

CLEAN 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
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Tell us about Agent Investor Pro and how you are helping your students.

Brant:

Agent Investor Pro was really created to serve the large market of real estate agents who have their realtor's license, but they have the desire to become a real estate investor. Some of them are already dabbling in the investment space, but they're just trying to get to the next level or they've got some questions and just need more guidance to begin building more of an investment type of business than a realtor type of business.

There are a lot of moving pieces when it comes to building a real estate investment company or a business. Getting funding for their deals seems to be the biggest obstacle that agents and investors face. We have a really good financing system that we've been using for many years that we use to help real estate agents get funding whenever they identify a good quality investment.

People typically think when you buy a house, you go get a mortgage or you go to a bank. why does that seem to be such an obstacle?

Brant:

These aren't the kind of nice and pretty houses that you see on HGTV when couples are shopping for their ideal dream home. These are the properties that we typically buy as real estate investors are what they call "ugly houses."

And they're the ones that have massive amounts of deferred maintenance and need foundation repairs, new roofs, countertops, flooring, and just about everything else. So, these are not properties conventional banks want to lend on.

There is an increased risk with these types of loans, so it takes a special type of lender who understands that these properties and understands how to safeguard themselves. There's an entire industry out there for this type of lending. ewer agents or inexperienced investors are not

familiar with how to access these funds and navigate through this lending arena, that's what we help them do.

How do you help them overcome that problem if banks and your traditional financiers don't like to lend on those deals?

Brant:

We teach them how to work with private money lenders.

What is a private money lender and how are they different from traditional lenders, banks, and mortgage companies?

Brant:

A private money lender will typically lend on the “ugly houses” that conventional lenders don't like.

We educate private investors about this investment opportunity, how to secure their investment, and how they get a return on their investment. Private lenders are just normal, everyday folks who are risk averse to other investment opportunities like the stock market. But they understand and appreciate the security that is provided by private mortgage lending because they're getting that security with the property. And, they're getting an above market rate of return that typically is much better return than they can get with other investment opportunities.

So these private money lenders are individuals rather than companies or institutions that have their own savings and this is an alternative to investing in the stock market?

Brant:

Yes, it is a private individual and typically they're investing personal cash. Sometimes they use what is called a self-directed IRA and they invest those funds with a real estate investor for agreed-upon rate of return. But the great thing is not only that they are typically earning above average rates of return, their investment is also secured against the actual property. That gives them peace of mind that they're investing locally in their community with somebody that they now have a relationship with and they can see the renovations that are taking place in the property. So there are some feel good aspects to it as well.

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

Brant:

First and foremost, this may be the only way that they can get the deal done. The viability of the deal really hinges on their ability to raise private money. Robert Kiyosaki calls the ability to raise private money the number one skillset of an entrepreneur. Once they're able to raise private money, the other benefits and advantages are speed – private money is so much quicker than dealing with the banks. We need to be able to get the money quickly or we'll lose the deals.

The second benefit is that we're typically able to get very flexible terms from our lenders. I already mentioned we can get 100% financing. A lot of times we can defer payments or do interest only payments. Private lenders don't usually check credit scores and credit reports and financials.

And then kind of the last benefit is that feel good benefit where not only are you growing your business and your investment portfolio, but you're helping your private lenders at the same time.

At our Agent Investor Pro workshops, I teach the investors and the agents how to tell the story. We spend a lot of time, of course, on the numbers and the X's and O's and the strategies, but I tell them what's really important is making sure that that lender understands the story of how this all works, because it's a win, win, win, win.

There's a lot of wins that go on whenever this is done properly. First and foremost, the agent or the investor is winning. They're getting to take down that investment deal with the potential financial return. The private lender is getting a rate of return that they're happy with, that they've agreed to, and it's secured by the real estate.

And then at the same time it's restoring an eyesore in the neighborhood or the community e. And they're fixing it up. They're hiring local contractors to come in and do the work and buying materials from local hardware stores. And they are providing a very nice, clean, and functional home for a family either to purchase or to lease. It's just a feel good story all the way around.

What do you feel are the biggest myths out there that newer agents or newer investors have, or even seasoned investors have when it comes to raising private money?

Brant:

The absolute biggest kind of myth, misconception, or misinformation that people have is that they can't do a deal because they don't have any money or they can't raise the money. I tell agents and investors that I work with that the first thing they have to do is get that notion out of their mind. I refer to what I call a private money law of attraction which is that private money is attracted to good deals and trustworthy people. So I tell agents and investors to focus on finding really good deals and making sure that it meets the criteria that we set out, and there's enough equity in it that is a "safe deal."

There's risk in every deal. But if they follow these steps and these principles, the truth is that the floodgates will be opened with the amount of financing that is out there. Private money, and money in general, is attracted to good deals and trustworthy people. Our company and other real estate investors that I know who've been doing this for a long period of time have more money available to us than we can possibly invest.

When investors do it a few times y, they soon find out that they could essentially do an unlimited amount of deals because there's a surplus of money. So that's usually a pretty pleasant surprise when someone realizes that their way of thinking was completely backwards, and it was actually

hurting their business. And now they get this new mindset when they see what's possible. So it really helps those who apply it to take their business to the next level.

What are some of the common misconceptions real estate investors have about raising private money to fund deals?

Brant:

One of the biggest misconceptions that agents and investors have when it comes to raising money is thinking they've got to go out and pitch a deal, be a pushy salesperson and knock on doors. That's just not the case. We've always taken the approach where we educate people about the investment opportunity that's in the marketplace and available to anybody really. And that's all that we do. We educate, let them know how it works, the process behind it, explain the steps, and then we answer questions.

And when people show an interest in it, we have found that if you just kind of put on that mindset of helping them understand the process, once they understand it, have all their questions answered, their fears and question marks subsided and they're ready to go. So it's not about pitching a deal or being a salesperson; it's just really about educating people and finding what's a good fit for you and your business and with your lender.

Would you say it's investing in the investor as much as they are investing in the deal?

Brant:

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

What are some of the common fears that real estate investors have about raising private money to fund deals?

Brant:

There are several. A big fear for a lot of agents is how much money that they're going to have to put down or bring to the closing table which may prevent them from doing that deal or other deals. This is a fear and maybe a misconception as well because most of our deals are funded with 100% financing from our lenders.

Investors also fear having to talk to people about raising money, but I do encourage them to reframe that mindset because many people need help with investing their money without being subject to the ups and downs and insecurity of the stock market. We've helped even our lenders overcome their fear by showing them how passive and safe investing in real estate can be when done the right way.

How do you help you help them overcome those fears or help them to help their potential lenders overcome those fears with the Agent Investor Pro?

Brant:

The two ways that fear typically subsides are through education and through experience. So we give them education, take them to a process. I actually wrote a book on this subject called *The Private Lender Playbook*. We take them through that training, making sure that they understand not only where to find the lenders, but how to verify that this is a good deal. We make sure that all of the to-do items are done including title, commitment, the insurance documents, etc.

We make sure that they are safeguarding every aspect of the deal for themselves and their lender. And we ensure that they know how to present this deal in a good way to a potential lender. We take them through some case studies and then they can go out and put it into practice and take action on it.

We take them through the steps that, and basically the process that we've created over the years of working with lenders, which consists of identifying where the potential lenders are, how to educate them about this process, how to make sure that they can clearly explain how the property is being secured, how their investment is going to be returned to them, how they're going to get a return on that investment, and make sure that they're knowledgeable to answer any potential questions that a private lender would have.

We also 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. We also have some relationships with lenders as well. And we fund a good amount of deals ourselves.

What do you see that are some of the little-known pitfalls or common mistakes that you see real estate investors make on the road to raising private money to fund deals?

Brant:

A lot of agents and investors rush into the market and talk to potential lenders without spending enough time learning the process. So they may have an ideal potential private lender, but when they get into that conversation, into that meeting, they either can't answer those questions properly or they just don't give that lender peace of mind about investing with them. It may have nothing to do with their credibility and the deal that they have, just that they didn't educate themselves enough about the process so they weren't as polished as they could have been in that conversation.

Can you share an example of how you've helped a student overcome some of these obstacles and succeed in raising private money to fund deals?

Brant:

Several of my agents and real estate investing coaching students have gone into our program brand new, wet behind the ears, with a little bit of fear or anxiety to go out and raise money. But they come in, we fund a couple of their deals with our private lenders and we show them, and we educate them. And then they go out and it's really just the rule of one – do one deal, the light bulb goes off and they're like, “Oh, I get it.”

I encourage all my students and agents and investors to find one good lender and get one deal done. Then, do everything in their power to take care of that lender, go above and beyond to communicate and make their payments are on time and be very transparent with the process. That client will become their first repeat client because that lender is going to come back and will refer other people to them over and over and over again.

Do you have a good example of a deal that a student came to you with and describe how you walked him through the deal and how it played out.

Brant:

One of my coaching students had multiple deals going on but he would borrow hard money and pay really astronomical rates and points and fees for his deals. Then, he learned how to raise private money. He came to me and said "Hey, I need to get a loan on this deal, but they're wanting a certain interest rate." I couldn't meet this rate because it was a little bit lower than we could lend at. And so after going back and forth, he said he knew one particular lender that has expressed some interest, but wasn't sure if they would be happy with this rate of return.

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

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

Brant:

I was in law enforcement for seven years and I left to join the corporate world. I determined pretty quickly that the corporate world wasn't for me and I wanted to be my own boss. I had a pretty fortuitous meeting with a gentleman who encouraged me to look into real estate and I was in a place where I was seeking different business opportunities. The thing that attracted me most to real estate was the ability to not only be my own boss but to be able to control my time. I really became interested in the construction side of real estate and liked a lot of the fix and flip tv shows.

I really liked taking rundown, distressed properties and turning them around quickly and doing better financially for myself and my family. It was always about the freedom aspect of it that I had seen others obtain with real estate while they were doing something that they enjoyed. That was always my main motivation. Financial gain was secondary because I like to enjoy what I'm doing and who I'm working with. So that's what drew me to real estate. Being a mentor and a coach was never anything that I had planned.

After doing this for several years and attending a lot of events and networking events, I started to build up a reputation and was asked to speak a few times. And a good friend of mine gave me an opportunity to be a co-speaker at weekend seminar event. And that and that's where I caught the bug, so to speak. I really enjoyed sharing and helping and motivating people. It's always been something to me that the more I give my time into that aspect of the business, it always gives back to me. I've had students that I have done tons of deals with, and I've even

had partnerships with former students, and so my best students actually become partners and we do deals or just we become friends.

Can you share a lesson that you learned early on in your career as a real estate investor that still impacts how you do business today?

Brant:

A big mistake that I see a lot of real estate investors make is trying to become a jack of all trades. I've got a little bit ADD, like a lot of entrepreneurs do, but I made up my mind to really that I was just going to focus on one type of investing until I could master it. And for me that was buying rental properties. So I was really good for my first two and a half years of real estate where I put my blinders on and all I did was buy rental properties.

Then I got to a point where I had enough experience to where I could begin then to learn the next thing. But I started trying to add two or three components to my business without mastering that next one. So I'd encourage people to kind of focus on one form of investing or one form of marketing rather than being a jack of all trades too soon.

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 ever, ever, ever considering raising private money is are they going to perform no matter what? I start most of my private money workshops talking about this specifically. A real estate investor should never consider raising private money unless they are 100% committed to performing on that loan. I've done hundreds of private money loans since I got started and I've kept 100% track record to perform with my lenders.

There have been a lot of times where it hasn't been easy, and it would have been easy to give up. I've had my back against the wall and been backed into a corner a few times on some deals and I've taken losses, but I've always found a way to make it work. An investor, an agent looking to raise money should not even move further unless they have that mindset and that commitment really that they're going to perform on that loan no matter what, even if the deal goes bad.

So, not paying the loan back isn't an option. And why is that important, particularly to you with private money?

Brant:

It takes a lifetime to build a reputation and just an instant to lose it. And so for me, my name, and this should be for everyone out there, is your name is your network is your net worth. So if you ruin your name, you're going to destroy your network and your reputation. And so you're basically going to jeopardize your business for years to come. I've always felt that these people are trusting me with their hard-earned money. This is their retirement fund that some of them

they worked their entire life for. There's no way that I'm going to jeopardize not returning that capital to them. It's just not an option.

That's a great philosophy. What do you think is the most important thing real estate investors should consider when they're evaluating a real estate investor or evaluating someone to be a mentor?

Brant:

I think that what's really important is finding someone who's active in the market today. I've seen this a lot where real estate coaches aren't active at all or do very little investing currently. They may have been really big at one point in time, but the real estate market is always, always changing. Because the thing that's changed that I've seen a lot with coaching industry with real estate investing is, and just in general, is in the information age that we live in, most of this, they can Google it, they can go on YouTube and get pretty much anything they want to learn about real estate.

The information is available in a matter of minutes and for free. So, they need to look at the other aspects of what helps build a successful business and strong accountability from someone who's been there and done that. A good environment. What I mean by that is, is it a group environment, is it one-on-one? We try to do is give our students some one-on-one time. They can get specific hand holding on certain aspects of their business. But also we have weekly group events so they can learn from others 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 go to my website brantphillips.com and my contact information is on there. To learn more about Agent Investor Pro, visit agentinvestor.pro for some general information and access to some free training that we've put together for agent investors.