 years old I was in college and it was a 4 unit apartment building. I had no money, of course, I had maybe \$1,000 in my account. I was broke poor college student, played baseball so I didn't have any time to work. One credit card based on no credit score. What I did was found a property, a 4-unit building, needed a little bit of maintenance, but anyway, I talked to the seller he was a gentleman nearing retirement and he was getting rid of his

properties and I talked to the seller, told him my situation, penciled out and figured out exactly what I could pay for the property and still have a cash flow and provided me a monthly positive cash flow every month.

And I had nothing to lose on this deal. If I got it, excellent, I got a property with cash flow. If I didn't, oh well, there's a billion others out there that I can find. But anyway, I told the seller what I could do, laid it all out on the line, and said "here's what I have to do to make it work for me. If you can carry the note and we've got a deal if you can match this price, basically a lot of people wouldn't even consider making an offer like this but I guess I was too new and too stupid to realize it was a crazy offer. But I asked the seller to carry the note for a price that was a little bit below market value at 6% for 30 years. He accepted everything but he said he'd carry 90% of the note, so that left about \$20-\$30,000 that I had to go out and find to make up the other 10%. And what I did there was of course tapped the people that I knew. Fathers or family. Had money if they wanted to invest in this deal I showed them that the cash flow did it work.

Asked my family. I ended up getting money from my family because they could see the deal penciled out and I got that for 6% as well. For 30 years as well. So don't be afraid to ask for terms that you don't think you're going to get when you first start out and just go out there and be very creative and there are still no money down deals. Not as many as them but be creative and don't be afraid to ask. People come up with some crazy terms.

**Patrick Riddle:** Very, very good, very nice. A few additional useful tips. I get questions from time to time about how do you convince someone to invest with you and bottom line is you don't. You determine if the investment is right for them. You provide the opportunity and I always come at it with the mindset of, "Hey, I'm bringing the opportunity, if you want in, great, if you don't, great because it's not going to last long." So from my point of view, and my perspective that there is no convincing.

**Patrick Riddle:** But your responsibility number 1 is to protect your investors' interests and you do that by buying right. If you haven't heard this before, it's very important. You make money in this business when you buy not when you sell. And I've made a lot of mistakes over the years, I've actually had to go back in and renegotiate with private lenders. This is not something fun to do, not easy to do but private lenders can be flexible, much more so than Bank of America or a traditional lender. So that's another advantage of using private money.

One mortgage deed or trust per property. Actually I think might hit this on the SEC slide coming up, but just to steer clear of any problems, that's the best way to do it. One mortgage, one property. And do not pool investor money. That means do not go out and get \$100,000 from 5 different people and use all that money to invest in that property. There's a grey area there.

And actually a law comes to mind, too, because I remember back when I was getting started sometimes I would get questions asked that I didn't know the answer to and what you want to do is don't answer questions that you don't know the answer to. What you want to say is, "You know what, haven't had that question before. Great

question though. What I'm going to do is find out the answer for you and then let you know." Because bottom line, you want to give out correct information and the best information possible so don't try to bring on some persona that you know something that you don't. Be honest. And go get the right answer.

Trevor you want to take over on this one?

**Trevor Mauch:** Yes, definitely I'll take over.

Ok. We have a lot of questions that came in over the last few days on the SEC regulations. I know there's a lot of buzz going around from people when they learn private money that you need to, of course, make sure you apply it to the SEC regulations, don't trip over the SEC regulations by getting private money is tough because it's so regulated. There are SEC regulations, I'll get that out there, but if you do it right it's not tough. There's not a whole lot that you can trip over if you do it right. It's when you do it wrong and the grey areas, like Patrick was mentioning, when you start pooling money, that it can get a little bit tricky and sometimes it's not worth it for that hassle but SEC does regulate private money but also your state regulates private money loans and private money solicitations. So if you're soliciting private money lenders in your own state, so I'm in the state of Oregon, if I solicit private money lenders in Oregon, then I follow my state's guidelines that these kinds of transactions fall under. The SEC regulations really don't apply all that much if you're doing in your own state. It's when you start soliciting for private money lenders outside of your state and they cross state boundaries, that's when you really need to start looking at sec regulations. When your state regulations and SEC regulations and make sure that you're following all the regulations. I'll try to go over a few things you need to look for here.

**Trevor Mauch:** But all in all, like I said, it's very state specific if you're soliciting business in your own state. So get together with real estate investors who are experienced in this kind of things, go to your local real estate investing club, ask a lot of questions, dole out some money because real estate is a business so you need to treat it like a business and in any business, it does take some type of investment to get started and if the best way to get started, to get over that fear of failure or that fear of you're going to do something wrong, find an attorney who knows these types of transactions in your area and get them to look at your paperwork or help you draft that paperwork so you know you're doing it correctly. Three or four hundred dollar bill for an attorney is a very cheap price when that's what gets you going, that's what gets you over that stumbling block.

Anyways, there are some marketing restrictions. Patrick mentioned he doesn't do a whole lot of direct mail, if any. And the reason for that is direct mail, when you're soliciting to people by sending them something or putting an ad in the newspaper, something that's public like that, the SEC and or your state can really of course, catch drift of your marketing and that might raise some red flags from them and if you don't have the right disclaimers on your ads, if you don't have your program structured correctly, then of course you can get in trouble.

So one thing that you really, really need to focus on is your marketing when you're presenting to potential lenders is you need to really make them realize that these funds

are not guaranteed. There's nothing about them that's guaranteed. They're an investment that's not guaranteed. There's a certainty of risk involved in these types of transactions. There is a risk of loss of money even if these funds are tied to a mortgage, like in South Carolina, or a trust deed, the private money lender if he defaults on the loan, technically they have something to back that up. They have an ownership of the property where they can sell the property or sell the loan or they have a mortgage note where they can place a lien on the property limit so they get their money back.

But make sure everywhere in there you make sure they realize there is a potential for risk and it's not guaranteed. Make sure that in all your marketing materials the you mention in there, and I have a little blurb that I have, once again it's something that you'll need to pass by your attorney but I can email everyone and some other resources I'll email everybody probably tomorrow morning.

But if you have a website, if you have marketing materials, make sure that they mention it is not intended to act as a solicitation for security. You're not marketing a stock you're not marketing a security where a person is buying an interest in your business. It's essentially a private money loan between two people and that's all it is. So make sure it's not a security. Make sure people realize it's not a security. Make sure people realize there's risk involved in all of this. Of course it's your job during the presentation to let them know how you can help buffer those risks and help ensure that those risks are mitigated by the way you do business but there are risks.

**Trevor Mauch:** A disclosure statement is something that everybody needs, should probably have. A disclosure statement basically goes over all the terms of a private money loan and it should be signed by both you and the private money investor before the transaction, before each transaction that they make. Just so you're protected, one, when the private money investor looks over the disclosure or mentions even though this isn't a guaranteed investment there is risk in this, this is how the loan is structured, this is how the terms are, this is what happens if the rules investor which would be you defaults on it, basically goes over everything and lays it out there's no question whatsoever before this is funded.

Have it signed by you have it signed by them and that way there's some meeting of the minds just in case an investor did lose money on it somehow they go immediately back to that disclosure statement and say you know what, I did know there was a risk the real estate investor did all he could to mitigate that risk but what the heck. Something happened here and if he takes that to his attorney he has a lot less to stand on if he's going to sue you if you're investment goes south but either way make sure there's some type of disclosure statement and get it all out there so you're not hiding in this thing whatsoever with your potential investors.

As Patrick mentioned, it's not always a good idea to pool investors' money. When you start pooling investors' money, let's say you need \$100,000 to fund a deal, you have five investors who each have \$20,000 it sounds like an awesome idea to takes that \$20,000 from each of those investors and fund the deal. But really it's not quite as simple as it sounds when you start pooling investors' money into one specific, into one transaction. Then the SEC can look at a lot of things as that's a security, that you're

selling them a security, and then all of a sudden you're under the regulations of anybody that is selling securities out there like --- those are securities they're selling and they're highly, highly regulated.

In my experience I wouldn't want to venture into that area. But there are exceptions. You can pool investors' money if you do it right. Once again, consult your local attorney to make sure that you're binding by your state's laws. It takes 4 hours to go over every state's regulations and to tell you the truth, I don't know every state's regulations. But check with your attorney if you're going to pool money. Ask them the best way to do that but really there's so much money out there they really don't need to pool investor's money unless it's some monstrous deal. If you need \$100,000 there's an investor out there somewhere that has \$100,000 that can invest in your deal.

All in all, this kind of sums it up, represent the private investing, the private money loan, as it truly is. Don't try to hide anything from anybody. When you start trying to hide things or you start trying to tuck things in the back corner and hope these potential investors don't see it, that's when you really get in trouble. Just be honest, be upfront let them know here's the deal, this is what happens, this is what you're potential to earn on it is, these are the risks you have, this is what my company does, lay it out on the line and use Patrick's presentation to make them feel comfortable and make sure they know what they're getting into.

**Trevor Mauch:** But that's about it. I know it's not in depth with the SEC regulations but this is the essential of what SEC regulations are based on and then when you start pooling investors' money, that's where it gets a lot more complicated. A little disclaimer, if you have any questions check with your attorney. That's about all I can say but these are the ones you definitely want to look at and check with your attorney for more specific state regulations.

**Patrick Riddle:** And guys, no need to let this scare you away from it or stop you in your tracks. There's ways to recruit private investors. Just stick to some of the simple things we've gone over tonight and again, it's going to be ok.

So, Trevor, thank you very much for going in-depth there. We actually added this slide since the last webinar since so many questions came up about it. Thank you.

Alright the action plan here: download the bonuses. A couple of slides from now we're going to have the links that you'll want to write down so that you can make sure you get the bonuses you get the tools necessary to go ahead and take the next step and get started.

Set a deadline for your first appointment you're going to have with a private lender. Take out your pen right now, this is of the utmost importance of goals setting. Goal setting sets the top achievers apart from the mediocre majority. By setting a deadline for your first meeting make it real and whether or not you think this is necessary or want to do it, I recommend just write it down. It's easy to do. You've probably got a pen in your hand a paper beside you. Just write down this is when I'll have met with my first investor by ---- set that deadline for it, make it real.

Study and practice role play. I suggest you go out and find a partner who you can role play with. This is the easiest way to learn this stuff and you can hold each other accountable for your goals and also fail forward.

Understand that failure only exists when you've given up, when you quit. As long as you push forward, take every experience for what it is which is a learning experience and a great belief that you can adopt is the meaning of your communication is the response you get. The meaning of your communication is the response you get so if you're not getting the response you want from someone that you're meeting with, change the way you're communicating. You're holding 100% responsibility for your results or lack of and by accepting fault, you position yourself to learn what it takes to get the results you want, to be successful at recruiting money.

Most people end up taking the easy way out just blame something, anything. Then it's not their fault they can quit trying, they can feel good about themselves and from this position no learning is going to take place. No growth, no results, no private money. So fail forward, realize what it is exactly and learn from your experiences go out there and don't take no for an answer. Just say, "Turn no into next". Anytime someone says no, they're not interested, say, "Next! Ok, I'm going to get on the phone. I'm going to meet with the next person. I'm going to find private money."

Alright Trevor, now for a Q&A session. Any questions that anyone sends to us?

**Trevor Mauch:** I'm going to go through a list of them here. This is a good time to submit your questions. We tried to go over as much as we could during the presentation but of course we don't know what's in your heads. So if you have any specific questions shoot them our way through the questions on the right side, we'll be here as long as you need us to be here and as soon as the questions are answered, we'll give you the links to the powerful presentation that Patrick just used, we'll give you his link to the free e-book, which goes over the entire script of what you can say, how you can present to private money lenders. There's also a few other resources that we'll let you know after the questions and answers.

I'm going to go over the ones that are already in. Let's see here.

Here's the question: I plan on selling properties through a lease option program. I understand that you typically pay back the lender within one year. Can you explain the refinancing of a property an exactly how that works?

**Patrick Riddle:** Ok, well, I would throw out that first off, we don't necessarily always structure private money loans for a year. I consider 6 months to a year a short term investment. One year to 5 years is a long term investment. So if your strategy is to buy property, lease option it, get the qualifiers to buy from you, ideally you would recruit private funds for a long enough time frame to support your deal there. If that's not possible, maybe you could look into it and you've got a private lender that will put up the money for a finite time period and you look at your personal situation or circumstances and see what the refinancing options, maybe through the traditional market you have.

Maybe you use the private money lender to lock up the deal, buy it, renovate it, get it in good shape, then once it's in great condition and has a tenant in there, then maybe you could go to traditional clients and resources to refi it. Or can you secure a long term private money loan just whatever works for you.

**Trevor Mauch:** Perfect answer.

Next one. There's a question here: they ask if we can mention anything specific to NY. NY is a different animal as a lot of people know, with everything from the insurance markets to the financing markets. To tell you the truth I don't know the NY market well enough to give you a good answer. Do you know anything about the NY market and recruiting private money in NY, Patrick?

**Patrick Riddle:** I do not. What was the specific question?

**Trevor Mauch:** He just asked if we can give him more specific information, specific to NY, based on the regulations they have.

**Patrick Riddle:** I would think that they're probably similar to most state's regulations and such and how it all works. The majority of everything we've talked about, there's ways to keep it simple. One investor for one property, especially if you're borrowing funds, like Trevor said, from people in your state, then they're probably not going to blink an eye at you. If you're not sending out direct mail and doing marketing pieces in traditional media, then if you're sticking to the way I've become successful at it, which is mainly through networking, building a small client base that got good returns, then building off referrals, then it's a pretty safe way to go about doing it.

**Trevor Mauch:** Cool. The next one here says, Joe says: If you get private money lenders from one state can you use those same investors to invest in other states? For example you get private money investors in Nevada, do you need to find new investors if you start investing in California?

I'll let you take that one.

**Patrick Riddle:** Well, to that one I'm going to have to say, I'm going to have to look into that one. I haven't come across that question before. But we could delve into a little bit and maybe, Trevor if you could put that one aside, maybe we could just send him a personal email once we find out the good answer for that.

**Trevor Mauch:** For sure.

**Patrick Riddle:** And I think the important thing that I want people to keep in mind is don't, don't let some of these details and such stop you. Go ahead and get out there and start planting seeds and get things in motion and when you come to a specific question that you don't have the answer to, then that's when you want to seek legal council and make sure that everything's straight and in order.

**Trevor Mauch:** Exactly. And one thing that I've found too, it's always best to learn something first before you go off to learn a bunch more. Put what you know into action and once you get the ball rolling and once you start meeting with private money lenders, and once you get a deal that needs to be funded, those answers will come to you. It might seem like an answer that you have no clue about now but when you're actually talking to private money investors, you have a deal you know you're getting close to a closing, those answers will come to you whether it be from somebody you networked with, whether you need to call the attorney now that you have a specific question. Just get up and take action. And the answers always end up coming to you in the end.

**Patrick Riddle:** Trevor I've got a quick thought which you can let me know what you think about it. It's 10:25pm we're coming up on an hour and a half and I'm not sure if other people have commitments. We could proceed through the next slides and then stay on at the end to continue to answer questions so that if somebody's got to hit the sack or if somebody's got a commitment they can still get the freebies here and the information and then we can stay on to answer some additional questions. What do you think about that?

**Trevor Mauch:** Definitely, let's do that for sure.

Get everybody the information they've stayed on the line for so long for. And here's the information guys. For the PowerPoint presentation that Patrick went over and the speaking script that he wrote and has refined over the last 6 years head over to <http://www.mustknowinvesting.com/freestuff.html> and I'll read that once again [www.mustknowinvesting.com/freestuf.html](http://www.mustknowinvesting.com/freestuf.html) and be sure do not forget the .html at the end if you forget it you'll probably be taken to an error page or something like that.

**Patrick Riddle:** It would take them to an error page. That's very important.

**Trevor Mauch:** So be sure to put in the .html to get that. And one thing, I'm going to be running these free and 100% content, free, no-pitch workshops at least once a month, maybe twice a month and the next one is setup for about a week to two weeks away. It's about how to use the internet to create more traffic, create more prospects, sell properties faster, generate more leads, through the internet and your website. And I'll go over a bunch of stuff at that workshop. Once again that's free, actionable content. Head to this URL and sign up for the workshop right now. [www.thereibrain.com/internet-workshop](http://www.thereibrain.com/internet-workshop) and that's once again 100% content workshop like this. It goes over how to generate more leads and sell properties faster online.

The last slide, I don't remember what's on the last slide there. We are printing transcripts off for these workshops. These workshops are 100% free. We don't pitch products on them, because that's what I was looking for when I first getting started in investing. The workshop cost me about \$100 - \$150 to run every time and the transcripts, this being an hour and a half to two hours long will probably cost me \$80-\$100 bucks. That's about \$300 bucks out of my pocket for each one of these workshops so if you want a full written transcript on this workshop, we'll have it ready hopefully next week or the week after. Just \$9.95. Once again it helps to pay for my costs. I'm not making any money on this whatsoever. You can head over the [www.thereibrain.com/private-money-](http://www.thereibrain.com/private-money-)

[transcript](#) and once again if you want the full written transcript of everything, including the question and answer session that's going to go on here next, head over there. Just \$9.95 either way you can get the recording. We'll have that up hopefully next week so hop on the next slide.

Ok this once again goes over some of the free workshops we're going to have. I'm not even going to read it over because we want to get these other questions answered so if you want to hit any of the workshops free workshops we're going to have you can get on our newsletter and I'll update you when they come along.

So anyway, let's move on to the other questions here.

**Trevor Mauch:** Let's see. Ok here's a question from Scott. He paid 10% per annum on \$140,000 loan. What would the investor get paid on the interest?

I'll kind of give my 2 cents and he can fill in. With this type of loan there's not enough detail in here to give you an exact answer. If you're paying 10% per annum and the total loan is only 6 months, of course then the private money investor will be getting 5% total on that \$140,000 over the six months per annum. If the last 12 months at the 10% annum once again, it would be 10% of the \$140 K so that's one thing you really need to specify in your loans. Is it 10% per year or is it 10% for the term of the loan?

Good question, Scott, and fill in there, Patrick.

**Patrick Riddle:** Well, any of the loans that we structure, they're always whatever percent or whatever rate of return per annum that's what we pay per year so that's just how we do it. This is a creative real estate investing is all about being creative and structuring things however it makes sense for you and if you're bringing in an investor, however it makes sense for them. I've always structured whatever percent 10-12% per annum. That's the way I've done it. So that's the way I would probably suggest.

**Trevor Mauch:** Cool. Go to the next one here. A bunch of thanks from people saying thank you. I'm trying to get through all of these. Scrolling through here the screen has the questions isn't very big so it makes me go through one at a time.

And going through a lot of thanks. Thank you guys for thanking us.

**Patrick Riddle:** No, we appreciate it too, this is a two way thing here. We're here presenting but you guys have really stuck it out. So we're glad to give you everything we can.

**Trevor Mauch:** Exactly. Here's a question from Chris. I would like to send letter to many doctors and attorneys I know from my business. Any problem with California state law or SEC in doing so? And the second part of the question: Do I have to have disclosures in the letter? Just want to advise them what I'm doing and would like to talk to them.

You can go ahead and start out and I'll fill in afterwards.

**Patrick Riddle:** Well, I would suggest to craft your marketing piece and yes, I would suggest go to an attorney in your state, in your area, and pass it by them. I'm not sure if this is a list of doctors that you've worked with that you know that's an opt-in list, then it may be a little different than if this is just a cold list that you pulled out from a certain list provider. But I would put your marketing piece together. If that's the strategy you want to go with, great. I'm sure there's a way it can be put together so all of your bases are covered. So if that's the strategy you want to use, pass it by an attorney. Definitely.

**Trevor Mauch:** Yes, exactly. I would say the same thing and I know that answer isn't the answer a lot of people are looking for the pass it by your attorney one. But truth is we cannot get specific on every type of question, especially when it involves different state laws and we don't work in those states so to make sure that you are going in the right direction always consult your attorney.

**Patrick Riddle:** I've used some very rudimentary, simple, strategies for marketing that just getting the work out, just telling people, having it on your business card, having a little website up, and a lot of the gray areas that we've talked about, they're areas that I have stayed out of which if you want to venture into them, that's great, that's fine. Get some legal advice. Me personally, I've just enjoyed more sticking to the basics. Just write down the basics and putting them in action and they've worked great for me

**Trevor Mauch:** Exactly. I totally agree with that and as you know, Patrick, it's way, way easier to get somebody to invest with you when you know someone, you build a relationship, whether it be through networking or whatever. Ways you can get somebody to invest with you when it's through something like that or a referral rather than the cold caller or cold letter. But if you're sending out letters, marketing letters, consult your attorney about your state laws to make sure you get the right disclosures in there, if any are required.

Hopefully we answered that. If you, Chris, send me an email, go to my website, shoot me an email and we'll look into it further if you need further clarification.

Question from Patricia or Patrick, I work with Dr X, meaning any doctor. Would you consider having a meeting with them or sending a letter to them to make it known that this is an opportunity for them?

I'm assuming that she's saying is it a good idea for her to meet with them or send a letter to them it almost looks like she's asking for our assistance to help get the word out but let's pretend she's saying that it's her but would you say it's better to send the letter or make the opportunity known?

**Patrick Riddle:** I think it's a great idea to, just if you know them or have some connection where you could be introduced personally, I like the personal touch of just giving them a call and that's an introduction from a friend or if you already know them. I might approach it maybe I know a doctor who probably has some funds that he could invest but he doesn't know about our program. I may call him and say, "Not sure if you know exactly what all I'm into currently. I'm involved with some real estate investing

and we've got some opportunities for the right people to make a good return on their investment with us. You know, is that something you would be interested in learning more about or probably not?"

Then based on their response would tell me what to do from there. If they show any interest, then I wouldn't go into much if any detail, I would say, "This is the kind of conversation that we should just schedule a meeting with." I would also want to find out before scheduling that meeting who all is involved in the decision making process. I make sure when I meet with them that everybody's there and there's not going to be second hand information distributed because I didn't have all the right people there listening. I'm going to set up the meeting and I like the personal interaction I think that's the most effective for me.

**Trevor Mauch:** Cool. There's a guy, he's an investor in North Carolina and wants to know if you'd be interested in being put on his wholesale buyers list. I'll forward you his info and you contact him if you want in on his list.

**Patrick Riddle:** Please do. I like to let people know that I do deals so if it's a good deal I'm willing to look at it and just go from there.

**Trevor Mauch:** Rodney says: I spent two months in jail, have a \$9,000 judgment against me, no car, lost my job, bank account, get half from my unemployment check, half goes to child support. Started educating myself in real estate, have a negotiation going on a property right now, having trouble finding financing for it. What should or can I do?

First of all, Rodney, you're, of course, in a situation that's not ideal maybe in your mind but a lot of people would look at it as really you may have not a ton to lose by going out there and taking a ton of action right now. You're maybe even in a better situation to get started than a lot of people. But just from the way you started phrasing your question you kind of putting yourself behind the 8 ball, making, in your mind, you kind of think you're at a disadvantage when in fact you should turn it into an advantage and really think that I have nothing to lose I should hit the streets and get some deals done.

But as far as finding financing for a deal that you're in right now, work the numbers, if the deal is good and I mean if the deal is good enough, there's always going to be people with money willing to invest and if you truly have a good deal. Just like Patrick said, if you have a really smoking deal but no investor for it, they hit the streets, went around and saw all the realtors in town, presented them with the deal and they ended up partnering on a deal with somebody so that's an option for you and Patrick do you have anything else to add there?

**Patrick Riddle:** Well I was going to say hats off to you for having gone through what you have and spending the time to invest in yourself and get interested in something that can be extremely positive. And like Trevor said, if you've got a good deal under contract, the money's out there.

Get involved in a couple of investor groups in your area and start asking around, see who the players are. Find out who some of the hard money lenders are in your area. I've talked a lot about the advantages of private money over hard money but I've got to say I've met with hard money lenders plenty of times over the years just because at the time it made sense. Go get your relationships established with people who lend based on a good deal and not based on any of your past and whatever that you think might hold you back. Bottom line; there's plenty of money out there. People will lend based on the deal so don't let it hold you back just get out there and start taking action.

**Trevor Mauch:** Cool. Another question here they want to know how the closing process works with private money lenders. Is it different from conventional financing. Basically give a 30-45 seconds on how the closing process works with private money.

**Patrick Riddle:** It can be very simple. Depending on your investor's level of comfort, you could just have them write a check to your company. Go put it in your bank account then write a check for whatever closing you have coming up. You could also set it up where they write a check directly to your closing attorney's office. So if you've got a closing coming up and you need \$250,000 then they just write the check to Mr. Attorney and they or you take that down to closing and of course, they know that at closing is when the documents will be signed and transferred over to them.

**Trevor Mauch:** Cool. There's only a couple more questions here and I'm sure there will be other questions that come in through the email in the next day or two and we'll answer those individually as we get them in. and maybe we'll film another little video or write some articles to go over them. But one guy asks what's in the disclosure?

There really isn't one canned thing that's in the disclosure. Basically if you're going to use a disclosure, which a lot of the time it's very recommended, to check with your attorney once again if this is something you need but of course have your company information, what you do, location of the company, trends in the industry, things that Patrick had in his presentation. You should put in there since it's a disclosure any risk factors that may be involved. Like I said, it's not a guaranteed investment so you need to mention that but people realize that real estate is a pretty darn safe investment especially when you buy it at low lpv such as when you can get it between 60-70%. If you can't if you will use a private money lender, then just make sure you put in the risk factors out there and use your sales presentation to tell them how safe you're helping to make it and how the market really is.

Another think you might want to add in there, how the proceeds are going to be used. That's always just to make sure everybody's on the same page. Anybody that's key to the transaction, like key shareholders in your company or something like that. Any financial savings you think you might need. Basically disclose what needs to be disclosed so that everybody's on the same page and everybody knows how this transaction is going to go from start to finish.

Anything to add there, Patrick?

**Patrick Riddle:** No I do not really. I love the idea there to have the disclosure that everyone signs but I actually have not used one. I just, I just hand them the notes, the specified terms of our agreement. But that's a great addition to have with some paperwork and something to help. I'll probably go ahead and take that action on myself

**Trevor Mauch:** There you go. I think I have an example of the disclosure or some bullet points that I can forward people if they want it to send me an email at [Trevor@thereibrain.com](mailto:Trevor@thereibrain.com) and I can forward you just an example, once again. Don't use it right there. Take it to your attorney and make sure it's correct.

Let's see. Mohammed asks will there be a replay of the webinar?

There sure will. And hopefully we'll get that in there next week.

Can you have the money sent to an escrow company? And I'll let you take that.

**Patrick Riddle:** Yes you can. Yes. That's the perfect – a good way to transfer funds and especially if that helps the comfort level of the investor. By all means, typically, I just like the – I like to do my best to suit the needs of the investor, whatever that may mean.

**Trevor Mauch:** Perfect. I'll add one more thing. One thing that a lot of people like the comfort of is the traditional, some kind of traditional feeling of the transaction and it's always good – I mean if you have a good attorney, you're in an attorney state, or an escrow company state, it's not a bad idea to close your transaction through your attorney or escrow company, just to make sure everything's done correctly. There's no question and it's a lot more professional. So using an escrow company, if you're in an escrow state or an attorney is probably the best way to go.

Let's see here. It looks like that is about all of the –

**Patrick Riddle:** I was just going to say, I missed hitting on that because in South Carolina we do our closings through attorneys and then a lot of states do them through title companies. So that's a good point to bring up. I hope that I didn't confuse any of the people listening whenever I referenced the closing attorneys.

**Trevor Mauch:** Gottcha. A couple of questions that popped up here. Is North Carolina, an escrow state or attorney state? Also is NC a mortgage state or deed state?

I have no clue about this. Although I could probably find out pretty quickly.

**Patrick Riddle:** Well, all the times whenever any question comes up these days, about the quickest way to get the answer is to go to Google and type in exactly what you just asked and it will probably tell you in a split second.

**Trevor Mauch:** Exactly, exactly. OK one more question here. The rest of them are a ton of thank you's.

Do investors need to be present in Maryland at time of close? It doesn't say Maryland it says MD, I might be assuming it's Maryland. It says do investors need to be present at time of closing?

**Patrick Riddle:** I don't think that an investor would have to be present for any kind of closing if the funds are there, then from my point of view you're going to be good to go. Because the paperwork that they're going to receive is signed by you or if you buy in a trust, your trustee. If you buy it in the company name, then someone in your company. So the investor doesn't – might sign a disclaimer or disclosure but the note and the mortgage deed of trust would be signed by you, the real estate investor.

**Trevor Mauch:** And Patricia who asked that question did ask clarify it's Maryland. Patrick's answer takes care of it well there. Once again, the kind of – after we don't know the exact state's specific laws, check with your escrow company but we're pretty darn sure you don't need to be there most of the time.

OK, last one here. Robert asks: Do you guys have a mentorship program or do you take on students?

I don't. I run [www.thereibrain.com](http://www.thereibrain.com), it's a free website. Once again I try to give away all the education I can and I guess you'll have to give your take on that, Patrick.

**Patrick Riddle:** Well, we do over the years we've taken on students from time to time. And we do have an advanced very detailed mentorship program and it's – I will say this, we are selective. We only take on people that we know are going to do what it takes. And it takes commitment, it takes drive, it takes a good motivation to be successful because we've grown our program by taking on people that are going to do what it takes, that will go out and spread the good word about us. So you know, we are a little selective but we're thinking about as well, doing a specific shorter term coaching program, specifically for recruiting private investors. Not sure it's something we're going to do or not yet. But I guess we'll let you know.

**Trevor Mauch:** Cool. Yeah, Robert sent in another note, we'll contact you and send over the details. As Patrick said, we don't really have a product to sell or anything but if it works for you and Patrick to work together, cool.

Anyway, that's about it for now, guys. Thank you everyone for hanging in there. It's almost 100 people still on the line, almost 2 hours later. This means it's a topic that a lot of people wanted to learn about. So I will keep on bringing good content. If you have questions you thought about after this, then shoot me an email at [Trevor@thereibrain.com](mailto:Trevor@thereibrain.com) Hopefully we'll have the recording up for you here in the next week, maybe two, depending on how fast I get that done.

And anyway, hopefully we answered all your questions, or at least most of them. Hopefully this was a good jump start for a lot of you. And I appreciate everybody spending their time out of your day and your evening, especially if you're back east it's late at night. Spending time out of your day and evenings to invest in yourself, invest in

your future, and listen to what we have to say and what we've learned ourselves from our own experiences.

I thank Patrick a ton. He really knows his stuff and is an awesome guy. Thank you, Patrick, for being on the workshop tonight.

**Patrick Riddle:** Well all I was going to say is thank you to you as well. You've been great to work with and guys, [www.thereibrain.com](http://www.thereibrain.com) tremendous resource. For anyone looking to really get in and learn a ton about investing. So check it out. And look forward to some of the upcoming webinars as well. Maybe you'll see me again. On some but check them out because you just can't be good free content like this.

**Trevor Mauch:** That's right, buddy. If he can flip back to the page for the download links one more time there's a couple of people who asked for those links and we'll go ahead and leave that page up as we sign up. Go grab those resources. Go subscribe to Patrick's blog and he puts out a lot of great info. Check out [www.thereibrain.com](http://www.thereibrain.com) and get all the free information you can there. And we'll keep you updated if you're on our newsletter list about our next workshop and if there's any opportunities for people to work with Patrick or whoever to advance your real estate investing career a little bit more.

Thank you guys very much

**Patrick Riddle:** Well just going to throw this out there for all of you still on the line that have made it this far. My business partner Dusty Keefe has got a free negotiating CD, he is quite the negotiator and if you go to [www.mustknowinvesting.com](http://www.mustknowinvesting.com) I wrote a post maybe a week or so ago where you can go and get it for free. Order it and just pay shipping. So there you go. Reward you all for staying on. Go for it. It's some really good content.

**Trevor Mauch:** Cool. I'll probably go get that myself actually.

Guys, head over there to [his website](#), check out the CD and we're going to sign off. Send your questions in and we thank you all once again and we'll see you on the next webinar.

**Patrick Riddle:** Good night everybody.

**Trevor Mauch:** Good night.



## Recommended Resources From The Workshop:

### Web Hosting For Your Private Money Site:

- [Hostgator](#) – We use Hostgator for all of our own sites. Try them out... they have the best customer service we've ever found from a web host... and they're less than \$10 a month!

### Patrick's Private Money Powerpoint Presentation and Script:

- [Presentation and Speaking Script](#)

### Good Private Money Info (paid stuff):

- [Alan Cowgill Private Money Stuff](#) – Patrick actually used some of Alan's courses a few years back to get him going. Patrick said it worked for him... I personally have never used Alan's stuff... so I can't attest to it. Check it out... if it's good for ya try it out. s

### How To Use The Internet To Drive More Qualified Leads, Build a Bigger Buyers List, and Earn More Profits... 100% No Pitch Workshop Video Replay:

- [Internet Marketing for Investors Workshop](#) – We ran a 2 hour step by step workshop on helping investors set up their sites to be optimized for the search engines, generate more buyer and seller leads, and all for a budget that is less than a few Starbucks coffee's a month. Watch the full 2 hour no product pitch workshop.



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