

ADVANCED Conversation Editing

- Edit transcript for transcript readability
 - Make questions as concise as possible
 - Fix Spelling, Punctuation and Conversational Grammar errors
 - Remove ummms, ahhs, you knows, right, ok so..,
 - Remove / Fix unusually awkward grammar
 - Remove content with visual references
 - Restate unclear thoughts
 - Rewrite and Combine content for clarity and focus
 - Remove redundant statements
 - Fix sentence structure, that causes misunderstanding of the content
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Tell us about Agent Investor Pro and how you are helping your students.

Brant: Agent Investor Pro was created to serve the real estate agent who has the desire to become a real estate investor. Some of our students are already dabbling in the investment arena and trying to get to the next level. Others have questions and just need more guidance to begin building the investment side of their business.

There are a lot of moving pieces when it comes to building a real estate investment business. One of the biggest obstacles facing agent-investors is financing their deals. The team at Agent Investor Pro has been using a proven system for funding our own deals for several years, and we help our students use that same system to successfully get funding whenever they identify a good quality investment.

People typically think when you buy a house, you go get a mortgage or a bank loan. Why is financing deals such an obstacle?

These aren't the kind of pretty houses you see on HGTV when a couple is shopping for their dream home. The properties we typically buy as real estate investors are commonly known as "ugly houses." They often have massive amounts of deferred maintenance. They may need foundation repairs, new roofs, countertops, and flooring.

They need everything. Conventional banks and mortgage companies feel there is an increased risk with properties in this condition and generally won't approve financing on these types of loans.

How do you help them overcome this problem?

Brant: There is an entire industry called Private Mortgage Lending built around solving this problem for real estate investors. The Private Mortgage industry isn't made up of big financial institutions, but rather of a special group of niche investors called Private Money Lenders who specialize in providing real estate investors the financing they need to do these types of deals.

Private Money Lenders are typically individuals who are using their own cash savings, often from retirement funds that they've set up in a self-directed IRA, to create private mortgages for real estate investors with mutually agreed-upon terms for the rate of return.

They are just normal, average, everyday folks who are risk-averse when it comes to investment opportunities like the stock market. But they understand and appreciate the above-market rate of return and security provided by investing in private mortgages because they know their investments are backed by real estate.

Since most of our private lenders are loaning to local real estate investors, there are some feel-good aspects to it as well. Not only are they receiving above-average earnings on an investment that's secured by an actual property, they can also see the renovations that are taking place, and they're getting the peace of mind that comes from investing in their own community with somebody they know.

To me, Private Money Lending is really relationship-based lending. At Agent Investor Pro, we teach our students how to build those relationships and tap into this powerful source of funding.

Can you explain some of the benefits and advantages of raising private money to fund deals for real estate investors?

Brant: There are a lot of benefits to raising private money. First and foremost, it may be the only way to get funding for a viable deal. Robert Kiyosaki calls the ability to raise private money the number one skill set of an entrepreneur.

Then, there's the advantage of speed. Good deals don't last long, so as a real estate investor, it's important to be able to make cash offers and close fast. We are able to do that when we are working with an individual private lender who can make their own decisions and understands the need for speed. It's so much quicker than dealing with the red tape and drawn-out approval process of banks or mortgage companies.

Working with a private lender can provide real estate investors a lot of flexibility with loan terms that are unheard of with traditional mortgage loans. We are often able to get

100% financing. It's not uncommon for private lenders to agree to interest-only payments and sometimes even defer payments completely until the house is fixed up and sold.

When making loan decisions, private lenders are far more interested in the loan-to-value of the property they are lending on than the credit score of the investors they are lending to. That's why they generally don't take into consideration investor's credit reports or personal financials. Sometimes they do, but it's very, very rare. We generally find that after doing a few deals with the same investor, a relationship and level of trust is established and that becomes most important.

One of my lenders once said to me, "You know, Brant, even though I know that the real estate, is the security based on the loan documentation, it's really you as the borrower and you as the person that is my real security. That's why I'm lending to you — because I know you and I trust you." That's always stuck out to me. I think the relationship aspect of these transactions is very, very important.

That personal element also provides a feel-good benefit. Knowing that not only are you growing your own business, but you're helping your private lenders grow their investment portfolio at the same time.

A big part of our Agent Investor Pro workshops is teaching our students how to tell the story. While we spend a lot of time on the numbers and the strategies, we also make sure they know how important it is that the lender understands the whole story of how this all works.

Whenever a deal is done properly, there are the obvious wins such as the agent-investor enjoying a financial return on their successful real estate deal and, of course, the private lender getting an agreed-upon rate of return secured by the real estate.

But at the same time, it's important that everyone understands the not so obvious wins that these deals and relationships can produce. A very rundown home in a neighborhood has been restored. Jobs have been created for the local contractors and tradesmen that are hired to do the work. Tools and materials are purchased from local hardware stores. Last and certainly not least, they've provided a very nice, clean, and functional home for a family to purchase or lease.

It's a feel-good story all the way around that would not have happened if the lender had invested their money with some company or mutual fund on Wall Street that they may have very little knowledge about or could really provide them any security at all.

What's the biggest obstacle that you help students overcome to be successful at raising private money?

Brant: Having the wrong mindset can be a big obstacle. A lot of agents come in afraid that they can't do a deal because they don't have enough money to put down or they don't have the ability to raise private money at all.

Many times, they have this fear that raising private money is about knocking on doors and pitching a deal and asking people to borrow money like a pushy salesperson. That's a big misconception, and the first thing we have to do is get that notion out of their minds by showing them how private money is attracted to good deals and trustworthy people. Pitching deals and being pushy isn't the way to do that.

Instead, we educate potential lenders about the opportunity to invest in private mortgages — and that's all that we do. We let them know how it works, explain the steps, and just answer questions.

Things changed for me when I realized how many people had been financially hurt in a big way through the ups and downs of the stock market over the years, and because of fear they just had money sitting there. It's the job of the investor to help their potential lenders overcome their fears by educating them.

We help potential lenders overcome their fears by showing them how passive and safe investing in real estate can be when done right. When you take on the mindset that your goal is to help people understand the process, their fears and questions often subside and they're ready to go. It's not about pitching a deal, being a salesperson, or anything like that. It's really just about educating people and finding what's a good fit for you, your business and your potential lender.

There's always a risk in every deal, but if they follow the steps, apply the principles, and focus on deals that meet the criteria we layout, then the truth is that the floodgates will be opened they can get 100% financing on most deals. Our company, as well as other successful real estate investors I know who've been doing this for a long time, have more money available to us than we can possibly invest.

In fact, we have some lending partners that we work with that are ready, willing, and able to fund these deals for them if they want to speed up the process, and we fund a good number of deals ourselves.

It's what I call a private money law of attraction. It just takes investors doing it a few times to realize that they could essentially do an unlimited amount of deals because there's a surplus of money. It's usually a pretty pleasant surprise when someone finds out that their way of thinking was completely backward and hurting their business.

How does Agent Investor Pro help students overcome these fears and take the steps to change that mindset?

Brant: Fear typically subsides either through education or through experience. I wrote a book about this subject called *The Private Lender Playbook*. The first thing we do is teach our students how to verify that a deal is a good one, and how to make sure all the necessary items — the title, the commitment, the insurance documents — get checked off the list.

We make sure they're very knowledgeable and that they are safeguarding every aspect of the deal for themselves and their lender, and that they know how to present a deal to a potential lender. We take them through the process of identifying where the potential lenders are, making sure that they know how to clearly explain how the property is being secured and how the lender's investment is going to be returned to them, and making sure they can answer any potential questions a private lender would have.

After taking them through some case studies, they can go out and put what they've learned into practice.

Several of my students have come into our program with no experience, and with a little anxiety about going out and raising money. Sometimes we'll fund a couple of their deals with our private lenders and show them how it's done. After that, it's really the rule of one. When they go out and do just one deal, the light bulb goes off and they're like, "Oh, I get it."

That's when the real beauty of this whole process begins. I encourage all my students to find one good lender and get that one deal done – and then to do everything in their power to absolutely take care of that lender, make their payments on time, and be very transparent about the process. If they do that, they'll have their first repeat lender, because that lender is going to come back and they are going to refer other people to them.

Can you share an example of how you've helped a student overcome an obstacle to successfully fund a deal?

Brant: Absolutely. One of my coaching students came to me and said "Hey, I've got a deal on the table that I'm afraid I'm not going to be able to move forward on because the only loan offer I received was for 12% and that's going to unfortunately hurt the numbers to the point that I can't move forward on it. After some discussion, she said, "Well, I do know this one particular lender who has expressed some interest in lending to me, but I don't know if they would be happy with the rate of return that I'm seeking for this deal, which is 5%."

I said, "You'll never know unless you ask." She did and was able to raise money at 5% interest and no points, which is almost unheard of in this industry. She essentially saved herself thousands of dollars just by asking a very open-ended question to a potential lender. She got the deal closed at a great interest rate and the private lender was very happy as well.

Is there a common mistake you would warn someone new to raising private money about?

Brant: I think some of the pitfalls and mistakes a lot of agents and investors make are rushing into the market and talking to potential lenders without spending enough time

educating themselves. They may have an ideal potential private lender, but when they get into that conversation, they either can't answer that person's questions properly or they can't give that lender the necessary peace of mind about investing with them. It may have nothing to do with their credibility and the deal that they have; it may just be that they aren't as prepared as they could be.

Can you share a mistake that you've made in your career as a real estate investor that still impacts how you do business today?

Brant: Yes. I've tried to get better about it, but it's a mistake that I see a lot of real estate investors make and that's trying to become a "Jack of All Trades." I started out buying rental properties. I got really good at it during my first two and a half years in real estate; I put my blinders on and all I did was buy those properties.

I got to a point where I had built systems and had enough experience that I could begin to learn the next thing, but I made the mistake of trying to add two or three components to my business at the same time without mastering any of them.

Like a lot of entrepreneurs, I've got a little bit of ADD, but I made up my mind that I was just going to focus on one type of investing until I could master it. That's when I went into flipping houses to add that component to my business.

So, I encourage newer investors to focus on one form of investing or one form of marketing rather than being a "Jack of All Trades" too soon.

What inspired you to become a real estate investor and even a mentor?

Brant: I was in law enforcement for seven years before entering the corporate world. I determined pretty quickly that it wasn't for me and knew I wanted to be my own boss. I had a pretty fortuitous meeting with a gentleman who encouraged me to look into real estate.

I watched a lot of the fix-and-flip shows on TV and was drawn to the construction side of real estate. I really liked taking these rundown, distressed properties and turning them around quickly.

What attracted me most was the idea was that I would be able to control my time and provide better financially for myself and for my family, but my main motivation was always the freedom I had seen people obtain with real estate and the ability they had to do something they enjoyed. Financial gain was secondary, although it is a big benefit to real estate, because I'm a person who really likes to enjoy what I'm doing and who I'm working with.

Being a mentor or a coach was never something that I had planned. After several years of investing, I started to build up a little bit of a reputation as a successful investor and

was asked to speak at a few real estate meetups. Then, a good friend of mine gave me an opportunity to be a co-speaker at a weekend seminar event, and that's where I caught the bug. I really enjoyed sharing and helping and motivating people. The more I give my time to that aspect of the business, it always gives back to me. I've done several deals with students. My best students become partners and friends.

What do you think is the most important question that real estate investors should ask themselves as they consider raising private money?

Brant: The most important thing that real estate investors should ask themselves before even considering raising private money is whether they are willing to perform no matter what. I start most of my workshops by talking about this. In no way should a real estate investor ever consider raising private money unless they are 100% committed to performing on that loan, even if the deal goes bad.

There were a few times that I had to take a loss, my back was against the wall, and it would've been easy to give up, but I've always found a way to make it work. I've done hundreds of deals since I got started and have a 100% track record with my lenders.

I've always had the mindset that people are trusting me with their hard-earned money. This is their retirement fund. Some of them have worked their entire lives for it, and there's no way I'm not going to return that capital to them. It's just not an option.

It's like the old saying, "It takes a lifetime to build a reputation and an instant to lose it." Your name is your network and your net worth. If you ruin it, you're going to jeopardize your business for years to come.

What do you think is the most important thing real estate investors should consider when they're evaluating someone to be a mentor?

Brant: It's important that they find someone who's active in the market today. I've seen a lot of situations where real estate coaches do very little current investing or aren't active at all. They may have been really big at one point, but the real estate market is always changing.

Today, aspiring real estate investors can just Google or go on YouTube to learn pretty much anything they want about the subject in a matter of minutes – and it's free. So they need to look at the other aspects of what helps build a successful business. The learning environment and strong accountability from a mentor who's been there and done that can be a big part of that success.

We like to give our students some one-on-one time so they can get tailored help with certain aspects of their business, but we also have weekly group events so they can learn through case studies and see what other people are doing.

How can someone find out more about Brant Phillips and Agent Investor Pro and how you can help?

Brant: They can visit my website at brantphillips.com or they can visit AgentInvestor.pro to access our free training.