

WILL:

Do the stuff to make it easy for you to succeed. There's a bill belichick He's arguably the greatest football coach of all time And he has a good quote that says in order to win we must first learn to not lose so you got to put yourself in a position to not lose and you do that by Just don't swing for the fences. Don't go for the rural properties Just stick to the base hits the singles and doubles go after a not so sexy type of deal So Good morning, great morning guys.

CORWYN:

Welcome to another fabulous episode of [Exit Strategies Radio Show](#) Hey, I am your host. Corwyn J. Melette, broker and owner of [Exit Realty Low Country](#) group in beautiful North Charleston, South Carolina guys.

Hey if this is your first time listening to show hey, you know what it is But i'ma tell you anyhow, which is our mission. We got a mission right here Is to empower our community through financial literacy and real estate education guys with legacy building That's what we do always got to give a shout out to those people who I love Who say they love me and we're gonna start with my mama So I got to give a shout out to my mama out there in monkey's corner my people all the way back through hollywood Pastor vanderbilt evans senior that guy will jack me up if I don't get it right and his wonderful bride miss Sondra evans and also the McKellars, the Q's guys you rock and my folks is listening in The marion and muller's area detroit's and the list goes on and on guys. Thank y'all so much for tuning in Look, I'm super excited about today's show. Look here.

We always like to talk about money And I say it like real calm and soft this time, but y'all know how I normally say it which is Money So we have today none other than william harvey now william will as he likes to go by Is the founder and principal of harvey capital? So he leads harvey capital, which is a real estate investment firm that is focused on both active And we know what active is that's where you're working in passive strategies across Private and public real estate markets his experience includes hard money lending house flipping Hospitality assets. I want y'all to pay attention get your pencils your pens your Paper pads, whatever it is. Let's start making notes multi-family investment and note acquisitions He brings a practical and operator level perspective and is known for identifying opportunities created by valuation gaps between Public and private real estate sectors. So why is he here today? Because he's going to share some of that information and knowledge With us all so i'm super excited to have him and I ain't going to take any more thunder from him Will how are you doing today?

WILL:

I'm doing well Corwyn. Thanks so much for having me on the show

CORWYN:

You're quite welcome.

You're quite welcome. So if you don't mind look I done told him a little bit Maybe I went out and just started laying clearing out some dirt But I want you to pave this road for us today and tell

our folks How level who you are and what it is that you do Yeah, that's definitely a loaded question.

WILL:

But I know so I i've been in real estate About 10 years a little more than 10 years. I got into the mortgage business in late 2015 After I was a double college dropout. So the first time I dropped out Was actually at the university of south carolina.

I dropped out to get sober and came home with my family and It was one of the best decisions I ever made and then I ended up going to a school in ohio to play football And had double hip surgery for a short while there So that was the end of that and I came home and got into the mortgage business And a little little while after being in the business. I started buying property and it was an awesome run as a loan officer I really enjoyed it was able to build a strong Solid nest egg and buy some property and just kind of be able to jump into real estate full time After I did that for a few years, so I played 2019 right before covid I jumped out and started a house flipping company with a partner and that was great I also was doing syndications where I would invest as a limited partner into large apartment projects and things like that And ended up doing a few deals myself as an operator with another partner and then we also had limited partners we bought a wedding venue a small hotel and Naturally over time. I just kind of migrated to the finance side of things. I realized that I don't like being a landlord I don't like dealing with tenants. I love tenants.

I don't I just don't like dealing with them And So I just kind of migrated to the finance side and just realized that's really what I enjoy. It's what I love I love being in an excel spreadsheet as opposed to Being out running around fixing toilets and doing that whole thing Which some guys love we loan money to guys that have hundreds of properties and they love that And I look at what they do and I get anxiety just thinking But for them it's what they enjoy and yeah So that's what I did and I started a small fund about three ish years ago and we stumbled into hard money accidentally. I had a former co-worker from when I was in the mortgage business He called me and he's like, hey, I got this borrower that he lived in ghana and went back and forth between here and ghana And he's like he can't qualify for anything, but he makes great money and he's putting down 75 and yeah, so He was putting down 75 My buddy asked me to if I would do a first lien hard money loan 25 ltv before he even got done asking me. I was like, yeah, i'm in no And that was kind of that was how we started doing hard money and then then fast forward About halfway through last year. I launched a dedicated Hard money fund and that's my focus now.

CORWYN:

It's where it's one of my main focuses I should say That is priceless man 25 ltv man, yeah, look here he Look as soon as he says 75 and he me look it should have been right then immediately, right? So we'll we're very diverse right like meaning from experience levels, etc What I want to get out here early is how to get in meaning the cost of getting capital Those entry points and such When someone's looking to borrow money for an investment purpose because most people always want to go the traditional lending route, right? That's what we've been

conditioned and trained on but everybody doesn't fit that. I just had someone in as recent as today Hey, look, they don't fit a traditional mold We need other options and boom. So let's talk about that. What does that look like? How do you get in? What's the entry point?

WILL:

Yeah, great question So when I I can speak from my own experience the first house flip I did was also An accidental thing where somebody that I knew this is at the tail end of my mortgage career And it's the person that I ended up forming a house flipping company with a few months after this But he calls me and he's like, hey, I got this opportunity. I want to see if you're interested in it I didn't really know what he was he left me a voicemail and I called him back and I was like He's probably wanting me to invest in like cryptocurrency or something like that and anyways I called him back and he's like, hey, I got this lead on a house flip and I think we can buy it at a pretty good price and He didn't have a ton of cash and he knew that I was in the mortgage business and could probably figure out Where to get the funds for it.

The house was not lendable by any traditional standard any traditional type of loan Just wouldn't fly with the way the house was the condition the house was in so we needed a private lender We needed hard money So I started just talking to people and learning about it And like you said, it's people don't know that this exists and a lot of people when they hear hard money They're like 12% interest rate. That's insane. That's usury but when you understand that this is short-term capital That doesn't exist because the banks and the lenders there's really a gap between what you can There's plenty of loans you can get if the house is in good condition and you have good income and all that but if you're newer or if the house is Needs work and which the ones that need work are the ones that you're able to buy at a discount and make money on So it's just catch-22 where it's hard to get financing for them But if you can you can probably do well So I talked around to some guys when that opportunity came about and I was quoted three points and 12 That sounded crazy at the time but but it's not once you understand that it's only for a short period of time and what I did and what I would tell your listeners if they're newer and want to get into this is Try to figure out what you bring to the table the guy that brought me that deal He had a background in building homes and renovations I don't know how to swing a hammer So that was perfect because I didn't know any of that stuff and on the flip side no pun intended He didn't know Anything about the finance side? So it was this perfect marriage where each of our skill sets complemented each other's weaknesses And that's how we got into that one. So I hope that answers your question there.

AD:

Guys, wealth building starts with understanding how money works and having the right strategy behind your decisions. That's exactly why [MelliFund Capital](#) exists. You found a perfect property. You got the vision now. You need the capital at [MelliFund Capital](#). We specialize in funding real estate deals for investors who want to build Blip or hold and don't have the time to chase after banks Whether it's new construction a fix and flip or long-term rental We offer simple terms fast approvals and access to private capital We even work with manufactured housing projects because we know what it takes to build value from the ground up Simple you bring the

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CORWYN:

Yeah, man, yeah, so let's break off into another subject here Obviously I say subject but bring this a little bit further a little bit wider. So private financing and ownership So once somebody determines okay, look this is a route that that i'm gonna take because People may say what they say in regards to where rate whatever and all that stuff is and we can appreciate that But the reality is if the rate is this but you're still gonna make this return Or the option is I can get a better rate, but I can't get the deal done Which means I make no return. What are you going to do? So you touched on some of this but I want to go a little bit deeper with it. What are the risks? What does that look like because the reality is wealth and real estate isn't built from just one approach It's shaped by having different strategies and being able to balance both stability along with achieving growth So will this is probably a good place to get into like the next point here Which is opportunities and what does this all look like between private lending, etc The risk returns potential Bob and all that stuff so we want to get this out because We want people to understand that wealth and real estate isn't built from just one approach Sometimes you gotta figure out the different strategies and also incorporate attempt to balance both stability because you want to be safe And have less risk but also the growth component of it. So from both financial as well as consumer perspective What are the risks involved in leveraging private capital for real estate?

WILL:

Yeah, so on our end the risk is that we loan someone money and they're they run out of funds They go into default.

They're not able to pay us back and then we're Stuck with a we have to foreclose on a property or force a sale of a property We're not able to recoup the balance of the loan and then obviously the risk on the borrower's end is that They run into problems. They either have to sell it at a loss to get out of it or They have to walk away from it, but I would say that Any private lender when they're doing a deal with someone? Yeah, the private lender is loaning them money and there's a contractual Relationship there but they're partners in a sense and they are both Rowing in the same direction and they want me I want the deal to go Just as smoothly for the borrower as they do and I want them to make a ton of money because that means that we're able To collect interest payments and everything's smooth and we don't have to put anyone in default or anything like that So my background as a former house flipper flip, I don't know 13 or 14 houses That allows me to look at a deal and really understand it's a good deal. ARV is the most important thing So someone estimating the value of the property once the work is done That is your most important figure to get right out of everything else You can screw up every other metric and as long as you're conservative on ARV Then you're probably going to be okay

CORWYN:

So let's take this and even shift it around a little bit more and essentially what we're doing We're just going around the bowl But each time we go around the bowl, let's go a little bit wider and

bring a little bit more in Typically if you're established at private capital is the way the route to go to get a deal done Understanding what the risks are both to the lender helps to understand or provide context to what the risk is to the consumer What's the buy-in like what is the typical minimum amount someone needs to be? Targeting to be able to get a deal done you mean to invest in a fund or something like that Well, let's say they're looking at a deal like so let's do both But let's say lender side as well as consumer side Looking at the transaction looking at opportunity and they want to get funding like how much money do they need? But then also from the other side they're looking to invest or otherwise be a part of a fund. What is that?

WILL:

Got it. So from the consumer side, I know you're going to hate this answer, but it depends We are very very Deal focused.

We're an asset-based lender, of course So the project deal that all has to make sense And if somebody is buying a property for pennies on the dollar Then that's going to outweigh how much cash they have in their bank account whereas the opposite is true if they're doing a deal and we're not crazy about the area or the ltv is a little bit higher than we would like for that specific area that type of asset class then we probably want to See a little bit more skin in the game a little bit more cash and reserves So it really just depends in that if you had a home run deal Obviously, we're going to want to make sure that there's enough liquidity there to cover the payments and all that But if somebody newer has a home run deal, I mean my buddy that brought me the deal that we did seven or so years ago That was a home run deal. We made every mistake in the book that you could make We over improved it. We just did everything wrong The timeline went way longer the market kind of shifted because things went so long It was just everything that could have gone bad went bad And we still ended up we bought it for 170 000. We sold it for 300 000 and we made 50 grand So we thought we were going to make closer to like 80 or 90 But we certainly weren't complaining making 50 So on that one neither of us really we had some reserves But it wasn't we weren't crazy flush with cash At the time and it worked because it was such a good deal in the lender that we talked to about it He liked our plan. He liked what we were going to do with it and he decided to do it now on the Investor side on the lender side of things if you're wanting to get into hard money that really depends on the market So we're in richmond and we do some loans outside of richmond in the lynchburg virginia area and you know our average loan amount Right now it's probably going to go up because we've been doing some loans recently for this guy in lynchburg And it's a lot cheaper there, but our average loan amount right now is around 130 140 But up in northern virginia closer to dc It's a lot higher than that, but you're probably having to buy as is around 250 300 maybe even higher So it just depends on the market that you're in and where you want to lend makes perfect sense

CORWYN:

So always like this one is probably you touched on it.

So let's swirl the bowl a little bit wider yet again The common mistakes man, like you say you just you did the first deal quote unquote I mean you great situation, but everything went wrong and you still came out. Well, but What are those mistakes? Let's have it man.

WILL:

Yeah. Yeah, I could write a book on making mistakes. So Again, the biggest one is getting the arv wrong.

There's a borrower that we have not loaned money to but he consistently sends me Projects he wants to do And the arv is just always inflated the comps he uses are never good, and I would just say that having an understanding and Knowing how to comp a property. Well not dealing if you're newer don't mess around with a rural property Those are tough to comp the valuation range is a lot wider than a property that's in a more cookie cutter neighborhood So do the stuff to make it easy for you to succeed do you know? There's a bill belichick He's arguably the greatest football coach Of all time and he has a good quote that says **in order to win we must first learn** to not lose so you got to put yourself in a position to not lose and and you do that by Just Don't swing for the fences. Don't go for the rural properties Just stick to the the base hits the singles and doubles go after a not so sexy type of deal That's that kind of workforce housing first time buyer type of neighborhood That's what I would focus on and that's what we did focus on in that first flip and it went well now Mistakes you can over improve it. We did that again. We were in a The neighborhood was not Great wasn't a terrible neighborhood, but we went all out on the renovation because we thought that's just what you should do and it would translate to i'm making more money and certainly didn't so we learned from that one to To go to just analyze your end market.

Who is your buyer going to be? What area is it in and then do the renovation according to that don't cut corners. Don't be cheap Always mix everything that needs to be fixed, but you don't need to do viking appliances in a neighborhood that is 300 000 and first time home buyer, you know what I mean? Yeah, look at appliances cost more Yeah, you don't need some crazy backsplash we did all that stuff and it was just looking back we were like, yeah, why did we do that?

CORWYN:

So Thank you for that because one of the things will that we oftentimes talk about when we're talking In this particular arena is some of the things that you mentioned But usually just simply from the investor's standpoint, but not also incorporating What the lenders position or standpoint on these things are rural properties are a lot more challenging And then also got to understand how you do your comparables man. We run into this people are taking Numbers from you know, what site and giving it to you like well look that's not right Or whatever that is and all kind of stuff. So yeah, so thank you so much for that particular clarity in that matter So you also touched on or touched in The hospitality field, you know, we see a lot of people that are interested in whether I mean, you know, not airbnb, you know But I have an event space or this that in the third tell us about your experience for that What did you do the experience that you had and what advice you give to others?

WILL:

Yeah, so I actually started airbnb doing airbnb out of the house. I was house hacking I had a tenant he lived in the basement and he moved out It was a townhouse that it was my first house and I had no wife no kids So I wasn't really worried about strangers coming and staying with me So I started doing airbnb and it was a pretty cool experience.

I learned a lot about hospitality doing that I did it for a few years at that house and then bought a few more did it there as well And once I got married and my wife moved in that was sort of the end of that But that was cool and that gave me enough knowledge to feel confident partnering with someone who had The main knowledge he had run hotels and flipped hospitality projects and Our families are our friends. So our parents are friends and he's a few years older than me We didn't overlap in high school or anything, but we reconnected several years ago and we got together and he said hey If I find any of these kinds of deals, would you be willing to partner and I said, yeah, I like the space and So that's what we did. The first one we found was not long after we met and it's actually this property It's this motel that we bought and we uh, yeah, we put a couple hundred grand into it and rebranded it and just kind of systematized it and It runs like a well-oiled machine now And that's the thing with hospitality is that you got to be a systems person or you got to partner with a systems person Because it's high touch. There's a lot of management. You got to have all those systems You got to have a lot of tech in place.

And if you do it can be a great business to be in

CORWYN:

So let's take this moment right here to make sure we get your contact information out Where can people find you connect with you will from the show so they can connect with you man ask questions What have you so how can people

WILL:

yeah, they can just go to my website. It's uh, harvey-capital.com or just email me will@harvey-capital.com. Perfect perfect.

CORWYN:

So the next thing I want to touch on is This you are a person of faith and I want to kind of run this one If you will as we close out the show today But you focus on being faith-driven and being a good steward and your mindset is a reflection of that and with that what do you say to other people like I have a few clients one in particular that pastor and wife who her ministry is renovating and reselling homes and things because she Remembers she remembers when she had a difficult time being a single mother trying to find, you know housing decent Quality housing so somebody says something wrong. She fixes it. That's it How would you convey the mindset that you have to others? How would you explain it to others as far as what they may be planning on doing?

WILL:

Yeah, as far as my faith goes i've really my wife and I About two and a half years ago really committed to deepening our relationship with Jesus and growing closer together and praying out loud We do that every night and we've just really tried to draw close to the lord and be intentional about it And infuse that into everything we do so it's not really as compartmentalized as it used to be we're going to church on sunday and the rest of the week is work and all good stuff, but we're not really actively living out our faith and Now it's I try to and I pray about this and I struggle with this I struggle with sharing my faith, but I try to be bolder about it and I pray that I am in my investor updates I sign my name in christ instead of like sincerely or something like that, so I really try to make an effort to do that. And I think that my wife and I we live fine We're pretty frugal people and there's no more that we could get from increasing our income or anything like that There's only like it would do nothing to Increase my happiness level or anything like that to make a little bit more money so what i'm focused on now is really trying to Generate wealth and resources use that to try to help initiatives that are actively trying to spread the gospel Throughout the world and I really have a heart for people in unreached places throughout the world that don't have access to the gospel and the organizations that are trying to Get the gospel Out to those folks.

CORWYN:

So that's really something that I try to focus on Well, I appreciate you sharing that when I saw that in the show notes and as far as about you know I had to because what we do and what people in business do all together is difficult and challenging enough But we also make an effort to have to remember.

Hey, oh, wait a minute Let me hold let me stop let me consult with them before we go forward. Sometimes we're so gung-ho about whatever it is So I appreciate you being open and sharing that so well as we wrap up today for our listeners guys I want to drop these and they're not nuggets because will has already dropped the nuggets I'm just telling you where to go back and find them because our takeaways for today guys is about you understanding how Financial structures can assist you and influence the true costs of your real estate decision. So I think we nailed that and about Evaluating risk and transparent when choosing your lending and or investment partners as well As mentioned as well and then also obviously working to build your reserves Before expanding investment and other commitments as relates to home ownership So will again I want to thank you so much for taking time out of your busy schedule to be on with us today For our listeners look hey in real estate long-term success isn't defined only by what you own But how wisely you manage the capital behind it and you guys reach out to will harvey over at harvey capital So he can help you in managing yours. So again will one more time Thank you from the bottom of my heart for being part of [Exit Strategies Radio Show](#) Family. We appreciate you so much Thank you so much for having me on and such a blessing.

I had a lot of fun. Thank you for our listeners, guys. Look, you know how this thing here goes, you know what I say, you know what I do always give it back to you, which is telling you that I love you. I love you and we're gonna see you guys out there in those streets

