

[www.keyspire.com](http://www.keyspire.com)

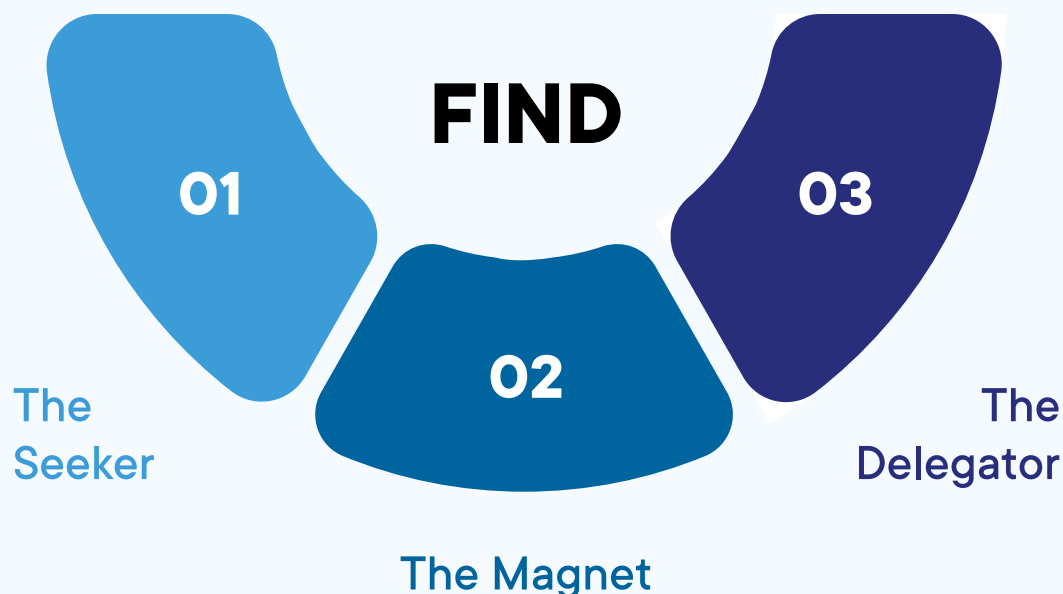
# Find & Fund

Your First **Investment Property**

# The Three Methods of **Finding** **Properties**



There are three methods of finding properties: the Seeker, the Magnet, and the Delegator.



What often happens is someone will start with the Seeker method, and then graduate to the Magnet and Delegator methods. When you're running a full-time real estate investing business, you may execute all three of these methods at the same time.

Pick one to start with. That way your business isn't too complex or overwhelming. Complexity equals risk, risk equals loss, and we don't want that. If you're just starting out, pick which one of these three work best for you.





# The Seeker Method :::::

When executing the Seeker Method, you are actively looking for properties. You are going to be approaching sellers and growing your network to find properties to buy. This is sometimes also called “Bird Dogging”.

The Seeker can serve many important roles such as providing price information, increasing transactions, contributing, and helping other investors. It provides the opportunity to practice identifying distressed properties that can be rehabbed and flipped for a profit.

## TECHNIQUES



- > Marketing - We Buy Houses for CASH
- > Auto dialers
- > Mailing circulars
- > Public databases (MLS, Divorces, Deaths etc.)
- > Cross reference with pertinent information
- > Layoffs in a community
- > Dropping values in recent tax assessments – underwater mortgages
- > Watch for signs: Builder, Private, Vacant lots, Vacant houses

The Seeker will have a network of investors to increase their chance of converting a lead into a deal. Casting a wide net to generate enough sellable leads to pay for the effort and costs involved!

## WHOLESALE



- A wholesaler contracts a home with a seller, then finds an interested party to buy it at a higher price.
- Generally, find and contract distressed properties.
- Leverage your Keyspire community to find out who the wholesalers are in your market.

## OFF MARKET & PRIVATE LISTINGS



- Properties that are for sale but are not listed on multiple listing services.
- Some sellers desire an off-market listing to test the waters, maintain privacy, save on commissions, or create a sense of exclusivity that could result in a higher selling price.



- For buyers, off-market listings provide access to additional inventory, an opportunity to save if the commission is lower, and the opportunity to avoid bidding wars.
- One agent can sometimes provide very little wiggle room for buyers looking to negotiate.
- To get access to these listings, buyers can approach agents or homeowners directly, or try going online.
- Finding a traditional, exclusive, off-market home requires a work and lots of networking. Once you pinpoint the neighborhood you want to buy in, make a list of top real estate agents and contact them about any office exclusive listings.





## APPROACH HOMEOWNERS

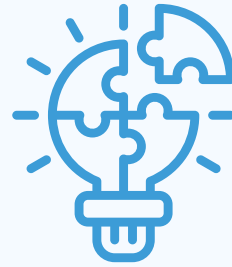


- If there is an area you're interested in, one option is to check in with homeowners directly. You may be able to find a lead by door-knocking or sending out mailers. Though it will cost you time and money with no guarantee success, there is a chance that one person will respond.
- Don't rule out neglected properties, especially if you know you can afford to do repairs. Perhaps there's a homeowner who's so overwhelmed with the costs of upkeep—and one who never believed he could ever sell—that an unsolicited offer would be considered a blessing.
- Print mailers that are both cheap and effective. Be as professional in your approach as possible. You will never know until you ask.





## BEING A PROBLEM SOLVER



- > Divorce
- > Death or aging parents
- > Financially Struggling
- > Foreclosure
- > Keyspire community

## USING THE MAGNET METHOD TO BIRD DOG

- > Be a Solution Provider
- > Create a Win-Win Situation
- > Don't Strive to be Different
- > Know Your Competition
- > Be Easy to Work With
- > Be Excellent
- > Get Your Message Out There
- > Keep Your Magnetism





## THE SEEKER METHOD

# Your Value Add Statement

When executing the Seeker Method, you are out there actively looking for properties. You are going to be approaching sellers and growing your network to find properties to buy. Before you introduce yourself to someone, you will need to have your Value Add Statement ready. The Value Add Statement is an introductory statement that explains who you are, the focus of your business, and most importantly how you can add value to the person you are speaking to.

## CREATE YOUR VALUE ADD STATEMENT

To get started, answer the following questions, then insert your answers in the different formats available below to create a Value Add Statement that is perfect for you.

**1** | What top of mind problem do you solve? (Specific Problem = SP)

**2** | Who do you solve this problem for? (Specific Audience = SA)

**3** | What solution do you provide for your Specific Audience? (Solution = SOL)



## FORMAT 1

You know how there are a lot of

(SA) who experience

(SP)?

What I do, is help them

(SOL).

**Example:** You know how there are a lot of real estate investors who can't seem to ever find a good tenant? What I do is help them find, qualify and manage the best tenants so they make the most cash flow and avoid sleepless nights.

## FORMAT 2

I work with

(SA) who

(SP). I show/help/give them

(SOL).

**Example:** I work with homeowners who want to use the equity in their home to increase their cash flow. I help them access that resource and introduce them to the people who can help them create passive income.

We help retirees who just don't want to be a landlord. We provide them with an investment solution that will get them 6% guaranteed returns on their cash and property equity.

### FORMAT 3

I show/help

(SA) how to transition from

(SP) to

(SOL).

**Example:** I help homeowners transition from being a real estate spectator to being a real estate investor. I do this by leveraging the network I've build over 10 years as a professional and put my clients on the fast track to success.

## FORMAT 4

I help [ ] (SA) let go of the  
frustration they feel when trying to [ ]  
(SP) by showing them how to [ ] (SOL).

**Example:** I help renters let go of the frustration they feel when moving to  
a new home by providing them a selection of safe, clean and  
affordable homes to live in.

## FORMAT 5

I help [ ] (SA) let go of the  
frustration they feel when trying to [ ]  
(SP) by showing them how to [ ] (SOL).

**Example:** I help renters let go of the frustration they feel when moving to  
a new home by providing them a selection of safe, clean and  
affordable homes to live in.



## THE SEEKER METHOD

# Knock on Doors

Once you have your Value Add Statement ready to go, start knocking on doors!

Look for properties that are run down and look for motivated sellers. Knock on doors until you find someone who is willing to sell. Eventually you will find someone who has a problem that you can solve.

### 1 | Where is your target area?

### 2 | What is your ideal property type?

### 3 | Do you have an ideal renter?

## 4 | Results

How many doors did you knock on?

How many people responded?

What was the general response?

What were your main challenges?

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## THE SEEKER METHOD

# Search Listings

What better way to look for properties than searching online listings and newspapers? When using the Seeker Method, seek what is already out there! There are always properties available for sale, so search through those listings to see if you can find a property that aligns with your needs.

There are so many online resources to search properties depending on your location. Search for properties and keep an eye out for keywords that align with your strategy.



SEARCH FOR PROPERTIES

Start searching for some properties! In your ideal area(s), search for 3 available properties that align with your search criteria.

	Property 1	Property 2	Property 3
Listing			
Keywords			
Purchase Price			
Property Price			
Additional Notes			



## THE SEEKER METHOD

# Join Groups

As you are seeking properties, it's important to expand your network. You never know who just might be looking to sell a property.

What are your expected outcomes of joining a group and expanding your network? Remember, you're looking for something, but you also need to create value for others.

01

## JOIN GROUPS

Now that you know what your expectations are, join one online group and one in-person group (or two online groups if in-person groups are not possible).

&gt;

&gt;

&gt;

02

## NETWORK!

Who do you want to be within the groups you join? Do NOT be a silent member. If people do not become familiar with your name, there won't be much opportunity to add value to each other. It can be intimidating at first, but your network is one of the most powerful tools of your real estate investing career.

Break out of your shell and engage in the groups you joined!

> **Start a discussion by creating a new post.**

For example, "Hi everyone! My name is Mary and I'm brand new to real estate investing but so excited to make this change in my life!"



I'm looking for my first investment property—a single family home that I will convert to a legal duplex. Can anyone recommend an investor-savvy realtor in the Springfield area?"

- **Create value by commenting in three existing posts. Paste the value you added below:**

Post 1:

Post 2:

Post 3:



# The Magnet Method :::::

The Magnet Method is about attracting prospects to you. People will know who you are and what your business is. You want people to think of you first. Clients will be drawn and attracted to you. There are many ways to capture the attention and interest of prospects for your business.

Review the steps below and answer these questions for yourself.

## 01 BE A SOLUTION PROVIDER.

**Always focus on creating value for your customers.** How can you create value for your clients or provide a solution for them?

## 02 CREATE A WIN-WIN SITUATION.

How can you make the other partner win? Do you put yourself ahead of everyone else?

## 03 DON'T STRIVE TO BE DIFFERENT.

**Simplify the way you think about your business and don't over-complicate it.** What can you do that will make you stand out? How can you be better at what you do?

## 04 KNOW YOUR COMPETITION.

What is the competition doing that you could improve on? What are your competitors doing that is better than you?

## 05 BE EXCEPTIONALLY EASY TO WORK WITH.

Look at yourself from another person's point of view. How easy is it to work with you? Do you need to change?

## 06 BE CONSISTENTLY EXCELLENT.

**Consistency of performance is the great brand builder.** Are you consistent with your clients with what you bring to the table? Do you always provide the best opportunities for everyone involved?

## 07 GET YOUR MESSAGE OUT THERE.

Are you marketing to the right people and maximizing the potential opportunities for more business?

## 08 KEEP YOUR MAGNETISM.

What do you have to do to stay ahead of the game and be a trend setter?





## THE MAGNET METHOD

# Build Your Brand

Part of the Magnet Method is letting people know you are there. You need to put out your “Open for Business” sign and tell people you are an investor who is ready to take action.

Your brand won't be completed in one week but focus this week on getting started.

01

## CREATE YOUR BUSINESS NAME

Finding the right name for your investing business can have a significant impact on your success. Here are some helpful suggestions to keep in mind when coming up with a business name:

- > Avoid hard-to-spell names
- > Don't pick a name that could be limiting to your business
- > Conduct a thorough internet search

- > Get the .com domain name if possible
- > Use a name that conveys some meaning
- > Get feedback on the name

## 02

## CHOOSE YOUR BRANDING COLOURS AND LOGO

Consider what your business colours will be. Generally, businesses focus on 2 to 3 colours to make up the core of their branding. There is a lot of information online about the psychology of colour choice in marketing. Certain colours are associated with different values or emotions, here are some examples.

### What are your business's core values?

&gt;

&gt;

&gt;

**Consider 2 or 3 colours for your business brand that align with the core values.**

1

2

3

03

## **CREATE AN EMAIL SIGNATURE AND VOICEMAIL MESSAGE**

Consistency is key! As you're communicating with your network, ensure your branding is visible and consistent when someone contacts you by email or phone.



04

## CREATE BUSINESS CARDS

Even in today's digital age, business cards are still a solid, classic and effective way to establish and build brand recognition. They also give an image of professionalism and organization. You don't need a background in graphic design to create your business cards. There are many online resources that offer various templates to make business cards a breeze. Check out Staples and Vista Print to get started.

### THE MAGNET METHOD

## Advertise Your Brand

When it comes to building a presence to become a Magnet for potential clients and partners, online is a great place to start! However, with an almost endless parade of options, where do you even start? You can advertise your brand on so many different platforms: a personal website, social media, paid ads, email campaigns, etc.

You want people to know who you are but how are you going to do that? Build your online presence by effectively advertising your brand and letting people know what you do.



### Here are some tips to get you started:

- Your message is just as important as your ad. We've said it before and we'll say it again, what is your value add?
- Consumers aren't only on one social platform on a daily basis, so your brand shouldn't be either.
- Focus on mobile. Most people access online information via phone, so make sure your ads and posts are mobile-friendly.

**01**

## THINK OF OTHER BRANDS!

To start, think of a brand that you like or that stands out to you.

Why do you like about this brand's advertising presence?

What do you dislike?

## 02

## START BUILDING A SOCIAL MEDIA PRESENCE

For some of you, this may seem like a natural step, but if you aren't computer savvy you might be feeling a little panicked by this suggestion. Don't be. Social media does not have to be complicated or overly time consuming. One of the key benefits of social media is that it is free and it has the ability to spread your brand far and wide.

### > Choose your social media platforms

Choose 1 or 2 social media platforms you want to be present on:

### > Create a social media account for your business

- ➔ Include your logo and tagline if you have one
- ➔ Use your business colours
- ➔ Include contact information
- ➔ Add information about your business

### ➤ **Post something!**

Your posts don't have to be complicated, they could be a short insight or message, a post about an investment opportunity or unit you have available for rent, a tenant tip, or a link to a valuable resource or news article that supports your business.

**03**

## **CREATE A WEBSITE**

In today's world having a basic website is almost a standard business requirement and with so many free or inexpensive website building resources available you can easily make a basic website in a couple of hours.

Here a few free website builders to get started:

Wix – Best All-Around Website Builder.

Weebly – Ideal for Small Businesses.

SITE123 – Great Design Assistance.

WordPress – Perfect for Blogging.

➤ **Select your domain name**

➤ **Use your logo and brand colours**

➤ **If you've created a brand slogan or tagline you can use it here too**

➤ **Include your Value Add Statement**

When writing the text for your website you can use your Value Add Statement and your core business values as the guiding principles

➤ **Use everything you've already established!**

And if you have created business cards and social media accounts you already have established all of the basic information such as contact information, photos, font styles, and some basic resources you can use as the foundation for your website.





## THE MAGNET METHOD

# Attend Community Events

Part of the Magnet Method is letting people know you are there. You need to put out your “Open for Business” sign and tell people you are an investor who is ready to take action.

Your brand won't be completed in one week but focus this week on getting started.

01

## WHAT ARE YOUR INTERESTS?

Other than real estate investing, what are you interested in? Think of your hobbies and your values (sports, culture, education, arts, music, etc.). List 3 to 6 interests that you have:


02

## LIST COMMUNITY EVENTS

Now that you have identified your interests, research which community events are held in your area and keep track of them below. Think of volunteering opportunities as well. Attending community events can be done in person or online. List a few different options to maximize your efforts!


03

## HOW DO YOU ELEVATE YOUR BRAND?

When attending community events, how are you going to let people know who you are and what you do? A lot of this happens naturally through conversation, but what other aids can you have to support you?


- Start a conversation: Ask others what they do for a living. Are they involved in other businesses and associations? Goal: Be interested, not only interesting.
- Ask for others' business cards. Also have your business cards available.
- Be ready with your Value Add Statement.



## THE MAGNET METHOD

# Consider SWAG

Did you know? SWAG stands for “Stuff We All Get!”

There are many ways to advertise your brand and get your name recognized! Swag, also known as branded merchandise, is just one of the ways in which you can expand on your marketing. With so many different options from customizable hats, mugs, clothing, face masks and even technology it is the most fun you will have in getting your name out there!

There is a plethora of resources on the internet that will help you choose and customize the right swag for your business and your budget.

SEARCH FOR SWAG

Think about how you want to advertise your brand! Think about where and how you want to distribute your swag and search for 3 different swag items you think would best represent your brand.

	Swag Option 1	Swag Option 2	Swag Option 3
Item Description			
Price per Item			
Website for Swag			
Purpose/ Use of swag			
Additional Notes			



## HOW WILL YOU USE YOUR SWAG?

While swag gets your brand out there, you also need to be very intentional in how and why you give swag away. Ideally, when you give away your swag, there is a value exchange. Here are some examples of using swag purposefully:

- > If someone becomes a new tenant
- > If someone shares your social media presence
- > If someone wins a contest (contest should have an intention such as driving business to your website or to your referral business)

**What are 3 main ways you will purposefully use your swag?**

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# The Delegator Method :::::

The Delegator method is having people now start looking for you and bringing you deals actively and intentionally looking for you and bringing deals.

As the Delegator, you will have a Seeker finding properties for you. These Seekers could be Realtors, or they could be someone you have found through your real estate investing network.

The secret to the Delegator method is having a list of requirements, so the people you delegate to know exactly what you are looking for.

**What are some of the things you would look for in an investment property:**

**What are some things you would look to avoid?**

## THE DELEGATOR METHOD

# Post a Phantom Ad

As you learned from this lesson's video, you can secure a tenant before purchasing a property and you can gauge rental interest in the property all by posting a phantom ad.

By posting a phantom ad and receiving responses, you have a much better sense of interest for that property and you start building a list of requirements based on what potential tenants are looking for.

01

## POST A PHANTOM AD

Once you have a property in mind, post a phantom ad by including the following:

- > Main intersection
- > Number of bathrooms
- > Number of bedrooms
- > Rent amount

Here's a sample rental ad you can use for your phantom ad:

**BEAUTIFUL 2BR Legal Basement Apt – Main Street and Second Street!**

2 BR, 1 BTH Legal Basement Apt for Rent for \$1100/mth -  
Available ASAP for a 1 year lease

RENT INCLUDES: Utilities, parking for 1, private laundry and has central air. This fully renovated unit features laminate and ceramic flooring throughout, newer appliances, updated kitchen and updated bathroom. Bright and spacious with considerable storage. Nice sized shared backyard, on bus route, mature neighbourhood and walking distance to schools and all amenities.

NO Smoking – Mandatory Credit Checks – Must Prove Employment

Open house scheduled for Sat between 12-2pm. Confirmed appointments only.



**02**

## ASSESS INTEREST

If you don't receive many responses, then you need to determine what the issue is:

- > Is it the property? The area?
- > Is the rent too high?
- > If you lower the rent, will the numbers still make sense?

On average, how many responses to the ad did you receive on a daily basis?

**03**

## RESPOND TO THE RESPONSES

Once you start getting responses, you'll need to decide on your approach. You can pick a few potential tenants, qualify them, and have them view the property you're considering with you.

Otherwise, you can let them know that the property is no longer available.

These people can become future customers and you may consider purchasing properties that satisfy the supply and demand in this market.

Here's a sample script of what you can say:

Hi there,

Thank you so much for your interest! Unfortunately, this unit is no longer available, but I still want to help! Let me know the criteria you're looking for and we can work together to find a property that will suit all our needs.

If you search for properties that are for sale and bring me the listings, I can consider purchasing one of them for you and your family to reside in. The max purchase price would have to be \$500k. Please don't hesitate to send me any listings you like, and I am looking forward to working with you and getting you into your dream home!

Thank you and have a great day!

Using this method, you are now potentially securing a tenant for a property you haven't even purchased yet and you are delegating so that other people are bringing properties and deals to you!

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## THE DELEGATOR METHOD

# Create a Referral Program

At this point, you've already started building your network, so leverage these people (family, friends, contractors, existing and/or potential tenants, anyone you know) to start bringing properties to you!

**01**

## CREATE YOUR REFERRAL PROGRAM



As you grow, consider using the referral program for tenants finding tenants. A suggestion could be a \$500 referral fee for a tenant finding you another qualified tenant.

When creating your referral program, determine how much you're willing to pay for property deals brought to you.

> How much is your referral fee? \$

> What would you pay a referral for?

> What are the terms and conditions to earn the referral fee?

> Where do you want to advertise your referral program? (For instance, you can advertise on bandit signs, social media, business cards, flyers, etc.)

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02

## BUILD YOUR TRACKING SYSTEM

Organization is key! Keep track of all of these referrals so that you can properly record these for your accounting purposes and to continue communicating with these individuals for future opportunities.



Have no experience yet? This is a great way to gain the experience you need. Look for these referral programs and/or active listings for properties for sale or rent and offer to find properties or tenants in exchange for dollars.



## THE MAGNET METHOD

# Select Your Real Estate Agent

When looking for a property, a real estate agent is an invaluable member of your team! Looking for properties and deals can be time consuming so delegating this important task to a professional can get you to your next property so much faster!



An experienced real estate agent can provide the following services  
for your real estate business:

- > Facilitate property purchase and sales including creation of all offer documents and conditional clauses
- > Competitively negotiate a property offer or sale
- > Provide access to exclusive or “pocket listing” properties not available on the MLS
- > Prepare a Comparable Market Analysis (CMA) to establish fair market value or After Repair Value (ARV)
- > Make connections to other Service Providers such as contractors and property inspectors



You might not need to ask all of these questions when qualifying a real estate agent. Do some of your research online to see what you can learn before you interview them.

## QUALIFY A REAL ESTATE AGENT

Use these questions to help you qualify a real estate agent to ensure your investment property search aligns with your Investor Profile.

**01**

**Are you a full-time real estate agent? What are your regular hours of operation? Do you have someone to cover your business if you are away or at capacity?**

Real estate transactions occur every day of the week and offers are often made on evenings and weekends. It's important to work with a full-time real estate agent who is ready to move quickly on your behalf. If the agent isn't part of a team, ensure they have coverage while they are away or you may risk losing out on an investment opportunity.

**02**

**Which geographical areas do you service? How long have you been working in this area?**

Real estate agents are generally affiliated with a specific real estate association or board which covers a specific geographical area. Certain real estate agents also specialize in certain markets or neighbourhoods. Be sure the agent you choose focuses on and understands the metrics of your chosen market.

**03****Can you tell me about your educational background and experience in the industry?**

Experience and longevity in the industry are key. Be wary of a new real estate agent who is learning for the first time with you as their test case. You want to onboard an agent who has a lot of experience specifically with investors and investment properties. It's also a bonus if your real estate agent is an investor and has a portfolio of successful properties. Be wary of hiring an agent who is new to the industry or who doesn't have investing experience.

**04****Are you a real estate investor? If yes, what type of real estate investments do you participate in?**

Your real estate agent does not have to be an investor, but it's definitely an asset if they are. An agent who also invests is uniquely positioned to understand the market in ways a non-investor wouldn't understand. If your agent isn't an investor, ask why not as their answer may reveal a lot about their investor mindset.

**05****If I work with you, will you expect me to sign a buyer's agent agreement?**

Some real estate agents will try to commit buyers to signing a Buyer Representation Agreement immediately. It is not mandatory for you to sign this agreement, especially if you are just beginning to develop the relationship and haven't fully committed to working exclusively with this real estate agent. Look for an agent who understands this agreement is a sign of trust. Instead of signing a blanket Buyer's Representation Agreement that is vague with a long timeline, look to sign one with an agent specific to the property you are offering on, the specific neighbourhood you are focussing on, and is specific to a shorter timeline. The agreement can always be expanded or extended as your relationship grows.

**06****What is the median property price in this area? What are the average rental rates?**

These should be statistics that your real estate agent is very familiar with and can cite almost immediately. Your agent should also be able to clearly outline how average/median prices and rental rates differ by neighbourhood and property type since most can vary greatly due to microeconomic factors.

**07****What type of properties do you represent/specialize in?**

There are various areas a real estate agent can specialize in including single family homes, multi-family, commercial, new construction, condos, etc. Look for a real estate agent who has successfully sold or worked with a number of buyers in the property type(s) you plan to focus on. If you are interested in larger multi-family or commercial properties, it's important to work with an agent who understands the process as the purchase and sale process is much more complicated than on single-family homes.

**08****Which investing strategies are working well right now in this market?**

Knowing that your real estate agent understands investing strategies and can help you understand which ones are being implemented successfully is key to knowing your agent is investor-savvy. Your agent should be able to outline why a strategy is or isn't currently working. For example, if the market is in the slump phase of the real estate cycle, the agent shouldn't be advocating Flipping without clear data to support it.

09

**How has the local market been performing in the past 6 months?****What do you anticipate will occur locally in the next 6 months?**

This is your agent's opportunity to show their knowledge and resources. Look for an agent who can speak to recent trends, infrastructure, and development growth. This is also where you should hear details about average property price growth, available inventory, average rental rates, and local cap rates. The agent should also be able to highlight areas that are not performing well, those that are gentrifying, those that are overpriced, and in each instance should be able to explain why and provide data to support their position.

10

**What systems do you have in place to help me evaluate investment properties and confirm the numbers provided by the seller during a transaction?**

An investor-focused real estate agent should help you objectively evaluate an investment property and not simply encourage you take all information provided by the seller at face value. With their knowledge of the market, your agent should be able to help you independently verify market rents, average expenses, claims of legal status, etc.



11

**Can you set up a listing alert search for me so I can receive email/text notifications of new listings that align with my Investor Profile?**

Real estate agents can create an automated search that informs you immediately when new properties are listed within set search parameters. This should be a standard service that your agent offers right away and can be tailored to your budget, preferred property type(s), location, and requirements.

12

**Do you have access to investment property pocket listings (exclusive listings)? If so, how many on average do you get per year and how can I get access to these?**

Many investment properties are not listed on the MLS; instead, they are sold through real estate agent networks as pocket or exclusive listings. If your real estate agent has access to these, find out how you can access them so you don't miss out.

**13**

**Are you familiar with commonly used real estate investing strategies including double offer, red herring clause, vendor take backs, and cash back at closing?**

Investor-focused real estate agents should be familiar and comfortable with a number of commonly used investor strategies. Look for an agent who can confidently apply creative offer strategies in your negotiations and add value to you as an expert in this area.

**14**

**Can you provide me with introductions to local contractors, property managers, property inspectors, etc.?**

Investor-focused real estate agents should have access to a large network of local service providers and be able to act as your quarterback throughout the transaction. When you receive an introduction, remember to qualify the service provider and complete your due diligence to ensure they align with your business values and goals. Use the other Keyspire qualifying scripts located on your Member Dashboard to assist you through the process.

**15**

**Can you provide me with references to some of your real estate investor clients?**

Be wary of businesses that don't want to share references. When checking references ask questions such as: Are you satisfied with their level of service? How long have you been a client? How have they helped you in your business? Is there anything you don't like about their service? Would you recommend them to your family, friends, and other real estate investors?

**14**

**Is there anything else I should know about you or working with your company if we decide to proceed with this relationship?**

Ideally this is the real estate agent's opportunity to add value to you, explain more about their services, and outline next steps for you to confirm the business relationship. Look for answers that appear genuine, are informative, aren't a heavy sales pitch, and don't appear scripted.



## SET UP AUTOMATED REAL ESTATE LISTINGS

Once you've qualified and selected your real estate agent, ask them to set up automated listings for properties that meet your search criteria. Here are some things you'll need to decide:

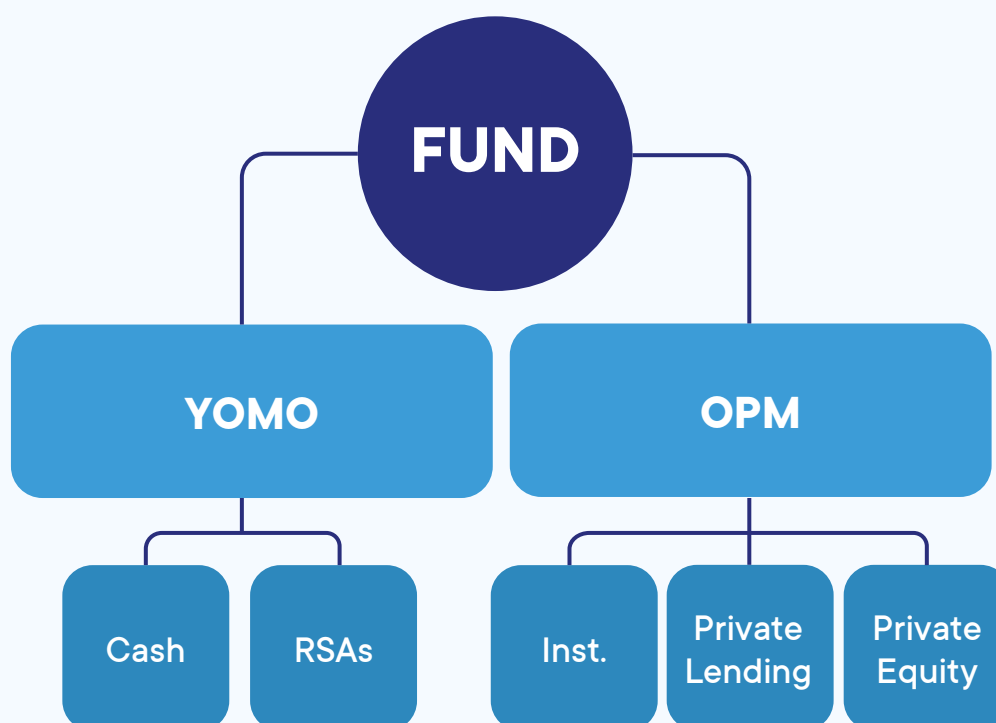
- What is your maximum property listing price?
- Which cities do you want included?
- How many bedrooms?
- How many bathrooms?
- Property type preference (detached, semi-detached, townhouse, etc.)?
- Any other important things to note (legal duplex, triplex, etc.)?

# The Five Ways to Fund Properties



Now that you know the methods to find properties, let's talk about how we're going to fund those properties.

We've got five ways that we are going to fund properties spread across two major categories:



You can use YOMO, your Money, or you can use OPM, other people's money to fund properties.

With YOMO, you've got cash and RSAs, retirement savings accounts, and with other people's money you have institutional lending, private lending and private equity. One of these five options will fund your next deal and virtually every single deal that you do. And, it's not always just one of these options, you often will mix and match and make combinations to get that money to be able to close that that transaction.





## FUNDING PROPERTIES USING YOMO

# Cash

Cash that you have available is quick and is cheap, and if you have it, you are going to use it until you run out.

How much cash do you have available to use for your next property? To determine this, you will need to take a deep dive into your monthly income, savings, and expenses.

### DETERMINE YOUR BUDGET

To get to where you want to be, you need to have a clear understanding of where you currently are. To do so, determine your budget by using the Budget Spreadsheet.

Already have a budget? Take this time to update your financial awareness!

SUMMARY	
Monthly Income	
Net income	\$
Additional income	\$
Total monthly income	\$
Monthly savings	\$
Total monthly savings	\$
Monthly expenses	
Housing	\$
Insurance	\$
Transport	\$
Telecommunications	\$
Food	\$
Health	\$
Education and recreation	\$
Debt payments	\$
Other expenses	\$
Total monthly expenses	\$ <input type="text"/>
Amount available monthly	\$ <input type="text"/>



## FUNDING PROPERTIES USING YOMO

# RSAs

A registered savings account is a plan that allows you to shelter your investment earnings and defer taxes or earn income without paying tax.

You can work with an accountant to decide which types of registered savings accounts (RSAs) will meet your financial goals.

Focus on determining how much in RSAs you have available for investing in real estate.

### **Do you know how much you can contribute to your RSAs?**

It is important to know how much you can contribute on an annual basis to the different types of accounts available to you.

An investor-savvy accountant is a crucial team member, so be sure to work with your accountant to understand your specific situation.

They can help guide you in ensuring you are maximizing tax benefits by using these strategic accounts/plans.

Account Type (i.e. 401K, IRA, TFSA, RRSP, LIRA)	What is your yearly maximum contribution?	How much do you currently have?	Can this be invested in real estate? What type of real estate?

**FUNDING PROPERTIES USING OPM**

# Institutional Financing

At this point, you've already started building your network, so leverage these people (family, friends, contractors, existing and/or potential tenants, anyone you know) to start bringing properties to you!

Institutional financing is a great option to fund your next property and working with an experienced, investor-savvy mortgage broker will make the experience much more straightforward. An experienced mortgage broker can provide the following services for your real estate business:

- Mortgage financing
- Access to multiple lending products from multiple lending types/sources
- Refinancing
- Financing for multiple property types including primary residences, and a variety of investment properties
- Guidance on the advantages and disadvantages of different financing products including HELOCS, LOCS, secondary financing, construction loans, etc.



You might not need to ask all of these questions when qualifying a mortgage broker. Do some of your research online to see what you can learn before you interview them.

## QUALIFY A MORTGAGE BROKER

Use these questions to help you qualify a mortgage broker to ensure your financing options are maximized and aligned with your Investor Profile.

### GENERAL BUSINESS QUESTIONS:

01

**Which areas of mortgages and financing do you specialize in?**

Investment-savvy mortgage brokers should specialize in a variety of financing products and they should be able to confidently outline their access to primary and secondary lenders and alternative financing products.



**02****Can you tell me about your educational background and experience in the industry?**

Experience and longevity in the industry is key, it means your mortgage broker isn't learning for the first time with you. In Canada, mortgage brokers are licensed at the provincial level and most provinces have online searchable registries. Ask for the broker's license number, credentials, and how many properties they have financed in the past year.

**03****What is your client ratio of primary homebuyers versus real estate investors?**

Ideally, investors would make up the majority of your mortgage broker's clientele but if not, look for a broker who has experience with numerous investors who own multiple properties. Homeowner financing is more basic and those without investor experience will not know how to set up your financing to obtain the most properties possible.

**04****How many properties do your top 3 real estate investment clients own? Have you financed all their properties?**

Ideally, your mortgage broker will have experience working with large portfolio holders who have complex structures and a variety of investment situations.

Knowing that they have financed most of those transactions helps you understand whether the broker can obtain portfolio-level financing, not just one or two loans.

**05**

**How many lenders do you have access to? Do you have access to both Schedule I and Schedule II banks? Do you also have access to private lenders or other lending sources? Are you affiliated with one specific bank?**

A full-service mortgage broker should have access to multiple Schedule I banks (the Big Banks) and Schedule II banks (smaller banks). There are 85 federally regulated banks in Canada not including Credit Unions. The more your broker has access to, the more options you will have for financing. Also consider whether your broker has access to private lenders in addition to conventional financing sources.

**06**

**Do you provide first, second, and third position mortgages? Do you have experience with vendor financing, joint ventures, or cash back at closing?**

As you grow as an investor, having access to multiple financing types including second or third mortgages may be useful to help finance renovations.

Ideally, your broker is also familiar with other common strategies such as joint ventures, so you can leverage their expertise as you negotiate and close on properties.

**07**

### **Can you provide financing options if I invest through a corporation?**

Financing real estate through a corporation is not the same as financing personally. If you plan to incorporate now or want to have the option in the future, you will want to choose a broker who can continue to work with you as you grow.

**08**

**Can you provide financing options for properties with less than 4 units? Multi-family properties over 4 units? Commercial or mixed-use properties? Distressed properties? Purchase Plus Improvements?**

Some mortgage brokers will focus on financing specific property types, while others have a more flexible business model. Choose a broker whose business aligns with your target property types.

**09**

**Can you explain to me the difference between a mortgage pre-approval and a mortgage pre-qualification?**

A mortgage pre-qualification is not the same as a mortgage pre-approval and your broker should be able to clearly explain the difference. A pre-qualification is an approximation, not a promise, based only on the information you provide to the broker or lender. A pre-approval is a written statement from a lender qualifying you for a mortgage amount as per the terms of your current financial situation contingent on the property and terms of the contract.

**10**

**Do you have a checklist of documents you will require from me to complete a mortgage pre-approval? Considering the type of properties I plan to invest in, what other documentation may be required?**

Obtaining financing can be a long and complicated process. Your broker should be able to help streamline the process through guiding you each step of the way.

**11**

**If I don't qualify for traditional, big bank financing, can you outline some other financing options that may be open to me as an investor through your business?**

Not everyone qualifies for traditional, "Big Bank" financing. Look for a broker that can provide guidance and alternative options such as access to secondary lending institutions, private lending, joint ventures, or debt consolidation plans. An experienced broker should be able to explain next steps you can take to finance your next transaction.

**12**

**How many provinces/states are you licensed to transact mortgages in?**

Working with a mortgage broker that is qualified in multiple provinces across the country means you can Invest Where Returns are Best™ without needing to switch service providers for financing.

**13**

**Would you be completing these services personally, or would it be someone else in your office?**

Ideally you want to speak with and develop a relationship with the person who will be working on your file. This ensures clearer communication channels. If multiple people will be working on your file, clarify what the communication process is and how different individuals will work together to provide you with seamless service.

**14**

**Can you provide me with references to some of your real estate investor clients?**

Be wary of businesses that don't want to share references. When checking references ask questions such as: Are you satisfied with their level of service? How many mortgages have you financed with them?

How have they helped you in your business? Is there anything you don't like about their service? Would you recommend them to your family, friends, and other real estate investors?

**14**

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**15**

**Is there anything else I should know about you or working with your company if we decide to proceed with this relationship?**

This is the mortgage broker's opportunity to add value to you, explain more about their services, and outline next steps for you to confirm the business relationship. Look for answers that appear genuine, are informative, aren't a heavy sales pitch, and don't appear scripted.



## GENERAL MORTGAGE FINANCING QUESTIONS:

### **01** Is this a pre-approval? If so, what conditions must be met to obtain the financing outlined in this pre-approval?

A mortgage pre-approval is a written statement from a lender qualifying you for a mortgage amount contingent on the property and terms of the contract. Normally the lender will list certain terms that must be met before financing is approved such as a property appraisal or copies of existing tenant lease agreements. Be sure to understand these conditions clearly and meet them according to the lender's terms or you may lose your financing.

### **02** How long is the rate in my pre-approval guaranteed?

Most pre-approvals include an interest rate lock for a certain period of days (i.e. 90 days). If you do not purchase a property within this timeframe, you would be exposed to changes in interest rates.

**03**

**If interest rates go down, will I automatically get the lower rate? Can my pre-approval be extended?**

Don't assume your rate will go down if interest rates decrease; not all lenders will automatically lower your rate lock. Pre-approvals also normally have an expiry date, but some lenders may be willing to extend if your financial situation remains the same and interest rates haven't increased. It never hurts to ask if it means you can avoid going through the process all over again.

**04**

**What loan to value (LTV) have I been pre-approved for? Is mortgage insurance a condition of my pre-approval?**

While primary homebuyers may be pre-approved to put down as little as 5% for a down payment, investment, non-owner-occupied properties typically require a minimum down payment of 20% or more depending on your individual situation and the property type. Mortgages considered high-ratio typically require mortgage insurance through traditional lenders which will add to the overall cost of borrowing but may allow you to pay a smaller down payment. Evaluate your options and ensure you have the required down payment to complete the loan.

**05****Is an appraisal required as a condition of the pre-approval?****When is the appraisal scheduled?**

Appraisals are common conditions of pre-approvals. If you have a conditionally accepted offer, strive to have the appraisal completed before the end of the conditional period. If the appraised amount is less than your purchase price, the lender will likely require you to pay the difference.

**06****Can you provide me with a loan estimate of all the fees I may need to pay during the financing process?**

When borrowing money, there are fees you should expect to pay as part of your closing costs. These fees may include but are not limited to an appraisal fee, land transfer tax, lawyer and notary fees, and property inspection. If you are using private money, you may also be subject to lender fees and broker fees. The mortgage broker and lender are required to give you a written loan estimate if requested.

**07****Is this a variable or fixed rate mortgage?**

With a fixed rate mortgage, the mortgage rate and payment you make each month will stay constant for the term of your mortgage.

With a variable rate mortgage, the mortgage rate will change with the prime lending rate as set by your lender. Generally, a variable rate will be quoted as prime rate +/- a specified amount.

**08****What is the term and amortization of the mortgage?**

Choose a mortgage term that works best with your investing strategy. Long-term buy and hold investors may choose a longer term (i.e. 5 years), while those choosing to renovate or invest in lease to own will choose a shorter term that allows for earlier pre-payment. Generally, investors will choose the longest amortization term available to maximize cash flow and minimize payment amounts.

**09****What are the pre-payment terms of this mortgage product?****What are the fees or penalties associated with breaking the mortgage or refinancing the mortgage?**

Understanding pre-payment terms and fees associated with breaking a mortgage is key for investors. Clearly read all terms. Most lenders limit how much and how often a borrower can pre-pay a mortgage. Fees for breaking a mortgage can be a flat fee or an Interest Rate Differential (IRD) fee which can quickly add up and be quite expensive.

If there is a chance you will pre-pay or break the mortgage by refinancing or selling before the end of the term, choose a mortgage product with the lowest penalty possible.

**10**

**Is this a re-advanceable mortgage product? If so, what are the terms of this product?**

A re-advanceable mortgage allows the borrower to re-borrow the principal amount of the original mortgage that has been paid down. This type of mortgage product consists of a mortgage and a line of credit (LOC) packaged together. Each month when a mortgage payment is made, the principal is reduced by a certain amount while the limit on the LOC goes up proportionately. The borrower can then use the LOC for other investing.

**10**

**Can I choose the date when my mortgage payments will be withdrawn monthly?**

Often a lender will choose the date of your closing to withdraw mortgage payments by default, but often you can specify your preferred date of the month. If your property is a buy and hold, consider choosing a date later in the month so all of your rent cheques will have cleared before the mortgage is withdrawn. This, plus having a reserve account, ensures you have a buffer and aren't left with a NSF mortgage fee if you have tenants pay late.



## FUNDING PROPERTIES USING OPM

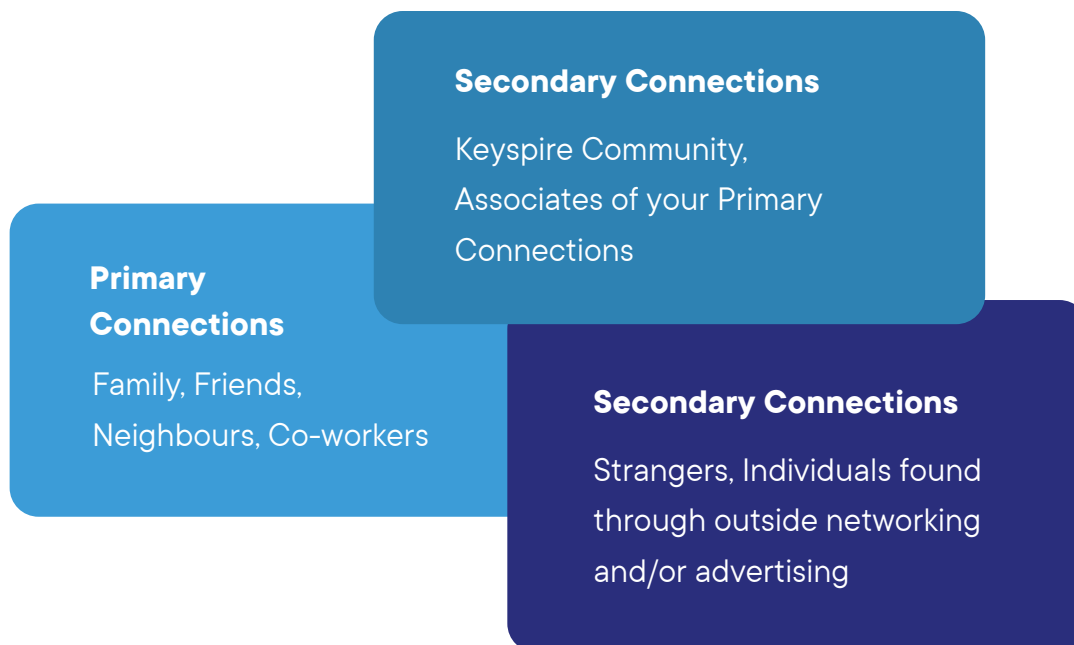
# Private Lending

At this point, you've already started building your network, so leverage these people (family, friends, contractors, existing and/or potential tenants, anyone you know) to start bringing properties to you!

### WHAT IS A PRIVATE MONEY LENDER?

A private money lender is a non-institutional individual or company that loans money, generally secured by a note and deed of trust, for the purpose of funding a real estate transaction.

## WHY IS PRIVATE LENDING USED?





## WHO ARE YOUR PRIVATE LENDERS?

Opportunities with private lending are endless. Why investors might use private lending:

- > Flipping
- > Flip to Yourself™
- > Wholesaling
- > Short-term loans
- > Rehab properties
- > Quick closings
- > Underperforming properties
- > When the bank says “No”

## UNLOCK THE POWER OF PRIVATE LENDING

Who can be your private lenders?

### Primary Connections

Friends:

1

2

3

4

5

Family:

6

7

8

9

10

Neighbours:

**11**

**12**

**13**

**14**

**15**

Co-workers:

**16**

**17**

**18**

**19**

**20**

## Secondary Connections

Keyspire Community:

**21**

**22**

**23**

**24**

**25**

Associates of your primary connections:

**26**

**27**

**28**

**29**

**30**

## Tertiary Connections

As you're growing your network, keep track of future connections here:

**31****32****33****34****35****36****37****38****39****40****41****42****43****44****45****46****47****48****49****50**

So there you have it! You've just brainstormed 50 potential private lending partners!

## FUNDING PROPERTIES USING OPM

# Private Equity

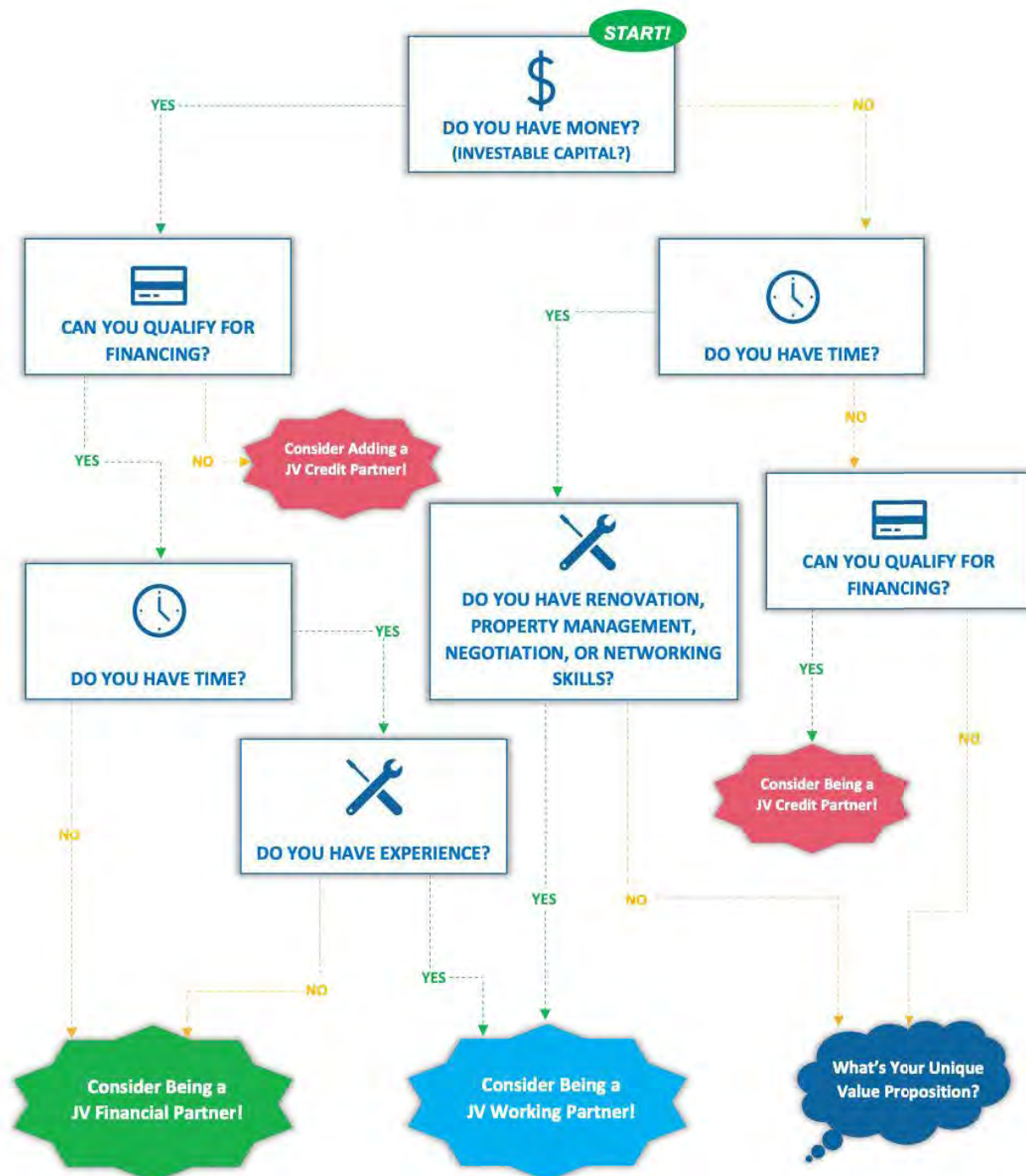
When looking to purchase an income property, you need three things:

- 1 | Time to complete everything involved with the property
- 2 | The capital required to purchase the property and pay for any renos
- 3 | The credit to purchase

If you're missing any of these three items, a Joint Venture might be the solution. A Joint Venture (JV) is a business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task.

In real estate, a Joint Venture typically consists of an active investor and a passive investor. Simply put, the active investor is the Working Partner who doesn't have the money to purchase a property but who can do most of the work by putting in the time, knowledge, and experience. The passive investor is also known as the Financial Partner who has money but doesn't have the time or skills to do the work.

If you're missing one of the above components, take the quiz on the next page to see what type of JV partner you could become.



# Private Equity Questions & Responsibilities

Every Joint Venture must be individualized for the circumstance and for the parties involved. Here are some things to consider and suggestions for conversation with your potential co-venturer(s). Note these can be revised and amended to suit your personal investing strategy.

## JOINT VENTURE QUESTIONS TO ASK

### Decide Ahead

- Who puts in what? Consider time and money.
- What are the initial contributions?
- Who will be on title?
- Will title be held personally or by a corporation?
- Who will qualify for financing?
- Type of property/investment to be considered
- Preferred investing market
- Maximum capital contributions required  
(including down payment, closing costs, initial improvements, JV agreement legal costs, etc.)
- Scope and budget of renovations (if applicable)





## Responsibilities

Who will be responsible for:

- Property management, or managing the property manager?
- Tenant placement, vacancies, evictions?

Managing tenant interactions including phone calls, In real estate, a Joint Venture typically consists of an active investor and a passive investor. Simply put, the active investor is the Working Partner who doesn't have the money to purchase a property but who can do most of the work by putting in the time, knowledge, and experience. The passive investor is also known as the Financial Partner who has money but doesn't have the time or skills to do the work.

If you're missing one of the above components, take the quiz on the next page to see what type of JV partner you could become.

- Emails, maintenance requests, complaints?
- General property maintenance and repairs?
- Renovations, either doing the work or overseeing contractors?
- Monthly, quarterly, and/or annual financial reports?
- Monthly, quarterly, and/or annual maintenance reports?
- General bookkeeping?

- Organizing snow removal, lawn maintenance, property cleaning?
- Other?



## Decision Making

- This can be difficult with multiple owners, so it's recommended that you clearly outline the decision-making process. You will need to decide how much you want to be involved.
- Who makes the final decisions?
- Who decides when and what repairs are completed?
- At what point does everyone need to give financial approval for larger expenses? Does this happen at a specific price point? For example, all items above \$2500 needs to be authorized by all owners. Or maybe if costs go over a monthly budget then all owners must approve spending.

## Profit Share

- 50/50 is most common but it isn't mandatory.
- Does the profit share start after the initial contribution is paid back?
- If so, how do you balance out the amount of time the 'working partner' put in?
- When and how are the profits paid out?
- After the property is 'up and running' are all of the expenses and profits divided 50/50?
- What happens to profits during a refinance?

## Cash Calls

- What is the process for unforeseen repairs that were not factored into the maintenance/repairs budget?
- Who pays for unforeseen expenses? Are they split according to profit share?
- Will you start with a contingency account at the time of purchase to help minimize the possibility of a cash call? How much will this contingency account hold and who will contribute this amount?

## Exit Strategy

- What is the exit strategy?
- Is it clearly defined?

## Early Exit Options

- How often is the property reassessed as a business? Every 6-12 months?
- How does one party get out of the agreement?
- How do both parties get out? Consider adding a 'shot gun clause', right of first refusal, and/or other exit clause as outlined by your lawyer. This means that if one party wants out, they can propose an exit. It needs to be acceptable and fair to both parties with no difference in negotiation.
- What would happen in the event of death, illness, bankruptcy, or other unexpected life event?

