

7 FIGURE FLIPPING

PRIVATE MONEY ROADMAP

FOR REAL ESTATE INVESTORS

By Bill Allen - 7FigureFlipping.com

Hi! My name is Bill Allen. I'm a real estate investor. My company does about 200 real estate deals per year in the southeast United States.

I often get asked how I grew my business from flipping just one or two houses per year to 200+ deals (including multifamily deals, wholesale deals, and more).

The biggest thing was *getting access to private capital*.

I've broken down everything I know about raising private funds in my "30 Days to \$500k Challenge," which you can check out at 500kChallenge.com.

I decided to take what I teach in the Challenge and lay it out here as a "roadmap" to give you an idea of how this Challenge works, and to show you the journey that all real estate investors take to get private funding for their deals.

Let's dive in!

FOUNDATION

Before you start raising private money, there are a few fundamentals you need to know.

1. You Control the Deal

It's easier to find money than it is to find profitable real estate deals. There are people right now with money who want to invest it, but they can't—because they don't have deals and don't know where to find them. If you can bring these people deals, you'll have all the money you need.

2. Break Your Limiting Beliefs

The #1 reason real estate investors struggle to raise money is because they don't believe it's possible to raise money. Before you begin raising funds, you need to break through this obstacle. There are a lot of people with money, and they WANT to put that money to work!

3. The 3 Types of Private Money

There are 3 types of private money you can tap into. As you raise money, you'll target these 3 different sources. Which type is best? That depends on your needs...

- Active lenders. Their money is expensive, but there's plenty of it and you can get it fast—hard money lenders, transactional lenders, and small banks fall into this category.
- Experienced investors—stock market investors, landlords, and so on. They “get” real estate and investing, so they may be easier to work

with. And they won't be as expensive as hard money. But usually these investors will still charge you more to use their money than the next group...

- "Regular" people. They may want to get involved in real estate in some way, but they don't know how to begin and their money isn't doing much for them at the moment.

4. Secured or Unsecured?

There's a time and a place for both.

When you raise secured funds, the money is tied to a specific deal (a specific house or property), and the lender can foreclose in order to get their money back if needed. This gives private lenders a greater degree of certainty and peace of mind.

With unsecured funds, the loan is being made against your business, which could potentially make it more difficult for the lender to get their money back if things go south. These loans are easier for you to use however you'd like, but they're more difficult to get.

ACTION

5. What to Say and How to Say It

Craft your "pitch" and practice it. Your goal is to start with something succinct and interesting that will intrigue an "average Joe" and cause them to ask for more information about what you do and how you do it. Don't get lost in the details... less is more.

6. 3 Ways to Close the Sale

You have an opportunity that you're presenting to the people you're talking to... and there are 3 different ways to "sell" this opportunity to these people.

- Logic: With a logical offer, you're going to make the case that it's financially wise or sound for the lender to invest in this deal with you. You'll focus on the numbers and the strength of the deal and your business.
- Emotion: How would a secure, fixed rate of return impact the lender personally? Would it give them peace of mind? Would it help them afford retirement sooner? Would it give them more income so they could work less and spend more time with their loved ones?
- Fear: This opportunity won't be around forever. If they don't jump in, they'll miss out.

7. What to Do When They Say Yes

Have a plan for what to do next when someone agree to invest with you. Don't get caught flat-footed and stumble over the "next steps." This part is just as important as your pitch!

8. Connecting With "Warm" Lenders

The best place to start finding private lenders is within your own "warm" network... friends, family, coworkers, and so on. Your funding journey won't end here, but this is a simple, easy place to start. Don't assume you know who does and doesn't have money. Don't neglect your warm network!

9. Getting Referrals

As you start reaching out to your warm network (and beyond), always ask for referrals. Ask the people you talk to if they know anyone else who they think would be interested in getting fixed returns from a secured real estate investment.

10. Following Up

What's your plan to follow up with potential money partners? Take some time to map this out. Don't stop after just one conversation! Make sure you're reaching out to people you've spoken to in the past and staying connected.

TYPES OF LENDERS

11. "Cold" Lenders

Cold lenders are people who don't know you and have never met you but who are looking for (or interested in) putting their money to work through real estate. This is the broadest, largest category of potential lenders you'll target.

12. Funding Deals With IRAs and 401ks

Most people have an IRA or a 401k. There are ways to use these investment vehicles to fund your real estate deals while providing them people a stable return on their money. It may take a little more work on the front end to set everything up the right way, but there is potentially "nearly infinite" money available when you understand how to work with IRAs and 401ks.

13. “Rich” People

Doctors, lawyers, dentists... these are the stereotypical “rich” people you’ll find in every city. I’m talking about white-collar professionals and business owners. Most of them are pretty easy to get ahold of... and most are savvy enough to be interested in making secured, fixed returns in real estate.

14. Bank Lenders

Small, private banks can be a great source of funding. This isn’t typically what people think of when they think about “private capital,” but these small banks do exist and are often open to putting money into deals that larger institutions like Chase and Bank of America and others would reject.

15. Hard Money Lenders

Don’t forget about hard money lenders. Yes, the goal is to get money at affordable rates, and hard money won’t typically give you everything you need, but they’re usually fast and they WANT to work with you... which makes them an important part of your funding arsenal.

GROWTH

16. KPIs and Tracking

As a real estate investor, raising private capital is an “essential function” of your business. This means it needs to be tracked and measured. How many lenders are you going to reach out to every week? How many conversations do you need to have to bring on one new investor? How much money are you going to need in 6 months to meet your business

goals, and what steps do you need to take today to hit that number? These are questions you'll need to ask and answer as you begin tracking your money-raising efforts.

17. How to Scale (And Make Money Go Farther)

Let's say you need \$200,000 to fund a deal. So you go out and you raise \$200,000 from private lenders. At the end of the deal, you expect to make \$50,000 in profit. That's good... but what if you could split that \$200,000 up and use it as gap funding across 5 different deals, each with an expected profit of \$50,000, and use hard money to fund the rest? Now you're making \$250,000 profit instead of \$50,000 from the same private capital. By combining private funds with hard money, you can scale and grow your business.

18. Stewardship and Success Habits

As you grow your business and do more deals with more peoples' money, just remember that integrity is the most important asset you have. Treat others' money as if it were your own. Always pay back a lender, even if you lost money on the deal... find a way to get the lender their money back and word will spread that you're trustworthy and dependable. This word-of-mouth is more valuable than anything!

SUMMARY

These are just a few of the topics I cover in detail in my “30 Days to \$500k Challenge,” where you'll learn how to raise all the private money you need for your real estate deals in 30 days.

To learn more and join the Challenge, visit 500kChallenge.com!