

*How To Leverage Your Knowledge For Big Profits
- With Little or None of Your Own Money*

OTHER PEOPLES MONEY



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2:

Joint Ventures

Paperwork

Joint Venture (JV) – A Valuable Tool

“Have to” Vs “Choose to” JV’s

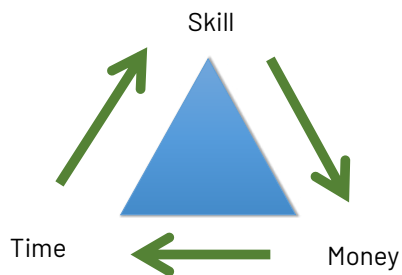
Choose to leverage your resources – time, knowledge, equity, or serviceability



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What are The Three Pillars?



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Four Types of Joint Ventures

- 1) JV with Seller
- 2) JV with Owner
- 3) JV with Investor/money partner
- 4) JV with professional / specialist

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What reasons would someone do a joint venture?



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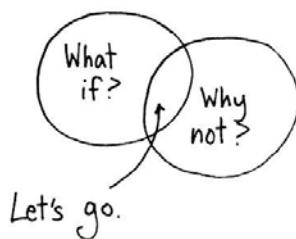
What reasons would someone do a joint venture?

- Some people have equity & serviceability but no time
- Some people equity & serviceability but no knowledge
- Some people have equity but no income
- Some have income but no equity
- Some people have no income or equity but have knowledge
- Some people can do more by pooling their resources – more deals or larger deals

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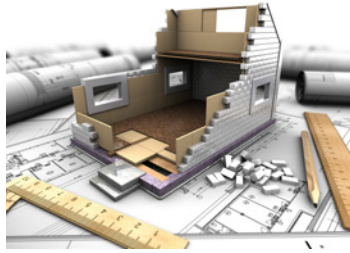
The Question becomes – Why wouldn't you?



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What types of strategies work for JV's?



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What are the roles in a JV?

1. Doing - Working party - Has Time
2. Experience / Expertise / Knowledge party
3. Equity party
4. Serviceability party



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What are the roles in a JV?

You As Doing Party -

- Responsible for -
- Finding deal
- Presenting deal
- Project managing
- Delivering the deal as proposed at beginning

Considerations -

- 1) Security e.g. caveat on purchased property
- 2) Paid during or at end - if paid during, more cash req. upfront
- 3) What if the deal makes a loss - do you have to contribute cash?



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The deal or the JV partner? Pro's and Con's

JV Partner First

- Less stressful when looking & negotiating on deal
- Can have multiple JV's in wings
- Can take time to make decisions
- Match deal to JV partners capacity – equity / serviceability

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The deal or the JV partner? Pro's and Con's

Deal First

- You have to make assumptions on location, price point & strategy e.g. assume \$450k purchase
- Know what \$ required by JV
- Time restrictions therefore more stressful
- Desperation – can result in poor decisions e.g. poor JV match or process not done thoroughly
- Uncertainty about what entity name on contract to secure deal

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The deal or the JV partner? Pro's and Con's

Overall you need to:

- Spend time cultivating JV relationships at the same time as researching deals.
- Both take time so do it at the same time



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How do you find Joint Venture Partners?

Think of your potential partners like customers....
'who do they see before they come to you?'

E.G if your in the business of selling honey moon travel packages, you go to a jeweller that sells engagement rings and partner with them



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How do you find Joint Venture Partners?

1. Attend networking events where your target market is hanging out
2. Family and friends
3. I Love Real Estate Community
4. Mortgage Brokers
5. Accountants
6. Solicitors
7. Town planners / land surveyors / draftees etc.



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Build a Mini - Database

1. Build your own asset
2. Begin to make a list of people you can go to with opportunities
3. Nurture your list
4. Stay in regular contact and keep them updated to any changes / market updates etc.
5. Survey your list, find out what they want.



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You have them, so now what?

- Qualify your new prospective Joint Venture Partner
- Prepare and interview - treat it like a job interview!
- Assess their level of risk
- Once you have qualified your JV partner against your criteria, get them to see a strategist from WiZDOM.



*Ensure all decision makers are at meeting!

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What should you discuss?

- What are all the possible outcomes?
- Who will be responsible for making decisions?
- How often do you review the feasibility?
- What roles does each partner play?
- What type of structure will you create?
- Who will pay the bills?
- Who will set up a bank account?
- How often you intend on communicating
- Dispute resolution



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Ironed out all the creases?

Pacific Law Checklist



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Communication is Key

- 1) You must be able to understand each other's expectations
- 2) Communication must be clear and concise
- 3) Be open and honest around challenges, setbacks & obstacles
- 4) Problem solve together



Presenting a deal, how do you do it?

- Professional documentation / proposal
- Word Document / PDF
- Power point slideshow
- Webinar
- Video recording (screen cast)
- Boardroom presentation



What would you include?

- Photos
- Feasibility
- Exit strategies
- Project timelines
- Area analysis & Planning zones & overlays
- Grid Variance analysis
- SWOT Analysis
- Risk factors and mitigation
- Plans or drawings already completed
- Artist impressions



Joint venture documentation

1. JV Criteria - Who do you want to work with?
2. JV Qualifying document - Do they qualify to be your partner?
3. JV Proposal document - how do you present your opportunity
4. JV Confidentiality Agreement - Cabinet-in-confidence
5. JV Agreement - Outlines the expectations of each party
6. Project Management Agreement - The working party
7. Roles and responsibilities template - who does what



Joint venture documentation

- Must be in writing
- Must be signed by ALL parties
- Preferably formalized by a lawyer & prior to starting the deal!



1) Set your JV criteria

Money partner -

- The amount of equity/cash that is required
- What income/serviceability do they need to have?
- Character of the borrower

Working partner -

- Your price-point & location
- Experience / background / knowledge
- The strategy(s) being used
- Risk profile of Joint Venture



2) JV Qualifying document

- Prospective JV approved through initial criteria
- Complete a detailed questionnaire / fact finding document requesting information
- Have them meet an ILN strategist for a Strategy & Review session

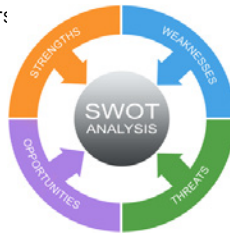


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3) JV Proposal document

- Summary
- Proposal
- Stipulate a basic summary of the numbers:
- Suburb profile / Market research
- Summary of the opportunity
- Feasibility / offer different scenarios
- Capital requirements
- Cash flow
- Flow chart
- S.W.O.T Analysis
- Agent appraisals



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3) JV Proposal document



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3) JV Proposal document

Present a sample document -

- Use a deal that you recently missed out on
- Present a case study/ deal that has been done in your target location
- Have it professionally edited/ designed
- Collect sample docs from builders/developers/investors for ideas

*Tip: keep it simple and easy to read



4) JV Confidentiality Agreement (Non Disclosure Agreement)

A confidentiality agreement is a legal contract between at least two parties that outlines the confidential Material, knowledge, or information that the parties wish To share with one another for certain purposes.



JV documentation cont'd

- 5) Joint venture agreement
- 6) Project management agreement
- 7) Roles and responsibilities template

- Professionally drafted and finalised by a solicitor
- Include all possibilities
- Document the expectations of each party



Negotiating a fair profit split

Base on contribution e.g. -

- 25% = Doing - Working party - Has Time
- 25% = Experience / Expertise / Knowledge party
- 25% = Equity party
- 25% = Serviceability party

Easy to 50 / 50 split when -

- 1 party = experience + time + skill
- 1 party = equity + serviceability part



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Should You Sell or Hold?

- Hold property on completion - have to refinance & payout working party (tax implications)
- Both parties hold some and sell some - may choose to sell ½ to each other to end up with standalone loans secured 100% by your own property.
- Quick way to build portfolio and create positive cash flow
- GST payable on sale if < 5yrs



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Some of the 'What-if' Questions you should be asking -

- What if we make a loss?
- What if we run out of money?
- What if someone dies / gets divorced etc.?
- What if the doing party can no longer do?
- What if someone gets sued or goes bankrupt?
- What if it takes longer than expected?
- What if it doesn't sell?



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Joint Venture with a Professional

What professionals could you be partnering with -

- Builder
- Project manager
- Project marketer
- Architect
- Engineers
- Town planner
- Or you if you are the professional



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Joint Venture with a SMSF

Seek proper specialist advice



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You have to ask yourself... Would you trust your JV partner to sign your cheques?



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JV Qualifying Document

JV Qualifying Document

Personal Information

Name: _____ **Age:** _____

Partner Name: _____ **Age:** _____
(If applicable)

Location (Suburb): _____

Family Status: _____
(Married, children, partner etc.)

Work Status: (Current job, previous experience) _____

Qualifications: _____

Current Living Arrangements: (PPR, renting) _____

Financial Information

Occupation: (How do you currently earn an income?) _____

Income: (What do you currently earn per annum – in Gross figures?) _____

Employment: (Are you employed or self-employed?
If self-employed – how long for/list business type?
If employed please include employers details) _____

Market Readiness: (Are you market ready e.g. tax returns up to date, loan ready, wills, any structures set up etc.?) _____

Savings: (Do you have any savings? If so – how much?) _____

Property:

(What property do you currently own?)

Equity:

(What equity do you readily have available?)

Property Experience:

(What experience do you have in real estate?)

Market Readiness:

(Are you market ready e.g. tax returns up to date, loan ready, wills, any structures set up etc.?)

Existing Team:

(Do you have a broker, Accountant, Solicitor etc. – and if so who are they?)

Goals and Targets

Short Term Goals:

(What would you like to achieve within 12 months?)

Medium Term Goals:

(What would you like to achieve within 2 – 3 years?)

Long Term Goals:

(What would you like to achieve 5 years from now?)

Target Strategy / Location:

(Any initial ideas on a particular strategy? Are you location specific?)

Additional Information

Is there anything else you want to add, or think we should know e.g. any current deals or Joint Ventures in progress etc.?

Additional Information:

(Please type in below)

-

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JV Proposal Document



Phone

P |
M |



Email

E |
W |

**Insert Trading Trust
Logo (if applicable)**

Investor Report

Address:



Prepared By:

Insert name

Insert Trading Details

ABN

PHONE NUMBER

TRADING NAME

Write two or three paragraphs summarising this document.

<Insert signature>

<Insert name>

<INSERT PHOTO>

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Proposal



- In this section summarise the deal / proposal. This is an opportunity to use dot points explaining the deal and the overall benefits.

Location



OVERVIEW

Station : 1.4 KM

Freeway Access: 0.7 KM

Shopping Centre: 0.9 KM



Include a brief description of the suburb.

Photos

<INSERT PHOTOS OF THE PROPERTY & THE AREA>

Feasibility Report

<Insert full snap shot of feasibility study (one page)>

PHONE NUMBER

TRADING NAME

Cash Flow Analysis

UPON COMPLETION – HOLD

	Operations	Rooms	Vacancy Contingency	P/Week Revenue	P/Annum Revenue
				\$	\$
				\$	\$
				\$	\$
				\$	\$
				\$	\$
				\$	\$
				\$	\$
				\$	\$
				\$	\$
				\$	\$
TOTAL REVENUE				\$	\$

OUTGOINGS

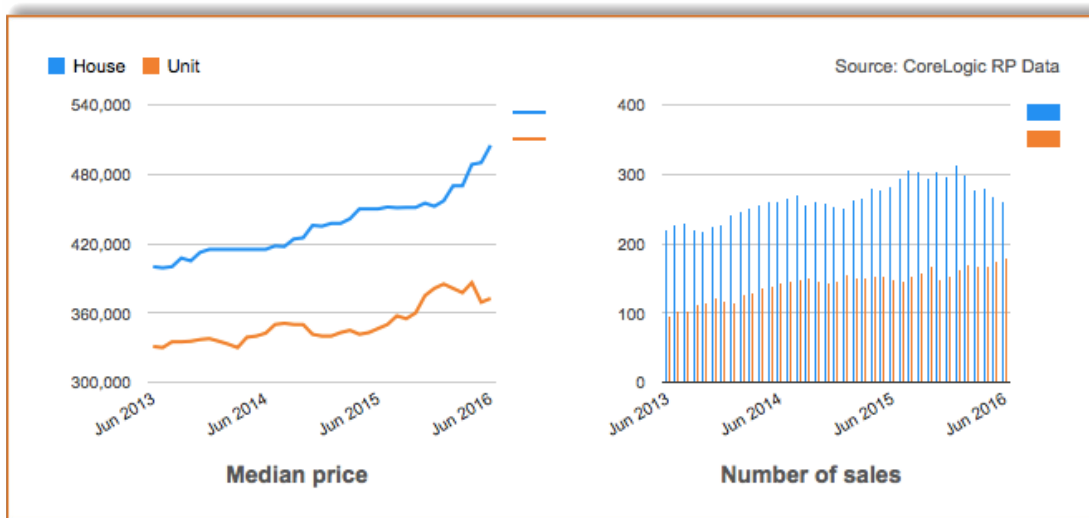
Interest on Loan	\$	\$
Insurances	\$	\$
Accounting	\$	\$
General Maintenance	\$	\$
Council Rates	\$	\$
Land Tax	\$	\$
Gardener	\$	\$
Wireless Internet	\$	\$
Management Fees	\$	\$
TOTAL OUTGOINGS	\$	\$
TOTAL CASH FLOWS	\$	\$

Capital Requirements

CAPITAL REQUIRED - TIME LINE		
Month	Description/Stage	Amount
April '16		\$
May '16		\$
June '16		\$
July '16		\$
August '16		\$
September '16		\$
October '16		\$
November '16		\$
December '16		\$
January '17		\$
February '17		\$
March '17		\$
April '17		\$
May '17		\$
June '17		\$
July '17		\$
TOTAL CASH REQUIRED		\$240,072.00

Suburb Profile

<INSERT SUBURB PROFILE DETAILS & GRAPHS>



	HOUSE	UNIT
Median price	\$505,000	\$372,500
Quarterly growth	6.09%	-1.32%
12-month growth	11.91%	6.43%
Average Annual Growth	7.24%	5.27%
Weekly median advertised rent	\$360	\$300
Number of sales	260	179
Gross rental yield	3.71%	4.19%
Day on market	38.34	56.19

Insert relevant information here regarding the Suburb, profile statistics, demographics, infrastructure, and anything else unique.

MARKET DATA

THREE BEDROOM HOUSE IN
S.....

MEDIAN HOUSE

\$505K

DAYS ON MARKET

38

AUCTION CLEARANCE

75%

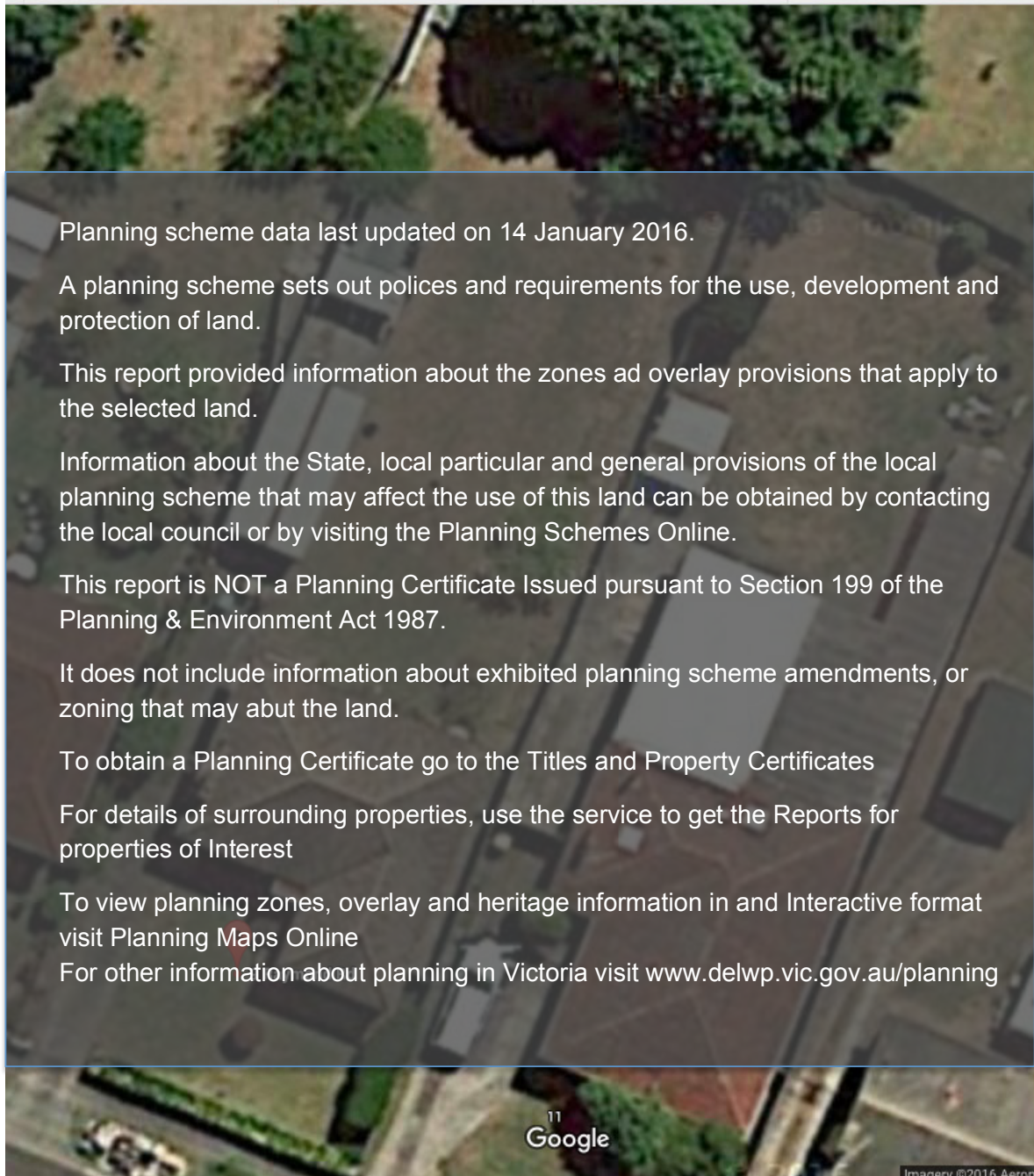
SOLD THIS YEAR

260

**Source: data collected from Corelogic RP Data magazine*

Comparable Sales Data

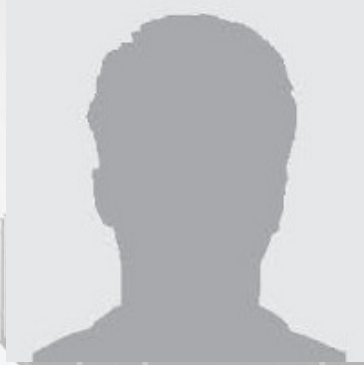
Planning Information



Planning Zones

Planning Overlays

Testimonials



<NAME>

<TITLE>

<Insert testimonial here>

I'm ready for the next one!

CONGRUENCY

<Your name>

Your Title and/or Trading Name

<Insert a description of yourself, achievements and experience.

<INSERT A PHOTO OF YOURSELF>

PHONE NUMBER

TRADING NAME

THANK YOU FOR YOUR BUSINESS



ADDRESS

Address |



PHONE

P |

M |



EMAIL

E |

W |