



THE LANDGEEK

The Art of Passive Income Podcast With Mark Podolsky, AKA The Land Geek

Today's Guest: [Jay Conner](#)

Transcript

Mark: Hey, it's Mark Podolsky, the Land Geek with your favorite nichey real estate website, www.TheLandGeek.com. And I'm really excited for today's guest for a number of reasons. But before we talk to our guest I'd be remiss if I didn't probably introduce my co-host, Six Sigma – you know him, you love him – Scott Todd from ScottTodd.net, LandModo.com. And most importantly if you're not automating your Craigslist and your Facebook postings, PostingDomination.com/TheLandGeek. Scott Todd, how are you?

Scott: Mark, I'm great. How are you?

Mark: I'm good. I'm good. Just a reminder to all the listeners; today's podcast is sponsored by GeekPay.io. It is the only way to automate payments via ACH. If your ACH fails, the credit card on file via borrowers and lenders GeekPay.io. Start automating your payments today. Get your first note free go to TheLandGeek.com/GeekPay.

So, today's guest is Jay Conner from JayConner.com. Now if you don't know who Jay is, I'm just going to put it this way – think money – this guy the way to get you unlimited funds. He knows a lot about real estate, he teaches

it, but most importantly like he can get you money. So, Jay Conner, welcome to the podcast; how are you?

Jay: All right. Hello, Mark. Hello, Scott. Great to be with you all from here in Eastern, North Carolina. And wow, thank you so much for inviting me to be on.

Mark: Yeah. No, it's our pleasure. So, Jay, let's just get into it. Let's just skip the pleasantries. Let's rewind the tape and how did you start becoming a professional land investor? Not land investor but real estate investor?

Jay: Yeah. So, I was actually brought up, and Scott, you will relate to this down there in Florida. I was brought up in the mobile home business or the manufactured housing business. In fact, my father, Wallace Connor, I don't know if you heard the name or not, Scott. He was the largest retailer of manufactured homes in the nation up until the late 80s. So, I've been around housing and affordable housing all my life.

But I knew, if I ever got out of the mobile home industry, which we did, I wanted to get into single-family houses buying and selling houses; so, I started doing that. This is my wife Carol Joy, this is in my 15th year of investing in single-family houses and the first six years I used lines of credit at the local bank. Of course, when I started back then, Mark, if you could follow the mirror, you know like I had a \$250,000 line of credit unsecured, unsecured. So, the first six years I was using lines of credit at the bank to fund our deals.

Nine years ago this past January, I called up my banker Steve. Well, the operative word is Steve was my banker and I called up Steve and I had had this conversation with Steve many times. I said, "Steve, I've got a couple deals under contract, equity is probably is going to be over \$100,000." Told them where they were located and wanted to close in 30 days and Steve went quiet like dead silence on the other end of the phone, all right.

Steve clears his throat and he says, "Jay, the bank has collapsed your line of credit." I never heard a line of credit being collapsed, but I knew it didn't sound good. I said, "What do you mean?" I had a perfect score 800 credit score, never late on payments. He says, "We're just not lending money out to real estate investors anymore." You all may recall what was going on in 2008, 2009 it's like this ticket was turned off overnight. So, I have no way to fund my sales.

So, I was introduced to this wonderful world of private money for funding deals and I've raised over 2 million dollars less than 90 days for my deals.

So really, it was a blessing in disguise. Since that time, rehabbed over 350 houses never missed out on a deal because it didn't have the money and I don't do that many transactions two or three a month here in our county, small county but the average profits last year were \$67000 per deal.

Mark: Wow. So, why are your profits so big, Jay?

Jay: Good question. So, the profits are big because we know how to find the deals. So obviously, I'm not finding these deals in the mobile listing services. We do a lot of offline marketing too. We've got 55 different ways that we find deals, but the top ways that we find them I do a lot of Facebook, a lot of Facebook. Reaching out to sell by owners and looking for motivated sellers. So my average after repair value on the houses that we sell, are like \$250,000. So obviously, to make \$67,000 you've got to be buying at less than 50 percent of the after repair value and your rehab should not run more than 25 to 30 thousand dollars.

Mark: I like this model, Jay. So the funding then, so let's say that you're buying a house for \$125000, right?

Jay: Correct.

Mark: How much of that is your own money? How much of that is other people's money? How much of that is coming from private money?

Jay: I'm so glad you've asked. First of all, zero is coming from my pocket. In fact, when we buy a house using private funding... By the way, let's be clear on private money. I'm not talking hard money. This is not hard money. This is not hard money brokers. Private money is doing business with individuals just like you, just like me, that loan money out to us as real estate investors from either their liquid capital or from their retirement funds i.e. using self-directed IRAs.

I've got 47 private lenders funding or loaning money to our business over half of them are funding the loans from their retirement accounts. So I'm sure you all being around the block as much as you've all been know all about self-directed IRAs, but that's a big important part. So anyway, how do we make that much profit? Well, I answered that. I forgot your question. I went on a rant. Tell me the question again, Mark.

Mark: Okay. So, how much of that money is coming from you? How much of it private? How much are you doing traditional lending?

Jay: Exactly, zero traditional ending zero, zero. So, private money is used when you're going to be paying all cash or not cash but when the seller is requiring 100 percent of their money up front. We've learned from for sale by owners only 13 percent of for sale by owners will sell to you or us creatively. This is seller financing, or buying existing note or selling on lease option. So the majority of people they need and require all the money so no money comes out of my pocket 100 percent coming from private lenders.

So, here's the deal, traditionally, I mean this is one of my favorite reasons for using private money traditionally you've got to bring some skin to the game, right? You've got to bring 20 percent, 15 percent or whatever. Well, in this world of private money we get 100 percent of the purchase price. Let's say the after repair value is 200,000 I'm going to buy it for 100,000. So I'll get 100 percent of the purchase price and up to on average another 25 percent of the after repair value in my rehab money upfront. So if I want to do rehab I'm getting like in that case \$25,000 upfront to take care of my rehab. If I'm not doing any rehab, then I'm just getting 100 percent of the purchase price which is unheard of in the world of hard money. That does not happen in the world of hard money as I'm sure you all know.

Mark: Right. So just so our listeners completely understand the difference between private money and hard money would you mind just defining it?

Jay: Sure. So here's the differences private money you're doing business with individuals and there's two categories of private lenders. There are private lenders in your own warm market that you have some kind of relationship with. The other category are existing private lenders individuals. So when I started out raising and attracting private money I hired my attorney's paralegal to look in public records looking for mortgages of individuals names that were loaning money out on real estate to other individual names. Very laborious I might get one person in my small area every three or four months. So I created the private lender data feed where now we get all the public records through the software every month and we have the existing private lenders that we see all the transactions that are happening.

Back to private money and hard money. So hard money is not a traditional lender they are a collateral baseline but they still pull your credit, many of them want to see the income.

Here's the things that differentiate, I just mentioned one, you get all the funding upfront. Hard money lenders typically are going to advance 80 percent of the purchase price. Number two in the world of private money your credit score got nothing to do with it. Hard money lenders are going to pull your credit. Number three there is no limit to the number of deals you

can do with private lenders. Hard money lenders will have a limit to the number of deals.

The big thing is interest rates. National average on private lending right now is 8 percent. But in the world of hard money, it's 14 percent on average some even go up to 20 and 25 percent. Another difference is points and origination fees world of private money zero points, zero origination fees. There's always points in origination fees in hard money national average right now is four point now we're up to 18 percent the first year. And the term or the length of the note. Hard money typically six months or a year. Private money is two years liquid capital, five years retirement funds. So on average with the points and everything your first-year hard money lenders are going to charge 20 percent with interest rate points and extension fees whereas private money just spread across of straight eight percent and its interest-only payments or accrues.

Mark: Scott Todd, are the wheels turning?

Scott: Of course, always, but okay Jay, first I've got a series of questions one how do I find these guys? Like, how do I find them? Like, what I've got to do? Got to go dig the database the county database? What do I do? I'm going to go right now.

Jay: Yeah, the existing private lenders you've got to look in public records or you know use software like I have. But the quickest way to raise a lot of money and I've got a number of techniques. Number one I recorded a 16-minute video. First of all, let me give you the five steps. Now I'm going to the 30000-foot view since we have a limited time on the podcast but here's the five steps.

Number one, make your list. Go to your contact list, go to your cell phone right. Everybody's in your cell phone is either a potential private lender or knows a potential private lender. So I teach my students, "Okay, let's make the first 100 potential private lenders or centers of influence from your contact list, Facebook, email list, wherever you get them from." Step number two, is just have a short casual conversation. That conversation can take place over the phone. It can take place in person and here's how short it is.

Let's say, Scott, you and I are friends right. We've known each other for a while. I call you up. I say, "Hey Scott, this is Jay. how is the day it going? Great. Golf game still good? You know whatever your chit-chat is but get to the point. I think we are busy. So I'm going to say this, "Scott, I'm now taking advantage of the tidal wave of foreclosures that's still going on. You

probably know that I've been investing in real estate for a while or if I'm brand new I'm starting to do that and what I'm about to share with you, Scott very few people know about because actually, the only way that they find out is if I tell them and here it is.

I have a program that may or may not be for you, but I have a way that you can make as much as 20 times in returns on your investment capital than you can probably get anywhere else. But Scott, unless you answer yes to the following question there's no need for me to give you any more information and that question is do you have investment capital or retirement funds that's not giving you a high and safe return right now?"

Scott: All right. So look I got to play devil's advocate here because that's what I do. That's great however I'm an introvert and the thought of what you're saying terrifies me what do I do?

Jay: Sure. So I've got a very easy to understand 16-minute audio that I can email to you. I can text it to you or I can hand you the CD when we see each other you listen to the audio and if it resonates with you, perfect. If it doesn't, that's fine too.

Scott: You know that really is a good idea, Mark because like I would have a hard time calling somebody up I know like, "Hey man, you've got some money?" I would feel bad about it. But that said I wouldn't have a problem making a video and then saying, "Hey, can I send you a link I want you to watch something. Just tell me what you think," right?

Jay: Exactly.

Scott: Now I'm like, "Hey, give me your advice." I don't even have to ask for money but like, "Hey, this is what I'm doing. Do you think that this video will... like you know like what do you think about this video?" People will be like, "Wow, that sounds fantastic. I want to do that with you." Great and I didn't have to ask anybody for money. That's genius.

Jay: Do you know what, Scott? I have never asked anybody for money, never, never. "I've got a program maybe you're interested maybe you're not. Maybe you know somebody that is interested here's the audio." I teach my students the rule of five and I learned the rule of five from Jack Canfield co-author of *The Soup for the Soul* series. So anyway, the rule of five says and this works in any business it doesn't matter whatever business somebody is in.

The rule of five says I'm going to do five things five days a week and they don't have to be big that moves my business forward. So this is called working on your business and not in your business right? So when I started out I started practicing the rule of five. I wanted to send my audio either via email or whatever text, handed out, just get five of those audios in people's hands or ears and let the tool do the work.

So you know, and you said something else just a second ago Scott, my very first private lender I didn't ask him that question. I didn't ask. I was intimidated. I mean, this was a gentleman I'd known all my life. I knew he was loaded and I did want to ask him for money. I learned from that experience so I never have to him ask that much. This is what I said to him, I said ... Actually, it was at the church on a Wednesday night and I went up to him and I said, for sake of confidentiality I'll call him Mark, I said "Hey Mark, -"

Scott: You can you call him dad just dad.

Jay: It wasn't dad. It wasn't dad. But anyway, I walked up to him and I said, "Mark, I said I've got something confidential. I want to tell you about it for a couple of minutes after church if you've got time." So closing prayer the eight minutes there on bible study Wednesday night I look across the auditorium he's running to me because he can't wait to find out what's this confidential thing I got to tell him. So we go off and have a little short meeting, and I told him that I've got this program that gives high rates of return safe and securely.

So here's what I said to him I said, "I know you know a lot of people. You're really involved in the Rotary Club. You're a pillar of the community. When you run across someone that's not happy with their returns or their certificates of deposit rates of return would you mind referring to me and I can them about my program?" He paused, he looked at me and said, "Well, now Jay, what kind of interest rate have you got in mind?" So I went on to tell him about the program and he became my first private lender. I didn't ask him for money. I just asked him to help me spread the word.

I've also done what you've done as well, Scott. First, when I started giving out my 16 minutes audio CD called Stress Free Investing I asked them to give me their opinion of it is how can I make this better because I'm just starting to make my program available to people that I know and trust. I said, "Listen to this I just want you to give me your feedback on it." You know what, Scott? The first seven people that I asked for their feedback became private lenders. Now they didn't become private lenders overnight. One of them wasn't retiring for three years. Another one didn't get out of the

military for another year. Some of them came on immediately. So that's what I've done I'm glad you brought that up Scott and I'm glad you asked the question.

Mark: So, Jay, what's some of the worst advice that you hear given in your area of expertise?

Jay: You mean as relates to private money or real estate investing in general?

Mark: Either one.

Jay: Yeah. Worst advice? I can't say it's advice, but I've seen it happen a lot and I'm sure you'll all agree with me. If someone is new to real estate investing the worst thing, in my opinion, they could do or the worst advice they could hear it is try to do it on their own without a mentor that has been down and has been in the minefield, you know has made stupid mistakes like I have in the past and they keep on making mistakes so yeah. So the best advice I can give is the opposite of the worst and that is just don't go read a book and try to go out and do this real estate investing thing, saddle up, joint venture with, you know get someone that can really show you the ropes.

Mark: All right great. So, Jay, you get a deal right what is the order of getting the private lender? Do you find the deal first and then you go to the private lender or do you have a private lender that understands the philosophy of exactly what you're doing and parks the money with you and then you go to deploy it?

Jay: I'm so glad you asked, excellent question. So some folks out there would teach and I do not teach this I don't do it. The only thing I teach is what I have done. But my lands I don't want to go get a deal under contract and I don't know where the money is coming from. You know some people say, "Oh go get ..." I mean, this is seminar guru junk I'm getting ready to say, "Oh go get the deal on a contract the money will show up." That's hogwash as we say in Eastern North Carolina.

So I say, "Man, I'm glad you asked this question, I say the money comes first." Get the private money pledged. I don't get my new private lenders or my firm private lenders assign some kind of document says, "Hey, I've got x amount of dollars I'm going to hold it for you for X number of days." No, they tell me verbally, "Here's what I got, let's go find a deal as soon as possible."

Because here is why here's why I'm saying what I just said other than from personal experience I know. Here's why it works. Let's say I came to you, Scott and I'm going to share with you what this world of private world is all about. By the way, 100 percent of the people in my warm market that I have a relationship with zero, none of them had ever even heard of what private money is or what private money looks like and zero of them have heard about self-directed IRAs and over half of our private lenders are coming from self-directed IRAs. So listen carefully to this answer, Scott let's say I come to you, let's say I have a deal under contract that I want to close with private money and I want to talk to you about private lending. So, Scott, I come to you and I talk to you about private lending and in that conversation, I tell you I have a deal and here's what it looks like.

Number one, Scott I just asked you to make too many decisions. I asked you to decide if you're interested in this private money thing, okay and I'm asking you to make a decision on a deal, way too many decisions, all right. So first, Scott, I come to you either I give you my 16-minute audio or we go to lunch. Otherwise speaking of luncheons I've raised in millions of dollars just presenting at luncheons. You know it takes the same amount of time to explain the program to 20 people as it does one. You know I do webinars as well. But anyway, so I come to you Scott. Here's the order I'm going to give you my 16-minute audio by either email or text or whatever you listen to it.

Now you raise your hand not me you raise your hand, Scott and you say, "Jay, this audio is really interesting. I'd like to hear more about it." See the audio doesn't spill the beans. The audio doesn't it tell the interest rate. The audio doesn't tell how much money they can make but it raises questions it just gives the overview of private money what it is, what it looks like, blah, blah, blah, blah. So then, Scott, you say, "Hey, I want to hear about it."

So now, Scott, we get together on a one on one that's in that's either over the phone or in person and I explained to you how my private lending program works, how you're protected, what happens to you if I lose my mind and take your money and go to the Caribbean. You know, how are you protected? What if I die? How are you protected if I die? So all these questions are raised. Now, we have the one on one. Again, I don't ever ask for money. I just say, "You know if you're interested, great. Tell me what you got. I will just find a deal blah, blah, blah."

Once you're in and you say, "Yap, I'm in". Now I can come back and bring the deal, Mark. Now I may already have a deal on the contract, but I'm not telling Scott about it in that first conversation. Not only I'm I asking Scott to make too many decisions if I bring the program and a deal but do you think

am I not compromising my position? I mean am I not sounding desperate to Scott that, "Hey, I've got a program. I've got a deal if you don't fund my deal I'm losing out all this money so please, fund my deal." No, there's no chasing, there's no begging and blah, blah, blah.

So once Scott gives me the verbal yes go bring me a deal. Now, I want to bring Scott back a deal as soon as possible and here's what Scott wants to know. This is all Scott wants to know. Number one I'm not going to ask Scott if he wants to do the deal. Of course, got most to do the deal because I already told him how the program works and I'm not going to bring him a deal unless it fits the criteria of the program maximum loan to values etc.

So I come to Scott, Scott only wants to know four things and here's what I tell him and this is over the phone by the way. "Hey, Scott good news got a deal. The after repair value is X; the location is on whatever town he could care less what street it's on. Here's the funding that's required to close on the deal and I'll need your funds wired by X date." Boom. Scott already told me he's in when he signed up for the program.

Now I bring him a deal and Scott, of course, wants to do the deal. I don't ask him if he wants to do the deal I tell him, "I've got a deal. Those are the four things I need your money wired to the real estate attorneys escrow account by a week from Friday." That's another big reason for using private money. All my offers I tell all my sellers I can close. No, I don't have to go get approved for a mortgage. No appraisals, no inspections and I will close within seven days.

Mark: That's pretty compelling. But Jay wouldn't it be simpler just to have a 20-million-dollar fund?

Jay: Oh, you mean like, a private money pool?

Mark: Yeah.

Jay: Yeah. You could do that. You could that. But I like to protect my people that are loaning the money. I like to protect them with a mortgage in North Carolina it's a deed trust and in the private pools most of them I've seen there is no security. The security is a piece of paper and if the pool goes birr investors are out.

So in my program, they get a mortgage. They get everything. They act in the capacity of a bank. So, if I don't perform they get the property. In fact, if they get the property they are going to make more money in the end than

the interest I was going to pay them because I always buy them so cheap so they get the property, sell it, and cash out.

Mark: Scott Todd, what your thoughts?

Scott: I think it's a good solid program. Okay, Jay, I got a question though I can do this with land?

Jay: Can you do it with land?

Scott: Yeah.

Jay: I've done it with land. In fact, one of my students has a friend or relative was it I'm not remembering anyway here in North Carolina and so they were able to do this deal on a 40-acre tract of land with private money here in North Carolina. So, yes, land works.

Mark: All right, unlimited funds with land.

Jay: Yeah.

Scott: There you go.

Mark: There you go.

Jay: Well, and wouldn't you guys agree... No, I don't want to ask if you agree. Let me just ask you all a question. You've got tons and tons and tons of followers and subscribers on your podcast that are interested in land you are The Land Geeks etc. do you ever hear any of your followers saying, "Hey, I'm missing out on this deal because I don't have the funding. They won't sell to me creatively." You ever hear that.

Mark: Yeah, we do.

Jay: There you go. Well, I think your listeners are going to love this free gift when we get to the end of the podcast that I've got from them

Mark: All right, let's not tease them. So we are now at that point in the podcast, Jay where we ask you for the tip of the week.

Jay: We are, already?

Mark: Yes. What do you got?

Jay: So you do a tip of the week every week right?

Mark: Right.

Jay: All right. So here's what I've got for your listeners. So I've got a free, free online class that is on demand. So I'm going give out this special website address or URL and on this free class it'll be me on there on the free class ready to go I'm going to give what are the five steps in the role of private money in the warm market and what of the five steps for getting it from existing private lenders. Here's the website it's www.TheLandGeek.com/ and then all in lower case private money, so TheLandGeek.com/privatemoney in lower case.

Mark: All right, great. We'll have a link to that and I think the listeners are really going to be educated on it because it's going to be a nice feeling to go to bed at night knowing, "Hey, I'll never have to worry about losing out on a deal because I didn't have the money." So, I think it's actually a special offer an opportunity. So thanks for that, Jay.

Jay: Thanks for listening.

Mark: So now, Scott Todd, what's your tip of the week?

Scott: Oh man, how do I follow that? All right, Mark, I know that you're a user of Wistia for your video hosting, right? Like you host a lot of videos?

Mark: I do.

Scott: I think you've got like a Mac debit plan because I think you've been with them for a long time. I think you've got like one of those grandfather plans.

Mark: I do.

Scott: Great, but it's expensive.

Mark: It is.

Scott: So I have been putting videos on Vimeo. So videos I put them on Vimeo and sharing those with my VA's and it's pretty cool. I mean, it's cheap you know \$7 a month to start and you can you can scale up and even their most expensive plan is like \$75 a month. It's a tool that I've been using here lately and you know if you weren't so ingrained in it and had such a sweet

deal I'd tell you to run over there. But you know what? You've got a great deal so this is for the newbies.

Mark: Oh man. All right, [Vimeo.com](https://vimeo.com). I like it. So my tip of the week is learn more about Jay Conner go to JayConner.com, as well. There's a ton of information on his website and you know he's got on here, Scott?

Scott: What's that?

Mark: He's got my favorite word on here an automation system, an automation system. You can go to the private money webinar. There's a 72-hour selling system, the foreclosure system. He's got live events. He's got a lot going on. I love it. Jay Conner, are we good?

Jay: Man, we're good. I can't believe the time already gone but wow y'all were fun.

Mark: I know. So were there any questions we should have asked you that we didn't ask you? Did we miss out because it's a big topic? We tried to be you know-

Jay: Man, I think you got it covered. I can promise whatever questions your listeners might have in all probability on the free class that we just talked about the answers are probably going to be there. But if they have any other questions of course you know they can reach out to me as well. You know, I've got JayConner.com right there. It's easy to find me.

Mark: All right. We'll have links to all this on the show notes. So I also just want to remind the listeners that the only way the only way we're going to quality guests like a Jay Conner is if you do us three little favors. You've got to subscribe, you've got to rate, you've got to review the podcast. Send us a screenshot of that review to Support@TheLandGeek.com we're going to give you our *Passive Income Launch Kit* which is normally \$97 dollars for free. So please do that. Scott Todd, are we good?

Scott: We are good, Mark. Jay, are we good?

Jay: We're good. Thank you, guys.

Mark: All right. Again, I want to thank the listeners. Again, today's podcast is sponsored by GeekPay.io get your first note free, TheLandGeek.com/GeekPay. Scott, are you ready?

Scott: Let's do it. Let's do it, Mark.

Mark & Scott: One, two, three, let freedom ring.

Scott: That's a pretty good Mark.

Mark: It's not a bad thing. I think Jay was like, "I didn't know they were going to do that the end otherwise I would never come on as podcasts.

Scott: You know what I did though. Here is what we did. Like the fact that we were counting together allowed me to like match up to you so I'm pretty happy with that.

Mark: Yeah, yeah it's good. Jay, can you see how good video is by the way?

Jay: Yes.

Mark: He's got a Mac daddy set up. It's almost like you can touch Scott. It's like, "Hey Scott."

Jay: I was I was wondering what the secret sauce was. I just did what it was.

Scott: Yeah from the photos [00:34:27] [indiscernible].

Mark: He's taking geeky to his level. Well, thanks again and we'll see everybody next time.

Scott: Bye for now.

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