

# Ultimate Guide to Raise Private Money

Real Return Real Estate

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June 2011

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**Cash is King and banks are not lending to investors. What to do?**

**Private money is bar none the single best solution to raise all the funds you need for your deals in today's market.**

**Money doesn't disappear, it just changes hands so there is a lot of money still left sitting on the sidelines waiting to fund your great deals.**

**Implement just a little bit of this guide and you can see drastic results. Implement it all and get your retirement and vacation plans ready.**

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## Overview

- Money does not disappear, it just changes hands
- Lots of money sitting on the sidelines or in investments making little or negative returns
- Many of these individuals would love to have a double digit return backed by real estate
- Cash is king especially in today's market

## Goals – Focus is to build a business

- Build a business rather, avoid the pitfalls of trying to get rich off one deal
- Build the relationship rather than maximize your profit, you can make a ton more over time
- How much risk are you taking when someone else put's up all the money? Zero, just your time.
- Build your business credibility
- Do not burn bridges, you never know when they will step to the plate

## SEC rules

- <http://www.sec.gov/info/smallbus/qasbsec.htm#eod6>
- See Appendix

## Partner

- Each state is different so this is in no way legal advice. Check with a real estate attorney.
- Here is what has worked for others
  - Create an LLC with you and your investor partner
  - Set up the profit split which is the same as the ownership split in the operating agreement

- Create a mortgage lien between your partner and the LLC
- You can also take title to a property in either of your names or an entity owned by either party and do a partnership agreement
- I have attached a simple one and again this is not legal advice, just an example.

## Pitching your opportunity

- **Secret #1:** You are not asking for money, you are inviting people to make a great return on their money
- Get them excited and begging for more information
- Use your elevator speech and success stories
  - Ex: We have consistently closed deals with over 20% return in less than 6 months, our investors can't figure out where to go on vacation next.
- Do not answer questions yet, set up a face to face meeting and present your program

## Where to find Investors

- Social Media, Online
- Real Estate Clubs, Networking
- High Net Worth Individuals
- Family, Friends and those who already trust you
- **Secret Weapon #2:** Public Records - If they loaned money, the mortgage documents were filed at the county recorder's office. Learn how to search them and you will have a boat load of potential investors currently lending in your market.

## Get them to come to you, thus building credibility

- Give out free valuable info
- Articles, Guides, Webinars, Advice, comments, mentoring, etc
- Social Media, Newsletter, REI Club, Contacts, etc

- Capture these leads

## Elevator Speech

- Keep it simple
- What do you do
- What is your product or service
- WIIFT – What’s in it for them? Use Benefits backed by features.
- Why you can offer this
- It is a win-win because
- Close
- Example: I am a real estate investor. We buy extremely discounted properties with tremendous cash flow and countless ways to obtain great returns. We are able to offer great returns to investors secured by these tremendous properties. We have it really dialed in and investors love us because we are able to provide such a high return while mitigating risk. It’s a win-win, what more can you ask for?
- **Secret #3:** Close - Not that it’s right for you but do you know anyone who could use a great return that’s secured by real estate? (Response is a referral or they are interested usually)

## Secret #4 - WIIFT – Benefits backed by Features to create Emotion

- People make decisions based on emotions not logic. Many don’t like using emotion to sell including me, but I did not make the rules. It is well documented that it works. Back it up with logic so you are legitimate otherwise you are a scammer, low and will be out of the business in no time. There is no guilt when selling using emotions an investment you believe in.
- What’s in it for them? Stop with the “We, we, we”. Talk about them.
- Use Benefits backed by features to create emotion – people make emotional purchases, use benefits to create emotion then back it up by features to make yourself legit

- Benefit – Our investors are retiring early, planning their vacations, sitting back comfortably having the time of their life, watching their bank account grow from their beach house, etc
- Backed by Features – after consistently earning X % return, while we handle all of the hassles, getting deep discounted deals, etc

## Emotions that Sell

- Fear
- Greed
- Vanity
- Exclusivity

## Secret #5 – No Answering Questions Now

- They will ask questions
- Say, “I’m glad you asked, it’s a bit more involved. Let’s meet and discuss, how is Tuesday at 5?”
- Set up that face to face, if they are not ready tell them to let you know when that changes, then follow up.
- Alternative is a skype video call and screen share or a phone conversation

## Face to Face

- Get all decision makers to join
- Build TRUST, the most important thing
  - Relate to them, talk about common interests, their area, children, people you both know, sports teams you both like, etc
  - Don’t spend too much time, just some small talk to disarm and relax them, get them to like you, build rapport and credibility which leads to trust
- Present your programs

- Ask them questions
  - What are your goals, criteria and expected return?
- Listen, they will tell you how to sell them
  - Planning to retire, need 5K income per month
  - I want to make X dollars, X return
    - Find out why? What are they going to do with the money? These are the benefits you must use to create emotion
- You should now know what kind of deal is a fit for them
  - If you have one available, pitch it to them
  - Otherwise, go find that deal

## **Secret #6 – Prospect them**

- Prospect them
- Last thing you want is someone uncomfortable with an investment backed by real estate
- Make sure they are knowledgeable and know what they are getting into
- It will make it look like a privilege to invest

## **Give them choice of programs, present programs**

- 8-12% return secured by mortgage lien
- Find turnkey properties for a fee
- Find, Do, Rent, put under management for a fee
- Partner and Profit Split, give them most of the profit, this is by far the most popular choose
- Educate interested parties on what is in it for them
- The numbers on the deal and how the deal can withstand the worst case scenarios

- When will they receive their investment & return
- Make it easy and hassle free for them
- All they have to do is sign a few things and wire the money
- We do the rest, you sit back comfortably and collect a check
- Invoke that emotion that you learned will sell them when asking them about their goals

### **Secret Weapon #7 – Beginners can partner**

- Partner and profit split, you get 60-70%
- Everyone tells me I'm crazy for offering over 50% of the profit split but compare doing 20 deals in one year while the others are sitting on the sidelines. It all makes sense so don't get greedy. You will build your track record and make money without taking any risk. As your confidence and credibility grows you can renegotiate and new investors will give you better and better terms.
- Eventually you will have investors fighting for you to invest their money for only 8-12% returns and you will have a credible business for years to come.

### **Secret #8 – Anticipate and Handle Objections**

- Most common objections, handle these up front
- Always accept their objection, they have the right to object. Ask questions to fully understand the handle the objection and get confirmation.
- Use Feel, Felt, Found
  - "I understand how you feel, our other customers felt the same way too until they found that..."
- Get confirmation by asking if you have satisfied their inquiry
- Tip the bucket – use this technique to get all objections now. Ask if there are any other concerns that can be satisfied?
- If no more objections then Close.

## Illustrate deals, Credibility Kit

- Why you are able to offer great returns
- Illustrate past deals, highlight the positives
  - On or under budget rehab
  - Sold faster than expected because our success with quick sale techniques
  - 40-80% annual return
  - What did my investor have to do? Only sign a few things, wire money and collect a check.
- What is in it for them
- Keep it quick and simple, avoid too much info. Make them ask you for more info, that means they are interested.

## Secret #9 - But I'm a Beginner with no track record

- Use someone else's track record
- Find someone who does what you plan to do and partner or help them in some way in return for the use of their track record
- Make it worth their time, give them a cut if needed, do not shamelessly steal their track record
- Use their credibility and get their advice and mentorship, cut them in on your deals or help them so it is a win-win

## Play the Numbers

- Do not give up after 3 people
- You may need to present it to tens or hundreds of people
- All you need is one YES
- Don't stop at one YES, get people fighting to give you their money.

- Document what worked, objections and challenges you overcame and be prepared to get more people to say YES.

## **Secret #10 – Followup,**

- Followup
- It can easily take touching someone 7+ times before they commit
- Do not burn the bridge
- Investors who say no or are not ready now often become your investors in the future
- You spoke to them at great length because they have interest and/or you have credibility, it could be as simple as timing, more trust, handling an objection, etc.
  - Ask them what situation would allow them to move forward, you will find out their objections, find out that they are not a good fit, or you will get a Yes.
  - If it's timing then set a reminder to followup when timing is better.
- The majority of investors will come from following up.

## **Secret #11 Get Commitment**

- Always get commitment, from both spouses
- They must put up earnest money, inspection fees, LLC fees, etc
- We often have a \$500 up front fee that goes towards rehab to weed out the time wasters
- Every person that has not paid the above fees has flaked
- If you do not get them to commit, the majority will flake
- Worst case is you get objections now instead of at close which could easily cause deal breakers, better to find out up front.

## **Secret #12: Ask for referrals**

- If leaving a presentation without a YES you should have 3 referrals

- Trust is the most common objection and they usually will not tell you
- Ask them what they are looking for in a partner, and if they find that will they pull the trigger. Then tell them why you are that partner

## **Treat them like your Grandmother**

- This is a relationship business, treat them like you do your grandmother and they will always be there for you.
- Be great to them, not good, great
- Do not be greedy, ego and greed are the 2 worst things in existence
- Maximizing your profit on a deal by slighting your investors is a one way ticket to ruining the relationship, the value is the relationship
- Think big, the lifetime value of doing 10+ deals with a person vs maximizing profit on one
- Give them most of the profit at first to build a track record, this strategy works brilliant to build a business with a successful track record.

## **Extra Tips**

- Build trust and get them to like you first
- Give out free information to build credibility and get them to come to you
- Handle objections
- Give them most of the profit at first
- Build your track record
- Get many investors then negotiate the profit split and terms in your favor
- Make them commit by funding the earnest money, inspection and any other fees

## **LLC creation**

- Operating agreement tips

- Profit split
- Who can sign
- Other?

## Appendix

- Elevator Speech Examples
  - Deal Illustration example
  - Credibility Kit example
  - Mortgage example
  - Partnership Agreement example
  - SEC Rules
    - <http://www.sec.gov/info/smallbus/qasbsec.htm#eod6>
    - This is not legal advice, every state is different so consult an attorney.
    - In summary, legal ways to offer and sell securities without registering with the SEC
      - Private Offering – you cannot offer investment opportunities to the public, give them free information, get them to come to you and it is a private offering
      - Accredited Investor
      - PPM – Private Placement Memorandum
      - You, Investor and Property reside in the same state
      - Partner
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## 12 Must Know Secrets to Raising Private Money

- **Secret #1:** You are not asking for money, you are inviting people to make a great return on their money
  - **Secret #2:** Public Records - If they loaned money, the mortgage documents were filed at the county recorder's office. Learn how to search them and you will have a boat load of potential investors currently lending in your market.
  - **Secret #3:** Close - Not that it's right for you but do you know anyone who could use a great return that's secured by real estate? (Response is a referral or they are interested usually)
  - **Secret #4:** WIIFT, use benefits backed by features to create emotion
  - **Secret #5:** No answering questions until you have a meeting
  - **Secret #6:** Prospect them
  - **Secret #7:** Beginners can partner
  - **Secret #8:** Anticipate and handle objections
  - **Secret #9:** Use someone else's track record
  - **Secret #10:** Followup
  - **Secret #11:** Get commitment
  - **Secret #12:** Ask for referrals
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## 7 Day Plan to Start Your Real Estate Business

This program was developed to simplify the process of Raising Private Money and building a business with none of your own money. Maximum result from minimal effort is the idea which is achieved by doing the right things the right way. No more spinning your wheels, let's keep it simple and get you moving forward. Complete the 7 day program in its entirety for maximum results. All that is between you and success is taking action now.

### Day 1

Your strategy & market - Pick a strategy and stick to it, pick a market and stick to it. Become a master. Soon you will have a team and systems in place and you can duplicate deals over and over. Keep it simple, 80/20 theory.

## **Day 2**

-Start a wordpress blog website.

-Populate with some articles – write your own, comment on others and news, use video if possible.

## **Day 3**

-Create a page to show your track record, you will illustrate a few deals. This page will include a contact us about deals form. These are your investor leads.

-Create a contact us & newsletter signup.

-Find free guides and write others and offer them in exchange for email addresses.

## **Day 4**

-Use social media and drive traffic to your site

-Use a newsletter to continue giving out free information

-Build credibility by giving out free information, continue to touch these potential investors with more free information. Eventually some will come to you. Follow up with targeted personal emails and phone calls until you reach them or they come to you.

## **Day 5**

-Implement Optinpop to capture as much of your traffic as possible. This is a popup that offers your most valuable free information to everyone that comes to your site. This step increases your lead capture rate big time. You must have your own hosting of your wordpress site to install plugins like Optinpop.

## **Day 6**

-Find out their goals, criteria and expected return. Find a fit for their response and pitch it to them. Show them your track record and available deals. If interested, prospect them regarding how they will finance the deal and what due diligence they require. Tip the bucket meaning ask them if there is anything else holding them back. Make sure they are a good fit for you, this is just as much about them being a good fit as you being a good fit for their money.

## **Day 7**

-Close - Get commitment before beginning, this is mandatory or they will flake. And always ask for referrals.

**Tip:** This does not have to be perfect. Keep it simple and do not over complicate this. Give out free information and get leads coming in and continue to improve your site, the value you provide with your free offering and your close rate.