WHY

PRIVATE MONEY CHANGES THE GAME

A Blueprint for Real Estate Investors Who Move Faster Than the Bank Can Keep Up

Building wealth — one deal, one generation at a time.

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CHAPTER ONE

Why Private Money Changes the Game

Most real estate investors do everything *right*. You run the numbers. You walk the property. You negotiate hard. You get the seller to say yes. Then you walk into a bank — and suddenly you feel like you are on trial instead of on track.

The duplex that got away

A friend of mine in Atlanta found a clean off-market duplex in a transitioning neighborhood — purchase price $285K, steady tenants in place, light cosmetic work needed. He had negotiated a great deal because the seller was older and ready to be done. The only catch: the seller wanted to close in 14 days.

My guy did what most investors are taught to do. He went straight to his bank. "Should be no problem" — that is what they told him. But then the DSCR test came in just under their minimum, an underwriter went on vacation, and day 14 came and went. The seller moved on to a buyer who could close with cash in 10 days.

That duplex is now worth well over $400K. He still drives by it sometimes and shakes his head. Not because the deal was bad — because the money was slow.

Why this keeps happening especially after 2020

Since 2020 lenders have tightened up across the board. Interest rates climbed. Underwriting guidelines got stricter. DSCR loans that used to get a yes now get a maybe or a no. Banks are not evil — they are just built for safety and uniform rules. They care about boxes: DSCR boxes, credit score boxes, condition boxes. But real deals do not always fit perfectly in a box.

You might find a property with below-market rents that you know you can raise after light upgrades. The bank looks at today's rent roll and says no. You might spot a killer BRRR opportunity that makes tons of sense after rehab and refinance. The bank stares at the current condition and passes.

> *"This is the gap where investors lose momentum — not because they cannot find deals, but because they cannot get the right money fast enough."*

So what is private money, really?

Private money at its core is simple — it is capital from individuals or small groups who want a solid return backed by real estate instead of watching their savings sit at 0.5% or ride the stock market roller coaster. Think about a doctor with $200K sitting in a money market account, a corporate exec with an old 401(k) they barely watch, a small business owner with home equity they are not touching.

Done right, private money is a relationship-based business agreement between people. You bring the deal and the plan. They bring the capital. You both win when the project performs. A bank acts like the main checkout line at a busy grocery store — everyone has coupons, every item needs a price check. Private money is the express lane.

How private money speeds everything up

When you approach a private lender with a clear deal — purchase price, estimated rehab, after-repair value, exit strategy — the approval process can often be days, not weeks or months. Why? Because the lender is focused on two things: does the property support the loan, and do they trust your plan and execution.

I have watched sellers take a slightly lower purchase price in exchange for faster closing more than once. Speed is a negotiating tool. In markets with low inventory, the investor who can move quickly wins the contract, gets the best deals, and builds relationships with agents and wholesalers.

Why flexibility beats DSCR hoops

Debt Service Coverage Ratio is the bank's way of asking: does the rent on this property cover the mortgage payment plus a cushion? On paper that sounds reasonable. In real life it can kill good deals. You know the deal will perform — the bank only sees the snapshot today.

A private lender can look at it differently. They look at your buy price, your rehab budget, your after-repair value, your rental comps, your track record or your team. They are willing to fund based on ARV and the strength of your plan, instead of punishing you for where the property is today.

Scaling beyond one or two properties

A lot of investors hit the same ceiling: the bank caps them at a certain number of financed properties, or the guidelines tighten up right when they want to grow. Private money changes the game. You can run private capital alongside bank financing — use DSCR loans for stabilized rentals, use private money for acquisitions, rehabs, BRRR projects, and short-term opportunities that require speed and vision.

That is the difference between playing checkers and chess with your capital. Private money gives you more moves on the board.

Private money as a community wealth engine

There are trillions of dollars sitting idle in savings accounts, CDs, old 401(k)s, and home equity — earning next to nothing. At the same time, there are neighborhoods full of properties that need love. When private money flows into real projects, investors improve properties, contractors get work, tenants get better housing, and blocks get safer. Both sides win — investors grow their portfolios, lenders earn more than their bank is paying them, and neighborhoods benefit from the improvements.

CHAPTER TWO

Lenders vs Banks — What's the Difference

"Gerald, I've got three other investors lined up. If you can't close by Friday, I'm moving on." It was a Wednesday afternoon. The property was a brick triplex on the east side of town — nothing fancy from the outside, but inside the numbers were beautiful: purchase price $210,000, rehab budget $60,000, projected ARV $360,000, rents after rehab $1,350 per unit.

What banks really are to an investor

From your side of the table, a bank is not a partner — it's a rulebook. Banks are highly regulated institutions whose number one job is to protect deposits and avoid losses. That means checklists, guidelines, and lots of "it's not me, it's underwriting." So they dive into years of tax returns, W-2 income, global cash flow from every direction, DSCR ratios, seasoning requirements, credit scores, and documented reserves — and all of this has to line up perfectly at the same time.

I've seen this more times than I can count: one investor ran a successful contracting business — trucks paid off, schedule full, money hitting his account every week — but his tax returns showed small profit because he was writing off everything the law allowed. To the bank he looked like a guy barely scraping by. They turned him down for a rehab loan because "income is insufficient."

How private lenders actually work for investors

When investors talk about private money, they're thinking about regular people who have done well financially: a retired engineer with a pension who wants better returns than his savings account, a dentist using a self-directed IRA to fund flips at 8–10%, a small group of professionals pooling capital. Unlike banks, they're not boxed in by thousands of pages of regulations and corporate credit policies.

They focus on the strength of the deal, the clarity of the execution plan, and the integrity and track record of the borrower. The best private lenders are relationship-driven — they want a fair return secured by real estate with real numbers behind it. They win when you win.

DSCR obsession versus real deal strength

From a bank's standpoint, DSCR is simple: they want the property's net operating income to be a certain multiple of the annual debt payments — usually 1.20–1.25 for investors. This works fine for a clean rental property already stabilized at market rents. But for BRRR investors hunting value-add deals, that rule knocks a lot of great opportunities off the table.

A private lender looks at that same duplex and asks different questions: What are renovated units renting for within a one-mile radius? Is the rehab budget realistic? Who's doing the work? What's the timeline? They may lend based on the after-repair value — they're looking at the movie, not just the snapshot.

Speed and flexibility when the deal won't wait

The kind of deals that change your portfolio are rarely the ones sitting pretty on the MLS for six months. They're the off-market properties, the distressed houses with deferred maintenance, the estate sales where the family wants it done yesterday. Those deals require speed — and banks, by design, are not built for speed on investment properties. Thirty to sixty days is standard.

Private lenders can move in days for a simple reason: they're not running your file through a corporate maze. They still want a purchase contract, rehab budget, photos, comps, and title work — but they're looking at it directly and making a decision based on logic and risk, not waiting on three different departments to sign off.

Relationships that outlast algorithms

At the end of the day, this is what I love most about private lending: relationships beat algorithms. Bank decisions are driven by centralized policies, credit models, regulators, and risk committees. You are a file. Your deal is a line item. Your history is a credit score.

Private lending lives in a different universe. You can build a relationship over time through consistent execution, honest communication, and transparency when things go right and when they go sideways. I've seen small investors turn one rehab into a true business this way — over several years, moving from grinding at a job they tolerated to having more freedom in their schedule.

CHAPTER THREE

The Players in a Private Deal

Picture yourself walking onto a movie set — bright lights, people with walkie-talkies, someone yelling "quiet on set." At first glance it looks chaotic, but if you watch for even a few minutes you notice something important: everyone has a role. When each person plays their role well, the movie gets made on time and on budget. Private money real estate deals work the exact same way.

The private lender — what they really want and fear

Most private lenders are not hedge funds or giant institutions — they are regular people who have done well financially: a dentist with strong cash flow, a corporate executive burned out on office politics, a retired small business owner who sold their company, a landlord with lazy equity sitting in a line of credit.

They care about four main things: (1) Safety of principal — "will I get my money back" comes before "how much can I make"; (2) Clear communication — they want to know what is happening with their money; (3) Realistic timelines — if you say 6–9 months, you need to mean it; (4) Trustworthiness — they invest in people they believe will do what they say.

The investor-borrower — deal maker, not money taker

You are the quarterback. Your job is not to beg for money — your job is to create clear opportunities. You find the deal, underwrite it, build the plan, lead the team, protect the capital, and execute. Private lenders do not back spreadsheets — they back people. They may like the property, but they fund the person driving the project.

Investor A sends a late-night text: "Got a killer deal need $200K close fast." No address, no numbers, no timeline. Investor B sends a two-page summary with address and photos, purchase price and rehab budget, comparable sales, timeline, exit plan, and a clear description of how and when the lender gets paid. Guess which investor gets funded repeatedly.

Title company and closing attorney — the quiet referees

In the NBA, when the refs do their job you barely notice them. Title companies and closing attorneys are the same in real estate — the quiet referees that make sure the money is safe and the rules are followed. They run a title search, check for hidden liens, record the mortgage so the lender has legal protection, handle wiring instructions, and prepare the note and closing documents.

Contractors, property managers, and insurance

On a rehab, flip, BRRR, or new construction deal, the contractor touches almost every dollar that goes into the project. Lenders pay attention to this — sloppy workmanship and blown timelines don't just hurt your ego, they can put your lender's principal at risk. Treat rehab like a business: signed scope of work, draw schedule tied to milestones, photo updates.

Property managers and leasing agents are the unsung BRRR heroes — their job is to prove your business plan. Insurance is the stunt coordinator who makes sure nobody dies when something explodes. Lenders usually want to be named as mortgagee or loss payee on your policy — when lenders know you take insurance seriously, they genuinely sleep better at night.

The communication hub

All of these players are powerful on their own. The magic happens when they are coordinated. My entire career has been built on connecting people — from the entertainment world where big personalities and big money collide, to branding and business development, to now sitting between strong real estate deals and private capital. In private money deals, I act as the communication hub.

When capital and opportunity meet in the right way, whole communities can shift. Everyone wins because everyone's incentives are aligned from day one.

CHAPTER FOUR

How a Private Money Deal Flows

If you've been in real estate for more than five minutes, you've heard this: "the money follows the deal." Most investors nod along — but then the moment they want to buy something, they drive straight to a bank and ask for permission. Let us flip that script.

Start with the deal, not the bank

In the private money world, everything starts with one question: Is this a strong deal? Not: do I have perfect W-2s and a spotless credit report? You go straight to the numbers — purchase price, repairs, after-repair value, and exit strategy. With private money, you are no longer begging the bank to judge your life story. Instead you are having a grown-up conversation about whether the deal itself makes sense.

Quick check — do we even like this deal?

In the first 24–48 hours the question is simply: do we like this deal? Is there enough equity — if your all-in cost is 70–75% or less of the realistic ARV, that is interesting. Is the ARV real — we check sold comps, rental rates, and neighborhood trends. Is there a clear timeline — flip in 6 months, BRRR in 9, new construction in 12. We just want to understand the movie you are trying to make, from opening scene to closing credits.

The basic info package — what you actually send

To get a real decision, you send a simple package — usually one email or shared folder: a purchase contract or clear proof of intent and price; a basic rehab budget; photos or a video walkthrough; a simple exit plan; and a short borrower profile. Think of it like sending a movie trailer instead of the entire script.

Structuring the deal so everyone wins

Once a deal gets the green light, the next step is an open conversation about structure — loan amount, interest rate, points, loan term, and whether payments are monthly or deferred until sale or refinance. No mystery, no smoke and mirrors. With private money, those surprises are minimized because terms are discussed clearly up front based on the actual deal facts.

From yes to closing

Once both sides agree on terms, things move into execution: term sheet signed, title and lien search ordered, appraisal or broker opinion of value, insurance lined up, closing scheduled. A realistic timeline: deal agreed day 1, title clear day 5, appraisal in day 8, closing on day 10. Traditional banks routinely take 30–60 days — in a hot market, that lag can cost you the deal.

Communication during the project

Private lending works best when both sides treat it like a relationship, not a one-time transaction. The goal is alignment, not policing. A simple communication rhythm keeps everyone comfortable: monthly email, photos of progress, honest notes on any surprises. When you earn a lender's trust, the second and third deals move faster, with better terms and less friction.

What happens if things go off script

Real estate never follows the script perfectly — markets shift, contractors disappear, materials jump in price. Private money doesn't pretend those things never happen; it prepares for them. The first layer of protection is conservative numbers and multiple exits. The essence of private money is that the relationship is a partnership built around solving problems, not punishing every bump in the road.

CHAPTER FIVE

Paperwork Made Simple and Clear

You do not need a law degree to get funded. You need a clear story. Almost every document in a private money deal sorts into just three buckets: Relationship Docs, Deal Docs, and Protection Docs. That's it. When you see it this way, the whole thing stops feeling like legal chaos and starts feeling like what it really is — telling the story of a deal on paper.

Relationship docs — the trust builders

Before anyone cares about the numbers, they care about you. Private lenders don't just bet on properties — they bet on people. Relationship documents answer: who am I trusting with my money? A short bio or resume, simple company overview, track record sheet even if small, and personal and professional references. Think of this as your "credibility packet."

If you haven't done many deals yet, that's fine — be transparent. Show that you are not doing this alone. Mention your contractor, real estate agent, mentor or coach, and property manager. You are telling the lender: "You are not just trusting me, you are trusting the system I have around me."

Deal docs — the who, what, where, and how

Once a lender is comfortable with you, the next question is: what exactly are we doing with this property? Deal documents include the purchase contract, scope of work, budget, timeline, and exit strategy summary. Present these in an order that lets the lender visualize the deal — address and photos first, then the numbers on a single page, then timing.

Most private lenders today prefer simplicity: a clean Google Drive or Dropbox folder, or a single email with clearly labeled attachments. The more respect you show for their time, the more likely they are to fund quickly.

Protection docs — the safety net for everyone

The promissory note, mortgage or deed of trust, and insurance are the three pieces that show up in almost every deal. The promissory note is the promise to pay — the IOU with details. The mortgage or deed of trust ties that promise to the property so the lender has a legal claim against the house as collateral. Insurance with the lender listed as mortgagee or loss payee protects everyone if something goes wrong.

Red flags to avoid in private money documents

Watch for: interest rates far above market with no justification; vague default language that lets the lender call you in default for almost anything; clauses that let the lender change terms unilaterally mid-deal; and heavy junk fees not clearly explained. Adopt this personal rule: if it is not written clearly in the note or agreement, it does not exist.

Be cautious of lenders who refuse to use title companies, don't want anything recorded, or push for off-the-books agreements. Protecting your lender and protecting yourself are not opposites — clear, fair paperwork does both at once.

Turning clean paperwork into a selling point

Once you have all of this dialed in, your paperwork becomes a marketing tool. When you master simple, clear paperwork, raising private money stops feeling like begging for a favor. It starts feeling like what it truly is: inviting someone into a well-structured partnership. You bring the deal, the execution, the system. They bring the capital, the patience, the trust.

CHAPTER SIX

Real Stories, Real Private Deals

I still remember the look on his face when he called me: "Gerald I did everything right and the bank still shut me down." That is the gap where private money lives — where the deal itself is as safe as you can reasonably expect in real estate, but the bank's algorithm says no.

Story One — from missed bank approval to profitable duplex

Purchase price $165,000, rehab budget $20,000, all in $185,000, ARV $240K–$250K, rents after light rehab $1,400 per side. The bank underwriter saw: new job, tight DTI. Decline. As a private lender I saw: strong equity position, strong cash flow, clear exit strategy.

We set up a 12-month interest-only loan. He closed in just a few days, rehabbed, rented both units at target numbers within 45 days, then refinanced at 70% LTV on a $245,000 appraisal — netting $171,500 in long-term financing to pay off the private loan while keeping the cash-flowing duplex.

Story Two — the BRRR deal the bank wouldn't touch

Purchase price $90,000, rehab $45,000, all in $135,000, ARV solidly $200,000+. Every traditional lender said the same thing: "We can't lend on this until the work is done." Translation: come back when someone else has taken the risk. Private money stepped in with one simple package covering both purchase and rehab.

Step one: she closed fast. Step two: demo revealed surprises — old plumbing, contractor delays. Instead of an anonymous email saying "file closed due to non-compliance," we had real conversations. We adjusted draw schedules, she brought a small amount of additional cash, and the project stayed alive. Step three: tenants placed within three weeks. Step four: the same banks that ignored the before photos lined up for the after version.

Story Three — bridge loan that saved a wholesale opportunity

He locked up a property at a deep discount — 14 days to close, heavy competition. Banks cannot move at that speed. He didn't need a 30-year loan; he needed a bridge. We verified the purchase price vs. comps, looked at the equity spread, reviewed the exit strategy, and within days — loan approved, docs signed, funds wired. He closed inside the 14-day window, wholetailed the property, and paid off the bridge loan plus interest. Everyone won.

Story Four — rehab reality when projects go off the rails

Not every story is wrapped in a perfect bow. City permits dragged longer than expected, contractor costs jumped mid-project, and market softened slightly by the time the property hit the MLS. With private money, you have a human being on the other side of the table — that changes everything.

We opened the books together, extended the note, considered an interest reserve, and the investor adjusted his listing strategy. The final profit was not as big as the original pro forma. Did both parties walk away whole? Yes. Did the relationship get stronger? Absolutely. Private lending done right is not blind risk — it is intelligent risk combined with communication and collaboration.

Story Five — new construction with creative capital stacking

A small builder had a vision: three modern townhomes on a vacant lot in a gentrifying neighborhood. He had experience building as a subcontractor but not a pile of bank-friendly tax returns as a developer. We built a simple, creative capital stack: private money funded the land purchase and early site work; once the project hit certain milestones, a local bank came in with a construction loan to carry the vertical build; end-buyer financing paid off the construction loan.

Private capital was the key that unlocked the first gate — land control and early progress. Without that, nothing else gets started. The builder built not only three homes but also his track record, which banks take very seriously next time around.

Story Six — from one deal to a long-term capital relationship

The final story is not about one duplex or one flip. It is about what happens when an investor and a private lender treat that first deal like the start of a long-term partnership. By the second and third deal, everything changed: faster approvals, improved terms, less paperwork, more flexibility on draws.

Over several years, that relationship turned into a small portfolio. I watched his life shift — from grinding at a job he tolerated to having more freedom in his schedule, spending more time with his family, having the confidence to tackle larger projects knowing capital was not a maybe — it was a phone call away.

> *"The real power of private money, when done the right way, is not just about bypassing a DSCR requirement. It is about building a circle where strong deals and reliable capital meet over and over again."*

ABOUT THE AUTHOR

Gerald Jones

Gerald Jones is the Founder of Silent Partner Capital LLC, a private lending company focused on connecting real estate investors with flexible, relationship-based capital. Drawing on a career in entertainment, branding, and business development, Gerald brings a people-first approach to real estate finance — bridging the gap between strong deals and the private capital that can bring them to life.

Gerald works with investors across the country on BRRR projects, rehabs, bridge loans, and small new construction, offering funding solutions that move at the speed of opportunity rather than the pace of a bank's underwriting committee.

BOOK A CONSULTATION

If you have a deal you are considering and want to walk through whether private money could be the right fit, you can book a free consultation at:

https://calendar.app.google/jMLQXsxxXE7UMcDH8

No pressure. No hard pitch. Just an honest conversation about your numbers, your exit strategy, and the different ways capital can support your vision.