

## MODULE 3 CHECKLIST – RECRUITING PRIVATE LENDERS

In this module we will teach you how to recruit private money. You will learn the challenges and opportunities around recruiting private money, who private lenders are, how to find them, and why they should want to work with you. We will look at the difference between working with friends and family, and working with a private lender who you do not know as well.

### Key Points:

- Start with people in your network: family, and friends that know you.
- When recruiting private money your reputation is very important.
- People lend to people they know, like and trust.
- The return on investment is important but so is return of capital.
- Networking is a great way to start meeting private lenders.
- Create a credibility packet that includes:
  - pictures of your deals,
  - your buying criteria,
  - documentation of any deals you have completed,
  - before and after pictures,
  - the terms of a joint venture and how much of your money will be involved in the project.
- Private lenders are a lot more flexible than traditional banks.
- Bank financing for investor mobile homes is not common. Very few banks understand investing in mobile homes.

### **Key Points** *(cont'd)*:

- Private lenders are people looking for good returns and can be anyone: friends, family, people from a networking event, business professionals and business owners.
- Each mobile home project that you complete will increase your credibility and make it easier to win private lenders.
- Most private lenders want a 6–10% return, depending on the investment.
- Private lenders offer a lot of flexibility, so deals can be structured for short-term and long-term financing.
- Finding a match involves talking to the potential lender, telling them what you do and then letting them make a decision.
- Some great ways to meet private lenders include: real estate investment (REI) clubs, mastermind groups, individual retirement account (IRA) meetups, and through your existing network.
- Building a private lender relationship takes time, so don't rush it.
- Do not advertise publicly for private money.
- Do not take money from anyone who is not comfortable with and doesn't fully understand the investment risk.
- When you work with a private lender, or anyone, you need to have high integrity; you have to do what you say you're going to do, and always pay the investor back.