

Transactional Lending - Vendor Series

[00:00:00]

Introduction and Meeting Setup

Robert Climer: I'm gonna let Paul Paul admit Pete Russell and Pete's an anomaly.

He he does interim financing. He's gonna explain what that is, but he and Paul made a connection a couple weeks ago. We had a meeting a week ago, and the stuff that Peter has to offer, all of us, I think everybody had to take a listen, and your mind should start running about what this can do for your REI investors.

So that being said, Paul, it's all yours.

Paul Cronin: Thanks Robert. Thanks Pete for being here.

Lead Generation Success Story

Paul Cronin: You know, just so you guys know that lead [00:01:00] generation actually works. So, Pete had created a lead generating system and I received one of his, his leads and I was reading through it and I was like, you know, this guy is a money lender.

I'm wondering how our business is. Might be able to support each other. So I wrote back and I said, well, we don't need money at the moment, but there may be an opportunity for our businesses to, to work together and benefit ourselves, plus our core customers. Do you want to talk? And so he said, he said, yes.

So, and then I said, well, I better get, get Greg involved with this too. So I invited Greg to the party and then I actually jumped off the first phone call after an hour. And Greg and. Peter kept on talking. So, and, and one thing led to the other. We had a follow up call and then we said, Hey Pete, you know what?

I think you could bring a lot of value to our brokers and our agents and our REI community. You know, would you like to talk? And so this is, this is how we got together. [00:02:00] And so he is gonna talk about how his unique funding approach can, can do a number of things for reis, for, for co, for homeowners for, for investors.

And so I'm gonna turn it over to him and let him take it away, because he has all the, all the facts. Go ahead. Go ahead, Pete. Thanks for being here. Thanks, Paul.

Peter Russell: Appreciate it.

Pete's Background in Real Estate Investing

Peter Russell: Good to see everybody on here. My background is in, in real estate investing, like I said, REI specifically wholesaling real estate where you get a property under contract, you're not gonna buy it, flip it or hold onto it.

You are gonna turn around and assign it over to an end buyer. So I've been doing that for almost 10 years. Done about 600 transactions in that, based outta Charlotte, North Carolina. But I've, I've worked and operated in quite a few markets across the us. And within the last few years have put together a, uh, a funding arm for that transactional funding to work with real estate investors who are also getting houses under [00:03:00] contract.

They have a big pool, pool of buyers, or in this case, could take it to the platform. And again, they, they're getting 'em under contract direct to seller. But they don't intend on hanging onto it. They don't want to fix and flip. They don't wanna buy and hold. They just wanna be able to get it, turn around and sell it to somebody and move on to the next one.

So there's whole, whole industry around it. Whole way to, you know, some people get started in real estate that way. Some people build out these massive teams that way.

Understanding Transactional Funding

Peter Russell: So with the transactional funding piece. With regulation and with things changing across the country, and when you have some of the bigger deals, when you get up into 25, 30, 40, 50, \$60,000 on a, on a spread, instead of doing an assignment where there's a chance that the, the seller could back out of

the deal or you're in, buyer could back out of it, you would come to my company to be able to double close and we'll actually fund it for you.

So you turn into the actual buyer from the seller. And then you can turn around and sell it to that end buyer. [00:04:00] So instead of assigning it over, you're double closing. So if you have a deal in Detroit, Michigan for a hundred thousand dollars, you got it direct to seller, you got a great deal. They just wanna be done with it over it.

And then you've got a, you want to be able to put it on the platform and put it out there in front of as many investor buyers that wanna buy that thing and then turn, fix it up and turn it into a nice rental, put it into their portfolio or, or fix it up and flip it. You and you don't have the capital to buy it.

You got everything lined up. You would reach out to myself and my team and then we could fund that deal for you. The cash to close. We just charge 1% or less for that. So we've been doing it for about two years now. We've done over 200 of 'em. And it's just growing more and more in popularity because of regulations, because of the process that we have is super straightforward and simple.

You just have to submit a deal, introduce us to your closing company, and we kind of take it from there. On the day of closing, we just wire over the funds. They close the first deal [00:05:00] between you and the seller. Turn around and close the second one between you and the buyer. And then all the funds get dispersed afterwards.

Double Closing Explained

Peter Russell: Super interesting thing that we can talk about, take a pause here and answer any questions or anything, is how that kind of integrates and implements with the platform that Paul Greg and every and you guys have set up is being able to use that buyer's premium to, to cover the initial, the cost and everything for what I offer with the transactional funding, but.

Yeah, so we, transactional funder, double closings nationwide, and we just make it straightforward, simple as possible. And it's, it's geared toward obviously, and, and investors are wholesalers who I think are gonna start using the platform more and more. I, myself, I still wholesale here in Charlotte, North Carolina.

I've got a few deals coming up where I'm gonna cut my teeth and, and be submitting 'em over and running them through the platform as well. So super

excited to to have the offering [00:06:00] and, and work together with any of you guys on it.

Q&A Session Begins

Paul Cronin: Quick question. So one of the key, go ahead, Ronald.

Ron Weeks: Okay. Yeah. So, with the double close, oh,

we can hear you. Oh, sorry. Yeah. Go ahead. Yeah. Yeah. Okay. So, I was gonna ask what's the maximum amount that you will double on, close on, and also what's the maximum length of time? Do you just, it has to be a ab 1, 2, 3, or do you have a time period where maybe 30 days or, or, or what have you?

Peter Russell: Yeah. First, first answer is there's no maximum. I mean, we've, our average right now is about 250 k across the deals that we've done, but we funded deals in the millions too. We, we did one a a few months ago where it was a RV park. Somebody had it for, it was about 2.2 million under contract, and they sold it for 3 [00:07:00] million.

Had a healthy, healthy spread on that. So they're like, Hey, we need to double close, but we don't have \$2.2 million sitting around. Like, most people just don't have that to just throw at a deal at any point in time. So he reached out, we connected we got everything lined up, and about three weeks later, we, we funded it for him.

So we can do higher than that as well too. I, I've raised a bunch of capital recently for. The growth that we have going on. And I have some ways to tap into more capital if it's like a massive transaction. 'cause people do double closings with commercial properties, with big parcels of lands portfolio deals, all sorts of things.

Like people are doing this all over the country. Second question is, it has to be a same day, double closing. So we. Have a super streamlined and simple process. We don't have a lot of paperwork, everything to bog it down where there's all these extra deeds or notes or anything like that. 'cause that would just turn it into pretty, pretty cluster of a, of a closing.

So with us, it just has to be [00:08:00] same day. Like every, we, we will send the funds over to the closing company once everybody's signed the final closing statements. And once the in buyer's funds are in escrow, obviously we're not

using those funds. You can't do that, but we're just waiting till they're super committed.

They have their funds in there, everybody's like, let's do it. And we communicate that with the with the attorney or with the title company that, Hey, let's get this knocked out back to back on the same day.

Paul Cronin: There's a question in the in the chat. POF letter is usually the weak link in a wholesale transaction. Does Pete offer a verifiable POF letter?

Proof of Funds Letters

Peter Russell: Yep, we do. We offer proof of funds, letters free of charge. It's, it's a simple one pager. Just we have a link that we can send over and I can drop it in the chat here.

Where you fill out the questions, it's just a digital link. It's gonna ask your business name, the property address, and the amount that you're making the offer on. We put that specific amount on the proof of funds letter. I know other people do it where they give a range, but to me, [00:09:00] if, if you're making an offer on a property for 220,000, but you're saying you're funded up to 300,000.

That seller can come back and be, well, you're offering me two 50, but you're, you know, you're qualified for up to 300, so let's bump it up a little bit. So we go very specific on that. So you fill it out, it all, it comes over to my team, and we get that back to you usually pretty quickly, but within 24 hours.

But we do offer proof of funds, letters. Again, it's, it's not super complex. It's not bank statements, it's not anything like that, but it's worked really well. It's just a one pager that says. Velocity Advantage Capital will fund a transaction for such and such company on this address if within the next 30 days, like the funds are good for the next 30 days, and we can always bump that up or adjust it in anything as well.

So I'll go ahead and I'll, I'll drop that in the in the chat too.

The Power of Buyer's Premium

Paul Cronin: One of the things that came up after I left, but Greg kind of filled me in, so Pete or Greg, if I get this wrong, please correct me. But what I

understood was, you know, [00:10:00] the superpower of the buyer's premium. The more we use it, the more we understand it, and the more we understand that it's, it's almost a panacea for solving problems.

Imagine you, you have a wholesale deal, but the, you know, the seller says, well, gee, I can't afford the 1%. You know, I'm not, that, I'm not cash strapped. Well, similarly to the REI insurance, using the buyer premium for the REI insurance and protection, you can put the 1% into the buyer's premium. So the seller's not covering that.

The the buyer is, and I, I think that was one of the more exciting things coming out of that meeting when we first met, was holy smoke. This whole buyer's, and again, a good reason to use the platform because you set the buyer, you know, that's part of the process. You set the buyer's premium up and you can put that in there.

And again, the buyer's. Seeing everything. It's a transparent situation. They know they're making an offer for a certain price and whatever the cost of sale is, that's identified inside the buyer's premium. They, they own that as [00:11:00] well. So, that, that's the, the beauty of, of working together on this. Yeah.

Do you guys wanna add anything to that?

Greg Bilbro: I'd like to add something to that for sure. Everything you said, Paul is right, but it needs to be multiplied times a hundred. Okay. What, what? I'm too

Paul Cronin: subdued. Is that what you're telling me?

Greg Bilbro: What Pete has? It's absolutely mind blowing. Now there's nothing mind blowing about transactional funding.

I've done that or I've been, you know, I've used transactional funding. I know transactional funder guys. I know hard money lender guys. Pete is not a hard money lender there. It's different. It's similar but different. But the point was is there's, that's not magical and har transactional funding. I feel like a lot of stuff in real estate is a commodity.

It's a race to the bottom on price on fees. If one, dude, if I need a million bucks overnight and one guy's gonna charge me two points, and the other dude's gonna do it for one point, where does the investor go? Right? Well, now what if

someone else says, okay, well I'll do it for 75 basis points. Where does the investor go?[00:12:00]

And at some point that race to the bottom right, you reach that and nobody wants to do it because the margin's too thin. The headache is too weird and whatever. And so that's not fun. Pete can now do that very business model where there's an established marketplace with lots of demand for transactional funding.

That's only becoming all the more important, which I'll say, which I'll share in a second. And he's the only shop in town that can do it for free.

That's wild. And it's similar to how Robert got his start in Seattle saying, I can sell your house, no commission. Whatever his sign said. I don't know what his sign said, but that whole story, it's wild to say that, and it blows people's minds, but it's true. And so Pete can remove a 100% of the financial friction from an established market, which is infinitely scalable.

Not that there's infinity dollars, but you get the point. It's the whole United States, it's all [00:13:00] the, all the transactions. It's every single REI for, for \$0. Hm. I think I might want to go work for Pete too. I think Pete's about ready to go. Got ready to blow up to his own. His own thing. It's free of resistance.

Who's not what? REI is not gonna flock to that. You can double close my thing for \$0. Yes. I can double close your thing for \$0. Wow. You're easy to work with. Yes, I'm easy to work with. It's just beautiful.

Paul Cronin: So that puts another weapon in your selling model when you're talking to Reis and you want to become the agent for that REI.

You can say, well, not only am I the best agent, but I also can help you find zero cost funding. Wait, what? Right. So you just differentiated yourself one more time as a, as a real estate expert.

Greg Bilbro: And let's, let me unpack that. 'cause the, I don't know who, and I didn't know this goes to 700 agents by the way. I just learned that.

I didn't really think through that. But [00:14:00] whoever if you understand wholesale, what you're doing is you're not buying and selling houses. You're, you're getting a house under contract and you're selling the contract. It's a paperwork play, not a real property play. If you're getting real property into escrow, you now have equitable title, you have the rights to buy that property,

and then you sell those rights, you sell that contract to someone with cash, and you charge a fee for that.

That's called the assignment fee. And I've done, I've done that for whatever, eight, six or eight years. Lots of it in Phoenix, Arizona. I was a wholesaler in Phoenix, Arizona, so I really get it.

Regulatory Challenges in Wholesaling

Greg Bilbro: Wholesaling is becoming illegal across the United States. Lots or really highly regulated where it's just illegal or you gotta become a licensed agent to do a real, to do, to do paperwork that blows my mind.

You gotta be a real estate agent to do paperwork, but whatever. And so it's getting worse. And I think, Pete, you correct me if I'm wrong, see you, where you live, is it [00:15:00] illegal or like pretty darn close to illegal?

Peter Russell: They have legislation coming out where you have to be an agent. Okay.

Greg Bilbro: Yeah. And so there you go.

That's people meddling in the business. That's the government or regulatory agencies, me meddling in our business, which I don't, I'm not taking a position, I'm just saying there's disruption and it's getting challenging to be a wholesaler. So as the laws go and regulatory pressure goes up, the need for double clo transactional funding goes up.

Okay. And so that headwind of pressure is a, is a, is our tail is a big tailwind for business. So that's awesome. Number two, when you make too much money on a flip. This has happened to me. I don't remember my numbers, but I remember I was making like, I don't know, 60 K on an assignment, and the flipper was, he was only gonna make like \$35,000, something like that, I don't know.

And he was mad, and it's like, no, no, no. I just brought you a \$35,000 opportunity. That's a good deal and you wanna buy it. You're mad that I'm making 60 and I'm just [00:16:00] good at my thing. Right, so So that happens when that happens if you burn one guy, even if they're wrong, right? It's like, fine, if you don't wanna make 35 grand, you don't have to make 35 grand.

I'll sell it to that guy, right? That's just a free market. It's not a big deal. I've also made \$500 on an assignment where the flipper made 50 grand, right? And I didn't get the check, I didn't get the pat on the back for that. I didn't get anything in the mail for that. So when these things happen and you're gonna make too much money, you double close.

Because, because now nobody can see what you're making. It's all, it's, it's closing and closing and so you just get your check, you walk and it's after the fact. And so that, that is also a, a, a good play for Reis who just, who got a screaming deal.

Peter Russell: Yeah. That, like you said, with the regulation too, there's, there's some markets where you have to set up a new LLC for every deal. That you do, which is crazy. Like they're like, you can do assignments all day long, but every single deal that you do, you're [00:17:00] gonna have to set up an LLC. So it's paperwork, it's time, it's money, that sort of thing.

Or more and more they're pushing people To become that, you have to be a licensed agent. So with that, the one thing that's not in a lot of that verbiage is, is to be able to double close it, right? Like they want to see that you're serious. You're not just locking up. With wholesaling, there's been obviously bad apples, just like in any, any industry, but a lot of people out there, it's, it's a low bar of entry.

People can get something under contract pretty easily and then they don't perform and then they hold up the deal or they, you know, put a lien on it or whatever it may be hoping to get paid later on when they actually do sell it. So I think some of the regulatory stuff will, will be positive. Some of it will be super restrictive.

A big way to be able to continue to do that model is to not do assignments, but to be able to actually buy the property and then turn around and sell it to somebody. To my knowledge, right now, there's, there's nothing out there that's like, you can't do that, right? You, you can buy anything and turn around and sell it.

People sell stuff on [00:18:00] Facebook marketplace or whatever all the time if it's a car or a piece of clothing or whatever. So this is just, this is higher stakes and more money. But to be able to. Get around or not have to worry about the legislation. A lot of people reach out to me from those markets and like, I have this killer deal.

I'm not a flipper, I'm not an investor. I don't wanna hang onto this thing. I know I have a buyer already lined up, but I don't have the capital to fund it, to close it. And that's where we step in and we're like, okay, we can do that and we'll make it super simple and we'll just charge 1% or less. But now if on the platform people are going on their REI guys and they're like, Hey, I wanna open up this deal to as many people as possible.

'cause the more people you get it from, the stronger offers you're gonna get, the more non-refundable, like the serious buyers. And then on top of that, if they know they can double close with an easy transactions, that's great. And then on top of that, if you turn around like I just, I like, it's just gonna be like.

[00:19:00] Greg said, is this gonna be mind blowing when you're like, yeah, you, you can double close it and it's actually gonna be covered, right? Like you're gonna get the win-win win. In all case scenarios, you're gonna get the strongest offer possible, the most eyes on it, and then you're gonna be able to double close and it's not gonna cost you anything.

It's gonna be covered in that buyer's premium. Like that is a massive, massive tool for investors and everybody to use because when you do double close, you have to pay. My fee comes out of the proceeds. And then a lot of times you cover some closing costs and things like that. So there is, there are fees associated with it, but to take that off the board are, are a big chunk of that.

Off the board is is mild to make,

Greg Bilbro: yeah. Is

Peter Russell: wild. So here's the other

Greg Bilbro: kicker, here's the other kicker to wholesale is when you are doing a wholesale deal, like if I'm buying a deal and my company's name is, you know, Greg Bilbo, LLC, and I'm buying a house for a hundred grand. And then I sign it for 120.

This also happens Now. There are shysters, but there's, but there's also good [00:20:00] guys who do good business like me that disclose, disclose, disclose. And I don't do what I call, what people call the confusion close, where like, they don't know what the heck's going on. I do everything, do it later. Yeah. You know, get 'em later.

But sometimes you'll say, Hey, I'm gonna assign this and I may not be the buyer and I may make some profit in the, in the, in the, in the path of doing such. And it's very likely that I might not be the buyer and there could be a new buyer. Are you cool with all that? I'm still gonna get you your number.

And if they're cool with all that and you've disclosed that and then you end up not being the buyer 'cause you assigned it and some other person and they forget. Or they or they or it just didn't land lawsuit, that's where lawsuits come from is stupid stuff like that. Now, not all the time, but it's where it's the birthplace of a lawsuit.

Right. It, it just happens. And if it's a little old lady versus a, you know, a slick dude with a BMW and a watch and he's got a license in the, in front of the court, [00:21:00] the judge is gonna hammer you. It's just game over. So, so this just prevents that. A big piece of business, as we all know, is, is risk management managed downside risk.

So if you just have one lawsuit in 10 years, that sucks. You don't want that, this, this, this can mitigate that to where that can never happen. 'cause you're always the buyer. You're the buyer, you buyer, it's just you. It's Greg Bilbo, LLC closing at 100 k done. There is no possibility to misinterpret that 'cause there is no switcheroo.

Joy Steidl: So can you break down exactly how that works with the assignment fee and the 1% and how that's covered? So say I, I, I. Working with a wholesaler, or I'm working with an investor. We identify a property, we make an offer on it, we get it under contract, then we're gonna put it on the easy platform. We're still gonna get our assignment fee, but then we're also [00:22:00] adding the buyer's premium.

Just kind of break that actual part down for me.

Peter Russell: So let's, let's run through that scenario. Yeah. Let's just say for, for quick numbers sake, let's just say. A hundred thousand dollars. You, you, your, your client has the property owner contract for a hundred thousand. Right. And they have a killer deal. They're like, man, I can sell this thing to an investor as is all day long for \$170,000.

So I'll let Paul or Greg comment on what you would probably list it for. Like, I know the idea is to list it below what you think you can get, get attention, get as many people in there. But let's just, we'll just throw out a number. You guys correct me if I'm wrong. You, you put it on there for 145, right?

You put it, you put it maybe 15, 20% lower than you think you could get, and you get, you get your buyers in there. Buyers come in, they're like, this is awesome. This is great. It, it bids up, up, up, up, up. You thought you were gonna get one 70. You [00:23:00] end up getting 180. Then you're like, okay, I, I still have a contract.

Your client still has a contract for a hundred. They're gonna turn around and sell it for 180. At that point, that's an \$80,000 profit. The old school way of doing it is an assignment where you assign it and on the hood, on the closing statement, your client, Joe Home buyer, LLC, has an assignment fee of \$80,000.

I guarantee you, Joe, the night before and the day of that closing is sitting at home, not focusing on anything else, hoping and praying that nobody really, even if he prepped the seller, even if he prepped his in buyer, like, Hey man, this is a good deal, just to let you know I, I've got a good spread on it.

Or, Hey, Mr. Seller, like we said before, I might bring someone else to the table, another buyer, that sort of thing. But as long as you walk away with your a hundred thousand, you should be fine. Right? Sure. But on the, at that day of closing, he is probably so nervous that nobody pays attention to that \$80,000 assignment.

Greg Bilbro: You're making [00:24:00] me uncomfortable right now, just saying that I would never, I've been there, do that.

Peter Russell: I've been there myself. 'cause the first four or five years that I did wholesaling, I only did assignments. I didn't even know about double closing.

Greg Bilbro: Yeah.

Peter Russell: And I had people, I had people walk out at closing. At the closing table before 'cause they were upset.

And then I've had buyers too. My in buyers, I don't, I don't, with the sellers like Greg said, like I, I prep 'em, I'm as straightforward as possible and letting 'em know the situation. But with your in buyers too, if they see that, especially sometimes they see the closing statement early on, like a few days beforehand.

That buyer sees \$80,000 and they're like, oh man, like this guy's getting it over on me. He's got a bunch of room. I'm gonna go back and retrade it and say that we need to do a new roof or whatever. Right. So you're hoping, you're praying,

you're like, God, please, like just let this go through. 'cause \$80,000 is great and I can put it towards marketing.

I can go to Vega, I can do whatever I want to do with that \$80,000 smart person puts it back into their business, pays their people, [00:25:00] that sort of thing. With a double close, you throw all that out the window. 'cause you are the person that buys it from Mr. And Mrs. Seller for a hundred. Right? And then you have a separate contract with your in buyer for 180.

They don't see that you bought it for a hundred. You are literally, you're like, I'm gonna buy it. It, it blows people's mind 'cause it's a same day, double close. But you buy it, you hold it for however long it takes to record, and then they turn around at the title company and sell it to that in buyer for 180.

Michael Graham: I have a question. You need funds to be able to close it same day. You need that capital.

Understanding the Buying Process

Peter Russell: You have to buy it, right? They're not gonna, it's not gonna go in your name as the investor or wholesaler, unless you actually, it's a regular transaction. You have, you have to buy it. So you have

Michael Graham: to have the cash in order to close it, whether you're getting hard money or you have the cash or whatever, right.

Peter Russell: The wholesaler is, is the middleman, is the investor, is like the client in this, in this [00:26:00] scenario. You have to buy it. Yeah. You're gonna have to buy it.

Funding the Deal

Peter Russell: So that's where I step in and I say, that's, I'm gonna fund it. I'll, I'll fund your deal with Mrs. Seller for a hundred K. So you can turn around and sell it to that in buyer.

That in buyer might use cash, they could use hard money, they could use whatever. That, that doesn't really matter, right? It has to be there on the day of closing. I step in and I say, Hey, you know, Michael, I, I know you don't have a hundred K under your mattress to close on this deal. Totally fine. I'll fund it for you and I'll charge you 1% or less.

Right? That's what I do. And you say, okay, cool.

Double Closing Explained

Peter Russell: So on, on these bigger spreads, you're like, I want to double close. To me, my rule of thumb is anything over \$25,000, you should double close it, right? Yes. Under that, it's your, your call. I say, I. Obviously now that I have a company for it, I double close everything.

It's just super easy business. Like Greg was saying, it just keeps anything from happening and blowing up on you at the closing table. So in [00:27:00] this case though, so that one it, it's a hundred, I bought it for a hundred. I turned around and I sold it for 180. And you're gonna have to, when the second deal closes, when that in buyer buys it on the same day.

I'm gonna get my a hundred back that I, that I purchased, that I sent over, and then I get my fee back. Right? And then you get your profit. So you're probably, instead of 80 k, you'll walk away with, let's just say 180 or 77,000 maybe. All in all, it costs you 3000 between me and your paying, closing costs on that first deal.

'cause most wholesalers say, Hey, I'll, I'll pay your closing cost, Mr. Seller. Right? And let's just say that's two grand. You're walking away cost of business to protect your profit, you're spending \$3,000. So with that, with putting it on the platform, you can now say Pete will double close for you and you walk away with the 80 K.

'cause my fees covered by the buyer's premium. The closing cost on the first transaction between you, the wholesaler and Miss [00:28:00] Mrs. Seller is covered.

Buyer's Premium and Its Benefits

Peter Russell: So that's the crazy thing that we're saying with that buyer's premium, my fee. Any other fees related to it that usually the wholesaler would have to eat is now covered by that buyer's premium,

Kenneth Collins: which is huge.

Peter Russell: Huge. If you have clients and you're like, Hey man, this is a killer deal. Let's, let's put it on the platform. Let's get it in front of as many

buyers as possible. Let's, let's bump up their offers. And guess what? You don't have to worry about the seller or the end buyer seeing that you're making a massive profit 'cause you can double close.

By the way, it's covered. Like you don't have to pay for it. They're, I guarantee you a lot of 'em are gonna be like, you have to run me through that again. 'cause it's just, it just seems, it's too hard. Too good to be true.

Michael Graham: Too good to be true. I have a question on that. Is the buyer's premium then? It is just accepted because they sign that upfront.

It's a full disclosure. Like, Hey, you're paying 7% to get this deal done. That's why you're able to bid on this super inexpensive property. Is that, and then they're already in their mind, they're [00:29:00] just accepting that that's what they have to pay. Is that kind of the thought process behind that?

Robert Climer: I would, yeah. I was gonna say, I'll take that over Peter.

Flexible Funding Options

Robert Climer: So the buyer's premium can be used in a flexible way to close deals, to help fund deals, a protection mechanism for the investors. And, you know, Pete's case, use it to help what you wanna do on the buyer's premium. Since it's flexible, the only thing the buyer's premium can't do, cannot take the price of the house above what its value is.

Okay? We've all been through master training, right? You buyers premium don't have to be 6%. They don't have to be 2%. They can be in the investor world, we're using 10%. We're using five of that to, for the agents, 1% for the easy platform, 3% for the investor, right? So that brings it up to 10%. So if you do the same thing with Peter here, and it isn't even have to be 3%, you might be doing a an [00:30:00] 8% buyer's premium.

That extra money that you're building into that above the agent's portion is used to fund. These things for you. The cool thing about it though, the buyer is the one that's paying for it. So your end buyer is the one that's going to be the one that's covering that three 50. But remember he's getting, when he, we put on a platform, the value of the home, the after repair value is one 70 for the home.

You're listing at 1 45 with 10% buyers premium, 1 45 and \$14,000 is what? One 60, you're still 15% below, you're still 15,000 below market value. So that's

where you gotta be thought process in how you work. The buyer's premium. You just don't want, you don't want to put a, a, a 30% buyer's premium and it takes, you know, the home up to one 90, \$20,000 over market value.

Michael Graham: Got it.

Robert Climer: As long as you're,

Michael Graham: so, you always wanna be at 10 to 15% below firm [00:31:00] market value with the buyer's premium in mind. Yep. Okay.

Peter Russell: Yep. And these, these investor deals too. I mean, usually a wholesaler's getting something under contract for like 70, 75% of market value, right? Like you usually have a pretty good spread and a pretty good margin on it.

So, yeah, that, that piece of it is, is, it sounds pretty flexible.

Robert Climer: We got another question for you, Pete, on here too.

Transactional Funding Requirements

Robert Climer: What are the buyer funding requirements?

Peter Russell: The buyer fund, the in the in buyer. This

Robert Climer: is from, yeah. Gordon Juanita Simkins. What are the buyer funding requirements?

Peter Russell: Are they on, could they hop on?

Are you guys, I see you guys on there. Do you, can you ask me like, give me a little more question about that? 'cause I'm not sure who you're referring to as the buyer.

Greg Bilbro: Well, there's two buyers on a double close. There's the A to B contract, so you buy it at 100. Then there's the B2C contract where you're selling it at 180. [00:32:00]

Joy Steidl: Are they asking if the end buyer, so say I'm an agent, I'm working with a wholesaler. I put the house on the easy platform, but my end buyer is an actual buyer who's using A-T-H-D-A loan, a FHA loan?

Does that matter?

Peter Russell: Yeah, it will matter if you're gonna use like a conventional lender for it. It, it's up to the lender if they're okay with a double close. Usually you're in buyer for a wholesaling deal, like investment deal like this. You want them to be either cash, private money, or hard money lender, like investor friendly.

If you try to do an FHA, I mean, with FHA, I think in every market there's a seasoning period of like 90 days. Somebody has to own the property. So, yeah, that, that is something to, to look at now as, as long as they're investor friendly and as long, as long as they're okay with it, then it's, it's fine. I mean, something like that, you would want to, if you had buyers in place, [00:33:00] if your highest buyer was.

Conventional or FHA, you would be like, Hey, just to let you know like this is, this is the transaction that's happening and what, what you would want to do is you would wanna have them verify with their lender ahead of time that they're able to do a double close. 'cause a lot of times with something like that, it's, it's kind of 50 50 on the lender, so.

So we would've to

Joy Steidl: maybe set those parameters on the platform, we'd have to say, this is conventional loan only, no fa or whatever, you know? Right.

Peter Russell: Investor friendly, hard money, cash, that sort of thing. Yeah, that's, I mean, when I do, I do something similar with a, with an agent here in Charlotte where we put stuff on MLS and when they put it on MLS they just say, you know, investor friendly cash hard money only.

No, FHA, that sort of thing. Like it, it's good to let know. So

Robert Climer: they just answered, apparently they can't talk on the the thing Buyer requirements obtaining transactional funding from your program.
[00:34:00]

Peter Russell: Oh, my requirement is if you have a deal, then I'll, and it works out i'll funded. I don't, I don't care if it's your first deal ever.

I don't care if you've done a thousand of 'em. I hope you're making as much as possible on every deal. A lot of people ask me, they're like, oh, on this one I'm only making 10 k. Will you still fund it? Yeah, like I, I, I wanna work with anybody and everybody. I've been in those shoes. I still am. So, it does the experience or anything like that.

There's no credit check, there's no underwriting, there's no anything like that. I just say, before you submit a request over to me, just have the property under contract with the seller and have a property under contract with the buyer. If you have a seller in place, buyer in place, you are like, I have this deal.

It's gonna close three weeks from now, a month from now, or, hey, I'm late to it, it's gonna close in five days. Can you fund it? Send it over, introduce us to the title company and we will, we'll work with them and get it lined up. We do have people that request stuff last minute. Every once in a while I'll get an email from like a paralegal and they're like, Hey, this [00:35:00] person needs transactional funding.

It turned from an assignment to a double close. As long as we're not funding like 10 deals that day and have enough capital, like we'll do a quick turnaround and, and fund it. Or we'll say, Hey, we could do it tomorrow. Is there any way to push this one day? But there's no, the only, the only requirement is that you have a contract in place with a seller and a buyer.

And then we just, we just run with it from there.

Greg Bilbro: And let me add a detail to that, to simplify it and also delineate it a bit from hard money lending. Hard money lending. They lend against the asset in case they've gotta repossess it. That's not at all what Pete's doing. The easy way to understand what Pete's doing is, let's assume there's gotta be a hundred things that have to happen for a real estate transaction to go down where you're buying it, A to B and B2C.

What Pete does is he only sends the wire when the other 99 things are done. Pete's the last thing. The other dude's money's there. All the inspections are done. There's [00:36:00] nothing that can hold this. It's just add water. Meaning Pete's money and then it happens. So there cannot be a contingency of any kind or else Pete doesn't send the wire.

So that's just how you got, and if there's a thousand things that have to get a transaction happen, Pete makes sure 999 are done. So that's how, that's what transactional funding is, is it's the last step for transaction to occur.

The Role of the Closing Company

Peter Russell: Yeah, we get everything lined up. We're ready to go. Like we're in communication with title.

We make sure, that's why we have you introduce us to whoever the closing company is, right? Like, we just wanna make sure that we're communicating with them. We're not bothering you. They're the ones that are gonna update us. They'll say, Hey, velocity, like this deal's pushed two weeks. Something happened, right?

Or they'll say, Hey, you know, the buyer backed out. The investor's looking for another buyer. We'll get back. We'll, we'll let you know when that's back on track. So that's why the biggest piece is after you submit the request. We we have you put you in contact, you put us in contact with your closing company.

'cause we just communicate directly with them. They're gonna let us know [00:37:00] up to speed, up to date, what's going on with the deal. And then obviously they prep us too and they're like, Hey, we're a day out. Everything's signed, everything's ready to go in. Buyer's gonna wire their funds over in the morning. As soon as they do, we'll be ready to go.

So we are, we're involved throughout, but we are the very last piece of the puzzle. And that's just because deals get pushed, things go sideways. Whatever may happen. So we're gonna send our funds over when every, all the boxes and everything are, are, are checked and everything's good to go. And logistically how it works when I did it is my my escrow girl, Diana Jackman, who was awesome.

Greg Bilbro: I would go in on a Friday morning at eight and she would just have two sets of docs. The ab docs, the BC docs sign, sign, sign, sign, sign, sign, that's done, closes at 8 0 5 in the morning. Records, da, da da da da da, da. Closes 8, 10, 5. I owned a house for five minutes. Yeah. The, the delta is the difference in how fast I could sign the two docs and those girls to process the thing and record.[00:38:00]

Peter Russell: Yeah. So it's

Greg Bilbro: like you own, you own a house for like nothing. That's why it's so low risk for p.

Peter Russell: Yeah, everything's digital now. Like nobody's running down of the courthouse to drop something off and record it or do whatever. I, I say that there are certain counties in small towns too, where they're like, Hey, after run these over, we're right across the street.

Let it record and then we can record the other one. 'cause you can't, you can't record on that second deal until the first one's recorded. Yeah. So you usually are owning it for a matter of minutes or maybe an hour or so or something like that. But everything is so digital now where once everything's signed, good to go, we send our wire over.

They type in whatever they need to, it goes over to the county, they get confirmation, it records, they turn around and do that second one. And then our funds are usually back to us within about two or three hours tops. So it's quick, like it's just, it's send it over when everything's good. Close, close disperse.

And then the, the closing company handles everything. They wire the, the wholesaler's money. They wire out anything on the settlement statement, any, [00:39:00] any commissions, anything like that, any payoffs, like they're handling everything. So we just step in and say, Hey, if you have a good deal and you don't wanna do an assignment, like we'll double close it for you and on this platform, now we can do it.

And there's no cost to you.

Real-World Examples and Benefits

Peter Russell: Like I wish, just like Greg was saying, like I I, back in 20 20, 20 21 when I had a bigger team and we sold to institutional buyers, we double closed everything. The most we did in a month, one time I think was like 37 deals. Probably 90% was, that was to institutional buyers. If I would've had something like this and something to cover it, I mean, that is thousands and thousands, tens of thousands of dollars in a month saved maybe, maybe close to a hundred K.

So to be able to tell your REI clients like, Hey, if you have a deal and you wanna list it, you haven't under contract, you haven't bought it yet, and you're just looking for buyers. With easy platform, you can actually, there's someone

within there, the platform that can double close it for you. [00:40:00] Not just for cheap, but for free is just, it's crazy.

It's wild. Like, it's really, really neat.

Q&A Session

Robert Climer: And I think, well, we have two more questions from Kenneth Collins. And Ken, just so you know, he is a, a broker owner of a company. Do you fund LLCs or must assignment contract be in my name? That's the first question, and then I'll give you, you're making such a splash on everybody.

Can Pete put together a training session for us session on the entire process so it will be clear, clear up how this works, A to B, B2C, and the title and escrow transition. So that may have just been answered. So, but those are the two things he is asking.

Kenneth Collins: Yeah, Pete, I put that in there because I didn't wanna, I didn't want to break in and stop your, stop your conversation.

It was on, it was so much fire, fire in the mix. I didn't want to say anything, so I typed it in.

Peter Russell: Appreciate it. Yeah. First question is you fund LLCs? We do, we do [00:41:00] both. Really? Whatever that investor has the contract in, most of them have it under an LLC, right? Like. Tommy home buyer or exclusive estate, LLC, and that's what you're, that's what you're contracting the property under.

But sometimes they're one-off deals where someone's just does it under their name. Again, it, it doesn't matter. It's not, it's not gonna stop it. It's whatever you have it under contract for, that's what's gonna show on the settlement statement. But yeah, as long as you have a contract with a seller, contract with a buyer and everything lines up and gets to closing, like.

We'll fund it. We don't for that. Again, it could be under a, an A corporation, an LLC, a personal name. It could be under your pet's name, whatever. You have that set up, like it's fine on our end. And then I, I have, if you guys wanna, I post quite a bit of content online about it, and all I do is talk about transactional funding, like over and over and over.

And I'm like, people are gonna get tired of this, but. I keep getting pushed by people to put it out there. 'cause it is, a lot of people have [00:42:00] kind of heard about it, but they're not a hundred percent sure of the process and it just seems a little different. I'll probably eventually put together something, I might even try to use something, something cool and fun with like ai, like a quick instructional, like how to do it.

But I don't have anything right now, so that that pushes me a little bit more to, to put it together. But it's really, if anyone's familiar with the, the wholesaling and assignment real estate space, it's the exact same thing, but instead of assigning it over to your end buyer, I. You're buying it and selling it to them on the same day.

So you're, I was gonna say, we could offer you another Thursday as well if you wanted to and let everybody know, Hey, one of the things I wanna ask everybody in collectively, this group, and I'd like to hear some feedback, and I'd like Pete and all of us hear the feedback, how cool is it that somebody has the core value of our business?

Robert Climer: We're not complicated. We have nothing hidden. We disclose everything. We represent the public. [00:43:00] We represent the agents, we make it nice and simple. How cool is it? We've got a, a strategic partner here that is gonna help you guys change the world.

Kenneth Collins: No, that, that, that's great. I mean, that's, that's excellent. I find that you know, that's why I put three fire emojis in, in the chat section.

Peter Russell: Thank

Kenneth Collins: you.

Peter Russell: Yeah, I think it's the best of both worlds. Like I said, as a wholesaler, like I'm excited to start using the platform here in Charlotte and putting it out there.

'cause I know in, in my over years of doing it, the more people you get it in front of. And if you give them a concise time where it's not like, no, I'm not just gonna show you on a random Tuesday where you don't show up, or no, I'm not gonna like bend over backwards for whatever. But this is the set time schedule.

If you really like it, you'll get out there or you'll get out there with your client or whatever it looks like. When you create that kind of demand and everything

around it, [00:44:00] like you'll get the best offers that way, the more people you get it in front of. And if it's controlled too, where it takes, a lot of times in my experience, the buyers are like, Hey, I'm, I'm, I'm top dog.

I'm gonna buy this from you. I'm the guy with money. Right? But when you're like, cool, you're top dog, but there's 20, 30, or a hundred others of you out there, it makes them be like, okay, I better show up, or I better be serious with these offers. So to be able to have that and, and put it out there in front of as many people as possible is, is amazing.

And then again, adding that piece to it where now I can protect it where nobody's gonna contract it for something, but then come back and try to retrade it or offer less last minute or anything like that. And then now I can do that where it's covered on the buyer's premium. Like it's not coming outta my pocket as the investor, as the wholesaler.

It is amazing. Like it's really cool stuff. So I'm, I'm excited to use it myself, but I'm excited for anybody else around the country to, yeah, my

Kenneth Collins: partner and I he just, he just, yeah, he just text [00:45:00] me. Where, where are in the tragedy of the fires and Palisades and Altadena? Of course we're in the area because I just got two a call from him and he he has two deals.

One house that, that's the last house standing on the block that wasn't touched. Mm. This is off market and another house. A gentleman needs about a hundred K in rehab work. But they're buying lots out in here in California for 750, \$800,000. Lots. Just lots. These are developers and so we're in that area heavy.

Not trying to put pressure on owners, just offering. Offering. He, he had not known, he, he had not known about Easy, but I told him, Hey man, why don't, let's, let's go in there and start offering these, these sellers in Distress Easy. And he he hadn't thought about it. So he's actually going back today to actually offer the Easy program to these two off market [00:46:00] sellers.

Peter Russell: I think it'll work out. I think it'll be really helpful in instances like that where you're trying to maximize and help them as much as possible too. Right.

Kenneth Collins: Yeah. So he is working with me and see what we're gonna do, but what in that transitional, because we both do wholesaling too. That's, that's fantastic.

Do you have YouTube? Do you have

Peter Russell: a YouTube, Pete? I do, I'm, I'm, I'm on YouTube. Yeah. It's not, it's not the craziest, most, most in depth stuff, but I, I pay a company to put out content and everything for me. So there's, if you look me up, I'm on there.

Kenneth Collins: Gotcha.

Peter Russell: Got some shorts and

Kenneth Collins: everything.

Peter Russell: Yeah. Thank you. And my, I, I can share my I'll, I'll put my number here in the chat too, if anyone ever wants to text or, or call and set up a time.

Actually, what I'm gonna do is I'm gonna put in my link to just schedule a time to. To chat. So if anybody wants to take 15, 20 minutes or whatever to ask some questions, any follow up, I'm happy to do that too. Great, thank you. [00:47:00] Sure. Yeah.

Final Thoughts and Contact Information

Peter Russell: Super, super straightforward, super, you know, simple process and every, it is gonna be the same thing every single time.

Like we, we just try to make it for investors coming from an investor and to. To merge it with easy real estate platform is, is really cool. It's gonna be really powerful, but happy to work with anybody or answer any questions down the road too.

Michael Graham: Did you put your number in there, Pete? Do we have your phone number? If we I put,

Peter Russell: I put the link to click on. It's probably better that way. 'cause sometimes people call or text if I have back to back to backs. I can put it in there too. The best way to make sure that I can carve out some time for you is I put a link, it's like a Calendly link.

Calendly, but it's the Google version to, to set up, set a time.

Michael Graham: Yeah. Okay. Just to talk. You can do

Peter Russell: it, but that's my, that's my cell phone number too.

Michael Graham: Okay. All right. Any more questions, Pete? I have
[00:48:00] one about the buyer's premium. I, I, I don't know of it.

Robert Climer: Let's go and that, we'll, we'll deal with that. Okay. You can gimme a call, Michael, and I'll help you with that.

Ron Weeks: Okay.

Robert Climer: Down the road. So, I just want to thank Pete for coming and giving us an hour of his time. You know, with the laws changing on the wholesaler, you guy, this actually opens up opportunities for all of us. It's not just our investors. It's not just by him providing the transactional funding for you.

You're not. A wholesaler, you are a real investor. You don't have to follow the wholesale laws. So, anyways, I just wanted to thank you, Peter and look forward to working with you.

Peter Russell: Thanks guys. I appreciate it. Look forward to it.

Robert Climer: Thanks, Peter. All right, everybody, have a great week. We'll see you on Monday.

Peter Russell: See you.

[00:49:00]