

# WORKSHOP: THE POTENTIAL OF JOINT-VENTURE MONEY

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*The truth will set you free, but first it will make you miserable.*

—James A. Garfield

## WORKSHOP OVERVIEW

### **Presenter: Russell Westcott**

Welcome to our joint-venture (JV) workshop, part one. This is an exclusive workshop for the eight of you who have chosen to attend. Please note that I am using “JV” as a kind of catch-all phrase—but we’ll be talking about a lot more than “joint ventures” per se. Our real topic is raising money for real estate investment, and each of you is here because you are interested in investing in real estate with money partners or improving the way you invest with money partners.

A lot of investors show up at a workshop like this prepared to jump into JV investing with both feet. They’ve committed to attending all 10 workshops in the series, but they are so enthusiastic about what they’ll be able to do with other people’s money that they figure they’ll be investing with co-venturers before the first workshop ends. From the background information you provided to Don Campbell and me, I would say that’s a good description of Robert and Tom. I know that you two have a growing portfolio using your own money and you want some specific guidance about how to use JV money to buy more property.

Carol and Dan, you’re starting from a similar position in that you already own one revenue property and want to own more. I understand that you’re both less than 10 years away from retirement and you see real estate investment as a way to secure a more interesting retirement future. Congratulations! I think you’re going to find these workshops very valuable.

Others come to this kind of workshop because they know that partner cash is the only way they’ll ever close their first real estate investment deal. Nolan, that’s you. You’re a bit more tentative, but you are clearly here to gain insight into how you can attract money for your first deal. Welcome. Believe it or not, your questions are going to help all of us remember why it’s good to review the fundamentals!

Susan, I figure you’re somewhere in the middle. You are enthusiastic about real estate investing, but have some reservations about doing it with JV money.

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Each of the eight individuals attending this workshop has his or her own reason for being here. That's okay. But let's be clear about what we all have in common. Ask yourself:

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**Do I have all of the money I need to buy all of the property I need to achieve my Personal Belize?**

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Now, we'll refer to your Personal Belize throughout the workshops, but in short, people I know through the Real Estate Investment Network talk about Personal Belize as the fulfillment of your dreams or aspirations. It is intensely personal. Some people define their Personal Belize in terms of what they want to own or do with their lives. Others will focus on the people they want to have around them or the people and projects they want to help.

If you haven't achieved your Personal Belize, then you're at the right workshop. Regardless of the status of your portfolio, this series of workshops will help you get to where you want to go. To illustrate the power and pitfalls of JV investing, Richard and Emma McTavish have graciously agreed to participate in our workshops and have allowed us to use their investing story as the foundation of these seminars.

### MEET THE WORKSHOP PARTICIPANTS

**Richard and Emma McTavish:** This married couple, who were introduced in Don's earlier book *Real Estate Investing in Canada*, has held up to nine properties in their portfolio. They now own five properties, including their own home, a duplex with one side rented to tenants. Richard still works full-time outside of real estate. Emma takes care of the books for their real estate portfolio, as well as doing bookkeeping for some other small businesses.

**Tom and Robert:** These long-time friends decided to start buying real estate investment property together in 2007. They own two single-family homes for the buy-and-hold market and would like to grow their portfolio with money partners. Both expect to

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continue working full-time, and they believe the workshops will help them avoid classic newbie mistakes.

**Nolan:** Nolan is the father of two, works full-time and makes a good wage, but sees real estate investment as a way to generate long-term wealth. At 28, he is the youngest member of the group. Since the current credit crunch makes it difficult for Nolan to buy property on his own, he views joint-venture deals as an essential part of his business plan. But he's worried. Nolan has no idea where the JV money he needs will come from.

**Dan and Carol:** Dan works full-time and Carol is a part-time employee. At 57 and 53, they are the oldest members of our group. Dan will retire with a pension and Carol, a former teacher, is already collecting pension money. Two years ago, they took in a boarder and that experience prompted them to think about buying revenue property. Last year, a property in their neighbourhood came up for sale and they bought it. They bank the cash generated by the boarder and put every cent from the rental toward their mortgage. They would like to line their retirement nest with cash flow from two or three more revenue properties. Like Nolan, they need JV investors and are not sure where they would find them.

**Susan:** A full-time real estate investor and part-time bookkeeper, Susan's business plan has always focused on deals she could swing on her own. She's the group's skeptic. She owns three properties on her own (including the one she lives in, which has a suited basement) and knows that JV money is critical to growing her portfolio, but she questions the risks. Does she know how to make money in real estate? Sure. But why would anyone invest with her?

## LET'S GET STARTED

We'll begin today with a quick recap of the McTavishes' portfolio and ask the question, "What can JV money do for me?" To help you understand why answering that question is so important, we'll take some time in this workshop to look at how the McTavishes got into real estate investing and how that led to deals with their money partners.

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Again, their story is unique to them, but it illustrates some fundamental truths about how sophisticated investors attract—and then manage—JV money.

I can't emphasize enough how important it is that you review this first overview of the McTavish portfolio very carefully! It focuses on one couple's story, but illuminates a host of lessons applicable to all. Remember, no one is here to re-invent the real estate investment wheel. We are here to learn from experience so we can replicate the good and avoid the bad.

So Richard, I asked you to prepare a report of where you're at in terms of your portfolio. Let's hear it.

**RICHARD:** Thanks. Well, as some of you may already know, Emma and I are already investing with JV money. But some of our deals are going better than others, and a few of the not-so-good-deals are causing a fair bit of stress. In some cases, it's not that the deals are bad. It's the relationships we have with our co-venturers that need work.

**EMMA:** When you review the following chart of our portfolio, keep in mind that this is a portfolio we grew over more than seven years. We were never in a hurry to buy properties, but we were always looking.

**RICHARD:** That approach is the direct result of the Authentic Canadian Real Estate (ACRE) system, which helped us understand that we are in real estate investment for the long haul. We do not believe in get-rich-quick schemes, and we know that investing is hard work. I think it's fair to say that we both knew that money partners would be essential to our real estate investment business's long-term success. But we weren't really looking for joint-venture partners when the first JV deals kind of fell into our laps.

Today, our portfolio looks like the table below, and while I don't want to get into details on every property, I can tell you that three are located in the same city as we live and two are in a community with stellar fundamentals that's forecasted for continued economic growth.

I can also tell you we sold four properties in the last few years. Two were single-family homes we owned in a 50/50 JV with one partner. They were sold in 2009. We'd held those properties for five years and their sale was part of the exit strategy we'd identified

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with that partner. These two properties always cash flowed. When they sold in 2009, they were valued at less than what the market would have paid in 2008. But thanks to a strong economy, both were netted \$50,000 more than what we'd paid in 2005.

The other two were purchased in 2005 and sold in 2010 as a direct response to market changes and complications with our JV partners. These two single-family homes were located in a community about an hour away from where we live. At the time of sale, both were breaking even but a planned rent increase wasn't possible because the rental market had changed. Two co-venturers were involved and neither was willing to extend the exit strategy. As property management presented ongoing challenges, we decided against buying out our partners or finding new money partners to hold onto those properties. Hassles aside, both JV investors got their money back and we each banked more than \$15,000 on each deal.

## THE McTAVISH PORTFOLIO

### *5 properties—9 tenants*

#### #1. Single-family home—2 tenants

We bought this property in late 2003. It has a fully suited basement and we were using the cash flow to pay down the mortgage. Unfortunately, it's been a break-even proposition since early 2009, when we dropped the rent to prevent a vacancy. Thanks to careful cash flow management and following a proven system, we are now starting to raise our rents again and see a positive cash flow. We expect this property will improve as the years move forward.

#### #2. Duplex—1 tenant

We bought this property in 2004. We live in half of the duplex and rent out the other half, making it the third of our eight suites. We bought this place in 2004 and have only had three different tenants in the last seven years. The first only lasted a year—thank goodness! That suite taught us a lot about how to choose the right tenants and how to build a positive landlord/tenant relationship.

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### #3. Single-family home—2 tenants

We bought this three-bedroom bungalow with a fully suited basement in 2005 with Richard's boss as our money partner. He put up the money for the down payment and we provide hands-on management, from tenant relations to maintenance and bookkeeping. It cash flows nicely and we've never had to go back to this partner for more money.

### #4. Duplex—2 tenants

We bought this property in 2007. Emma's sister owns 50 per cent of one half of the duplex and a man we've known for many years is a 50/50 partner in the other half. It is not located in our home city. Cash flow went flat in 2009 but a planned rental increase put it back on track today.

### #5. Single-family home—2 tenants

We bought this property in 2008. It's also suited and it's in the same community as the duplex we bought in 2007. Both of these properties cash flow nicely, which is a tribute to the research we did before we bought. Still, the JV partner who's in on the single-family home wanted out of the deal when the economy dipped and the basement suite sat empty for two months. That was very stressful, especially since we've known the guy for a long time. The duplex is interesting because we have different money partners for each side. Property management is the other headache with both of these properties.

## **Looking back**

You can see we did not purchase any properties in 2009 and 2010. We know that some investors saw this period as a buying opportunity, since market prices had dropped. We saw those opportunities, but since this was the first recession we'd worked through as real estate investors, we decided to focus on the properties we already owned and the JV partnerships we were already managing. For us, this was a good time to make sure our properties were positioned for success. To do that, we looked at property management and took steps to make sure we were holding onto good tenants, keeping our units in top condition and paying down the mortgage.

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### Looking ahead

That conservative approach served us well. We are now in the position that we want to continue forward and build our portfolio. The economic conditions are very favorable to picking up more properties and we are confident about bringing more money partners into our deals.

## WHAT DO THE NUMBERS REALLY MEAN?

This is a good time to review what we know—or, more importantly, what we *think* we know about what Richard just told us. It is easy to get caught up in the numbers. The cash-flowing properties, including one that pays the mortgage on their family home, are impressive. But what would a sophisticated investor do with this information? He would *look behind the curtain* to see what Richard and Emma really have to teach us.

### The ACRE system

First and foremost, look at how Richard and Emma got into real estate investing. This is not something they “dabbled” in. From the outset, Richard and Emma chose to follow the proven ACRE system. It is a proven real estate investment system that focuses on systems, relationships and follow-through. This strategy works because

- the **systems** are designed for duplication,
- the **relationships** are win-win, and
- the **follow-through** is all about taking appropriate action toward the long-term creation of wealth and financial stability.

EMMA: Richard learned about the ACRE system first, and I admit that I was pretty skeptical in the early days. The good thing about having a system like this is that it is something you actually follow to find success and then repeat it. Some people say I’m lucky that Richard is so smart. I tell them that he’s lucky he had the ACRE system to win me over!

### Long-term wealth creation

Second, Richard and Emma view real estate investment as a way to generate wealth over the long term. Investing has allowed them to help

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Emma's family, and Emma, who keeps the business books, likes the fact that she can now contribute to the family income and long-term financial health by working from home. Richard is still working full time, but feels more in control of his family's financial future. Thanks to real estate, he now knows how he will help his two children pay for post-secondary education and is confident that he and Emma will not face the financial uncertainty his in-laws have experienced in their elder years, especially when Emma's mom got sick.

### **Be the real estate expert**

The biggest problem with Richard's report is that he is so uncertain about how JV money came to him and Emma in the first place. And this is a problem. When Richard says the first co-venturer deals "fell into our laps," he falls short on two counts.

1. It's an incorrect perspective to hold.

Richard's attitude downplays the fact that others see him as a real estate investment *expert*. There was nothing accidental about why business colleagues, family and friends approached Richard to ask about JV deals, or were so keen to learn more when he approached them.

2. It demonstrates tunnel vision.

Richard isn't being humble; with apologies to Richard, he's being foolish. He knows there are problems with some of their JV deals. Some cash-flowing properties may even need to be sold so he and Emma can escape the associated emotional hassles. By failing to see himself as a real estate expert, Richard is probably missing opportunities to bring new JV partners on board. Given the fact that most of their properties have positive cash—and the others are still good deals—new co-venturers may actually step into the deals others have been removed from.

## **GET REAL: COMMIT TO CHASING YOUR OWN DREAM!**

When Don, Richard and I sat down to plan these workshops, I zeroed right in on the fact that Richard wasn't always being "real" with himself. This is a common trap for real estate investors. It is also avoidable. To make my point, I'm going to review highlights of Richard's real estate

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investment story. As you work through this with me, keep asking, *What's behind the curtain?* and *What do I want to achieve with joint-venture money?*

To recap, the year before Don Campbell wrote his first book, *Real Estate Investing in Canada*, he met Richard McTavish on a plane. Don was flying from Real Estate Investment Network (REIN) meeting to REIN meeting to REIN meeting, and Richard was returning home early from a family holiday at a favourite beach resort. It turned out that pressure from his boss, coupled with fear over losing his job, forced Richard to cut in half a two-week vacation with his wife and two kids. His family was staying at the resort, but Richard was heading back to work.

RICHARD: And keep in mind, I was not heading back to a job I loved. My decision to cut a holiday short was all about fear and obligation. I was miserable.

In fairness to Richard, his interest in financial stability and long-term wealth production began long before he met Don. Richard had read all of the valuable self-help classics written by the likes of Napoleon Hill, George C. Clason, Les Hewitt, Robert Kiyosaki, David Chilton, Brian Tracy and others. He'd even spent more than he could afford on wealth-creation and get-rich-quick programs that were supposed to give him secret insider information on everything from the stock market to real estate. But none of those ideas and schemes ever worked for Richard. It seemed like if he made money on one idea, he lost it on another. Through it all, he remained very interested in real estate investing. But every time he committed to a program, he left the expensive seminars poorer in cash and spirit. It seemed like the "best" programs, the ones that offered the most in the shortest period of time, tended to be based on information about the U.S. real estate market. No matter what he did, Richard couldn't turn any of what he was learning into action.

Besides that, Richard was haunted by what I call "learner's guilt." And I can say that because I've been where Richard was. Before I started investing in real estate with a solid plan, I was near bankruptcy. I had a university education and a pocketful of consumer debt. Was I trying to take back financial control of my future? Sure. But I wasn't successful.

Richard was in a similar position. He wanted to learn how to generate long-term wealth, and he wanted to build his own financial

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security. But every time he paid for a course, he left the seminar room suspicious about what had just happened. Other people seemed to be able to make the information they were getting work, but all Richard got was a gut-wrenching feeling that he was paying for information that was designed to make the instructors money. He wasn't even sure the course leaders were doing what they were teaching!

EMMA: And he wasn't the only one who was worried about how much he wasn't learning compared to how much all of this was costing us. It wasn't that I didn't believe in Richard. But I sure didn't believe in what he was doing because I never saw him finish a program and put something into action. There was no reward for the money he was spending, or the time away from his family.

No matter what he did, Richard always felt like he was one more credit card payment away from learning enough to actually start investing in property. You could say he was taking just enough "action" to feel like a complete loser!

RICHARD: The chance meeting with Don Campbell turned that around. I think it's fair to say that after years of sitting on the sidelines, I was ready to move from the shoulder to the track. I'd recently "got real" with myself and came face-to-face with the idea that I was barely achieving mediocrity in virtually every aspect of my life. That hurt. It also helped me see how the "parts" of my life contributed to a "hole" in my life—and in my marriage. I had a job I enjoyed, but I wasn't passionate about it. I was passionate about my family, but I also felt like I was failing them miserably. I never seemed to be in a financial position where I could help others, or get ahead. I think it's fair to say I was kind of a mess when Don and I first started talking.

Richard's biggest problem is that he was at serious risk of defining himself as a loser. What a tragedy. The real problem is that he was chasing other people's dreams. Richard was not at all happy with where his life was at. But he was also dangerously uncertain about the life he wanted to lead! When Don first told Richard that he invested in real estate for a living, Richard was intrigued, but guarded. Don told me that is was like he could see the sparkle in his eye and his spine stiffen at the same time!

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RICHARD: Being fairly naive about what was really involved with real estate investment, I think I actually asked Don if he had any “secrets” he could share with me. Looking back on that, I’m kind of embarrassed! Even though I thought I knew that nobody gets rich quick, I was still looking for that magic bullet to success. It’s like I knew where I was at and how I got there, but I had no idea of what I had to do to get to where I wanted to be.

If I had to sum up that first meeting, I would say that Richard’s biggest problem was that he was not being real. He knew all of the reasons why his life was not the way he wanted it to be, and he even took full responsibility for that fact. What he could not do was be honest about the real problem. Richard had never zeroed in on what he wanted from life. Let’s say you could take your life’s dream and express it as a number. If you never figure out that the answer is “four,” you’ll never be able to compute all of the permutations that will give that answer. (Two plus two is just the start. What about all of decimals you could use to get to your final destination?)

Indeed, once you cut through the crap and get real with yourself, you learn there is only one answer to the question “What do you need JV money to achieve for you?”

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### **Why do you need JV money?**

**Because you don’t yet have all the money you need to buy all the property you need to achieve your Personal Belize!**

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## **COMMIT TO SYSTEMS, WIN-WIN RELATIONSHIPS AND FOLLOW-THROUGH**

If we go back to Richard’s state of mind before he met Don Campbell, we can see his problem this way: he wasn’t really being honest about where he was or where he wanted to go. He thought he’d done some careful reflection, but he was still prone to thinking that other people were making money without working hard. He thought that people with enough money to shape their own futures, including successful real estate investors, were simply “in the right place at

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the right time.” These folks were lucky—and he wanted to know how to get lucky, too.

When Don offered to mentor Richard and Emma through their first real estate purchases, Richard jumped at the chance. He also agreed to follow the ACRE system and agreed to let his and Emma’s journey be the foundation of Don’s book *Real Estate Investing in Canada*.

Don’s motivation was pretty simple. He knew the system worked, and if Richard was serious about wanting to be a successful real estate investor, he had to follow that system and its commitment to systems, win-win relationships and follow-through from start to finish. No more chasing pots of gold at the ends of rainbows and no more shortcuts to dead ends. Better still, this one-on-one mentoring process would provide Don with the crux of a book that could teach countless other Canadians about real estate investing.

RICHARD: It was tough, but worth it. But by the end of three years, Emma and I had bought our first two properties. I was still working full time, but a noticeable change in my work habits and attitude brought me to the attention of a supplier who offered me a new job. I was ready for some new responsibilities and liked the fact that the new job paid a little more. Because I was starting to think like a sophisticated real estate investor, I soon realized the job also gave me more flexibility to manage my own time—so there’s way less chance I will ever have to cut a family vacation short to go back to work.

Better still, the new job gave Richard a chance to meet clients outside of the office. With copies of the Property Goldmine Score Card (see Appendix A) always sitting on the front seat of his car in a special leather binder Emma gave him for Christmas, Richard enjoys driving around town because it gives him the chance to see different neighbourhoods and more property. He picks up community newspapers, takes note of For Sale signs, and stops at corner stores to get directions and ask about different communities.

He’s also put a whole lot of systems in place to make sure he can take action when he needs to. That includes going through that binder before he gets out of his car after he gets home from work. Richard sometimes circles or highlights key points he wants to revisit, or jots down notes in the margins. He then gets out of his car, recycles any

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needless paper on his way through the garage and stops by his office to put potential leads into his office In Box before he goes into the kitchen. Work is important. But so is family.

I call this the Reality Check part of real estate investing. Complete your own reality check here.

### **REALITY CHECK!**

*What am I doing to improve the outcomes of my real estate investing?*

I am serious about real estate investing because I

- read credible material on real estate investing.
- have fostered a mentoring relationship with a successful investor.
- have joined a network of sophisticated investors.
- set aside time each day/week to focus on taking investment action.
- am building my own real estate investment team (realtor, property manager, lawyer, accountant).

### **MAKING THE LEAP TO JV DEALS**

With Don's coaching, Richard got to the point where he was investing with other people's money. When his new boss noticed that Richard was always up-to-date on real estate investing and economic development in their city, he started asking Richard a few questions. He learned that Richard paid attention to special economic announcements, like the opening of new commercial enterprises and retail power centres, and the extension of transportation lines to carry commuters to and from work. The boss was impressed when Richard told him that commuters in walking distance of a good transportation system would pay 20 per cent higher rent, and he was intrigued by how much Richard knew about the way certain neighbourhoods were changing and what that meant in terms of real estate prices and rents. When they talked specifics about Richard's growing real estate portfolio, his boss had even more reason to be impressed. He liked

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Richard's focus on cash flow and long-term property appreciation. A former renter himself, the boss also appreciated the way Richard sought win-win relationships with his tenants.

Before long, his boss came right out and asked if Richard and Emma were looking for another investment partner. If Richard would provide the investment expertise, the boss would put up the investment capital.

Do you see what was happening? Richard was starting to define himself as a *real estate expert*. When we look back on that period, we see that Richard is pretty humble about what was happening. Humility is okay, but honesty is better. Whether he knew it or not, Richard was setting the real estate investment table—and getting ready to welcome paying guests!

### REALITY CHECK!

*What I am doing to present myself as a real estate expert?*

I keep current on the real estate markets where I invest. I can

- talk knowledgeably about the key economic fundamentals that drive real estate markets up and down (i.e., GDP growth, employment and immigration statistics).
- explain the ripple effect and how it impacts communities located near larger centres where market rents are rising rapidly.
- describe how brand new transportation changes can impact real estate values by improving access to housing and jobs.
- contact experienced and quality-driven realtors and property managers for their perspectives on what's happening in a particular market.
- anticipate some market shifts by figuring out how political and economic news impact a local housing market.
- identify potential money partners by the kinds of questions they ask me.

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Okay, we're getting close to winding up for the day. Any questions? Nolan, you look confused.

NOLAN: Because I am! It seems like everyone here is nodding their heads and scratching down notes. But I'm lost. I don't know what the "ripple effect" is, and I don't know why I need to understand immigration.

RICHARD: Sorry for laughing, Nolan. But I've been where you are! I used to look at real estate investing and think there must be some secret shortcut to success. Don helped me see there are no secrets at all—but there is a lot to learn. What you really need to find is a system. When you work with a system like ACRE system, the lessons are broken down. You learn how to tell if a town will boom or bust; you learn how to identify the best properties in the best areas; and you learn how to make offers that will be accepted and how to close deals without encountering unwelcome surprises.

It looks complicated, but the real beauty of successful real estate investing is that you can learn how to do it right.

EMMA: You can also learn "who" to do it with. When Richard and I started out, we learned that we did not have to figure things out for ourselves. Don was our first mentor, but that connection led to many others. When I need direction with an issue, be it a tenant problem or a question about our tax planning, I know to call someone who is an experienced real estate investor (in my case, a fellow REIN member). I could figure out some of these things on my own—but why would I do that?

RICHARD: Before we started investing in real estate, I had a lot of excuses for why I wasn't good at making money. Learning how to take action helped turn that around. It wasn't enough to be honest about what I was doing. I needed to be honest about what I wasn't doing and about what I didn't know how to do. It was kind of painful to realize I was the problem, but making myself take responsibility for positive change was essential.

EMMA: And the changes are not all about Richard. Passive income allowed me to leave a part-time job and spend more time with my family, including my ailing mother. I keep the books for our real

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estate business and that keeps Richard and me on the same page when it comes to our investment decisions. We've also involved the kids, and that's been great. Sam is now 15 and Alison is 12. They've helped us do everything from clean properties to paint fences, mow grass and hand out letters in neighbourhoods where homeowners may be thinking about selling. Sam even helped us find a for-sale-by-owner deal because he knew we were interested in a particular street and he saw the sign while riding by on his bike.

## **THE TAKE-HOME LESSON: ACKNOWLEDGE THE POWER OF JV MONEY AND THE NEED FOR A PROVEN INVESTMENT SYSTEM**

What are Richard and Emma telling us? I think that one of their key messages is that honesty is hard work and it begins with a look in the mirror. If you acknowledge that JV money is essential to your business plan and you want to be good at attracting JV money to your real estate deals, then you've got to be prepared to follow a proven system and do the work that a proven system entails.

Robert and Tom, you may need to pay particular attention here. You already own two single-family homes and you both know what JV money can do for your deals. But you need to be clear about why you want JV money. You want JV money because it is essential to your business plan. You need JV money to buy the property you require to attain your Personal Belize.

Dan and Carol, Nolan and Susan, I know that you are starting where Richard and Emma began. You are all looking for better returns on your investment cash. Dan and Carol and Nolan aren't sure where their money partners are and Susan has some reservations about how deals work with JV money. My advice to all of you is that you take the time to learn the nitty-gritty details of the ACRE system and pick up a copy of *Real Estate Investing in Canada 2.0* and *97 Tips for Canadian Real Estate Investors*, both written by Don Campbell. You do not need to re-invent the real estate investment business. But you can save time and money with proven insights, strategies and success stories.

Workshop #2 is going to focus on the systems you can put in place to make JV money a priority. Remember: you don't need to reinvent the real estate investment wheel, but you do need to learn how to make it turn in the right direction. To help you understand why JV money

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is so important to your ability to create future wealth, this workshop's action step is all about the Personal Belize.

## **WORKSHOP ACTION STEP: WHAT DO YOU WANT JV MONEY TO ACHIEVE FOR YOU?**

You want to acquire JV money because that money is essential to growing your portfolio, building long-term financial security and attaining your Personal Belize.

Whether you're buying your first property or your fiftieth, successful real estate investors take time to figure out what they really want out of life. At REIN, we say these people are working toward their Personal Belize.

This means that they've taken some time to figure out what they really want out of life. And they don't just think about it. They get a big piece of craft paper and a bunch of magazines and start making a collage of words and pictures that gives them a visual reminder of why they want to invest in real estate and what they plan to do with their long-term wealth.

If you haven't done this yet, do it now. And be honest. If what you really want is a special edition Harley motorbike for your fortieth birthday, find a picture of that bike and hang your collage in a place you can see every day. Maybe you want a family vacation to Europe before your oldest kid graduates, or enough passive income from real estate investment to let your spouse quit the job that currently pays for the "extras." Maybe you want a more secure retirement and the chance to spoil your grandkids with trips to Disneyworld, or to help your own kids with university tuition.

This is your Personal Belize—so dream big!

### **JV ACTION PLAN STEP #1**

*I want to invest in real estate with JV money.  
What am I prepared to do about it?*

Thinking is great. Doing is better. To get the results you want, you must commit to action and excellence.

—Don Campbell

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### **Ask yourself: How well do I know my own portfolio?**

You can't know where you're going unless you know where you've been and where you're at right now.

1. How many properties (i.e., “doors”) do I own?
2. What have I done recently to increase per-unit cash flow?
3. When was the last time I reviewed
  - a. local market rent?
  - b. my maintenance plan?
  - c. the effectiveness of my property management strategies?
  - d. my exit strategies?
5. What do I do to cultivate my image as a sophisticated investor? Have I
  - a. updated my business card?
  - b. looked into web-marketing?
  - c. made sure my websites are visible with search engine optimization?
  - d. updated the material I present to lenders and partners? (ACRE aficionados, for example, develop a Sophisticated Investor Binder to help them present their business and their deals to prospective lenders.)
5. What could I do to assess how my systems are working and what I could do better?
  - a. I forget to do things that I say I will do.
    - i. What can I do to improve my record-keeping system?
    - ii. What can I do to improve my message follow-up?
  - b. My tax planning is in disarray.
    - i. Why are records missing or difficult to find?
    - ii. Does my bookkeeper need more direction?
    - iii. What can I do to improve my relationship with my bookkeeper or accountant?
  - c. I am encountering problems with tenants.
    - i. What can I do or ask my property manager to do to improve tenant selection?

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- ii. Who is tracking tenant concerns, and are these being dealt with?
  - iii. What is my property manager doing to keep my units occupied?
  - iv. What three things could I do to build a better relationship with my property manager?

## JV ACTION PLAN STEP #2

*I want to attain my Personal Belize. What am I prepared to do about it?*

The indispensable first step to getting the things you want out of life is this: decide what you want.

—Ben Stein

### **Keep your eye on the prize.**

A lot of people ask if they have to physically make the collage. The answer is yes. Visualizing success helps you attain it.

John Lennon once said he could “write myself a swimming pool.” Frank Lloyd Wright said “events always happen when you truly believe in them; and the belief in that event makes it happen.” Similarly, professional athletes learn to visualize success. They write down goals, they watch training videos, they practise *thinking* about success. They mentally work through the process of what they need to do to put the puck in the net, take the fastest step from the starting block or render perfect form off the diving board.

Your Personal Belize poster will help you visualize what you want in life, and that vision will help you invest in your own success. It will help you visualize what you will do when you secure your first mortgage, sign the papers on your first property, sign your first Joint-Venture Agreement or send your money partner their first cash-flow cheque.

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The vision will change as your business develops, but that picture will always remind you of why you are willing to do what it takes to earn long-term wealth.

**What does my Personal Belize look like?**

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