

THE POSITIVE RESULTS CONVERSATION



LEGAL NOTICE

[Copyright © 2023 by Leadflow](#)

All rights reserved. No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the publisher, except in the case of brief quotations embodied in critical reviews and certain other noncommercial uses permitted by copyright law. For permission requests, write to the publisher, addressed "Attention: Permissions Coordinator," at the address below.

Leadflow
6659 Pearl Road, Suite 301
Parma Heights, OH 44130
www.Leadflow.com
support@Leadflow.com
855-545-2095

DISCLOSURE

These documents and information contained herein are designed to provide accurate and authoritative information with regard to the subject matter being covered. It is given with the understanding that the authors and distributors are not engaged in providing legal, accounting, real estate or other professional advice.

If legal advice or other expert or professional assistance is required, the services of a competent professional person licensed in your area should be sought.



INTRODUCTION

LET'S FACE IT,

funding real estate deals is one of the biggest challenges that most investors face. In fact, when we surveyed our users and asked them what the biggest roadblock is in their business, almost all investors, new and experienced alike, said that **having the cash to be able to fund deals is one of their greatest obstacles.**

If you're a real estate investor, then you're going to need a reliable way to fund the properties that you plan to purchase.

Now, there are a lot of different ways to purchase and rehab houses, but there is one way that the great majority of successful real estate investors use to fund their deals - **Private Lending.**

Private lending is finding individuals who are willing to lend you money that are not traditional money lenders like banks or lending institutions. **These individuals could be friends, family, other investors, or anyone with money who is willing to lend it to you.**

There are two things you will need to find success with private lenders. First, you need to **find potential private lenders** and second, you need to be able to talk to them in a way that gets them excited about lending their money to you for real estate investing deals. The latter is what this report will focus on.

A lot of investors early on are nervous to talk to people with money, and don't want to ask their contacts for "help." That all changes once you realize that there are a ton of people with their money sitting in the bank earning just 1% (or less!), and if you could pay them a return of 6%, 8%, or 10% backed up by real estate, then you've created an opportunity for them and a win-win situation for everyone involved. What you're doing is offering a better return than anything that they're currently getting on their money, which is a big deal and something that most people would be interested in hearing about.





OVER THE PAST DECADE

we've talked to, and formed relationships with, countless private lenders to fund over 500 deals. The way that we have landed the great majority of those lenders was by having a conversation with them called the **Positive Results Conversation**.

The **Positive Results Conversation** is a proven script to use when meeting with potential private lenders that explains the real estate investing business, alleviates any objections, concerns, or questions they might have before they even ask, and ends with a soft close designed to get you to the next step in the relationship.

EXPERT TIP:

This is best delivered over a meal. Breaking bread with an individual is one of the best ways to build a relationship. If they don't trust you and, more importantly, like you, then it's not likely that they will want to lend their money to you.

First, you need to **identify a list of potential private lenders** that you would like to meet with. Next, before meeting with them, you need to practice the positive results conversation script, and then schedule a time to meet.

We recommend practicing this script with a friend or family member and rehearsing it until you can do it by memory. That doesn't mean you are going to deliver it like a speech and never give them a chance to talk. What it does mean is that you will be ready to explain your business with a logical flow that is not too aggressive and gets them excited about investing with you.

Next you can read through the script, then we will break it down step-by-step



THE POSITIVE RESULTS CONVERSATION SCRIPT

Have you ever thought about investing in real estate? Our business uncovers a lot of discounted houses and opportunities and we use private lenders to fund these deals.

We need a few more private lenders - these are people who earn a good rate of return (much higher than the banks) that is backed up by local real estate. My company purchases these properties, fixes them up, and then resells them.

It's called residential redevelopment, and we are the leading company handling this type of investing in this area. My company finds properties, usually single-family homes, at significantly under market value. We then acquire that property for cash and redevelop or rehab it. This means that we make all the necessary repairs to bring it back up to full market value before we resell it. When the property is ready, we resell it and pay our private lender back their principal investment plus the agreed upon return.

Most people are really surprised at how many of these investment properties are out there. We use some sophisticated buying systems which find these properties online, at the courthouse, at online and live auctions, and even during foreclosure. We also get a lot of referrals from real estate agents and bankruptcy and divorce attorneys.

What we've found is that some people experience real pain, I mean real stress and anxiety, when dealing with an unwanted property. Many of these people are willing to sell their property as-is for cash rather than trying to make all the repairs themselves and then go through the whole process of listing and marketing the property with an agent or on their own. That's where we come in. Because we're able to close quickly, pay cash, and solve their problems, they're usually willing to sell at a discounted price.

And that's where private lenders come in - these circumstances don't give us the time to work with a traditional bank or mortgage company. For most sellers this is the single biggest problem in their life and, because we can close in a week or two, they realize what a huge benefit it is for them to work with us.

We work with our attorney and title company to set everything up properly to close in that two-week period. Private lenders are essential to our business model because we have to move faster than normal to get these great deals and be able to help so many people.

Next we'll break down each part of the conversation to help you understand the psychology behind it.





STEP 1: THE DELIVERY

Now let's assume that we're talking to someone that we know, like an Uncle, our dentist, or our neighbor. The first concept is the hook. You're casting the line and trying to hook a fish to reel them in. As you do this more and more, you'll get a feel for when to start guiding the conversation into the Positive Results Conversation.

Remember, no matter who you're talking to, it's all about building a rapport with them, gaining their trust, and, in general, getting them to like you.

It starts off as follows.

Have you ever thought about investing in real estate? Our business uncovers a lot of discounted houses or opportunities and we use private lenders to fund these deals.

After you ask if they've thought about investing in real estate, keep going. You don't want to stop there even though it's a question. You'll immediately move into the next statement talking about how your business uncovers a lot of discounted houses and opportunities.

Now that you've opened the dialogue and explained the concept, you want to let them respond. This is the first break in the script. You always want to give them plenty of opportunities to talk when you are meeting with them.

If they do not respond you can again follow up with, **"Have you ever thought about investing in real estate?"** It's an easy and low key question to ask someone. The truth is, a great majority of people have thought about investing in real estate, whether it's from seeing an HGTV show or knowing someone who has done it.

At this point they're more than likely thinking about investing in real estate, how your business discovers a lot of discounted real estate, and are probably wondering "What's a private lender?" You'll explain the private lender concept next.

We need a few more private lenders - these are people who earn a good rate of return on their money (much higher than the banks) that is backed up by local real estate, while my company fixes up the property and then resells it.

As you can see, you are starting to seed the conversation with the benefits of being a private lender, without actually asking them if they'd be interested. **It's very important not to rush into asking them if they're interested in being a private lender too quickly.** You want to keep it as conversational as possible.

By the time you get to the end of the positive results conversation, you want the person to be completely at ease with the idea of lending their money to you to purchase real estate.

Now that you've explained what a private lender is, it's time to explain your business model to them.

It's called residential redevelopment and that's when my company finds properties, usually single-family homes, at significantly under market value, we acquire that property for cash, and then redevelop or rehab the property. This means we make all the necessary repairs to bring it back up to full market value. After that we resell the property and pay our private lender back their principal amount plus the agreed upon return.

We actually invented the term **residential redevelopment**. It's a term that has nothing to do with private lending, but it describes our business in a simple way without all the negative stigmas that are associated with the term "real estate investing."

The key here is to show them that you have a business model and that this isn't just something that you are "trying." You are also showing them that you are an authority on investing and that you pay the lender back plus their return.

You can imagine what's going through their mind at this point. They are more than likely starting to size you up. They are a person with money and you are a real estate investor in need of money. Anytime someone wants your money, you start to raise your guard a little bit, which is completely understandable.

They might have started thinking the inevitable question, "Why don't you just go to the bank?" That would be a logical step for someone who isn't aware of all the alternative ways there are to purchase real estate.

We're starting to preempt that objection, because we already know that it will come up. They might start thinking, "Why would you need my money instead of just going to the bank? Does your credit suck? If so, do I want to give you my money?" Probably not.

EXPERT TIP:

If you don't have great credit, don't worry. The majority of private lenders we've talked to have never asked about credit scores. Here's why - you're having an intelligent conversation where you're establishing that you're a legitimate business that buys, fixes up, and resells real estate. You're building rapport and trust with them.



Most people are really surprised at how many of these under market value properties are really out there. We use some sophisticated buying systems, which find these properties online, at the courthouse, at different online and live auctions, and even during foreclosure. We also get a lot of referrals from real estate agents and bankruptcy and divorce attorneys.

The key to earning their trust comes through showing them your systems and business.

Just saying you buy, fix, and resell properties is not enough. That's why, next, you're going to start explaining your business model in more detail.

You're setting up the "why" when you explain to people about your buying systems. You don't just find your properties from one source, you have different buying systems that bring leads into your business, and then you analyze the deals. You might have to analyze 10 properties to buy one, and use private lenders to fund that one deal.

Remember, in most cases these are not real estate investors you are talking to. They will be your family members, dentists, attorneys, or other acquaintances that you have in your life. They don't know all the ins and outs of real estate or how to even start going about finding a property to acquire.

When you're talking about real estate investing, they're going to start thinking through the positives and negatives in their mind. They've most likely read about real estate in the media, or may know someone who has tried to remodel and "flip" their house only to lose money. They've probably heard of the "gurus" out there and the get-rich-quick schemes.

At this point, they may start to think about why a person would be so willing to sell their property for under market value. We'll answer that question next.

What we've found is that some people experience real pain, I mean real stress and anxiety, when dealing with an unwanted property. Many of these people are willing to sell their property as-is for cash, rather than trying to make all the repairs themselves and then go through the whole process of listing and marketing the property with an agent or on their own. That's where we come in. Because we're able to pay cash, close quickly, and solve their problems, they're usually willing to sell at a discounted price.

These people aren't in the business of dealing with the unwanted property or so-called, problem properties, that need a lot of repair. They have a job and a life, so they are willing to say "yes" if you can come in, look at the property, pay them cash, and close in short order. But in order to do this, you need to have access to cash.

If the seller wants to maximize their resale price and wait six months to get that money, then they won't be able to get out of it. To the seller, being able to get rid of their property in 1-2 months versus 6-8 months can mean a lot, especially if they are going to be the ones bearing the burden of the property and the workload to repair and sell it for top dollar.

We'll go further into this next.

Most properties aren't going to be able to be bought by my company because we're looking for properties at a big discount. We're looking for properties that people don't want, that they've inherited, or have gone through a divorce, bankruptcy, foreclosure, or whatever. We're looking for properties that need some work and most people just don't know where to start. They don't want to do the work or list the property because it could take several months.

Now you're explaining that there are a lot of properties out there for sale. There are at least 5 million properties a year that sell across the country. That's a half million properties a month that are put up for sale in the U.S. That's a lot of property and a lot of opportunity. 90% of those properties are going to be listed and sold by an agent, but those aren't the properties that we're talking about. Most properties aren't going to be a prospect for us to buy because they're going to be listed at full price.

When you are talking about this part you can use the language mentioned above because it helps build authority.

And that's where private lenders come in - in these circumstances they don't give us the time to try and work with a traditional bank or mortgage company. For most sellers this is the single biggest problem in their life and, because we can close in a week or two, they realize what a huge benefit that is to them.

This doesn't mean that you have to close all your deals in a week or two. You're simply explaining the concept to potential private lenders.

Now, what's going through the lender's mind at this point? Put yourself in their position. You have some money in the bank and someone just asked you if you're interested in investing in real estate, or if you've ever thought about it? Then, they explain what sounds like a legitimate process, because most lenders know that there are real deals out there.

We've all heard stories of people that buy houses, fix them up, and make a ton of money. So now, for the first time ever in their lives, they're understanding how that can be systemized and why real estate investors would need money.

It's good to put a disconnect between meeting them and asking for money. You're not asking, "How much money do you have?," you're just conceptually describing the business, how it works, and why private money is important.





We work with our attorney and title company to set everything up properly to close in that two-week period. Because we have to move faster than normal to get these great deals, private lenders are essential to our business model.

Next you can talk about how the money will go through an attorney or title company to close when you're ready to buy the property. It's important to let them know that it's not the private lender writing you a check. They're writing a check to an attorney or title company and you are issuing them a promissory note or mortgage recorded at the county. That money sits in escrow funding the deal and then you rehab it, resell it, and then pay off the lender.

Now that you have delivered the bulk of the positive results conversation, it's time to start gauging their interest and start going a little deeper on private lending.

Can you see why private lending, and having access to cash, is important to our business?

Once you've asked this, sit back and be quiet.

They might respond, "Yeah, I can see it makes sense" or they're going to say something like, "No, I don't, and you lost me with the private lending thing" or "You lost me with the residential redevelopment part, what is that again?"

You might have to go back and have a conversation about what that part of the process is, and that's ok.

If you get a negative answer to that question, then you're probably dead in the water. If you get a positive answer to that question, then you proceed with the conversation.



STEP 2: THE NUMBERS

The next part of the conversation is where you start steering it towards the numbers and, more specifically, the rate of return. Your goal isn't so much to lock in an interest rate, but to, instead, fact find on what kind of rate they are currently getting, so you can offer something more competitive.

It starts off with a simple question.

| Where do you invest your money currently?

If you got a positive answer to the previous question, then this is a great question to ask next. They might reply, "We have some money in the bank, some in the market. We invest in real estate a little bit."

EXPERT TIP:

Instead of asking them, "How do you like to invest, or what investments do you currently have?," an easier question would be, "Do you consider yourself an aggressive or more conservative investor?" and let them respond. Again, this is a fact-finding question, you're trying to get some information from this person and have some dialogue.

| What rate of return are you looking to target with your investments? What do you typically shoot for when it comes to an investment?

If they say 8%, then you might have to go higher than 8% when you talk numbers. If you don't want to go higher than 8% and they're earning 8% in the stock market, then you're able to say in all reality, and with 100% truthfulness, that "I can pay you a fixed rate of return of 8.25%, versus the stock market which could be 8%, 12% or you could lose 18%. You aren't going to lose 18% with me, because it's backed up by a mortgage on the real estate. If I don't pay you, then you get the property that was purchased at a price under market value that has equity in it."

EXPERT TIP:

Use numbers like 8.25% or 10.2%. Anybody that's used to investing is used to it never earning 8% or 10%, but instead, 8.33% or 8.25%.



Some people might have the mindset that they're going to invest and get a percentage of the deal, and that's fine. If that's the only private lender you have and you have a deal, then do the deal as long as the numbers make sense. The good thing here is that no matter what, you don't have to worry about the velocity of their money, because they're funding it whether it takes one or five months to sell.

EXPERT TIP:

One of the most important concepts in real estate investing is the velocity of your money. The faster you turn your money, the quicker you can turn around and re-invest it in other projects. When it comes to private lending, when you pay off your lenders quicker, they gain confidence in you. The longer a project goes on, the more nervous lenders can get. Try to stick to a fixed interest rate and move quickly on your deals.



STEP 3: THE SOFT CLOSE

Now it's time to get to the soft close. You aren't going to ask them for money on the spot. In fact, **you never want to go to a private lender with a deal in hand the first time you ever meet them or approach them about lending. You simply want the soft commitment.**

I Are there any other questions, thoughts, or ideas you can think of?

At this point, you simply ask that question and then let them respond.

If they do have additional questions, take time to address them. If they respond, "No, I think I'm good." then you can respond with the following:

Okay, next time I run across an opportunity that you might be interested in, I'll give you a call with the details. I've done some marketing and I'm analyzing some deals right now, so I'll give you a call later in the week or next week if we uncover an opportunity that looks good.

If they reply, "Cool. Great." Boom, you just got the mini commitment and a handshake.

Or they might say "I'm going to think about it." Great, they didn't turn you down and may be open to it.

| That's the Positive Results Conversation.

There are some other questions or objections that they may come up with on the spot, but the main ones are covered above. It's important to just stay confident and, if you don't have an answer, don't make it up. Say something like, "I think I know the answer to your question, but I don't want to give you the wrong answer, so let me talk to the attorney/contractor/title company/etc. that I work with and get back to you." Remember, your credibility and integrity are incredibly important when it comes to your relationship with your private lender.



CONCLUSION

Repetition is the key to success in anything and rehearsing this script will dramatically increase your likelihood of getting your first "Yes."

You don't need a yes from ten different lenders, you only need one. So read it over and over until you start to get it. Then practice it with a friend or family member over a meal. You can even practice parts of it whenever someone asks you, "What do you do for a living?" It may seem a little intimidating now, but continue to keep your "WHY" before you. Is your "why" big enough for you to get over the little fear of talking to a potential private lender? Even if you go before three or four people and get a "no" every time, the more you deliver it, the better you will get at it.



It's important, even critical, to remember that you're NOT trying to borrow their money. You're bringing them an awesome opportunity that will increase the quality of life for both of you, and even a home seller and buyer along the way.

Once you find someone to lend to you once, what's going to happen is this; they're going to fund the deal, you're going to pay them their money back with interest, and the next question is going to be, "When can we do another deal?" They're going to want to take the money and do it again. So your goal should be to turn their money three to four times a year. You pay them, they're happy, and you're happy.

Do you see why the Positive Results Conversation works? The biggest objective isn't to get them to say, "Heck yeah, I have money and I'd love to give it to you." Instead you're just having a conversation, explaining your business, how it works, and then you're answering a lot of their objections before they even have the chance to say them.

Just practice and get out and do it. It works, and the more you talk to people, the more opportunities you'll see open up right before you.

Live Free,
Greg Clement
Founder & CEO
Leadflow



THE POSITIVE RESULTS CONVERSATION

