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GATOR METHOD

WITH PACE MORBY

GATOR GLOSSARY

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Gator Glossary

Learning the lingo is important to success in your Gator Method business.

Use the list below if you need to review any unfamiliar terminology from the course.

1 *1st Position Lien:*

If a borrower defaults on their loan, and their asset has to be liquefied, 1st position is the best position on the lien, because 1st position has the priority in getting paid back.

2 *2nd Position Lien:*

If a borrower defaults on their loan and their asset has to be liquefied, the 1st position lien gets paid back first, and, if there is leftover, then the 2nd position lien would get paid.

3 *Backend Money:*

Ex. Fix and flipper needs some kind of lending and a Gator can negotiate a chunk of money up front and then a percentage of the net profit made on the flip when it sells. The backend money is the money made at the end when the flip is sold.

4 *Double Close:*

When 2 files on a property close on the same day.
Ex. Seller and Wholesaler have an A-B contract which closes and the Seller gets their profit. Then, before the end of the same day, a B-C contract between the Wholesaler and an End Buyer closes, and the Wholesaler receives their assignment fee. Transactional Lending is usually used in these situations to fund the double close.

5 *EMD (Earnest Money Down a.k.a Earnest):*

The money a Buyer puts down (deposits) on a property they want to buy, seen as a sign of good faith and the Buyer's intention to buy the property.

6 *Gator Method:*

Utilizing a resource to partner with someone who needs the Gator's resource to close a real estate deal. In return, the Gator gets a chunk of the profit and/or equity when the deal closes.

7 *Gator Wrestling:*

When you are acting as the primary Gator in a transaction, but then you bring a secondary Gator into the transaction who has additional resources that the transaction needs to close.

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8 ***HML (Hard Money Lender):***

A type of lender common in real estate investing (usually a business) that lends on an asset, such as a property. This type of lender usually loans money for shorter periods of time & at higher interest rates. Common for fix and flips.

9 ***Inspection Period (IP):***

The inspection period is the time between when the contract is fully executed and an agreed upon amount of days or date, typically 10-15 days, but can be shorter or longer, sometimes even 0 days!
The IP is the timeframe a Buyer has to complete their due diligence on a property, confirm it meets their needs, meets their business objectives, etc.
If a property ultimately will NOT work for the Buyer, they MUST cancel their contract before the end of the inspection period or they will lose their earnest money!

KNOWING YOUR INSPECTION PERIOD IN A REAL ESTATE TRANSACTION CAN MAKE OR BREAK YOU!

10 ***JV (a.k.a. Joint Venture):***

A situation where 2 or more parties, and their respective resources, come together to close a real estate transaction.

11 ***Non-recourse Loan:***

A loan where the lender bases their lending on an asset, and, if there's a default, there is no recourse. The bank takes the property back.

12 ***OPM (Other People's Money):***

Such as a line of credit or a loan.

13 ***PML (Private Money Lender):***

Is usually an individual who has a "day job," but also lots of "extra" money, and wants to use it to make passive income. So they lend out their money at a certain interest rate, with certain terms, etc.

14 ***Probate:***

If the person on title is deceased, probate is the legal process to change the title of an asset (like a house) out of the name of the deceased.
It's a process that involves the courts and can take a while to complete. A property cannot be sold until the probate process is completed.

15 ***Transaction Coordinator:***

Someone who oversees a real estate transaction from con
agreement to closing).

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16 *Transactional Lending:*

A type of lending where a certain amount is loaned for a very short period of time, usually less than 24 hours.
The amount loaned is used to fund a "double close," which allows a Wholesaler to close on their A-B contract with the Seller.
Then, the Wholesaler will have their End Buyer close the B-C contract between the Wholesaler and the End Buyer with the End Buyer's funds.

17 *Wholesaler (in real estate):*

Someone who has a property under contract, but then turns around and assigns their interest in the property to an End Buyer for a price higher than the price on their direct-to-Seller contract.
The Wholesaler makes an "assignment fee" which is the difference of the 2 prices.

18 *Wholesaling (in real estate):*

The act of putting a property under contract at one price, then turning around and assigning that contract to an End Buyer for a price higher than the original one.