Module 4 – Secure the Funding

"How do I fund the deal?" is a question I get asked a lot. What should you do first? Get the money or get the deal? And I've got to tell you a lot of people stress out over this. I can remember not too long ago I used think about this a lot. Do I get the money first? What happens if I don't have any deals? What happens if I get a great deal and I don't have the money?

Don't worry about any of that stuff. This is all going to unfold perfectly. Here we are presenting getting the money before actually getting the deal – but it could be done either way. At the end of the day what it comes down to is you need to be working on both sides all the time and not in any particular order. Right now we've been looking at finding deals, and if you've been following along in the modules, you've been talking to real estate brokers, you've been networking, and you've been putting different things in place. Now it's time to get the money.

The bottom line is if you found a deal during this process, and I know this was probably on your mind, what happens if you find a deal and you don't have the money yet? If you find a deal and it truly is a deal, you will attract the money; that's what will happen. And there are so many investors out there clamoring for good deals right now it wouldn't be a problem to find money. If you for some reason couldn't raise the money, worst-case scenario you could wholesale that deal – but bottom line is that you would find the money if you had a deal.

So don't stress about that. Just keep getting the deal-flow machine going and keep working to find deals as best as you can. Money is everywhere. I know the economy is something you probably think about and depending on when you read this, there could be a lot of people who are out of work. Regardless of economic situations, there are plenty of investors clamoring for good investment opportunities. So there is definitely money out there; you just need to figure out a way to go get it and we're going to talk about that.

So let's look at the ways you can find money.

Partners

One way that I always look at funding a deal is through the use of partners. Most investors just don't think of that. They think it's all on their shoulders and that the only way they are going to go out there and get money is just by themselves. Just to name a few different possibilities of partnering, you could partner with a business partner or a business owner. You could partner with a friend, a co-worker, a relative, another investor, or just an investor who usually only invests in the stock market. Those are just a few of the possibilities.

And then you start opening up your mind a little bit to thinking about do you need to do this by yourself or does it make sense to partner? And the answer is yes to both of those. There are going to be times when a deal may makes sense for you alone. There may be times where partnering up may make sense for you. There may be a situation where you may want to partner with three people.

There are so many creative possibilities, and it's really about opening up your mind, being creative and most important, using out-of-the-box thinking that's going to get you there.

When it comes to partnering, you really want to look at everything on a deal-by-deal basis. Sometimes 50-50 may be the way to go. You may find a great deal, and the profit margin's great and you need a money partner. Maybe you can look at hard money at first, and if that doesn't work maybe you can consider partnering with someone where you split the profits 50-50; that can be very attractive to a certain individual. In this scenario, you do all the work, you find the deal and you manage the construction, and your partner basically sits back until the property is sold when you then split the profit 50-50. You can even sweeten the profit and do a 60-40. I've never done that but I always say, *"You know something? 60% of something is something , and 100% of nothing is always going to be nothing."* So always think creatively when it comes to trying to get a deal under your belt if all of a sudden money becomes an issue.

Contractor Partners

So again think about contractors, money guys, realtors, real estate attorneys. These are people you may be able to go into a partnership with. It depends on the contractor, but let's say it's a contractor who's been in business a while; maybe he has some money, and if he does maybe he's willing to fund the construction part of the project where he's paying for all the supplies and materials and his labor is at cost. And you raise the money for the purchase of the home. That can be a great deal; I've done some of those.

I purchased a property and I partnered with a contractor to do all the work, and the numbers worked out structuring it that way where they wouldn't have if I was to pay him based on the renovation cost. I said, *"I got this deal. I wasn't going to do it. It didn't make sense, but if you come in at cost and do all the rehab at cost, all your labor is free that you physically do, make no money on any* of *the subcontractors, and I'll put the money up for the house and then we'll split the profits."* Well, we ended up making $42,000 on the deal and we made $21,000 each, so it was a great win-win. This was a deal that I otherwise would have walked away and made nothing on. I already had put some time and effort into it. I knew what it would sell for (ARV), and he was on the project about four or five weeks and he made $21,000 so what's that – $5,000 a week? That was a pretty good take on his end as well.

Attorney Partners

You might want to partner with an estate attorney. If you know a good estate attorney who's dealing with divorces or probate issues or an estate deal, he can do all the legal work and he can maybe send deals your way that he's working on. Maybe you don't need to go 50-50 with him but maybe you give him 25% or 35% of the deal. Look, if it makes sense, if there's enough money in it, gave him 50; it's a great way to start off a relationship. So as you can see, there are many, many ways to raise money and that's why I put that in there. You don't have to just think about going and borrowing money from a bank or a hard moneylender. These are other alternatives.

Your Own Resources

Your Home Equity Line of Credit

This is something a lot of people don't think about. It's definitely a resource that you can tap into as long as you do it responsibly. If you're taking your money out, let's say on a credit card and you're using it for a particular project, well, that's what you need to use it for. You don't want to be taking it out and using it for other things or you don't want to use your home equity line of credit or something else other than what you intend to use it for. You really want to be extremely responsible with that.

Using your home equity works like this. If you own a home and the house is worth $350,000 and you only owe $150,000 or $200,000 on it, you have equity in that home that you can tap into. You can then go to the bank and tell them you want to go with a home equity line of credit, and they will run the numbers and tell you how much you can do. You could do $50,000, maybe $100,000. It's all relative to what you owe on the property. And with a line of credit you can use it only when you need it. So maybe you went to secure the financing for the purchase of a rehab project but didn't have the money to do the construction side of it; you can tap into your hay loft for that. And as soon as it's done and you sell it, you put that money back into your hay loft and do it again.

Someone Else's Home Equity Line of Credit

One other thing to think of is maybe you have a friend or a relative or somebody you know and they own their home outright or maybe only owe 50% of what it's worth. You can talk to them about using this equity for a flip. Maybe they already have a home equity line of credit.

Let's say they have a home equity line of credit. Then you could tell them what you're doing and ask them what they're paying on their home equity line of credit and then you could say, *"Well how about if I paid you 8% or 10%?"* Maybe you go to 10% because if they have to pay the bank 3%, now they're netting 7%. How cool is that?

They had their money sitting there and not doing anything with it. They're lending it to you making 10% on it, paying the bank back 3%, so they're making a net of 7% ,where otherwise it would just sit there and do nothing for them. So this is another good creative way to approach people you know and see if you can put their money to work for them while they do nothing and you're happy because you get funding for some good deal.

Credit Cards

You might have more credit than you realize. So start tapping into that. I again say use this form of money with caution and only use it if necessary – but it might be a way to build up credit and also a way to build up credit with suppliers. For instance, you can use a credit card or line of credit at Home Depot, Lowe's, a plumbing supply house, or an electrical supply house, what have you. Maybe start off with a small line of credit of $500 or $1,000 and you build it up. I think that's a great way to utilize them, but again you want to use them responsibly and you don't want to overuse them.

So it's good to utilize for supplies like I said. In some cases you may realize you don't have to do that. You may hire a contractor who has credit with supply houses, so you may not need to do that. In the beginning if you're doing a project that requires some managing yourself and you want to purchase the materials to keep costs down and hire out the labor only, that's another creative way to do that. So you really want to leverage your cash and don't have it all tied up. That's really the point of using your own cash and not maxing everything out.

Hard Money

I want to talk a little bit about hard money. Hard money is basically a business or an individual who lends as a business. What that means is they're no different than a bank to some degree because that's what banks do; they lend money. There is nothing scary about hard money, but I think some people think it is money borrowed in the underworld or something like that. Quite frankly I didn't know the term either until I started investing. The word "hard" just means asset. So when you borrow money from the hard money lender, he secures his interest with collateral which is the "hard" asset and in our case it would be the real estate.

And one thing that you will notice is hard money lenders will charge a premium or a much higher interest rate than a bank will. There's a reason for that. They know in most cases if someone's coming to them they're not going to be able to borrow money from a bank. It could just be that their credit might not be great. It could be that maybe they just didn't report income on their tax returns like they could have. Maybe it's a small business, and they did some creative financing with their accountant and the bank's like, *"Well you say you made $100,000 but it shows you made $50,000."*

There are many reasons why people can't do business with the banks. That doesn't mean they're not bank-worthy, it just means that with the strict guidelines, it's harder for banks to lend money out even if they feel good about lending the money to an individual. So that's why we want to look to hard money.

With hard money – depending on when you're reading this – you could be looking at rates of 12 to 18%. You may see more of a range of 12 to 15% along with 2-6 points, so you want to be cautious when using hard money. You want to be able to look at your numbers when going into a property and identify and analyze it knowing your cost to borrow that money.

If you happen to get into a deal where you're paying 15%, let's say, and you're paying 3 points, you want to calculate that in a spreadsheet or a deal analyser and run the math and really see what that cost of money is going to be.

Run those numbers out for six months and really see what it comes out to. Take all your soft costs, one of which would be your hard money interest, add in the real estate commission of 5%, and then your other costs which are holding costs including utilities, taxes, and any maintenance that goes on during the property when you own it as well. Add up all those costs and then see what that number comes out to. Run them for 12 months as well so you can plan your exit strategy in advance by knowing the numbers.

The reason this is so important is you have to know what your projected profit is going to be based on all your expenses. Typically when we apply the 70% rule, which we get more into in module 5, 20% is projected profit of the ARV (after repair value) and 10% is the projected soft costs of the ARV. This is the quick math; however, you MUST know your expenses to determine if the 10% applies to your situation. If you're paying 12-15% and 3 or more points on your hard money loan, your soft costs will be higher than the 10%. What this means is your projected 20% profit of ARV will come down, maybe more like 15% profit of ARV or less. This may be fine for you or you may try to buy at a lower price. The point is to know what your numbers will be as best as you can project.

So for instance if you're working on a deal with an ARV of $200,000, you might be making $25,000-35,000 as opposed to maybe initially $40,000 if you used the standard 70% formula. The idea is really knowing the numbers when you go into the deal and understanding how they affect the 70% formula.

If you have the ability to buy the property for less money, absolute every time try to get it as low as you can. At the same time you don't want to go so low that you lose the deal. So in this case, you have a decision to make. Do you accept this property based on your higher cost of money knowing that if you sell it in six months' time instead of making 20% of ARV you might make 15%+/- of ARV or do you not do the deal?

I hear people say, *"Oh I would never pay hard money rates. That's crazy, that's ridiculous."* There's nothing wrong with hard money if it helps you make money. You may want to ask those people; *"In the last month how many deals have you done?"* If they answer: *"Well, none right now,"* then you have your answer.

You can fund your deal with your own cash, but if you don't have it available, that option isn't there for you. You can go to a bank. That's the next course of action; of course, if the bank's not going to fund your deal then that's not an option either. Private money is an option, and we'll talk about private money in a minute. But if that option is not there at the time you get a deal going, then hard money is a great resource for you.

And at the end of the day, if you're going to make some money on this deal and it's able to support the hard money then you go into it – it's a great source of funding, so don't discount it. Now if the hard money takes you out of the deal, meaning the interest rate and the points are so high that the deal becomes very thin, you either try to renegotiate the hard money rate or go in at a lower purchase price and try to get the deal that way – or you simply walk away and don't do the deal. So it's very important that you understand that because there's nothing wrong with hard money. If the money works in the deal – you do it.

Good hard money lenders will tell you exactly that. I've had hard money lenders tell me that exact thing. When I talk to them I say, *"What do you do if someone brings a deal to you and you know* *that the numbers may work for you but it's not such a good deal for the investor, meaning that if you ever had to foreclose on them, you'd make out but the investor would lose out?"*

The really good hard money lenders will tell you that the deal's too thin and in their opinion not a good investment regardless if they will make out on the return from the interest. And those are the hard money lenders that you really want to work with because they're honest and ethical, and they're not going to let you get in a situation that you may not be able to get out of. When you meet a hard money lender, you really find out how they work. If they fund your deal and it's a 12-month deal from sale to close, then you want to know what they will do when those 12 months come up and you possibly can't pay off the note. You really want to find out if they'll even work with you or possibly give you an extension. Although we never want to be in anything more than 12 months – you want to exit no later than nine but it doesn't hurt to ask that question and really see how they react to it. Be careful of lenders who will only write the loans for six months. If you accept those terms, you best make sure you have an automatic extension in for at least three to six more months so you don't lose all your sweat equity if you can't pay off the note at the end of the six-month term. There is predatory lending out there, so just be careful and understand the terms and share with your attorney to make sure you are protected.

Most hard money lenders can close quickly. In many cases they can close in 14 days or even less sometimes. They may require you to close with their approved attorney just because they're comfortable with their attorney. So if you have your own attorney, you could have your attorney involved because you might want to have your attorney oversee things, but maybe you have your attorney working on a limited basis because you don't really want to be paying two attorneys. If it's your first deal and you're comfortable with their attorney, then fine; then you go with it. You just make sure you scrutinize the paperwork very closely, understand it all, ask lots of questions and then go forward. However on your first deal or first few deals, I recommend working with your attorney.

If you don't understand something, have your attorney review the documents. He's not going to be doing any of the work, but he can review the documents and make some suggestions. Just realize there's a cost to that. And that cost maybe perfectly fine if you're not feeling good about the details.

There is a phrase called *"Do you have skin in the game?"* What that means is nothing more than, *"Are you putting any money into the deal?"* Most hard money lenders will want to know if you do have skin in the game. If you can do it, I always recommend it and let me explain to you why.

When you're going out there and you're looking to raise hard money from a hard money lender, you have no cash and nothing going into the game, then they will look at you a little bit differently. I'm not saying they won't do the deal, but I can tell you that when you have skin in the game, your own cash in the deal, they know you have a lot more riding on the deal. They know their interests are protected because you don't want to lose your money as much as they don't want to lose theirs.

In the beginning, you should put cash in the game, and that may be funding that portion of the deal through any of your own resources like your savings, equity line of credit, possible credit card advancement, or whatever means you have to put up the percentage required. I know what you're saying if you don't have any money at all. *"How am I going to do that if I don't have any money?"* The reality is you will either have to save some money up or get creative. Remember, you will have to work a little harder than someone who has money to invest, but that shouldn't stop you. Is your WHY big enough? Are you determined and willing to take action? If so then keep reading. This is where you just have to get creative.

You could fund your portion through a friend or a family member or a business associate. The good news here is that you are now looking for a smaller amount of money to get into a deal than a larger amount in the hundreds of thousands depending on your geographic area. So for example if the hard money lender agrees to finance the deal and you have to come up with 20% of the loan, you just covered 80% of the money needed to get the deal done. If the loan is for $150,000, now you only have to come up with $30,000. You see how it can get done.

So reach out to your contacts and offer them an opportunity to make some money if they invest in you and the deal. These are private lenders and we talk about that next. Pay them a nice return on their money. Maybe you pay them the same rate as the hard money lender; maybe you make them a partner and sweeten the pot. There should be nothing stopping you to get it done, especially if this is your first deal. There is a term we use in our office called "NO EXCUSES." If you have the desire to get it done then you will. Remember *"Whatever the mind conceives and believes will achieve."* Napoleon Hill.

I want to explain to you about the hard money lenders I use right now and how I'm doing it. In the beginning, I wasn't real familiar with hard money lenders in my industry at all. Early on, I didn't even realize who they were and how it played into real estate. So as I started to get into this business and networking and so forth, I realized real quickly who they were. And I never went down the hard money road. The way my business was built in the beginning I was able to work with the bank, build up some credit with them a bit, but I just wasn't able to get enough deals done. And then I went into private money. So I went down the private money road first, and that's worked out very well for me, to the point where I've got a few hard money lenders approach me and say, *"Hey, we're willing to work with you if you're willing to work with us."* And we've talked with them but only because the number of deals I did and the history I had was I able to negotiate their hard money rates down to near private money rates.

The reason why I'm telling you this is you don't have a lot of room to negotiate with hard money guys in the beginning. You may have a little bit based on the deal. So if the numbers come back and they're tight with the hard money you can say, *"Based on the deal, not because I want to lower your rate, but is there any way you might be able to adjust the rate a little lower to help this deal make more sense?"* That way, you're not looking like you're trying to take money out of their pocket. They're basically basing it on the actual deal, so it's a business decision. Because if a deal is really great and say they're charging you 12% or 15%, they're going to look at the numbers and they're going to say, *"Wow, this deal looks great with this percentage. Why are you still talking down on my rate?"* So it's not a great way to start off. At first, you are not in a real strong negotiating position, so you may need to wait for that time to come.

Now down the road, let's say you've done two, three or four deals with a particular hard money lender, you may go back to that lender and ask for 100% financing with them. At that point, you'd be in a better position. But not in the beginning; take some time to build that up.

Private Money

Private money is nothing more than everyday individuals that have money, plain and simple. I like to call it friendly money because these individuals won't think about how they can put their money into play unless you educate them and you talk to them about it. They're ordinary people. They're people with IRA money, 401(k) money. They have money in their mutual funds. They have money in their hay loft, which we talked about earlier. Or they may have money in CDs or in a savings account making huge interest. Just kidding. We know what those CDs and savings account pay. The money is out there and you have to find it.

One way to find them is through your networking like we talked about before in Module 1. You have your 60-second speech and in it you tell them what you're doing. You work with people and show them how they can make a great return on their money through the power of real estate. They're going to ask questions like, *"Oh really? How do you do that?"* And you explain it to them. And then if they want to learn more you say, *"Hey, would you like to meet so I can explain it more to you?"* So there are just a million different ways to approach it, and I'll talk more about that later as well.

It's an investment for them and nothing more. And you're offering a better return on their investment. If they're making 1% on a CD and you offer them 8%, why would that not be attractive to someone? The only reason they're not going to do business with you is if they don't know you, if they don't like you, and they don't trust you. So at the end of the day if you build up that credibility with that individual person and they know they can trust you and they're making 1% on their money, it's a no-brainer; it's that easy. And it's how it's worked for me.

Basically the difference between a hard money lender and a private money lender is you set the guidelines. You set the rates, not the lender. How cool is that? I mean you approach somebody, you meet with them, you find out they have some IRA money, maybe their IRA is not doing that well. Regardless of what the market is like, what I say is, *"What I'd like you to do for me is go back and look at your IRA or look at your portfolio or your stocks and see what they've done over the last 10 years."* See the market goes up, the market goes down, the market goes up, the market goes down.

And I don't know how many people I've asked this question of that were thinking about investing with me, maybe a dozen or more. Sometimes they don't know. Many times they don't know. Sometimes their advisors don't even know.

You've got to calculate the math, I tell them. When they actually finally get the answers, you find a lot of people coming back and making less than 4%. So they're barely keeping up with inflation. So at that point now you can say, *"That's great if you're happy with those returns. And I know the market's been running up big lately. But do you think the market can sustain? Can it hold up? Can it continue to keep rising?"*

And at that point you're just presenting options to them. And what you're saying is listen: with us, you're going to get the 8% no matter what. Whether the market goes up, or the market goes down doesn't matter. In real estate if I make a dollar or I make $100,000 it doesn't matter. We're still going to give you your 8%. So they don't need to worry about what the market's doing. They don't need to listen to the news and see what their money is doing. And that sometimes is very attractive to people when they hear it in that tone. You don't have to ask them to take all their money out of the stock market or their IRA. Ask them to diversify and invest some of it with you in real estate. I have had some lenders start out with enough money to fund one deal, and after time they are now funding two-three deals at one time. You see I built my credibility with them and of course they are making a nice consistent return on their money as I promised.

So they're all around you – doctors, dentists, lawyers, successful business owners. It's just about letting them know what you're doing. If you're talking to your doctor and you're having a visit you can cut in and say, *"Listen doc, I just want to leave you my card. I just want to let you know what I'm doing. I'm a real estate investor, and I work with individuals to show them how they can make a great return on their money and we're always looking to put people's money into play. As a matter of fact I've got different deals working right now. If you're ever interested in making a great return on your money, give me a call."* That's it. That's all you need to say. They're going to ask the questions. They're going to say, *"Really? If I'm interested I'll give you a call."*

Maybe you do a follow-up email a little later and say, *"Hey I just wanted to follow up on the conversation I had with you last week."* And maybe you shoot them out a descriptive example of a deal and how you're going to pay them 8% or 10% or maybe it's a 50-50 split. That's up to you. And you spell it out for them, but again, you're not asking them for money; you're just presenting an opportunity to them.

And when you explain how their money is secured by writing up a promissory note, securing it with the real estate, and you simply explain why that real estate is a good deal because of your buying strategies, they start to open up to you. They start to look at it and before you know it they are interested in lending you some money to get into a deal. If the market is going really bad for two weeks they may be calling you sooner. So that's really how it works when it comes to private money.

Traditional Banking

I would certainly suggest if you have the ability to work with the bank you do that, because that's going to be the lowest rate of interest that you're going to pay. However, do realize with banks the process is a little bit longer, and you certainly will have to put some money in the deal in the beginning. But the reality is it could save you a lot of money if you're paying at 3- 6% versus 15% and maybe 1 point vs 2-6 points.

The other thing is even if you feel you're not bankable, it's good to create relationships with bankers. If you don't have a business account, go open one. Get a couple of referrals from some local business people you know or just start visiting bankers.

Talk to them, tell them what you're doing, and share your ideas with them. Let them know you might not really be in a position where they can lend to you right now, but you *"just want to establish a relationship."* You deposit some money and then present to them some deal that they may or may not finance and just get their reaction. And you might be surprised; sometimes that may evolve into a decent relationship where down the road after you've done a few deals and you have a good track record, you might be able to get them to lend to you.

The Money Mindset

I talk about the money mindset here because really what it comes down to is if you think you're never going to raise money, if you think you don't have the confidence to raise money, if you think you're not good enough to present yourself to anybody because you haven't done any deals, guess what? You're never going to raise any money, period. If you have that mindset that you can't do it, you're not going to do it. So we talked in Module 1 all about mindset, and I really want you to think about this as the money mindset. I want you to think that you are going to raise money. Just envision money coming your way. Think about the confidence you have when you talk to somebody, and the opportunity you're presenting to them. Think nothing about yourself. Think about them. Think about the opportunity they have, and that if they work with you how you can be a positive force in their life to help them get a great return on their money.

And when that happens, that's when the shift happens, that's when people start working with you because they have the confidence in you. It's got nothing to do with the deal. It's got nothing to do with the numbers. It has everything to do with you. Now of course the numbers are important; of course, knowing if the deal is going to make money or not is important but really not to them. A hard money lender will want to see all that stuff because they're not going to lend on a deal that's bad. A private money lender is more or less putting their faith in you. Some may ask questions, some may not, and some may not care really what's happening behind the scenes. So you're going to have to gauge each one differently. Some will want you to explain to them how your business works and how you're going to make money on this deal and this, that, and the other thing. Then you do it. Others just want to know that they're doing business with an honest ethical person, their money is going to be safe and secure, you told them why, and then they're going to do business with you. But always be presenting opportunity. Never ask for money. You want to open the door and be creative and rule nothing out.

All right, so never ask for money like I said to private investors or individuals. You never want to come off like, *"I need your money to do this deal. It's going to work out great."* It's just not a professional way to come off and then you risk sounding desperate and that's not what you want to do. If you're talking to somebody at a networking event and they ask you what you do don't just say, *"I'm a real estate investor."* What does that mean? Now some may say, *"Tell me more."*

But I'll say, *"Hey, I'm a real estate investor and we work with individuals. We use their money to help fund our deals so they can get a great return on their money."* Or you might say, *"Hey, I'm a real estate investor. We buy a lot of distressed properties in the area. We restore neighborhoods. We put a lot of people to work by doing this. It's a great thing. And we work with individuals that just maybe don't have any confidence in the market. Maybe they're only making 1% on their CDs or their money hasn't been doing anything in their IRA. And we use their money and pay them a great return, so they make out great and then we're able to do more deals. This way everybody wins."*

You never ask for money in either one of those situations. You just told them what you do and it's the 100% truth. Now in your case you're new, so you can't necessarily say you're working with individuals because you're not right now. However, what you want to say is that, *"Hey, I'm a real estate investor. I'm working with a gentleman that does this full-time. He flips a couple of houses a month right now. He's great. I'm really psyched to be learning from him. Right now we're looking at some deals, and we're going to be looking for some funding where anyone that works with us, we're looking at equity partnerships. We might be able to split the profits or we might be in situations where an individual works with us we can pay them a really nice rate of return on their money. It's really a great way to make money with your IRA. If I have any opportunities come up, would you be at all interested?"* That's it. They're either going to be interested or they're not.

Or you might say, *"If I have anything come up would you mind if I just sent you an email explaining the opportunity to you?"* They may say, "*No I'm all set."* And at that point you can say, *"Oh, you must be doing really great with your returns in the market. And I'd be curious to know how the market's done for you over the last 10 years. I know my portfolio hasn't done that well."* So again you're not trying to sell it. You're just gathering information, and I'm giving you some pointers if someone does resist, so if they do give you some objections, those are ways to answer the objections.

Others might just say, *"Yeah, that sounds good. Why don't you send me some information when you get a chance?"* Great. You grab their business card and you write on the back of it so you remember to follow up with them as promised. Keep a dialogue going with them. The idea is you network, collect business cards, and let them know. Maybe it's nothing more than when they ask what you do you say, *"I am real new estate investor. Would it be all right if I sent you out an email telling you a little bit more about what I do?"* As simple as that. You're not saying anything about borrowing money or nothing, not even presenting the opportunity. Maybe you want to keep it as simple as that in the beginning. And then you craft out a nice email and you send it to them introducing yourself a little bit more formally, explaining a little bit more what you do, and then saying, *"Is it all right if I give you a call in a couple of days to follow up with a meeting just to see if you have any questions regarding what I do?"*

The other thing to is depending on the person that you meet, you may want to set up a meeting to find out more about what they do and how you might be able to help them. If you meet a contractor, *"Hey, let's set up a meeting. I'd like to learn more about your business and see how I might be able to help you."* And in that conversation with your contractor, you may start to talk about what you're doing. You don't know necessarily if the contractor has money or he doesn't but you're sizing him up. You're gauging his ability to see if he can work with you in a money capacity or maybe just as a contractor partner.

Always be closing. Always be closing is nothing more than implying that someone's going to do business with you. And it might be a little bit tough to do this when you're at a networking event, but when you're having a meeting with someone and you're talking with them, instead of saying *"if you do business with me"* you could say, *"When you lend money on this particular deal, this is how it would work."* So you're implying, right? *"And when we sell the property you would make this amount based on me paying you this percentage."* So the more you do that subconsciously, the more they're hearing that they're doing business with you and you're not saying *"if you do business with me."* So think about that: always be closing.

And one of the most important things here is you need to be passionate about it. You need to be excited about the opportunities you're presenting. You want to tell them you love it. You love what you're doing. You're so excited about flipping this property. You're so excited about taking this run-down property in this neighborhood and restoring it and making all the neighbors happy and putting everybody to work doing it and paying your lenders a great return on their money and selling it and moving on to the next one. I mean, you just have to tell them. People read that; they read body emotion. They read the enthusiasm coming off you. Don't overdo it. Don't be fake. Let's face it; you want to enjoy what you do and let them know that but if you had a down day or a down night and you have a meeting in the morning you need to shut that off and you need to turn it around. You've just got to put it all out of your mind and focus on the task at hand and make sure that they realize you're passionate about what you do and you love it and you're going to put their money to work for them.

One more thing I want to say. You need to be transparent because when you're new you're not doing any deals, so you don't want to say you're doing deals if you're not. The saying *"fake it till you make it"* is a good one but don't use it in the wrong way. You don't ever want to lie to someone about what you are doing or not doing. Be excited and passionate about what you want to do and how you are going to do it. This is why you are learning and getting your education – because you are responsible and you want to be good stewards of OPM (others people's money). Tell them about all your research and education and how you are going to use it to help them as well. If you have to sweeten the pot like we talked about earlier, then you do it to get it done. Remember: honesty is always the best approach. NO EXCUSES!