

Smart Investor Guide: *Growing your Biz in this Market by Partnering*

By Reggie Lal

This is a great market to build wealth in, and it looks like we are going to have a nice, long run to do it. Today's tight credit, and the lack of traditional financing sources for investment Real Estate, has caused an increasing amount of Real Estate Investors to combine their resources for deal completion. There is now an abundance of Cash available from the private sector due to the turbulent stock market.

In our zest to expand our business by working with others, let's make sure we proceed with caution, forethought and planning. Here are some basics to consider when partnering with someone else. I hope this guide will assist you in your deals, keep you out of harm's way and help you towards the goal of Financial Independence.

Some Basics to Consider When Partnering with Others:

Reasons to Take on a Partner:

Money	Credit
Knowledge	Experience
Time	Energy
Contacts and relationships	A deal ready to go

Benefits to be Negotiated:

Short term profits	Cash flow
Long term appreciation	Amortization
Usage	
Tax benefits (Interest deduction, Capital gains)	Deprecation, Expense deductions,

Resources and Skills Required for Success:

Capital	Finding a good deal
Negotiation skills	Project management
Repair skills	Marketing skills
Market knowledge	

Contributions Required:

The property	Down payment
Repair costs	Holding costs
Negative cash flows	Repairs
Ongoing maintenance	Project management
Bookkeeping	Re-sale
Debt service	

Structuring and Securing the Venture:

There are a number of ways to structure a deal, and secure yourself, where there are two or more investors teaming up. Here are some ideas:

- Taking title together
- Mortgage or Deed of Trust
- Joint Venture agreement
- AllCharges to the project (Salaries, Management fees, Commissions paid out)
- Option on the property
- Equity share agreement
- Entity formation
- “Soft Cost” added to the project

Due Diligence on the Property:

- Purchase agreement
- Property inspection report
- Roof inspection report
- Survey
- Repair Estimates
- Preliminary Title report
- Termite report
- Rent roll
- Scope of work for repairs

Due Diligence on the other Person:

Know who you are planning to do business with, and check on them **BEFORE** you begin a deal together. Check on their:

- Prior performance
- Skill
- Tax returns
- Bankruptcies
- Judgments
- Background check
- Reputation
- Personal financial statement
- Credit report
- Past and present law suits
- Bank records and proof of funds

Early Project Dissolution:

Be sure and consider unforeseen circumstances or an early parting. Your written agreement should include provisions for:

- Early buy out
- Divorce
- Dispute resolution
- Additional capital calls
- Death
- Bankruptcy
- Management control

Always Remember: Put it in Writing!! I hope this guide helps you avoid the common mistakes investors make when partnering with others. Check out our website for regular market updates, and other useful information, that will help your investing.



Reggie Lal is an active investor, wealth building coach, speaker, and author with myriad experiences in his Real Estate portfolio. Over the last few years alone, Reggie has completed hundreds of deals including: Pre-Foreclosure, Trustee Sales, Retail flips, Wholesaling, New Construction, Private lending, and more. Reggie often speaks and teaches at Investment Clubs and Real Estate Expos in an effort to help educate other Real Estate Investors. As the managing broker for his company, Reggie continues to oversee its real estate projects, as well as assisting in finding new investment opportunities for this changing market.

Contact Info:

<http://www.bethesmartinvestor.com>