

BEE Approved for Investor Financing

November 6, 2019 by John Parrett, President of BridgeWell Capital LLC



John Parrett is the Founder and President of BridgeWell Capital, a national lender specializing in funding real estate investment projects. John has over 30 years of experience in the business and has successfully developed major commercial and residential projects. He is a licensed general contractor, real estate broker, and mortgage lender. He has participated in over 2500 successful residential flips and funded over \$300MM to real estate investors throughout his career. He hosted a national radio program on real estate investing and is a recognized speaker and educator in the industry. John graduated from Purdue University with a degree in Building Construction Management.

It is important to understand what lenders of all types are most interested in when evaluating your funding request. One of the common phrases I use when explaining the approval process for a RE investment deal is “BEE Approved”.

BEE stands for:

Benefit: Is there significant benefit to the Borrower as a result of this Investment Project?

Equity: Does the Investor have solid Equity in this property both at the point of acquisition and completion?

Exit: Does the Investor have the right experience, capital, and property to realistically accomplish the Exit strategy?



Prove You Can Buy for the Best Deals

Most successful RE investing projects start with a great deal. It's often said that a successful RE investors makes their money when they make the buy. I've coached many investors and funded thousands of RE investment projects, and I can tell you that if you make a “bad buy” it's nearly impossible to fix and sell it efficiently enough to save the profit, and if you make a “great buy” it's hard to mess it up. Clearly there is great incentive to make a “great buy”. So how is that commonly done? Find a highly motivated seller and offer to buy the property quickly and in as-is condition. Accomplishing this will almost always require that you prove to the seller right when you make your offer that you have the financial ability to close the sale. The industry term for this is “Proof of Funds” or commonly referred to as a “Proof of Funds Letter” or “POF Letter”. There is basically only one alternative to providing a POF Letter to a motivated seller and that's providing a bank statement showing that you have all the required cash now in your account. Most investors use POF Letters. In other financial transactions POF Letters are referred to as a “Letter of Credit”. Some Professional Lenders offer the service of providing POF Letters to qualified investors with varying degrees of “hoop jumping” or difficulty.