


PLATINUM
ACCELERATOR



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REAL ESTATE

November 2017

Option Contracts


Mastermind
Event

Melbourne

Michael Tiemens
VIC State Coach


Event Outline -


- 6:00 – 6:30 Networking
- 6:30 - Start
- 6:30 – 6:45 Introductions
- 6:45 – 8:00 Accountability
- 8:00 – 8:30 Networking Break
- 8:30 – 10:00 Options

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Workshop Format

- Use microphone
- Involve everyone in the conversation
- Be supportive



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Housekeeping

- **Platinum Namaste – Graduate Bali 4 Day Retreat**
- ❖ **RSVP – This Friday - 10th Nov**
- ❖ 10th Dec – 13th Dec
- ❖ Novotel Nusa-Dua



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Housekeeping

- **Platinum Graduate Offer** (Inc. Platinum Namaste Bali):
- ❖ **Part Payment Option:** Re-join within 30 days of expiry date @ \$1250 x 12 payments
- ❖ **Payment in Full** = \$12,995
- ❖ **Partner Option** Pay in Full Only = \$4,995
- ❖ **Re-application** Process

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Housekeeping

- **December PA National Conference:** 2nd – 3rd Dec, Sydney, RSVP with Knowledge Source - Open bar evening of Fri 1st & Networking dinner evening of Sat 2nd.
- **Seminar:**
- ❖ I Love Realestate Conference – Brisbane 17th – 19th Nov
- ❖ **COME SEE OUR HOME GROWN PLATINUM FINALISTS!!!**

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NO, he is not a better comedian!

- Brad Isaac was a young comedian starting out on the comedy circuit. One fateful night, he found himself in a club where Jerry Seinfeld was performing. Backstage he asked if he had **"any tips for a young up and coming comic?"**
- **This is what he said!**



- He said **"the way to be a better comic was to create better jokes and the way to create better jokes was to write every day"**
- He told me to get a **big wall calendar** that has a whole year on one page and hang it on a prominent wall. The next step was to get a **big red magic marker**. He said for each day that I do my task of writing, I get to put a big red X over that day.
- **"After a few days you'll have a chain. Just keep at it and the chain will grow longer every day. You'll like seeing that chain, especially when you get a few weeks under your belt. Your only job is to not break the chain."**



A word from Dymphna

- When I am writing books – I set myself a target of writing 3,000 words a day – to the point that I won't go to bed until I have my 3,000 words.
- When I am in the market to buy a property– I allocate 45 mins minimum to targeted research.
- When I am preparing for presentations – I divide my time up into time slots for certain tasks.
- A student asked me at an intro event recently – **"With everything you do, how do you fit everything in."** This is what I said – **I am very departmentalized – when I am speaking, I am 100% present – when I am doing my property business I am 100% present - when I am running my other businesses, I am 100% present. Just focus on one thing at a time – spend time to allocate time – and stick to it!**



- Top performers in every field — athletes, musicians, CEOs, artists — they are all more consistent than their peers. They show up and deliver day after day while everyone else gets bogged down with the urgencies of daily life and fights a constant battle between procrastination and motivation.
- The Seinfeld Strategy works because it helps to take the focus off each individual performance and puts the emphasis on the process instead.
- It's not about how you feel, how inspired you are, or how brilliant your work is that day.
- Instead, it's just about **"not breaking the chain."**

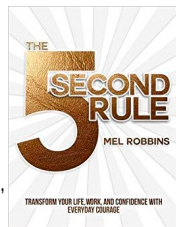


- Mel's story started when her and her husband lost a lot of money and friends money in a failed business.
- The creditors started calling, bankruptcy action was starting – life was not good. Mel had started drinking and staying in bed – not being a supportive wife, a bad mother etc.
- She knew what she had to do – e.g. Get out of bed, get the kids off to school – start looking for a job – face the reality. BUT she couldn't make herself do it.
- Her idea was to count back from five to one to make herself take action - which in the beginning was simply to get out of bed..... And it worked.
- This simple trick has now helped millions of people around the world change their lives.



The 5 Second Rule

- The moment you feel yourself hesitate (when you know you should do something) start counting backwards 5-4-3-2-1, then GO.
- The Rule is a proven form of metacognition. When you use it, you shift mental gears, interrupt your habit of overthinking and awaken your pre-frontal cortex – making change easy. The rule acts as a "starting ritual" that breaks bad habits and triggers positive new behavior change.



So Who is Now Going to Implement the 5 Second Rule?



The Paper Clip Strategy

- In 1993, a bank in Abbotsford, Canada hired a 23-year-old stock broker named Trent Dyrsmid.
- Dyrsmid was a rookie so nobody at the firm expected too much of his performance.
- Despite his disadvantages, Dyrsmid made immediate progress as a stock broker thanks to a simple and relentless habit that he used each day.
- Within 18 months, Dyrsmid's book of business grew to \$5 million in assets. By age 24, he was making \$75,000. Within a few years, outside firms began recruiting him because of his success and he landed a \$200,000 job with another company.
- What was his strategy?



- On his desk, he placed two jars. One was filled with 120 paper clips. The other was empty. This is when the habit started.
- **“Every morning I would start with 120 paper clips in one jar and I would keep dialing the phone until I had moved them all to the second jar.”**
—Trent Dyrsmid
- And that was it. 120 calls per day. One paper clip at a time.



The Power of Visual Clues

- o **Visual cues remind you to start a behavior.** We often lie to ourselves about our ability to remember to perform a new habit.
- o **Visual cues display your progress on a behavior.** Everyone knows consistency is an essential component of success, but few people [actually measure how consistent they are](#) in real life.
- o **Visual cues can have an addictive effect on motivation.** As the visual evidence of your progress mounts, it is natural to become more motivated to continue the habit.
- o **Visual cues can be used to drive short-term and long-term motivation.** The Paper Clip Strategy can provide daily motivation.
- o **The Visual Cue of the "Don't break the chain" Seinfeld Calendar** is another form of motivation.




- o Trent Dyrsmid's story is evidence of a simple truth: **Success is often a result of committing to the fundamentals over and over again.**
- o Compare Trent's results to where you may often find yourself:
 - What makes the difference?
 - Why do some habits stick while others fail?
 - Why did Trent's paper clip habit work so well and what can we learn from it?





Accountability Monthly Goals

Buddy Process Follow-Up



BUDDY UP!


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Options


Art of Negotiating Options



The Art of Negotiation

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Steps To Negotiating an Option?




Thoughts


- Step 1: **Ask Questions** of the seller to understand their motivation to sell
- Step 2: **Explain an option** to the owner without using the word "option"
- Step 3: **Brainstorm** what could be negotiated on
- Step 4: Start the **negotiation**
- Step 5: Complete **MOU**

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Step 1) Questions to Ask Owner – Understand their Motivation


- o Discuss ideas on your table:
 - ❖ **Future plans** – retire & downsize, relocate for work?
 - ❖ **Timeframe sensitivity** – now, 6 mths, 12 mths, 2 yrs?
 - ❖ **Price sensitivity** – show me the \$, or more flexible?




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Step 2) How to Explain An Option to the Owner Without Mentioning "Option"


- o Discuss ideas on table:
 - ❖ **Would you be open to** me paying you a premium price for your property in exchange for a longer settlement period?
 - ❖ **I'm prepared to pay more** than what the property is worth right now but I need some flexibility e.g. to get approvals in place – would you be open to that?




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Step 3) What Can Be Negotiated On?

- o Discuss ideas on table:
 - ❖ Purchase price
 - ❖ Duration of option
 - ❖ Option fee (% of purchase price, fixed \$, holiday??)
 - ❖ Deposit (Amount? Released? Non-refundable?)
 - ❖ Due diligence
 - ❖ Security (caveat?)
 - ❖ Access to the property
 - ❖ Undertake works on the property
 - ❖ Lodge applications (DA/BA etc.)



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Step 4) Undertake the Negotiation

- o Discuss ideas on table:
 - ❖ Where?
 - ❖ Who's present?
 - ❖ When?
 - ❖ How many meetings?
 - ❖ Meeting follow-up?



Step 5) Memorandum Of Understanding - MOU

- o Discuss content ideas on table:
 - ❖ When to write up
 - ❖ Date
 - ❖ Address
 - ❖ Parties – buyer / seller
 - ❖ Conditions
 - ❖ Signatures



Activity – Role Play Option Negotiations

- o Students **Pair Up** (Partners split up) – 1 Buyer and 1 Seller
- o Negotiate **2 deals each** - Everyone gets to be a buyer & a seller
- o **3 Deals Available** – Everyone must do Deal 1 = Commercial



Deal 1 – Vacant Commercial

- On the market – For Lease or Sale
- Industrial property
- Vacant - Untenanted
- 1,667m² land
- 661m² floor area
- 10 containers
- 2 Freestanding buildings, 2 street access
- Asking Price: \$1.2M
- **Option Potential?:**
- ❖ **Tenant & income split, Reno, Strata, Increase lettable space**










Deal 2 – House with Subdivision Potential

- Off-market – Elderly owner
- Rental house desperately needing renovation
- 800m² subdividable block
- Market rent \$320/wk
- Vacant land 350m² selling for \$350k
- Property's current value \$650k
- **Option Potential?:**
- ❖ **Lease Option, Reno, DA Subdivision**











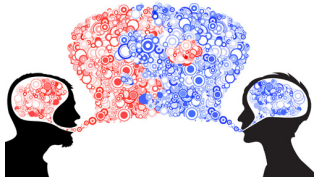



Deal 3 – Multi-Unit Development Site

- Off market
- Owner living in existing house
- 1500m² block
- Site potential: 4-5 townhouses
- Townhouse sales: \$750k - \$800k each
- Site value: \$1M - \$1.1M
- Development costs: \$1.25M
- **Option Potential?:**
- ❖ **DA & BA for Townhouses**



Negotiation 1

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The graphic features two black silhouettes of human heads facing each other. Inside each head is a brain composed of small red and blue circles. A large, multi-colored cloud of these circles connects the two heads, symbolizing communication and negotiation.

Swap Deals & Swap Roles
❖ Buyer becomes Seller & Vice Versa



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The graphic shows two stylized human figures, one green and one yellow, standing on a circular path. A red arrow curves from the green figure to the yellow figure, and a blue arrow curves from the yellow figure back to the green figure, illustrating a swap or exchange.





Negotiation 2

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The graphic is identical to the 'Negotiation 1' slide, showing two silhouettes of heads with brains made of red and blue circles, connected by a larger cloud of these circles.

Share Learnings



- o Discuss on table:
 - ❖ How did you go asking questions to understand the sellers situation?
 - ❖ How did you go explaining what an option is to the seller?
 - ❖ How did you go writing the MOU?
 - ❖ What did you agree on for each deal & learnings?

Share Learnings
Deal 1 – Vacant Commercial

- o On market – For Lease or Sale \$1.2M
- o Industrial property 1667m²
- o Vacant – Untenanted 661m²
- o Option Potential – tenant, strata, reno, increase lettable space



- ❖ Purchase price?
- ❖ Option timeframe?
- ❖ Option fee?
- ❖ Deposit \$?
- ❖ Settlement timeframe?
- ❖ Due diligence period?
- ❖ Income split from re-tenanting (%)?
- ❖ Access – frequency & notice given?
- ❖ Capacity to do works – strata / reno?
- ❖ Owner consent re strata docs / BA?
- ❖ Security – caveat?
- ❖ Who pays cost of option?
- ❖ Authority to erect signage – DA notification?

Share Learnings
Deal 2 – House with Subdivision Potential


- o Off-market, Val \$650k
- o Rental house on 800m²
- o Reno & subdivision potential
- o Option potential – Lease, reno, DA subdivision

- ❖ Purchase price?
- ❖ Option timeframe?
- ❖ Option fee?
- ❖ Deposit \$?
- ❖ Settlement timeframe?
- ❖ Due diligence period?
- ❖ Option to rent house - \$
- ❖ Consent to do reno works
- ❖ Owner consent re lodge DA & BA
- ❖ Security – caveat?
- ❖ Who pays cost of option?
- ❖ Authority to erect signage – DA notification?

Share Learnings
Deal 3 – Multi-Unit Development Site

- Off market – owner in house
- 1500m² land - 4-5 townhouse potential
- Site value \$1M - \$1.1M
- Option potential – DA & BA townhouses
- ❖ Purchase price?
- ❖ Option timeframe?
- ❖ Option fee?
- ❖ Deposit \$?
- ❖ Settlement timeframe?
- ❖ Due diligence period?
- ❖ Access – frequency & notice given?
- ❖ Owner consent re lodge DA & BA
- ❖ Authority to erect signage – DA notification?
- ❖ Security – caveat?
- ❖ Who pays cost of option?
- ❖ Sales evidence required?

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QUESTIONS?

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