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

Brant: Yeah, so Agent Investor Pro was really created to kind of serve this large market of real estate agents who got into real estate and they've got their realtor's license, but they really have the desire to become more of a real estate investor. Some of them are already dabbling in the investment investment space and the investment arena, but they're just trying to get to the next level or they've got some questions and just need more guidance to kind of kind of begin building more of an investment type of business than a realtor type of business. And so there's a lot of moving pieces when it comes to building a real estate investment company or a business. But one of the biggest problems has to do with financing. Getting the funding for their deals seems to be the biggest roadblock and obstacle that agents and investors face. And that's something that we have a really good system with, that we've been using for many years. So that's the biggest problem that we help real estate agents with. And that is helping them get funding whenever they identify a good quality investment.

Jack: Why is that such a problem? 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: Yeah, so that's a great question. So long story short, these aren't the kind of nice and pretty houses that you see on HGTV kind of when the couples home shopping for their ideal dream home. These are the properties that we typically buy as real estate investors are what they call a quote unquote ugly houses. And they're the ones that have massive amounts of deferred maintenance and need foundation repairs and new roofs and countertops and flooring and just, they need everything. So these are not properties that your conventional banks want to lend on. They do not want to lend on these things. And so there is a certain amount of increased risk with these types of loans. So it takes a special type of lender who understands that these properties, understands how to safeguard themselves. And there's just a whole industry out there about this type of lending, but your newer agent or inexperienced investor is not familiar with how to access these funds, how to really kind of navigate through this lending arena. And so that's what we really help them do.

- Jack: And so how do you help them overcome that problem if banks and your traditional finances don't like to lend on that stuff? What's your solution that you help them to overcome this?
- Brant: Yeah. So our solution is to teach them how to work with private money lenders.
- Jack: Okay. So what is a private money lender and how are they different from the traditional lenders, banks, and mortgage companies?
- Brant: Yeah. So a private money lender is very similar to your traditional banks and mortgage companies with one big difference. Your banks and mortgage companies don't typically like to lend on the quote unquote ugly houses that we buy that have deferred maintenance and needs possibly foundation, roof repairs, all these types of things like you see on some of the TV shows that conventional lenders don't like. Those are private lenders. We've taken them through a process and we educate them about about this investment opportunity, how to secure their investment, how they get a return on their investment. But the bottom line is it really just boils down to private lenders are just normal, average day folks who are very, what should I say, risk adverse 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 in exchange for that, they're getting a above market rate of return that typically is much better return than they can get in other investment opportunities.
- Jack: So with these private money lenders are just individuals rather than companies or institutions that have their own savings and their own, it's really it's a kind of an alternative of investing in the stock market. They use their money to invest with the real estate investors.
- Brant: Yeah. So it is just a private person and typically they're investing just personal cash that they have. Sometimes they use what is called a self directed IRA and they invest those funds into one of our investment deals or with whatever real estate investor that they're working with for agreed upon rate of return. But the great thing is not only that they are typically earning, I like to say above average rates of return, but there's the security of the real estate that is securing their asset that in that investment they're making secured against the actual property. So that just gives them a really good kind of peace of mind that they're investing locally in their community with somebody that they have a relationship with now that they know and they can see the renovations that are taking place in the property. So there's some feel good aspects to it as well. But the bottom line is these are private individuals loaning to local real estate investors and agents.
- Jack: Can you explain some of the benefits and advantages of raising private money to fund deals for real estate investors?

Brant: Yeah. So there are a lot of benefits to raising private money. So first and foremost is this may be the only way that they can get the deal done. So the viability of the deal really hinges on their ability to raise private money. As a matter of fact, Robert Kiyosaki calls the ability to raise private money the number one skillset of an entrepreneur. So it's a very important skill set. But 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 and the banks aren't really a viable option on this acquisition part of buying the kind of the ugly houses anyways. And we need that speed or else we'll lose the deals because that's just kind of the industry standard that [inaudible 00:07:49] should be able to close quickly on these types of cash deals.

Brant: So the first and foremost is speed. Number two is terms. We're able to get very flexible terms typically from our lenders. I already mentioned we can get 100% financing. A lot of times we can defer payments, we can do interest only types of payments and things like that. So speed and terms and the other kind of ancillary benefits is that, like I mentioned, working with a private lender, it's relationship based lending. So private lenders typically they're not asking for credit scores and credit reports and financials. Sometimes they do, but it's very, very rare. And then kind of the last benefit is it's kind of that feel good benefit where at the same time, not only are you growing your business and your investment portfolio, but you're helping your private lenders at the same time.

Brant: So that's a big part of what I do in my training at our workshops, at our Agent Investor Pro workshops is that I teach the investors and the agents how to tell the story. We spent 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. The 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 that real estate.

Brant: And then at the same time it's restoring, possibly or most likely, a very rundown kind of eyesore of the neighborhood or the community in that home. And they're fixing it up. They're hiring local contractors and trades to come in and do the work and buy materials from local hardware stores and whatnot. And then lastly and certainly not least is providing a very nice, clean, and functional home for a family either to purchase or to lease. And so it's just a feel good story all the way around with benefiting all these people in our local communities. It's a great story and it's so much better than for these lenders than just, like I said, sending their money off to Wall Street, unsecured, with some company that they may have very little knowledge about or some mutual funds going to mixed

around a lot of companies that really aren't giving their investor any security at all.

Jack: All right. So when it comes to that, 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? And when I talk about a myth, that's kind of misinformation or a misrepresentation of facts that are spread by the media or industry, right? Some things that out there, that's just misinformation. So what do you think are the biggest myths out there when it comes to raising private money to fund deals?

Brant: Yeah. So the absolute biggest kind of myth, misconception, or misinformation that people have, it's also a mindset. A lot of times, the way that I see it is, is that agents and investors have this mindset is that they can't do a deal because they don't have any money or they can't raise the money. And so what I tell agents and investors that I work with is the first thing they have to do is kind of get that notion out of their mind, because I call it kind of a private money law of attraction. And the really private money is attracted to good deals and trustworthy people. So I tell agents, investors, if you can just focus on finding really good deals and making sure that it meets kind of the criteria that we set out, making sure there's enough equity in it, that is a very viable, safe, quote unquote safe deal.

Brant: And there's always 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. Because I always tell people is that private money, and money in general, it, attracted to good deals and trustworthy people. And the fact of the matter is, with our company and other real estate investors that I know who've been doing this for a long period of time, we have more money available to us than we can possibly invest.

Brant: And that's what people learn when they start doing it a few times, is that this idea that they can't do a deal because of a lack of money, 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 finds out 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 them to, for those who apply it, to take their business to the next level.

Jack: So let's talk about now misconceptions. And when I talking about misconceptions, what I mean is maybe like a mistaken belief or misunderstanding that's held in the mind of the individual, right? It's not necessarily something that's out there, but it's something that they just think that oh, well this can't be right or this is the way that you do it. What are some of the common misconceptions real estate investors have about raising private money to fund deals?

Brant: Yeah, I think one of the big misconceptions that agents and investors have when it comes to raising money is I think they think they've got to go out and pitch a deal. They've got to kind of be like pushy sales person and have all these conversations and knock on doors so to speak. And that's just not the case. So we've always taken the approach where we just educate people about this investment opportunity that's in the marketplace and available to anybody really. And that's all that we do. We educate, we educate, we educate, let them know how it works, the process behind it, explain the steps and then we just answer questions.

Brant: And when people kind of raise their hand so to speak and 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, being salesperson, kind of pushy sales person or anything like that. It's just really about educating people and finding what's a good fit for you and your business and with your lender.

Jack: So would you say it's as much as about that they're investing in the investor as much as they are investing in the deal?

Brant: Yeah. So one of my lenders said this one time, it always stuck out to me, and she said, you know Brant, even though I know that the real estate, the piece of real estate is the security based on the loan documentation, she said, 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. And so I think that the relationship aspect of these transactions is very, very important.

Jack: So what are some of the common fears that real estate investors have about raising private money to fund deals?

Brant: So there's several fears. I know a big fear for a lot of agents is how much money that they're going to have to put down. So one fear I would say is that they are afraid that they're going to have to put up a lot of, bring a lot of money to the closing table, which may prevent them from doing that deal or other deals. And the fact of the matter, and this is a fear and maybe a misconception as well, is that most of our deals are funded with 100% financing from our lenders. And so that's a pretty big fear that is just not even true because we can get 100% financing on most deals if they match certain criteria. Other fears that people have I would say is something that we just spoke about.

Brant: It's the fear of having to talk to people about raising money or having this mindset of being a borrower and having to get on these phone calls or meetings asking to borrow money. But I do encourage them to reframe that mindset and because what this is what happened to me was when I really realized how many people needed help with investing their money,

because so many people were basically subject to the ups and downs and insecurity of the stock market to where people had been financially hurt in a big way through ups and downs in the market over the years. And they just had money sitting because of fear. So 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. And so those are a couple of fears that real estate investors and agents have, but also at the same time the lenders have, and that's what the job of the investors to do is to kind of help their lenders overcome their fears just through educating them.

Jack: And how do you help them to do that with the Agent Investor Pro? How do you help you help them overcome those fears or help them to help their potential lenders overcome those fears?

Brant: Yeah, so the two ways that fear typically subsides is through education and through experience. So we give them education, take them to a process. I wrote a book about this whole subject, it was called the Private Lender Playbook. So what we do is take them through that training, making sure that they understand not only where to find the lenders, but explaining to them how to verify that this is a good deal. How to make sure that all of the checklist type of items are done including title, commitment, the insurance alone documents, all those types of steps.

Brant: Making sure that they're very knowledgeable about that, that they are safeguarding every aspect of the deal for themselves and their lender. And in not only those items but also making sure that they know how to present this deal in a good way to a potential lender. And we just really take them through all the steps that are required. We take them through some case studies and then the last thing to do is for them just to kind of go out and put it into practice and take action on it.

Brant: And we give them the option of this is something they kind of want to turn key or something they want to learn to do by themselves, get more favorable rates. So we take them through the steps that, and basically the process that we've created over the years of working with lenders, which really is consists of identifying where the potential lenders are at, how to educate them about this process, how to make sure that they know how to 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.

Brant: And then 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 kind of speed up the process. They don't want to go through that process of raising private money. But we give them the option, like I said, to learn it exactly how we do it for ourselves and our business. And then we also have some relationships with lenders as well. And we fund a good amount of deals ourselves.

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

Brant: Yeah, so I think some of the pitfalls and mistakes that a lot of agents and investors make are rushing into the market, talking to potential lenders without spending enough time on their education with the process. So they may have a great, 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 the peace of mind about investing with them. And 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 to give that private lender peace of mind. So that's what I would say. I would say that they rushed to the market because they've got a potential deal, but they didn't spend enough time really understanding kind of the nuances of raising money.

Jack: 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: Oh yeah, absolutely. So several of my agents and real estate investing coaching students have gone into our program and just brand new, wet behind the ears, and they come in kind of like what we talked about and they just have a little bit of fear, a little anxiety a little bit 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 just educate them more. And then they go out and it's really just the rule of one. When they go out and just do one deal, the light bulb goes off and they're like oh, I get it.

Brant: And then kind of the real beauty of this whole process starts to happen is that I encourage all my students and agents and investors is that if they can just find one good lender and get that one deal done and do everything in their power to absolutely take care of that lender, go above and beyond to kind of give them good service so to speak and communication and make their payments on time, all those types of things, and just be very transparent with the process, is that they now have their first repeat client because that lender is going to come back and that lender is going to refer other people to them over and over and over again because that's what has happened and played out just over and over again.

Jack: Do you have a good example of one that, you don't have to use their names or anything, but maybe like some of the details of a deal. A student came to you with here's what's happening and kind of how you walked him through it. And maybe some of the terms of the deal and how it played out.

Brant: Yeah, absolutely. So I had one of my coaching students came to me and said hey, I need to get a loan on this deal. And they have already had multiple deals going on now and these individuals used to borrow hard money, paid really astronomical rates and points and fees and things like that for their deals. And then they begin learning to raise private money. Well they came to me a couple of months ago and said hey, we've got a loan. The only problem is like really on this deal, they're wanting a certain interest rate, one that I couldn't meet because it was a little bit lower than we could lend at. And so after a little going back and forth and [inaudible 00:25:44], she said well I do know this one particular lender that has expressed some interest, but I don't know if they would be happy with this rate of return.

Brant: I said, you'll never know unless you ask. So she did and was able to raise money at 5% interest and no points, which is almost unheard of in this industry, but it was just that. She asked him the question of what rate of return they would be happy with. And they said they would be fine with 5% and happy with that. And there you go. She essentially saved herself thousands of dollars just by asking a very open ended question to a potential lender. So she got the deal closed at a great interest rate and the private lender's very happy.

Jack: Perfect. So go into some of the backstory. What inspired you to become a real estate investor and even a mentor?

Brant: Yeah. So I was working at, I was in seven years of law enforcement and I left that and went into the corporate world and just determined pretty quickly that the corporate world wasn't for me and I kind of wanted to be my own boss and call my own shots, so to speak. And I don't know, I just had a pretty fortuitous type of meeting with a gentleman. And he encouraged me to look into real estate and I was kind of in a place where I was seeking different business opportunities and whatnot. And so for me, I guess the thing that attracted me most to real estate was kind of the ability to not only be my own boss but to be able to control my time. And then I really took a liking to the construction side of real estate and like a lot of these fix and flip type of shows on TV.

Brant: I really liked taking these rundown, distressed properties and turning them around quickly and just doing much better financially for myself, for my family. So that was really what drew me to real estate. But it was always about the freedom aspect of it that I had seen people obtain with real estate and just do something that they enjoyed. That was always my main motivation. Financial gain was kind of secondary because I was just really, I'm a person who really, I like to enjoy what I'm doing and who I'm working with. So much more so than than the financial side. But that actually is a really good benefit to real estate. So that's what drew me to real estate. Being a mentor was or a coach was never anything that I had planned.

Brant: But after a while of doing this for several years and just going to a lot of events and networking events, I guess I started to build up a little bit of a reputation and got asked to speak a few times and started looking into what that would look like. And a good friend of mine gave me an opportunity to be a co-speaker at weekend seminar event. And I did that and that's where I caught the bug, so to speak. I really enjoyed sharing and helping and motivating people. And so 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, 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. So that's kind of what's transpired on that side of things for me.

Jack: 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? It could be mistakes that you made or maybe some of the obstacles or misconceptions that you had that you've overcome.

Brant: Yes. So a big mistake that I see a lot of real estate investors make that I didn't make it in the beginning, but I've made it since and I tried to get better on it. So I've seen a lot of real estate investors come into real estate and try to become a jack of all trades. So I'm a guy where 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.

Brant: And so I got that to a point where I was like, okay, I had built systems and had enough experience to where I can begin then to learn the next thing. I went into flipping houses and then you can add on components to your business. But that's a mistake that I've made since. Where I started learning, 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, one form of marketing, things like that rather than being a jack of all trades too soon.

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

Brant: Okay, so the most important thing that real estate investors should ask themselves before ever, ever, ever considering raising private money is that they are going to perform no matter what. So I start most of my workshops off talking about this specifically when I'm talking about private money. In no way, shape or form should a real estate investor ever consider beginning raising private money unless they are 100% committed to performing on that loan. And I've done hundreds of these things since I got started and I've kept 100% track record to perform with my lenders.

Brant: And there's been a lot of times where it hasn't been easy and it would've 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, I've taken my hitch, but I've always found a way to make it work. And so that is the biggest thing that it's a nonstarter basically. Meaning 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.

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

Brant: Well, it's like the old saying that 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. So for me, I don't know, it's always just been that mindset is that these people are trusting in me with their hard earned money. This is their retirement fund. Some of them they worked their entire life for. And so there's no way that I'm going to jeopardize not returning them that capital. It's just not an option.

Jack: 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: Yes, so I think that what's really important is they're finding someone who's active in the market today. I've seen this a lot where real estate coaches, so to speak, aren't active at all or do very little, small amount of investing currently. They may have been really big at one point in time, but the real estate market is always, always changing. So I think that is very important. Also, kind of what is the accountability look like? What is the environment that they're providing look like? 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.

Brant: They can get that information 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? So what we try to do is give our students some one on one time. They can get specific kind of handholding on certain aspects of their business. But also we have weekly group events so they can learn from others vicariously through case studies, see what other people are doing. So there's multiple ways for them to learn that way.

Jack: So how can someone find out more about Brant Phillips and Agent Investor Pro and how you can help.

Brant: Yeah, they can just go, easiest thing to do is go to brantphillips.com. It's my website and my contact information is on there so they can reach out that way. And then if they want to learn more about Agent Investor Pro, that URL is agentinvestor.pro. It's not dot com. It's agentinvestor.pro and there's some general information on there as well as they can access some free training that we've put together for agent investors.