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Real Estate Investing Podcast

Breaking Down Private Funding

Hosted by: Joe McCall and Alex Youngblood
Featuring Special Guest: Josh Cantwell

Joe: Welcome. This is the Real Estate Investing Mastery Podcast. Hey everybody, this is the Real Estate Investing Mastery podcast, one of the best real estate investing podcasts on iTunes, right, Alex?

Alex: One of them, one of them.

Joe: And I always say that when we have another podcast host on the show with us like we do today because I don't want to offend our guest.

Alex: Of course not.

Joe: No, this guy is a good friend of ours. We've known him for a while; we've interviewed him before. And it's very rare that we will interview a guest twice. And this is one of those special occasions we get to have Josh Cantwell.

Alex: Yeah, we got some good stuff from somebody. Why aren't we going to hold it back, right?

Joe: Definitely.

Josh: I'm excited about this. We're going to be talking probably... mostly about private lending, because we haven't talked much about that on the show. And it's a really important topic for obvious reasons. But first guys, we want to invite you to go RealEstateInvestingMastery.com. Check out the show. I mean, this is probably episode 115, 120.

Alex: Wow.

Joe: We've been doing this Alex since 2011.

Alex: Can you believe that?

Joe: I feel like an old fart.

Alex: Are you 40 yet, Joe?

Joe: Yeah, let's not talk about that.

Josh: Oh, okay.

Joe: But how are you, Alex?

Alex: I'm 34. Oh, well... No, I'm good.

Joe: Good, good. You just got a certificate of occupancy?

Alex: Yes, I got my certificate of occupancy, so although I'm not officially moved in... Actually the furniture store did a lot of moving in for us, because when you move to a new house, you got to get new furniture right?

Joe: Oh, no.

Alex: At least that's what my wife tells me.

Joe: Yeah, yeah.

Alex: And we got the certificate of occupancy, so we stayed the night over the weekend. So it was pretty cool. The kids are enjoying it. We are enjoying it, and pretty soon we'll start the whole official moving process.

Joe: Hey, why don't you send us... email me a postcard. Not a postcard, a picture of your backyard.

Alex: You want a postcard, okay?

Joe: No, no, no, send us a picture of your backyard with that pool and the view that you have back there.

Alex: Well, how about I wait till the patio...? The deck and the patio is all finished. So that looks good. I can even send you picture from... without all that and just shooting the water but...

Joe: No, well then, we'll put it on the show notes of this if somebody reminds me. We'll do that.

Alex: All right.

Joe: Cool. Well, let's jump right in into Josh. Josh, we've interviewed you before. You are with Strategic Real Estate Coach. That's the main name of your business, right, Josh?

Josh: That's right, yeah. Strategic Real Estate Coach is our educational business where we teach and coach real estate investors across the country and internationally. And we've been coaching on a national basis since 2006, 2007. We started coaching local investors in 2005. So we've been at it for about ten years.

Joe: And you also do a ton of other things too and we'll get on to that here in a second. But I want to encourage everybody; go back and listen to our previous episode we did with Josh. I don't have my browser opened right now, but if you just go to RealEstateInvestingMastery.com, and by the way while you're there, get our Fast Cash Survival Kit. And we have a bunch of other free bonuses if you leave us a review. If you like the show, leave us a review. We'll send you bunch of free videos and books and stuff like that. But if you go to RealEstateInvestingMastery.com and do a search for Josh, you'll see an interview that we did with you. Boy, it must have been two years ago, Josh.

Josh: Yeah. Actually, I see it here on my side on my browser. It's episode 45.

Joe: 45.

Alex: Wow.

Josh: Daring with Josh Cantwell back in January 2013.

Joe: Yes.

Josh: So over two and a half years ago.

Joe: Oh, my gosh.

Alex: It seems like just yesterday.

Josh: It does.

Joe: But it was a good show and we talked about it like your near-death experience; it was crazy.

Josh: Right.

Joe: And you had cancer. Was it throat cancer or something like that?

Josh: It was pancreatic cancer.

Alex: That's like the cancer you don't... You don't want any cancer but that's the crazy... Yeah, you don't hear good prognosis on that obviously.

Josh: Yeah.

Josh: You know, you're here.

Joe: That's awesome.

Josh: Yeah, I'm one of the lucky few survivors. It's just 6% survival rate after five years.

Joe: Wow.

Josh: And I'm three-and-a-half years since my surgery which was November 2011. So I'm very blessed and fortunate to still be here. And I became cancer-free since the day of my surgery so that's exciting.

Alex: Awesome.

Josh: And I'm planning to be around for a long time.

Joe: Good for you, Josh.

Alex: Awesome.

Joe: That was... It was really a good podcast, so everybody should listen to that. And we talked in there, I think if I remember about the Middle Man Income. How to make a deal, how to make money just kind of being the middle man in deals.

Josh: Right.

Joe: And it's very... It's still a relevant topic for today and a good strategy for beginners to get involved with. Tell us a little bit more about kind of what you're doing these days.

Josh: Sure.

Joe: I know you sold your brokerage, but you've started a new... few other new businesses that are rocking and rolling. Talk about what's happened since then?

Josh: Yes, sure. So since my surgery, I have focused a lot on really understanding funding: understanding how to get funding, how to do deals with no money down, how to do deals without my own cash or credit. But really how is that actually done? What are the real logistics? And so, we invest a lot in lease options, and lease option assignments, and lease option wholesaling. And that was the Middle Man Income Program.

Joe: Uh-huh.

Josh: And in addition, I focused on really getting to know and understand how to get access to private money. And I wanted to get to know more about the private equity world, the hedge fund world, and the securities registrations. And so today, my personal focus is on buying distrust properties and focusing on the deals that produce big profits. So a lot of times, if you're talking about a deal where you can make $30,000, $40,000, $50,000 or $100,000, they're going to be more expensive properties; they're going to be in middle-class and upper-middle-class neighborhoods in that $150,000 to $500,000 price point or more. And so, I really wanted to dive in because there was so much conflicting information.

And Joe and Alex, you guys can attest that there's so much conflicting information out there in guru world, in the speaking and training world about what is private money? Is it a security? Is it not a security? What are the rules? What are the regulations? So I did a deep dive into that about two or three years ago. And found some great securities lawyers and really did a deep dive into that to find out what the laws are. So today my focus is on raising private money, doing it the right way with the proper securities registrations. We buy a lot of distrust properties.

And we end up rehabbing them, repositioning them, and selling most of them for big profits. I also own a rental portfolio and a commercial building, a 10,000 square-foot commercial, medical office building I just bought that needed completely repositioned. We're in the process of repositioning that. And my own local business which I run right in Northeast Ohio, right in the greater Cleveland area.

Joe: Yeah.

Josh: We have about 12 to 15 'buy, fix and flip' properties right here that we work on at any one time. So we'll flip between 15 to 30 properties a year all for big profits. And then we teach and educate and coach, and then the third thing we do is we lend.

Joe: Yeah.

Josh: We have a private equity fund and we have a direct lending business. So we raise private capital. We lend to our subscribers and our members. So those are kind of three things that I focus on in my personal business, my education business and my lending business.

Joe: Can I ask why you sold the brokerage? Because the last time we talked, you talked about having the realtors underneath you working for you. Why did you choose to sell that side of the business?

Josh: Sure, yeah. Primarily Joe, great question, but primarily because I like to do things that other people can't do. And the real estate brokerage business of owning a brokerage and being a realtor, I wasn't a realtor and I wasn't a broker; I was just the owner; I was the owner-operator.

Joe: Right.

Josh: And the realtor world is very commoditized. You have really good real estate agents and their ability to be successful is watered down by brand-new realtors that get into the market, that claim that they could do the same exact thing. So it's really tough to differentiate yourself in the realtor brokerage community or as a realtor versus what I looked at in the private equity space in the direct lending space. I looked at our community Joe of real estate investors needing funding, and I thought that's something where there's not a lot of competition and there's not a lot of really good companies that actually understand how to raise capital, and lend to students to do real estate deals. And so, I looked at a business that was highly competitive, really small barrier to entry which is the realtor business, versus the lending business specifically for real estate investors where there's a very high barrier to entry and there's not a lot of competition. And so I knew I could dominate that space and that's why I made that move.

Joe: It sounds like to me you've read the book, The Pumpkin Plan.

Josh: I haven't.

Joe: Oh...

Josh: I have never heard of that book. What's that about? It sounds interesting.

Alex: The Pumpkin Plan?

Joe: Alex, I've talked to you about it before. Don't...

Alex: I don't think...

Joe: Come on, Alex, don't sound like...

Alex: Don't come back on me, man.

Joe: You don't listen to me when I tell you to read the book.

Alex: Oh...

Joe: Man, it's called The Pumpkin Plan, fantastic book. And it's all about finding your giant pumpkin and cutting off everything else that's not. I won't go on all the details. I'll just say this.

Alex: Okay, it makes sense.

Joe: It's a fantastic book. I can't pronounce the author's name but it's pretty easy to find, right? You just go to Google or Amazon, The Pumpkin Plan. It's kind of similar along the lanes of The One Thing.

Josh: Yeah.

Joe: It's finding the one thing that you're best at. You find the one thing that is in your wheelhouse, where your best clients are, where you make the most money with the least amount of work, where you get the best return on your time, and cut off everything else, and just be singularly focused on that. Really...

Alex: Just like learning how to say no, right?

Joe: Yeah.

Alex: You got to learn to say no. I mean, everything sounds great, but we only have so much bandwidth in life, right?

Joe: Yes.

Alex: So you got to find what you're best at.

Joe: Sure.

Alex: And I mean, I find myself even in the real estate business and going in some different marketing directions, you find what works best and kind of stick with that because you can just really spread yourself too thin, and especially when it comes to time and everything.

Joe: Well, the author talks about finding your sweet spot. And I think this is important because it really relates to what we're talking about with Josh. The pumpkin farmer, these guys, they're like rabid pumpkin, giant pumpkin fans. You know like, they'll spend their whole year trying to grow prize winning pumpkins. And they'll go and spend $1,500 bucks, $2,000 per seed from one farmer somewhere in New England. And they'll buy these seeds and plant them and do everything they can to fertilize the ground.

And then it grows into a pumpkin vine. And a pumpkin vine will have multiple pumpkins in them, right? Well, they just go in and they find the moist promising-looking pumpkin in the vine and cut off all the other pumpkins, okay? And then just focus all of the nurturing and nutrients and the attention on that one pumpkin and it becomes a giant pumpkin. And it's about finding your sweet spot, then your sweet spot consists of three things. Number one, who are your best clients that you enjoy working with the most? Who give you the least headache...? It's the 80/20 principle, right?

Josh: Sure.

Joe: The second thing is what part of your business can be most automated or systemized? And number three, what makes you unique? Number one, your best clients; number two, something that can be systemized; and number three, something that's unique. And if you get the combination of those three things... You have to have all three of those things... that's your sweet spot. That's where your giant pumpkin is. It's a fantastic book. It will take you maybe three or four hours to read it. And he just wrote a new one called Profit First and I'm reading that right now and it's about... I hope I'm not deviating too much from what we're talking about but this is so good. I get excited about this because…

Josh: Get on. I like it. I'm listening for sure.

Joe: Profit First is we look at business normally as sales revenue minus expenses equals profit. He's talking about changing that formula around where you take your profit first from your sales. You take sales minus profit equals expenses. And it's about looking at your business from a totally different perspective and you have the sales. You take out your profits first. Knowing what that 20% is, it gives you 80% of your results, and anything left over is what you use for your expenses, for your overhead. And then that way, it's a much easier way to manage your business. Anyway, I was thinking of that while you were talking, Josh, because you just saw that maybe that the brokerage wasn't in your wheelhouse. It wasn't something that... Well, it might have been important and you were making money with it.

Josh: Right.

Joe: It just wasn't giving you the best use of your time, right?

Josh: That's absolutely right. And when you survive... There are so many different things you can do in real estate. And I can sum it up this way. When you survive cancer, an almost unsurvivable version of cancer, you realize that you've been given a second chance. And my dad tells me all the time. He says "Son, you were spared for a reason...

Joe: Hmmm.

Josh: ...And the only job you have in the second half of your life is to find out why."

Joe: Yeah.

Josh: And so, I have really lasered into my family, my faith, my friends, my business, things I really enjoy and I've been doing less and less over the past three years. I enjoy sports but I only really play three sports today. I play basketball, golf and bowling. That's it. I only want to be good at those three. Even though I love football and I love softball and... But I only want to be good at those three. When it comes to business, I really just want to be good at raising money, because in my real estate business everything flows down from there.

If I have access to funding, I can fund my own deals. If I have access to funding, I can fund deals for students. If I have access to funding, we can offer funding with our training and coaching programs. And we could teach people how to raise their funding and it solves such a huge need in the marketplace to really get to know and understand how to get the funding. And so the brokerage wasn't in alignment with that so I sold it. I had another publishing business that I owned that wasn’t in alignment with that so I sold that.

Joe: Yeah.

Josh: I used to travel a lot and speak at different real estate groups. That wasn’t in alignment with my objective of raising money so I had stopped doing that.

Joe: Hmmm, that's good.

Josh: I used to have an office and the office was not in alignment with that so I went totally virtual. I have all my employees... We have nearly 35 employees in all our various businesses. Most of them work from home. So everything has gone into that one principle that one thing we want to be really good at. And as we've lasered in on that, we've gotten so good at it and the business has been... There's more revenue in all of our business. There are more profits in all of our business, because we're not spending a few hours a week dabbling in other things. We adjust all those extra hours that we use to spend in the brokerage or used to spend doing something else. We've laser-focused into this one thing. And I would encourage everybody who listens to this interview to think about that in their own life moving forward.

Joe: Yeah, totally.

Josh: They might think we do this with 80% of our time and we're good at it. This other 20%, we're kind of goofing off with these other projects. I would encourage people to cut off those projects because that last 20% is the mastery portion. That last 20% of your life, if you reinvest that back into your main business is when you become a master at what you're doing.

Joe: And what if you... instead of focusing on... The 20% of your focus produces 80% of your profits. What if we focused 100% on that 20%? What kind of difference would that make in our businesses and in our lives?

Josh: And that's another thing. I have a thing I look at right above my computer that just says, "Josh 80/20," right?

Joe: Yeah.

Josh: It says, "Devise, systemize and monetize."

Joe: That's good.

Josh: So for me, it’s about devising the plan...

Joe: Yeah.

Josh: Then systemizing the plan, and then monetizing and scaling the plan. So I have a list of...

Alex: That's good.

Josh: Yeah, devise, systemize, and monetize. So I have the 20% that goes into those three things, then I have the 80% beneath that. So I look at it every day, "What's in my 20%?" and I continue to focus and laser in everyday on what's in my 20%.

Joe: That’s excellent. And then I just wanted to ask, when it comes to private money, I was talking to Alex and Alex told me, "Well, can't you just go put an ad in the newspaper? And put an ad in Craigslist that you're willing to pay investors 15% guaranteed."

Josh: Oh, Joe, what are you doing?

Joe: I'm just making a bad joke.

Josh: No, you're going to get me in trouble.

Joe: I was just kidding. Alex was saying, "Whatever you do, do not put an ad in the newspaper or online that you can pay guaranteed returns." I guess, Josh, a lot has changed in the industry, right? A lot has... It seems like it's an important thing to be concerned about, I guess. Can you talk about that? Why is this such a big deal?

Josh: Well, really, what happened if I could take a minute and give everybody just a tiny bit of foundation is that private lending falls under the general securities laws, right? And again, I'm not an attorney; I'm not an accountant; but this is the information I've gotten from my really good securities lawyers, guys that are litigating securities laws. And in particular, Joe Carney, one of my securities lawyers, he literally used to work at the Federal SCC. And in order to raise private money, you're either offering somebody their principal back. They obviously are going to give you $100,000 or $500,000. You're going to give them their principle back plus interest, or you're going to give their principal back plus equity. And if you do that, that is the definition of the security.

Securities are regulated by the Federal SCC, specifically the Securities Laws of 1933 and 1934. So what happened when the Great Depression happened, there were people with no federal securities laws at all. And a guy who started the business, let's say in Ohio, he could start a business and say, “Hey, Joe, I'm going to sell you 50% of my company, and

I'm going to retain 50%. And then you know what Alex? I'm going to sell you 50% of my company and I'm going to retain 50%. I'm going to sell you Alex the same 50% I sold to Joe. And then I'm going to sell another 50% to another guy, another 50% to another guy. And if I'm in Ohio, I just cross state lines and I just drive over to Indiana, there were no federal securities laws. And I can sell the same shares of my company to unknowing, unaware investors. And I could go across state lines and the state of Ohio cannot pursue me.

Joe: Yeah.

Josh: And that's one of the reasons why the stock market crashed in 1929. It's because guys were selling shares of companies multiple times over, and then people were realizing, "Oh, my God. I don't really own 50% of this company. I'm lucky if I own five or ten." So the Federal Securities Laws of '33 and '34 became very important. And what's important to understand about those is those were the guiding securities laws in our county all the way until April 2012. And those securities laws said, "You could raise private money for any business, not just the real estate business but any business.

But you could raise money and you do not have to be a broker-dealer. It's call Reg D. Reg D says that you do not have to be a broker-dealer. There are certain exemptions to the rules. And the exemption that most people use was what was called 506(b). It allows you to raise money from coast-to-coast, raise money from an unlimited number of investors, and unlimited amount of money.

But the catch was you had to have a prior existing relationship from every single one of those investors. And you were not allowed to do any general solicitation advertising. You could do a general solicitation but you're not allowed to take money from those people. So you really weren't allowed to go put an ad out in Craigslist or Facebook or do luncheons or any of those kinds of things, because technically those people would be recruited to your business through a general solicitation. And so you're only really allowed to take money from people you had a prior existing relationship with.

So a 506(b) exemption is a great way of somebody who had a really big network, if somebody was really well connected, if somebody was networked into lots of groups, and somebody was a talker like we are and willing to go to groups and meet people and talk with people and create relationships, and then make those people an offer to invest in their company or invest in their real estate deals. That was the rule. So general solicitation was banned for 80 years from 1933 to 2012. And here comes 2012, the JOBS Act. The JOBS Act stands for Jumpstart Our Business Startups Act, the JOBS Act. And it was probably the single most important piece of legislation for small businesses in our lifetime.

And here's why. In that JOBS Act, not only did it create crowd funding, and not only did it create lots of different things, but it created what's called the 506(c), federal securities and exemption, which now allows businesses of all kinds - small, medium and large businesses, to actually advertise or legally advertise their offer... To go onto Craigslist, to go onto Facebook, to do direct mail, to do luncheons, to do radio, TV, all those different kind of things, and actually advertise your offer.

So for example, for me, I give my investors 12% interest when I'm doing a personal deal or 15% of my profits whichever is higher, which ends up being higher. So in some cases, my investors are earning 15%, 18%, 20%, 30% on their money when they get a piece of the deal. Now in the past, I could never go advertise. And guys, don't take this as an advertisement. This is not an advertisement. I'm not advertising for money here. I'm just explaining my offer. In the past, I could not go advertise that on the radio or on television. Now if I have a 506(c) federal securities registration exemption, I can literally go on and put a 30-minute infomercial together to recruit money if I have a 506(c) registration.

So that was part of the JOBS Act of April 2012. It's a big freaking deal because any business owner of any kind... You can own a donut shop or you can own a manufacturing company or plastic injection molding or real estate, whatever. If you have an offer to raise money, whether it's debt financing and you're offering people notes on mortgages or whether it's equity financing and you're offering people a security or an equity play in your business, you can actually advertise that to the public. But guys, here's the catch. Here's the rub. The 506...

Joe: Yeah, I was going to ask.

Josh: Yeah, there's a rub.

Joe: Yeah.

Josh: The 506(c) will only allow you to actually take money from accredited investors.

Joe: Yup.

Josh: You have to be accredited. Now people are going to ask, what's the definition of accredited? So again, I'm trying to give you guys the foundation and I'm kind of going to wrap up with this part. So 506(c) allows you to advertise but only allows you take money from accredited investors. Accredited means that you have a million dollar net worth excluding your personal residence, okay?

Alex: You said million, right?

Josh: Million, yup.

Alex: Yeah.

Josh: A million dollar net worth excluding your personal residence. So whatever equity you have in your personal residence does not count toward the million. Or if you're single, you have a $200,000 annual income for the past two years with an expectation of making at least $200 grand this coming year. Or if you're married, a $300,000 annual income for the past two years and the expectation that you're going to make $300,000 in this next year. That’s the definition of accreditation.

So if you're accredited, that accredited investor cannot invest into your company or your real estate deals or whatever. Now the reason why they did that guys is the SEC

Congress wanted to allow businesses to start advertising their offer and get jumpstart money, startup capital, but at the same time they wanted to protect the small guy, the small investor, who only has a little bit of money. They basically wanted to open up this opportunity to accredited investors only. So the 506(c) is a huge play and that's what we've done is a 506(c) registration to allow us to advertise, to do luncheons, to do dinners, to do seminars, to recruit money, direct mail, TV, radio. But we have to ask people before they invest. We have to ask them if they're accredited or not.

Now the next question I get real quick is how many? What percentage of the population in the United States is accredited? And the answer is somewhere between 9-13%. I put two different numbers. 9% from the SCC and I put 13% from a different source. So it's about one in ten people that we meet are actually accredited. You have to sift and sort through various investors, and make sure that they're accredited before they invest in your offerings.

So there's a 506(b) which is fantastic if you're connected. You have lots of investors, lots of people that you know. And you can take money from both accredited and non-accredited. You can take money from coast-to-coast but you cannot advertise. And the 506(c) allows you to advertise for big money from accredited investors only.

Joe: So Josh, how do you register your 506(c)? What's involved with that?

Josh: Yeah, great question. And it's actually really simple. The SCC has a website. It's called Edgar, E-D-G-A-R.gov. And on the Edgar website, you can have securities attorney, or you can go personally and you can register on their site under a 506(b) or (c). You'll get a notification within 30 minutes. It's free. And you're officially registered. And you can start raising money. It's that simple. It's free and anybody could do it.

Now, the catch though, even though it's free to register is that you really need to have a disclosure document that discloses to your potential investors what the risks are. What's the upside? What's the downside? What are all the risks? And what the SCC says is if you end up in court, they're going to say, "Did you disclose? This is the big deal guys.

Did you disclose all the quote, unquote material facts? The "material" facts to your investors that they would have wanted to know prior to investing.

Alex: Is that almost like a prospectus?

Josh: It's exactly like a prospectus, Alex. That’s right. So a PPM or a Private Placement Memorandum is your offer and it is your disclosures and your job as a business owner or as a real estate investor is to think ahead. You have to think ahead and say, "What would an investor have wanted to know prior to investing?" And you have to try to answer as many of their potential questions that they maybe would have asked if they had known to ask.

So you have to think ahead. "What's my interest rate? How is the money going to be used? What's the payback plan? What's your background? What's your expertise? Is this a startup or is this a seasonal company? Are you going to be using the money on commercial buildings or residential or wholesaling or rental properties? What size of properties? What's the default rate going to be?' You have to think of these things in advance and that’s why having a good securities lawyer at this stage is important because a good security lawyer like the one I use, Joe Carney and also Rob Sherman. They’ve been toppling me with questions for the past couple of years so that we could vet out all the material facts and put those in our PPMs so that we have those disclosure documents.

It's basically a cover-your-ass document because if you end up in court and an investor sues you, and because let’s say they lost money in a deal or they didn't get the interest that they thought they were promised, that private placement of memorandum is the document that tells them, "This is what I'm promising you not just verbally but in writing." And that’s where people who will have to make a little investment and hire a good securities lawyer to produce that document, that CYA document. That’s very important any time you're raising money, whether in real estate, or whether you're in manufacturing, or like I said plastic injection molding or a mortgage business. Whatever you do, if you're taking money from investors, that disclosure document is of utmost importance to protect you from the future losses.

Alex: So a note and deed of trust does not 100% cover and guarantee your lender.

Josh: It does not. The note and the deed of trust is a great start. It certainly is a good document to have. It's necessary to memorialize in writing the agreement between you and your private lender. But the note in the mortgage doesn't tell your investor what the risks are. It just tells them what their interest rate is going to be, how they're going to get paid, how often are they going to get paid, what property they're lending against if it's a mortgage or a deed of trust. But those documents don't tell your investor what the risks are.

And risks are, for example, "Is your business a startup?" That's a risk. "Is there a risk of the real estate market changing? Going up or going down?" "Have you as a borrower... have you ever filed for bankruptcy?" "What's your background in real estate or your background in your business?" Those are all potential risks disclosures that need to be made in a PPM.

Alex: So now, a real estate attorney that's been doing this for a long time, I would assume has a document like this that could be in legal matters. I guess this happens all the time and no plug and play.

Josh: Sure.

Alex: Can you go to like your attorney for instance and say, "Hey, we want the disclosures, the general disclosures regarding real estate private trust deeds. Do you have something like that that you can help me out with?"

Josh: Yeah. So Alex, we've taught that through in our training and coaching programs that we offer. We give our students a copy of our PPMs and our executive summaries that they can literally copy, paste over because we don't want them to incur... In my case, we've done very extensive disclosure documents because I have just come too far too much to lose. I don't want to end up in court with an investor that's pissed off and my family and all my businesses and all of the assets that we've accumulated to protect.

So we have a very, very detailed PPM and executive summary and I actually give that to our 40K Flips members and on our 40K Flips products, and our Freedom Funding program and our coaching programs. We give that to them to try to save them all that time and all that money that we've invested. But the answer to your question is yeah, a really good securities lawyer should have basically a swipe file if you will of PPMs and executive summaries that they've produced. There's also an entire database which is the Edgar filing, the Edgar system and a lot of those PPMs and executive summaries are uploaded into that universe. So people can go at other security lawyers, other people, other real estate investors and they can pull down those documents and use them as the template to try to shortcut the process.

Alex: Awesome sauce.

Joe: So Josh, what do you do to...? Josh, what do you tell a beginning investor who has maybe been wholesaling some deals? They want to start rehabbing and they want to start raising some private money for some projects. Where do you tell them to start?

Josh: Yeah, great question, Joe. So here's where I started and here's why I recommend everybody else begin as well. I wanted to kind of jump right to the Federal Securities' filings, right? Because I assumed people are going to raise money and they want to raise a lot of money and they want to be really successful in real estate or really successful with their business. And they're going to want to raise $2, $5, $10, $30, $50 million or more. But for a new investor who's just getting started, what I highly recommend and what my securities lawyers recommended to me, is start with we call an intra with an A, intrastate offering.

Now within every state, Alabama all the way to Wyoming, A through W, all fifty states, in most cases, the state has an intrastate exemption. And that means that if you stay within that state and you raise money within that state, and your property is on that state and your LLC or your business matters are in that state and your investors are also in that state, you're now regulated by the state securities offices. All states, also they want small business owners to be able to raise money to jumpstart their business. So every state has a certain number of private lenders or private notes or offerings that you can make before you have to register but so long as you stay within your state.

So for example Joe, in Ohio, I can have up to ten private lenders or ten notes and I don't have to tell anybody. I don't have to tell the state. I don't have to tell the fed. I don't have to tell anybody that I'm raising money as long as I stay within Ohio. So me, my business, my properties and my private lenders are all within the state of Ohio, I can raise up to a million dollars; I can have up to ten private lenders and ten notes per year; and I don't have to tell anybody. But the only thing you're still going to want is you're still going to want to have a disclosure document. You still going to want to tell your private lenders, "These are the risks of investing with me."

Joe: Do they still have to be accredited investors?

Josh: No, in the state of Ohio and in all states, they could be accredited or not accredited.

Joe: Unless you're pooling money.

Josh: Yes, you want to pull... unless you're pooling money, exactly, Alex. So if you have like one investor-pro property... So let's say you're buying for a $100,000; you got $50,000 in rehabs; you're in there for $150 and your after return value is $250,000 and you have one investor who gives you 150K from a self-directed IRA, you can do that within your state. You don't have to register with your state in most states. And actually, 37 states out of the 50 states, you don't have to register at all. There's no... They don't ask you to register at all in the 37 out of the 50.

In the other 13 states, there's just a very simple... It's called a notice filing. And you just want to put the state on notice that you're raising money and that notice filing is only like a $100 bucks. You send it into state and let them know. You notify them that you're raising money and you're good to go. And so that's why I recommend people start is with an intrastate offering within your state. Start with people that you know. Those people could be accredited or not accredited. In most cases, you can raise up to a million bucks. In most key states, you don't have to register. And that's where I would begin. That's where I started years ago and I didn't even know it. But all my investors were within my state. They were all people that I had a prior existing relationship with. And by default, that's where I started.

Then when I really wanted to get big and start raising more than a million dollars a year and go coast-to-coast and raise money, crisscross state lines, then I went to a 506(b) federal registration which allows me to raise money from people I have prior existing relationships with. It allows me raise money from people I have accredited and non-accredited investors, okay? But now, I'm on a federal level because I'm crisscrossing state lines, and then when I've exhausted most of those relationships and raised all that money and now that I want to do general solicitation advertising, then you move to a 506(c) which is part of the JOBS Act of 2012. That's exactly what I did. That's exactly what I recommend your listeners do.

Alex: Let me ask you this, Josh. And this is on kind of just along the lines of what you said about the self-directed IRA and probably simple. You might be able to answer quickly. I don't know. But let's say, you've got an accredited investor with a million dollars and they've never ever, ever done anything with self-directed IRAs and they want all the benefits of self-directed IRAs, what's the fastest way for them to move money to get it into a self-directed IRA in order to start lending from it so that they can start reaping all those wonderful tax benefits.

Josh: Yeah, yeah, that's a great question. So somebody's got an old 401k or an old pension with a million bucks in it.

Alex: What if they don't have a 401k? And that's just a million dollars in the bank per say.

Josh: Okay. Well, again, they're going to have to follow the various laws regarding IRAs, regarding 401ks, those kinds of things, to get that money into a self-directed account. Unfortunately, there are rules and they can only deposit so much money into a self-directed account.

Alex: Yeah.

Josh: Now don't misunderstand me. Maybe, I misspoke or didn't elaborate enough. If they have a million bucks cash, it does not have to be self-directed IRA. It could just be cash.

Alex: No, it doesn't but they don't want to pay a lot of taxes.

Josh: Yeah, if they want the tax benefits that you really get with the company like Equity Trust or iPlanGroup or Kingdom Trust and figure out what could they start; can they start a self-IRA?

Alex: Okay.

Josh: For example, if they're self-employed and they have business income from their self-employment dealings, they can deposit $53,000 a year into a self-IRA. If they have a business, maybe they could do a 401k, a solo 401k. In the case of a 401k, there's a balance plan and a profit sharing plan that can be added to the 401k and in some cases, you can deposit over $100,000 or even over $120,000, $150,000 a year into those plans but again it has to be through a business.

Alex: That will get you up there a lot quicker.

Josh: Yeah, exactly.

Alex: But a lot of investors though, and a lot of people that invest don't... are not business owners. They just have money that's sitting there collecting dust and they're tired of just collecting dust, you know.

Josh: Right. And in that case unfortunately, in most cases, they're only going to probably fall into the status where they can do a traditional IRA or maybe a Roth IRA with a catch-up plan if they're over 50 years old and they're going to be stuck with depositing $5 or $6 or $7 or $8 or $10,000 a year...

Alex: Yeah.

Josh: And that's really small money.

Alex: I know.

Josh: But what they could do is start a company investing in whatever they want to invest in their business or creating whatever they want to create in their business and if they can do that legally, then they can start up a solo k and that solo k can jump a bunch of money into it.

Alex: It doesn't matter what your revenue is, right? As long as you have a business, you're making LLC, would you say you're golden or can we say that?

Josh: Well, the company is going to have income and so they can take... Let's say as a business owner you have a salary of a $100,000 a year.

Alex: Okay.

Josh: Well, you can defer a big chunk of your salary into that 401k and then the solo k. The company can also match, plus the company can take some of their profits and do a profit share and also what's known as a cash balance plan can all be done at a 401k. And that's how you can get up there where you can deposit $50,000 or $100,000 a year into that solo k. But you have to have a business and that business has to be in the business of making money. It's doing something. It can't just be a business that you set up just to invest your own capital.

Alex: You're listening Joe?

Joe: Yeah.

Alex: This is good tax stuff right here for both you and myself because we cry about as much taxes we have to pay. These are all the things that we can do to help.

Josh: Yeah, absolutely. The Solo k is a great thing. Now just to be aware guys, a Solo K is really for a guy that's really running a solo business. If you have a bunch of employees, there's what's going to be known as a safe harbor program and if you do have employees, those employees have to be included. So now you're going to be talking about more of a traditional 401k because whatever benefit you have as the owner, you're going to have to include some benefits for your employees.

But it's absolutely something to consider, and often times you can still jam 80%, 90% of the total dollars in a 401k can go to the CEO and the owner but there's still going to have some match or some benefits to the employee. Otherwise, there's going to be known as what's called Top Heavy and if it's Top Heavy then you might fall out of the rules and restrictions. But if you're truly a solo owner with no employees or very few employees, the Solo K is going to be an awesome opportunity.

Alex: Good stuff.

Joe: Yeah, interesting. And while you were talking too, I was looking at the Missouri Secretary of State website, or I guess the Missouri Securities. What is it? Yeah, the Missouri Secretary of State.

Josh: Yup.

Joe: Anyway, yeah, and they have brochures and pamphlets here on how to register as a small business security. It's interesting.

Josh: Yeah, you are looking at Missouri. I can tell you right now Joe; I'm looking at this document that I have. Now this document is a couple of years old so things could have changed in Missouri. I'm not sure. But of as the latest documentation that I have in Missouri, you can have up to 25 private lenders and notes in Missouri with no filing and raise up to a million dollars per year in Missouri.

Joe: And again, they don’t... Can you still... Are there still restrictions though on how I advertise for them?

Josh: Right. In an intrastate offering, you cannot advertise to the general public. This has to be you working with people that you already have a pretty existing relationship with: friends, family, people that you have relationships with, people from your local networking groups, your real estate investor association, your Pilates groups, your rotary clubs, people that you already know.

Joe: Yeah.

Josh: Now with the intrastate offering, you're not allowed to recruit money through general solicitation.

Alex: You really can't have a quote, unquote private lender website as these template sites are out there and anybody can grab one unless.

Josh: Right. You really shouldn't have that unless you have a 506(c)...

Alex: Yeah

Josh: ...Federal registration and that 506(c) allows you to recruit money from coast-to-coast an unlimited amount of money and do general solicitation, but again you're only allowed to take money from accredited investors.

Alex: Let me ask you this. This is almost like a good idea, bad idea kind of thing and you seem really well-versed in the private money stuff here. This is something I think that was going on for a little bit and you probably might know who I am talking about, Joe. Let's say you were to go out and offer. And this is kind of a combined question, because let's say you're dealing with sellers and the seller is like, "I want $250,000 for my house," and as a whole sale offer you'd be offering like $100, $25 or $100,000. And they say, "I've got to have $200,000 or $250," whatever the number I said and I said... And then you say, "Okay, great. I can pay you $250." Now we're going to sell and finance the note, right?

Josh: Uh-huh.

Alex: And we're going to take the note at $250,000, and then were going to place the note into second position, right? Then we're going to go and get an investor, say Joe, and say, "Hey, Joe. I've got a great deal for you because I am going to move you into first position and all you're going to do is lend me $50,000." And now, this $50,000 is very well-secured on this property because you're in first position and by the way, I guess you could... I guess if you're not really disclosing in really what you're going to do with that $50,000, stirring lies is the problem. But there are people doing deals like this, and then taking that $50,000 and using that as living money or whatever you want to call it because it was secured on that property on the original note.

Josh: Uh-huh.

Alex: The $250 was in the back on the second position. Does that make sense?

Josh: Sure.

Alex: Have you heard…?

Josh: Sure. I understand what you're talking about. I've never personally done a deal like that and I can't speak to whether you know you should do it or not do it, other than to say that $50,000 of new money that's invested into that deal...

Alex: Yes.

Josh: ...That money would fall under these intrastate... The intrastate offering number one, the 506(b) or the 506(c) just fall underneath one of those and the proper disclosure should be given to that investor so that they know how that $50,000 is going to be used. Again…

Alex: Now the pressure is the key there.

Josh: Yeah, right, because that $50 grand that comes in, let's say you're going to be in first mortgage position and I'm going to use that money for living expenses. Well, if you say I am going to use that $50,000 to go put a down payment on a Maserati, and I am going to hang out with that $50,000 and you disclose that to that investor and the investor is like, "Fine, I don't care. I've got $50,000. I'm in first position on this house. I don't care how you use the money." Well then, fine, then you're good. The problem in lies that if you don't disclose it to the investor, the investor loses the $50,000 somehow, or they don't get paid back timely like they're supposed to. They get pissed off. They go to a securities regulator. They sound the alarm. The security regulator comes into your office and says, "Hey, your recruited this $50,000. This guy is going to sue you. Show me your disclosure document," and you don't have one.

Alex: Ahhh…

Josh: Therein lies the problem.

Alex: Okay maybe I've been a little bit leveled there. Maybe you would say, "Okay, $40,000 of that," because you're buying a property as-is so you take 40,000 of it to fix up, and then you're going to resell it to somebody else on seller financing or whatever. Maybe $10 of it you use for living expenses or, "Hey I've got $10,000. That takes the pressure off." You know what I'm talking about?

Josh: Sure.

Alex: So…

Josh: Again, just to disclose, even if you're taking an acquisition fee, you don't have to say, "I'm going to go use this money for personal living expenses." But it could be disclosed that you're taking an acquisition fee for buying the property or you're taking a portion of your profits upfront or you're taking some points or something like that. And that's going to go into my pocket or I can use that money for whatever I want.

Alex: Right.

Joe: Absolutely, if that's disclosing with that sort of language, I don't see how that could be a problem.

Alex: Well, then…

Josh: We disclose, "Hey, sometimes we take an acquisition fee upfront and we buy properties." I might buy a property for $100 grand, put $50 into it and be into it for $150. I might borrow $160.

Alex: Right.

Josh: And if I borrow $160 and after closing costs, I'm walking away with $7,000 at the acquisition, so long as I disclose that I might take an acquisition fee or charge points to myself, right? Now, I'll…

Alex: Take then and take some…

Josh: ...Use that money…

Alex: ...On the front end then.

Josh: Yeah.

Alex: And it's okay as long as you disclose it.

Josh: That's right. It's all about disclosure, guys. I mean, you could have bankruptcy. You could have foreclosures. You could have been to jail before and be borrowing private money. But as long as you disclose to your investors, "Hey, I've been in jail for securities fraud," and if they still want to lend to you and you've disclosed it, well, you've disclosed it. That's what it's all about. Because again, the job of disclosure is on the borrower or it's on the person receiving the investment. You have to put yourself in the position of the investor or the lender to say, "What would they have wanted to know but maybe they don't have it?" It's like; you don't know what you don't know, right?

Alex: Right.

Josh: So what would they have wanted to know to invest? What should you have disclosed to them to invest even if they don't know the questions to ask? You can't say, "Well, I didn't tell them because they didn't ask me."

Alex: Don’t ask, then tell.

Josh: Yeah. You have to assume that as the borrower who’s taking the investment, this is what I would have wanted to know or these investors would have wanted to know to make a proper decision of whether they wanted to invest or not. It’s on us as the people raising the money to make that disclosure to them in advance. And again, you could say it all you want. It can all be verbal, but if you end up in the court, it’s going to be, "He said; she said." And the court is always going to take the side of the investor who invested the money and lost money in the, "He said, she said." So you want to create this disclosure document. And you can certainly do it on your own. You don’t have to hire a lawyer, but I would recommend hiring a good securities lawyer because this is what they do for a living.

They'll punch holes in your offering. They’ll find things that you should disclose that you didn’t think of. That’s why you decide to invest the money. And I’ve invested nearly $50,000 with my securities lawyers over the last several years. I'm not saying anybody else has to invest anywhere near that money. It could be a couple $100 bucks or a couple of $1,000 bucks to create a good disclosure document, okay? And if you’re going to be raising big money, that’s just a fraction of the total revenue and profit you could make. So invest back in yourself; invest back in your business by taking a small piece of the potential profit and creating a proper disclosure. That’s all I'm saying.

Joe: Josh, some people who are listening to this just probably rolling their eyes thinking, "What a hassle!"

Josh: Sure.

Joe: I don’t want to mess with that. So would you say then maybe you know maybe a better alternative is to come to somebody like you and just borrow the money for a deal?

Josh: Sure, absolutely. I mean, that’s one of the things that we tell our members and our students that we coach. We say, "Look, I'm going to teach you how to do it yourself and if it’s going to take you a minute to be comfortable doing it yourself, well just come borrow the money from us," because this is one of the things that we do is raise private money in our private equity fund. Our private equity firm is called Freeland Fund, Freeland Fund 1 and Freeland Lending. And we then went to our students and that allows them to get some credibility, get some deals underneath their belt, close a number of transactions, be able to show those to private lenders so that they can recruit their own money.

So that's often what happens, Joe, is that at the beginning with the new investor or an intermediate investor, they come to us; they borrow money from us; we lend directly to them; they do a bunch of deals. And then as they make more profits or put more money in their pocket, then they decide, "I could go get cheaper money if I just go and get it directly instead of going through Josh, because Josh is essentially a middle man, right?" I'm raising money from investors in my left hand into my fund, and then I am lending the money out to my students in my right hand. And of course, there's a markup or a premium for that money because my company has to get paid and we have lights to keep on and employees to pay.

Joe: Right.

Josh: So for sure, circumventing us eventually, and going and recruiting your own money down the road is the best cheapest way to go. But in the interim, if people don't have; they think it's too much of a hassle; they don't want to do it, then they can come and borrow money directly from us. That's right.

Joe: Well, if anything, it gives them the time to get some experience, to get some deals under their belt, so when they do approach a private lender or talking to a private lender they can show them some credibility, show them some HUD statements, right?

Josh: That's right.

Joe: Yeah, that's good.

Joe: That's what it takes at the beginning, right? It's just a little bit of credibility. A lot of private lenders, even your own friends and family are going to say, "Hey, you're new at this. Go do a couple of deals and after you've gotten two, three, four, five, six deals underneath your belt, then I'll consider investing." Now the question is this. If everybody says that, then nobody is going to give you that initial investment, right? To get started. And so that's where we come in. We make that initial investment. We lend the students even if they have no experience. In addition, Joe, we're an asset-based lender. And what that means is that we look at the property more so than somebody's personal financial profile.

Joe: Okay.

Josh: We look at the property. We look at the deal. We don't ask people to give tax returns. We don't ask them to give us paid statements or pay stubs. We do pull their credit from one of the bureaus, not all three but one of the bureaus and the credit that we pull is because we're looking to see if they have any felony convictions on their credit, or if they're in the middle of an active divorce or an active bankruptcy. We're not really looking at their credit score and lending off their credit score. I've given loans to guys with 501 credit scores before. I have a guy I'm giving a loan too next week that has a 534 credit score but the deal, the property makes so much sense. He's buying it and rehabbing it for $110, and then after repair value it's $185, and a licensed appraiser who appraised the after repair value at $185. So why wouldn't I give him a loan at $110 and I'm only at 55 or 57% loan-to-value?

Alex: Yeah, it's funny when you talk about stuff like that because Ron LeGrand use to say, "When you're not in a deal that's right, you lay awake at night worrying, 'Are they going to make their payments? Are they going to make this thing work?'" And he says, when you're in the deal right, and I know I'm sure this isn't your attitude, he's like, "You lay at night hoping that they're not going to make their payments."

Josh: Yes, some hard money lenders... Other guys are in the hard money business. The hard money lender business is a lot different than what we do because they require bank statements and pay stubs and tax returns and high credit scores. We only lend to our students. We don't lend to the public so we're only making deals with our students.

Alex: Yeah.

Josh: So my theory is some of these hard money lenders, for what you're saying, is they lend to repossess.

Alex: Right.

Josh: They lend in the hope of repossessing the property because it's such a good deal.

Alex: Yes, that's right.

Josh: We don't do that because I don't want to be foreclosing on my own students.

Alex: Exactly.

Josh: We lend so that they can make money and we can make a little bit of money too and everything works out for everybody. But yeah, to fund to foreclose is bad business because funding in the hope that you can foreclose on somebody... I mean really, what a terrible sort of way to kind of live your life to hope other people fail so you can succeed. That's not what we're trying to do here.

Alex: That's very Ebenezer Scrooge.

Josh: Yeah, fund to foreclose is definitely not a business model I would follow.

Alex: Absolutely.

Joe: We're not and we're not knocking at Ron LeGrand either.

Alex: No, he was just trying to be funny.

Joe: Right. Then that's not what he teaches but just... I just wanted to make sure we clarify that.

Josh: Yeah.

Joe: I really like Ron LeGrand.

Alex: We need him in the podcast actually. So if you're listening, Ron, you know...

Joe: Yeah, I'm sure he listens to our podcast. If anybody knows Ron... I could probably call him up and ask him.

Josh: Yeah, I can put you in touch with Ron.

Alex: Oh, there you go. Maybe we should get that out then.

Joe: No, he'll probably have a good laugh at it. But well, Josh, this has been really good. Where can people go to get more information on this whole private placement thing, lending, private lending, giving... borrowing some money from you guys, giving some education on how to do all of this? I'm hoping that people listening to this who are new are not overwhelmed because it is tricky.

Josh: Yeah.

Joe: But when you break it down, and Josh does a really, really good job of this over at Strategic Coach. Breaking things down like this can look really complex on the outside and complicated, but when you can sit down with a good coach, a good teacher, they can really show you how simple it really is. And when you got somebody holding your hands, it's a lot easier, right?

Josh: Sure.

Joe: So what's a good way to get a hold of Strategic Coach, the lending that you guys do and things like that, Josh?

Josh: Sure, Joe, I'll give that out and I also want to break this down one more time before we wrap up about exactly what I would do if I was new because I realize this can be overwhelming. I'm talking about really big stuff.

Joe: Yeah.

Josh: So yeah... So first of all, the first thing I would recommend that people do to get started is to borrow money. Borrow money from somebody who's already has access to money to fund their real estate deals. That's me. I am an asset-based lender. We lend money to students and we put the others a free class that's online. They can go to FreedomFundingClass.com. Register for that class, and on that class, we'll walk them through how we're different as a lender, why being an asset-based lender has been great for us and our students. We'll walk them through our terms and conditions and how they can become a Freedom Funding member to get access to this asset-based lending. And that's also, Joe, the first thing I would do is I would borrow money from people that already have access to private money. So go to FreedomFundingClass.com.

Second place is just check out our main website, which is StrategicRealEstateCoach.com and on that site we have a free report called "55 Simple and Powerful Ways to Find Killer Real Estate Investments." It's 55 different strategies that I've used and my highest-level mastermind students have used to acquire great real estate investments right now in today's market. These are not strategies we used 10 years ago. We literally met two months ago in a closed-door mastermind. We put this report together. It's about 30 pages. It covers 55 different strategies to find great real estate investments for wholesaling, for rehabbing, commercial, rental. They can check that out at StrategicRealEstateCoach.com.

Joe: Good. And you have a podcast too, Josh. Is that where you host it as well there?

Josh: We actually just... We host it in our website, StrategicRealEstateCoach.com, and they can also visit it in iTunes. It's called Real Estate Investing Made Easy. And Joe. I'm going to have you on very, very soon here and interview you on our podcast as well. We'll talk about what you're up to, your travels throughout Europe and how you're still investing in real estate back in the States while you're out of town. That's fantastic.

Joe: Awesome.

Josh: The Real Estate Investing Made Easy is our podcast in iTunes.

Joe: Yeah, good. I've listened to a few of your episodes. They're really good, Josh.

Josh: Thanks.

Joe: I encourage everybody to go and listen to that, Real Estate Investing Made Easy with Josh Cantwell. Your free class for the funding side of things is FreedomFundingClass.com.

Josh: That's right.

Joe: And your main education website is StrategicRealEstateCoach.com. Very good.

Josh: That's right. But, Joe, just to wrap up...

Joe: Yes.

Josh: ...What would I do again so that people are not overwhelmed?

Joe: Yeah good, please do.

Josh: Again, I would become a borrower and go find good real estate deals. And then become a borrower from somebody that already has money. So that freedom funding that we offer, that's where I would start. Then number two, to raise some of your own private money, I would start with people that you already have a preexisting relationship with. If you can offer your investors a 12 or a 15% return, you kind of owe it to your family, your friends and the people that are nearest to you...

Joe: Yeah.

Josh: ...To give them a great return on their money. Don't go to strangers. Don't go to the public. Go to the people that are most important to you because they're dying for a good yield. My copywriter used to say, Joe, all the time... He used to say, "Look, if you have an offer that's going to benefit somebody's life and you feel passionate about it, you're adding more obligations to offer it to them."

Joe: Hmmm.

Josh: A more obligation. So I feel with my own friends and family, if I could give them a 10%, 15%, 20% return on the money, I have a more obligation to show it to them...

Joe: Yeah.

Josh: ...Because they can't get a 12 or 15% return on stock market or in bonds or in CDs. So it's the second thing I would do is I would go do an intrastate offering with your own people you have a prior existing relationship with. That's step number two.

Joe: Yeah.

Josh: Then step number three is once you've exhausted that state offering and you want to crisscross state lines, you then go to a 506(b) federal registration. And again, go to the people that are already in your network that are across state lines. Then you've exhausted that.

Step number four Joe finally is go to a 506(c) federal registration which part of the JOBS Act of 2012, which allows you to do general solicitation, do marketing all over the country, put together infomercials, direct mail, radio, TV, social media. Do that but you can only take money from accredited investors with that offering. That's the four steps that I've used.

Joe: Yeah. Well, I like it too because if you're a beginning investor wanting to rehab deals, when you can go to a lender like Josh, you're going to find out whether it's a good deal or not, right?

Josh: Right.

Joe: And if it's not a good deal, they're not going to lend you the money. That's a huge advantage to going to a lender like that first because they want to see you succeed. They want to see you win and…

Josh: And guys, listen. I tell people, "If we won't fund it, it's not only you" Not only are we not going to fund it but you shouldn't do it either even if you can get another funding source.

Joe: Right. That's a good point.

Josh: Yeah. I mean, I've personally closed over 650 deals. Some of the other guys that work within my companies, they've been lending out deals. We've wrote about 2,500s deal that we've borrowed money on or lend money on and we know when we smell a bad deal. And if we won't fund it, then they shouldn't. The student should just walk away from it entirely and go find another deal. And it will be the best deal they never did.

Joe: That's right. Yeah, that's a good point, really good point. Well, this has been a good podcast, Josh. It's been really good.

Josh: Also, Joe, thanks for having me on. I really appreciate it. Alex, thank you so much for your time.

Alex: No, thank you, man, it's awesome.

Joe: So guys, go check out Josh's podcast, Real Estate Investing Made Easy. Go check out StrategicRealEstateCoach.com or go to his FreedomFundingClass.com to get more information on the lending program that Josh does. And of course, our website guys, if you want the show notes, if you want the transcription to this podcast, go to

RealEstateInvestingMastery.com. Just do a search in the upper right for Josh and you'll see the two episodes that we've done now with Josh. And pretty soon, Josh; let's do a third one maybe some time down the road not too far away.

Josh: Absolutely, Joe. I'd love to do it. Thanks so much.

Joe: All right, guys. See you later. Take care. Thanks.

Alex: Take care.