

“What 99% of Real Estate Investors Don’t Know and Will Never Find Out About Raising Private Money”

A Confidential Report

Inside You Will Learn....

- The “Most Important Question”
- 5 Common Misconceptions About Getting Private Money
- The 7 Critical Mistakes to Avoid When Raising Private Money
- 3 Essential Characteristics Private Investors Want
- Four Steps to Getting Started with Raising Private Money

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Provided as an educational service by
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Adam Davis is an entrepreneur and real estate investor. He has been involved in more than 220 deals and is the principal of several investment companies focused on acquiring distressed properties. He is a principal of Jeffrey Douglas Property Investments, Inc. and also operates Champions of Success, a consulting, publishing and seminar company focused on helping real estate investors and entrepreneurs raise capital and succeed in business. He speaks at seminars and conventions across the country as well as provides education and online learning events via his popular website (www.UltimatePrivateMoney.com). He is the author of *The Book on Private Money*, *How to Buy Foreclosures with Private Money*, *The Ultimate Private Money System* and *Private Money Jumpstart*. Adam lives in Metro Detroit.

Adam was once a frustrated financial analyst who slaved away in a cubicle. One day, after attending a real estate seminar, something ‘awoke’ in Adam and he realized that his financial future lay in real estate investing and **not** in the hands of corporate bureaucrats or the government. At first, Adam used many different buying and selling techniques...all with limited success. It wasn't until he learned the secrets of private money that he was able to unlock the huge financial rewards of real estate investing.

Since 2002, Adam has completed over 220 real estate deals using *none of his own money*. By financing his deals with money from private investors, he was able to fire his boss for good in 2006. Adam has successfully raised seven-figure sums from private investors for his real estate deals and has shown countless real estate investors the path to private money success.

Adam's business is based in Metro Detroit, Michigan, and his focus is on buying and selling residential and multifamily properties. Adam speaks to audiences across the country on the subject of raising private money and teaches both new and experienced real estate investors how to find private money to fund real estate deals as well as other investments. Adam has helped hundreds of individual investors achieve their real estate investing goals.

From the Desk of: Adam J. Davis

Dear Friend,

If you are interested at all in staking your claim in the real estate “gold rush,” this may be the most exciting report you will ever read!

Here is why:

Inside this report, you will learn some of my successful strategies in raising private money to buy and sell *millions of dollars* in real estate – even amid a the “great recession.”

How did I do it?

A simple formula that you can easily learn and use to...

**Get Other People to Fund Ever Single One of Your
Real Estate Investment Deals and Never Have to
Worry About Banks or Mortgages Again!**

And, a few of these secrets are contained within this report...along with... many, many other truly great and highly useful techniques that can help you close more deals—faster than ever before.

Private money could truly be the “Holy Grail” of real estate investing. No matter where you are in your investing career (beginner or seasoned veteran) you will learn something new in this report. And...If you're sick and tired of seeing other people cash in while deals slip through your fingers, then get ready to take charge. Bring on the cash flow!

Sincerely,

Adam J. Davis
Author of *The Book on Private Money*

The “Most Important Question...”

Why Private Money?

So, why do you need private money in the first place? Depending on your investing goals, there could be many reasons, all depending upon the situation and the business you want to have. Here are a few major reasons why you need private money and should immediately work toward accessing it:

- To do more deals
- Fund ‘all cash deals’
- Move beyond limitations of personal resources and credit
- To do larger deals
- Preserve your resources
- Maximize your return on investment
- Build a bigger business

Have you ever heard the term: “he who has the gold makes the rules?” This is especially true in real estate. If you have the cash available to do deals, more opportunity will be opened to you. Deals beget more deals.

5 Common Misconceptions about Private Money

Misconception #1: “Private Money and Hard Money are the same thing.”

Truth: This is probably one of the biggest misconceptions out there about private money. Here are the main differences:

* Hard money = points up front, high interest, low loan to value, draws for repairs (if any), selective on deals, mandatory refinancing or cash out, short term, contingencies

* Private money = lower interest rate, no points, no draws, longer term, more flexible, no contingencies, profit sharing

Misconception #2: "People Won't Invest with me."

Truth: Despite what you are thinking in this crazy economic time we are in, people are always looking to put their money to work. They might be looking to ditch their financial planner or to put their dollars into something that won't erode in the blink of an eye. It's important to know that you are not barking up the wrong tree when you start marketing your private investment opportunity. There is a proven market demand for what you are offering.

Misconception #3: "Formal Business Plans are Only for Bank Loans and they Don't Apply to Private Money."

Truth: You must have a business plan for private investors. Not just a 'back of the napkin' or 'sketch in your mind' plan, but a formal written business plan. How would you feel if a real estate investor approached YOU for private money and didn't have any way to walk you through how they planned on making money with your money? Now, what if that real estate investor had a nice, written business plan. Simple to read and understand, you could see from A to B to C how that person was going to make money - how much capital they needed, what the time frame for investment was.

Misconception #4: "A Good Deal is the Most Important Part of Getting Private Money."

Truth: Confidence is Key. Would YOU invest money with YOU? The answer to this question should be an overwhelming "yes." At all times you must exhibit confidence in yourself, your abilities, your project(s). Just put the shoe on the other foot for one minute: If the roles were reversed, and someone was coming to you for private money and they did not seem confident in what they were proposing, would you be inclined to write a check? Probably not. Same goes for the private money investors that you talk to.

Misconception #5: "Private Money Doesn't Work in a Down Economy"

Truth: Private money is the best form of financing in a down economy. When banks and mortgage companies won't lend or provide lines of credit –or when interest rates increase to sky-high levels, private money will help you get and stay profitable.

7 Critical Mistakes to Avoid When Raising Private Money...

Critical Mistake#1: Not Establishing Credibility

Credibility begins with your reputation. If you have a good reputation (you do what you say, treat people with respect, etc.) then what you say to the investor will be taken seriously and they will consider your opportunity.

The importance of reputation cannot be overstated. Warren Buffett, one of the greatest investors (in any category) of all time has been quoted as saying (in reference to his employees): "*lose money for my firm and I will be understanding. Lose one shred of reputation for my firm and I will be ruthless.*" This sums it up pretty well. If the world's greatest investor thinks reputation is important, shouldn't you?

Critical Mistake#2: Ignoring Securities Laws

Every occupation has tools that they use each day. If you're carpenter, you have a hammer and level. If you are a computer programmer, you have a couple of keyboards and some java. If you are a real estate investor using other people's money to do deals, then private placement memorandums - known as Private Placement Memorandums (PPMs), Form D's, Prospectuses and offering documents are tools that you must know using if you want to raise big time private money.

Critical Mistake#3: Not Having a "Hook"

When you are marketing for private investors, either through direct or in-direct means, you better have a hook. A "hook" is a compelling reason for someone to want to learn more about investing their money with you or a unique selling proposition that you have. You'll have a lot more success finding private investors for your deals and bringing money in when you present yourself and your business as unique and effective.

Critical Mistake#4: Not Taking Advantage of the Stock Market

The performance of other asset classes dictates how receptive most of your prospective private investors will be to investing with you. If the stock market is going up like crazy or if it's going down in a death spiral, you must look for ways to leverage it to your advantage. It works.

Critical Mistake#5: Getting Investing in on Marginal Deals

Far too many real estate investors want to jump at the first deal or place their investors money in deals that are marginal. In this market, there's no need to settle for less profits than you need to. The deals are there - take a fine tooth comb and place your private investors funds wisely. You'll be far wealthier for it. Consider the following:

- * Is the buy price correct?
- * What are the exit strategies?
- * What are the risks?

Critical Mistake#6: Being a 'Lone Ranger'

A lone ranger is someone who prefers working in solitude or isolation. Sometimes life circumstances can call for us to adopt this attitude. When it comes to building your real estate investing business, however, adopting this mentality can prevent you from achieving the success that you desire. Being able to work as part of a collaborative effort is essential to getting private money.

Critical Mistake#7: Trying to Raise Money from Unqualified Sources

Getting the right private investors to finance your investment property purchases comes down to a simple formula:

$$\text{Ready} + \text{Willing} + \text{Able} = \text{Private Money}$$

Keep this formula in mind as you prospect for private lenders and equity investors. It's hard to sell ice to Eskimos.

What prompts me to write this is a simple fact I've discovered in my years of buying real estate with private funding: getting investors is a marketing process, much like looking for investment properties to purchase or getting qualified tenants for rentals or getting the right buyers for a retail house flip. Targeting is all important.

3 Essential Characteristics Private Investor Want When They Place Funds With You

1. **Integrity**—the most important thing in all of business. If you don't have integrity in what you say and do, you will have a hard time getting private money
2. **Be able to answer tough questions.** If you're ever faced with a tough question from a private investor - or even imagine one occurring in your mind - don't worry. It's a good thing. Tough questions from private money investors could be:
 - "How do I know this will work?"
 - "What if you can't sell the property?"
 - "What if the property burns down?"

So, why is this a good thing? It gets down to the very basics of facilitating a transaction. And, one of the basics in getting the investor to write the check is to answer or pull out of them every possible reason why they won't invest money into your deal(s). If you try to get the money without having answered their fundamental questions and objections, you're success rate will be sub-par (at best). Don't short circuit the process.

If you don't hear any questions or objections along the way, assume that the prospect is not interested. Something didn't hit home with them.

Think about it this way: the last time you made a bigger ticket purchase (maybe a TV or a car) did you ask lots of questions? I'll bet you did. You wanted to get all of your facts right before parting with thousands of dollars. Can you imagine yourself just walking into a Best Buy and slapping your credit card down on the counter and saying "gimme one of those!?" Probably not. You asked questions about your pending purchase and when you received satisfactory answers to those questions you moved up one rung on the buyer scale. The same holds true for private money investors.

3. Treat Them As If They Were Valued Customers of Your Business

Very few investors know who their target customers are when it comes to their operations (e.g. flip, wholesale, apartment). Therefore, it's no big surprise that they don't know who their target private investors are and, more importantly, that private money investors are their customers. Or clients. Whatever you want to call them, they should be "A #1 important" at the top of your list.

Think of yourself as having a retail store. The product you sell is your investment opportunity. Your goal is to sell as much as possible, of course. How would you set up your merchandising? How would you bring people to your stores? How would you interact with them once they arrived? How would you follow up with them once they left? What would you do to ensure that they sent their family and friends to you?

There are far too many real estate investors who want private money, but their store is open for about 1 hour a every other day, the lights are dim, the place is a mess and nobody greets them when the come in and it was a matter of sheer luck they even found the store. This is a recipe for a store being out of business - quickly. Would you run a store this way if you owned one? Hopefully not. Why treat private money as any different? Why turn away investors, or worse, have them not even know your opportunity exists?

More often than not, you aren't getting private money because most people don't know about investing with you, don't know how to get more information about investing with you or know the steps to placing funds. If you think of private investors as your customers, you can start using the following checklist:

Customer service - are you providing good levels of service to existing and prospective investors? How quickly are you returning phone calls? How often are you soliciting referrals?

When you starting thinking of private investors as your customers, and raising private money as a marketing process versus a financing process, you'll have a flood of new investor money in a hurry. It does require you to shift your thinking just a little bit - but the rewards are well worth it.

What People Are Saying...

“Adam, with your help I was able to secure \$70,000 in private money to close my first flip deal. At closing when I sold the property, I walked away with a check for over \$35,000 in pure profit. Thank you!”

-Chris Paglialunga, Sterling Heights, MI

“Thanks for your information! It has been a tremendous help.”

-Shakil D. Fairfax, VA

“Hi Adam. We had a wonderful time at your seminar learning your techniques on raising private money...it is great to learn new things. ..we thank you...that you are willing to help us achieve our goals.”

-Tim G. Port Huron, MI

“Dear Adam

I just wanted to thank you on behalf of all of us here at KM Capital Management, LLC who were in attendance for your presentation at the Optimal OPM Seminar this past November in Boston, MA. With your quick wit and humor you captured everyone's attention and your presentation was an inspiration to us and the rest of the audience. It explained in your own easy style how anyone can adopt your business philosophy with immediate success cultivating investors, acquiring other people's money and improving their business. Thanks again for your time and thoughtful insight.”

-Daniel E. Lello Cincinnati, OH

“Adam, I am impressed with the contents of your course—very professional. I look forward to working with you...”

-Tom L. New Baltimore, MI

What People Are Saying...

"I've seen some private money courses before and this one was the only one that I thought was good and ethical."

-Greg. B, Warren, MI

"Adam Davis is THE expert on getting and using Private Money for the acquisition and finance of Real Estate. His course, "The Ultimate Private Money System", gives both the beginner and the experienced Real Estate Investor the tools and systems to attract and retain high quality private lenders to your business. Adam is one of the most knowledgeable and disciplined professionals I know in the world of Private Money, and he has masterfully passed along this expertise in this comprehensive guide.

Even as an experienced Real Estate investor with specific expertise in Private Money, I have learned new tips and techniques that will add significant private money to my business in the coming year!! I highly recommend Adam Davis and "The Ultimate Private Money System" to anyone wishing to finance their Real Estate Investing business with Private Money!"

-Paul J. Smudski, Self-Directed IRA Expert

*"Hi Adam
Just a quick note to tell you that I'm thrilled to have found your website. It answered every question I had about CV's and I can't believe the extent of the info that is free. Thank you for providing this service."*

-Janice Z.

"Adam, 1st I want to say thanks for your CD, Secrets of Private Money Revealed, great info. I also want to let you know you have some really great info on your site. I think I went through every Information."

-Gary B. Deltona, Florida

Four Steps to Getting Started

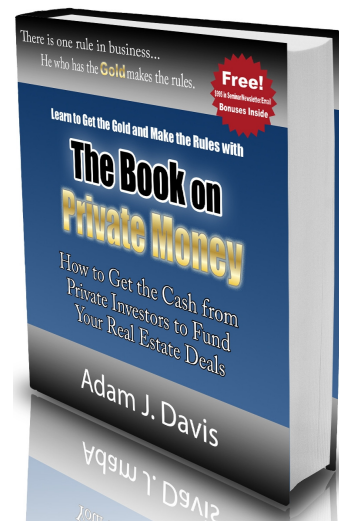
1. Make a commitment to take action – If you serious about taking full advantage of the real estate opportunities in today's market, you must commit yourself to taking action. A wise man once said: "nothing happens until something moves."
2. Get educated! Learn from sources that have specific expertise in what you are looking to accomplish. Be careful whom you take information from. There are a lot of fake internet "guru's" out there.
3. Ask questions – make sure you get the correct and complete information so you can get private money quickly and avoid critical mistakes.
4. Begin your marketing process for private money. Set target amounts to raise based on your business needs. Look at all angles of the deal: mortgages and equity investors.

Get Started on the Right Foot!

If you'd like to get started on the right foot with raising private money, then... *The Book on Private Money* is a great place to start. I leave no stone un-turned in showing you the techniques and methods I have successfully used to buy and sell real estate (millions of dollars worth) exclusively with private money.

Filled with practical, no nonsense techniques, the Book on Private Money will show you:

- The 5 Private Money attraction principles
- Where to find private investors
- How to set-up private money deals
- The two types of private money & which is best
- How to stay on the right side of the IRS and SEC



And MUCH more! Whether you want to buy and sell single-family houses or acquire large apartment buildings, private money will propel your investing to the next level. Never worry about how you're going to close a deal again – *The Book on Private Money* provides you with a worry free roadmap for unlimited profits and growth.

****Special Offer****

Although you can purchase *The Book on Private Money* at Amazon.com or Barnes & Noble.com, you can order directly from the author and receive a 10% discount AND a special bonus audio program *Secrets of Private Money—Revealed*. To order, call 248-823-8133 during business hours or visit: www.ultimateprivatemoney.com/specialbookoffer. You can call our office at 248-823-8133 with any questions.

Thank you!