

PLATINUM

November 2018

Option Contracts

Mastermind Event

Perth

Tamara Read

WA State Coach



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WA PLATINUM COACH



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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

Workshop Format

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



Housekeeping –

- I Love Super Conference – Annual Success Story Comp:
- **Congrats WA Platinum Finalist:**
 - Basia Garbowski !!!



Housekeeping

- Platinum Namaste Bali – Graduate Only Event:
- ❖ Vision Board (Sealed Envelope, No Name or Photos of Self)!
- ❖ Cocktail Party – 5 yr persona + props
- ❖ Gala Dinner - Tux & Tiara



4-DAY BALI EXPERIENCE – RELEASE YOUR DIVINE SPARK

Graduate Revisit Fee = \$12,995;

Partner = \$4,995

Part payment option on primary student if revisit within 30 days of expiry

Housekeeping –

- Ultimate Bootcamps (See Ultimate Website):
 - ❖ Melbourne 16th – 18th November
- Platinum National Conference: 24th – 25th Nov Sydney
 - ❖ RSVP with Knowledge Source - Open bar evening of Fri 23rd & Networking dinner evening of Sat 24th

Housekeeping –

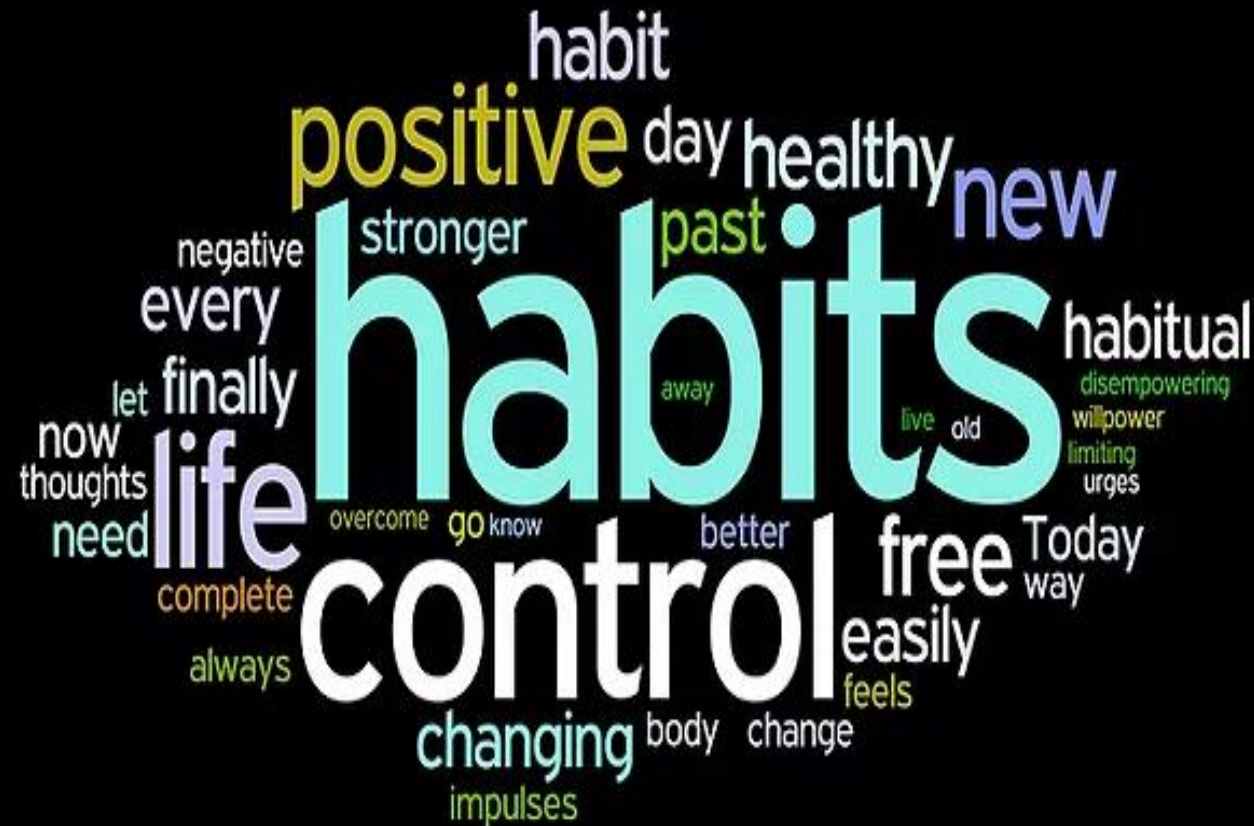
- 2019 WA Platinum Monthly Meeting Dates (Wednesday)
 - 6 February 2019
 - 6 March 2019
 - 3 April 2019
 - 8 May 2019
 - 5 June 2019
 - 3 July 2019
 - 7 August 2019
 - 4 September 2019
 - 9 October 2019
 - 6 November 2019
 - 4 December 2019



- ❖ PA National Conference Dates TBA

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Habit Changing Behavior



Jerry Seinfeld is one of the most successful comedians of all-time

- According to *Forbes* magazine, Seinfeld reached his peak in earnings when he made **\$267,000 in 1998**. 10 years later, in **2008**, Seinfeld was still pulling in a cool **\$85,000,000** per year. Now – he is still a household name.
- Show after show, year after year, he performs, creates, and entertains at an incredibly high standard.
- Jerry Seinfeld produces with a level of consistency that most of us wish we could bring to our daily work.
- **So, what is his secret?**
- **Is he a better comedian than any one else?**



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 comic.”**
- **This is what he said!**

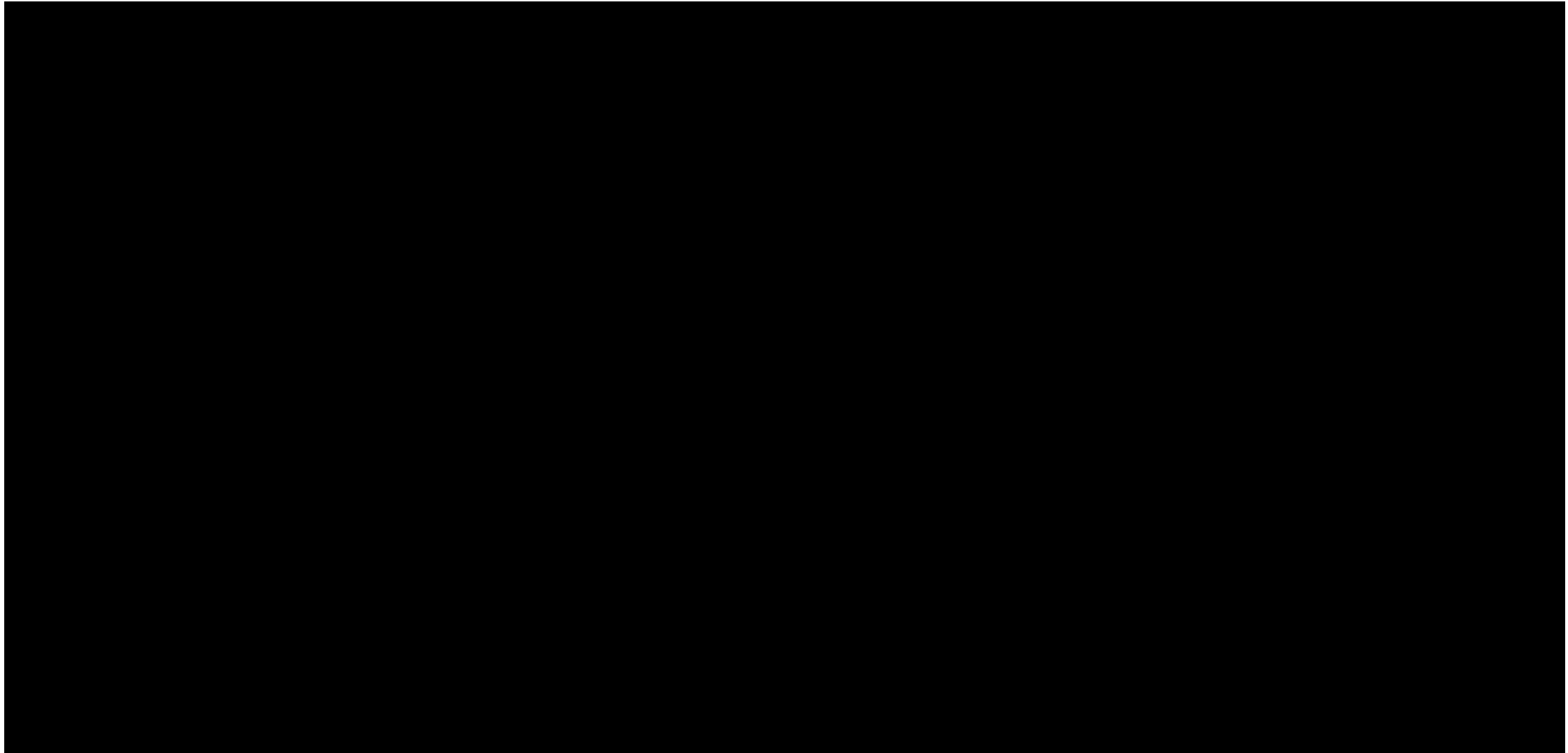
- He said the way to be a better comic was to create better jokes and the way to create better jokes was to write every day
- He told me to get a **big wall calendar** that has a whole year on one page and hang it on a prominent wall. The next step was to get a big red magic marker. He said for each 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.”**

The 5 Second Rule

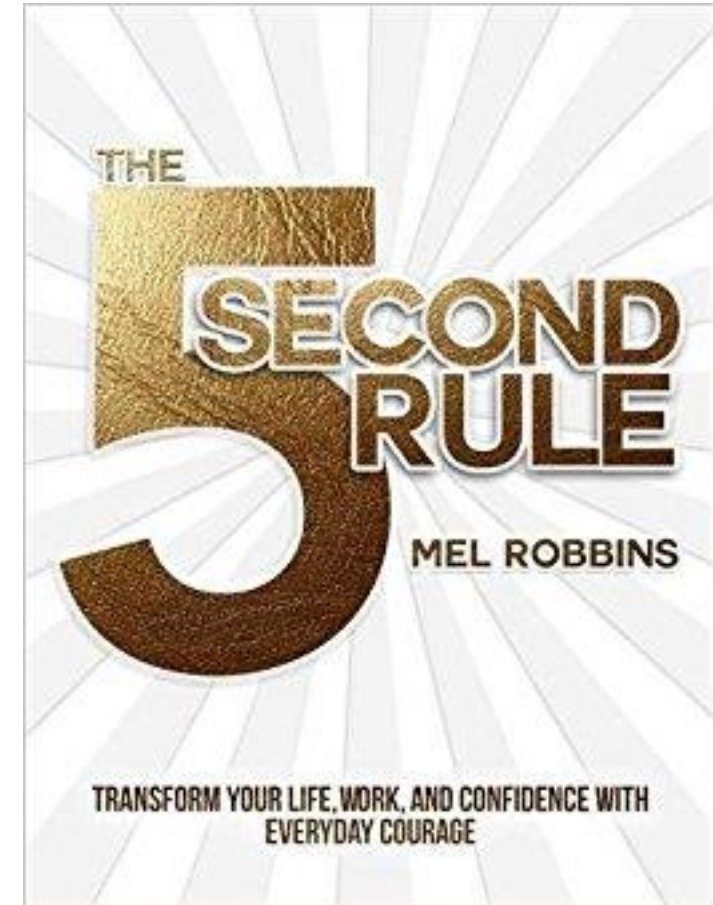


- Mel's story started when her and her husband lost a lot of money and friends money in a failed business.
- The creditors started calling, bankruptcy action was starting – life was not good. Mel had started drinking and staying in bed – not being a supportive wife, a bad mother etc.
- She knew what 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

- **Visual cues remind you to start a behavior.** We often lie to ourselves about our ability to remember to perform a new habit.
- **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.
- **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.
- **Visual cues can be used to drive short-term and long-term motivation.** The Paper Clip Strategy can provide daily motivation.
- **The Visual Cue of the ‘Don’t break the chain’** Seinfeld Calendar is another form of motivation.

- Trent Dyrsmid's story is evidence of a simple truth:
Success is often a result of committing to the fundamentals over and over again.
- 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?

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Accountability Monthly Goals



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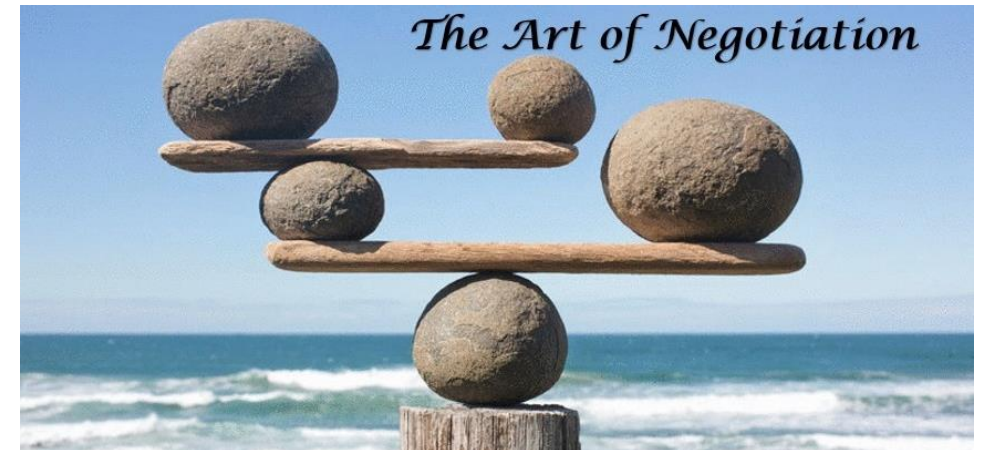
Buddy Process Follow-Up



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Options

Art of Negotiating Options



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Steps To Negotiating an Option?



- 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**

Step 1) Questions to Ask Owner – Understand their Motivation

- Discuss ideas on 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?



Step 2) How to Explain An Option to Owner Without Mentioning “Option”

- 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?

~~OPTION~~

Step 3) What Can Be Negotiated On?

- 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 property
 - ❖ Undertake works on property
 - ❖ Lodge applications (DA/BA etc.)



Step 4) Undertake the Negotiation

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



Step 5) Memorandum Of Understanding - MOU

• Discuss content ideas on table:

- ❖ When to write up
- ❖ Date
- ❖ Address
- ❖ Parties – buyer / seller
- ❖ Conditions
- ❖ Signatures



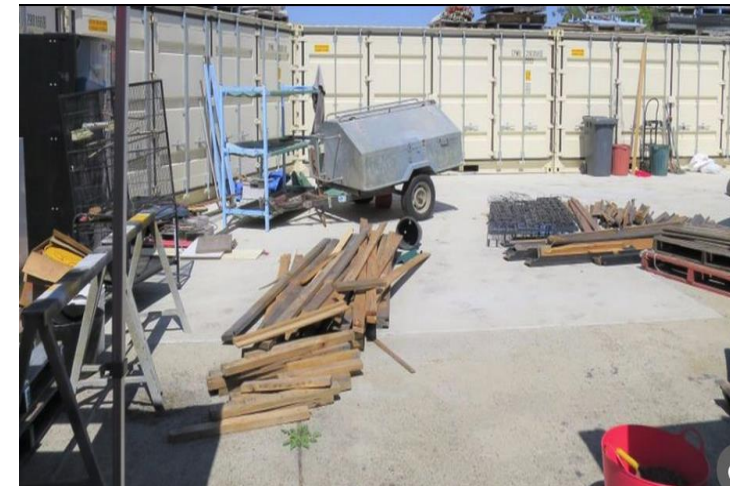
Activity – Role Play Option Negotiations

- Students **Pair Up** (Partners split up) – 1 Buyer and 1 Seller
- Negotiate **2 deals each** - Everyone gets to be a buyer & a seller
- **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**

Activity - Prior to Entering into Negotiation

- **Buyers of the same deal** come together & agree on the buyers negotiables (fill-out negotiation sheet)
- **Sellers of the same deal** come together & agree on the sellers negotiables (fill-out negotiation sheet)

Negotiation Sheet

- 1) For each negotiation fill out a recording sheet
- 2) Circle **Your Role** (Seller/Buyer) & fill out the respective table
- 3) Circle the **Deal Number** (1, 2 or 3)
- 4) **Pre Negotiation** - Write down your agreed negotiables from your group discussion
- 5) Undertake negotiation
- 6) **Post Negotiation** – Write down the result of your negotiation

1) OPTION NEGOTIATION ROLE PLAY

SELLER:

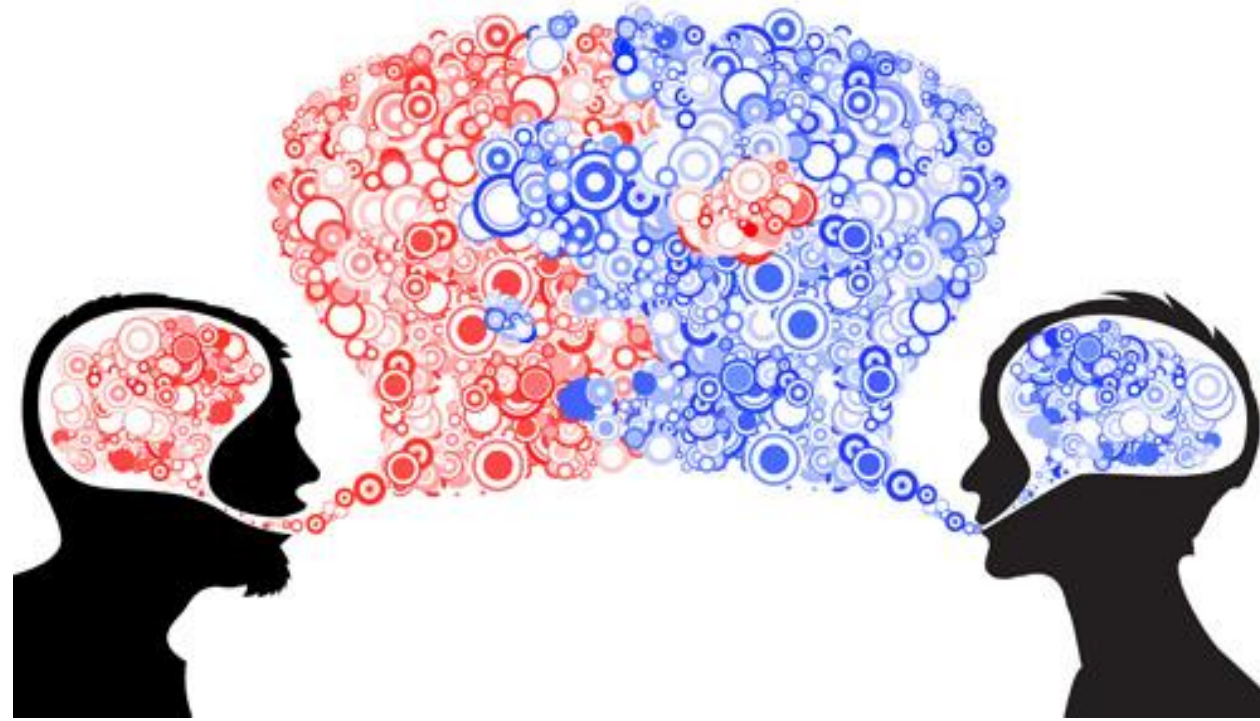
DEAL #: 1, 2, 3

	Pre	Post
Max Timeframe to Sell	<input type="checkbox"/>	<input type="checkbox"/>
Min Price Accepted	<input type="checkbox"/>	<input type="checkbox"/>
Option Fee - \$	<input type="checkbox"/>	<input type="checkbox"/>
Deposit - \$ / Release Date	<input type="checkbox"/>	<input type="checkbox"/>
Settlement Timeframe	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>

BUYER:

DEAL #: 1, 2, 3

Max Timeframe Required	<input type="checkbox"/>	<input type="checkbox"/>
Max Price Payable	<input type="checkbox"/>	<input type="checkbox"/>
Option Fee - \$	<input type="checkbox"/>	<input type="checkbox"/>
Deposit - \$ / Release Date	<input type="checkbox"/>	<input type="checkbox"/>
Settlement Timeframe	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>
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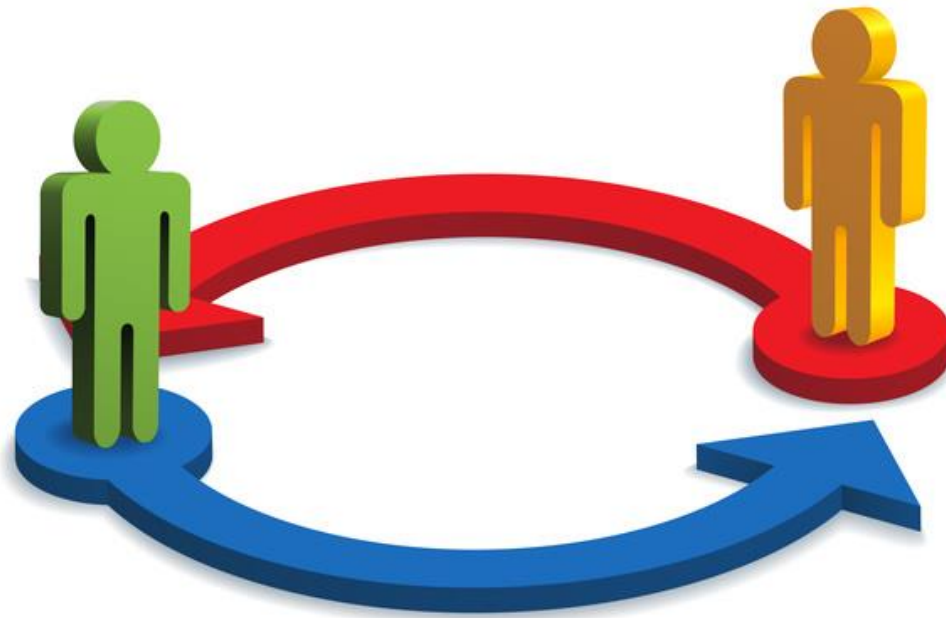
Negotiation 1

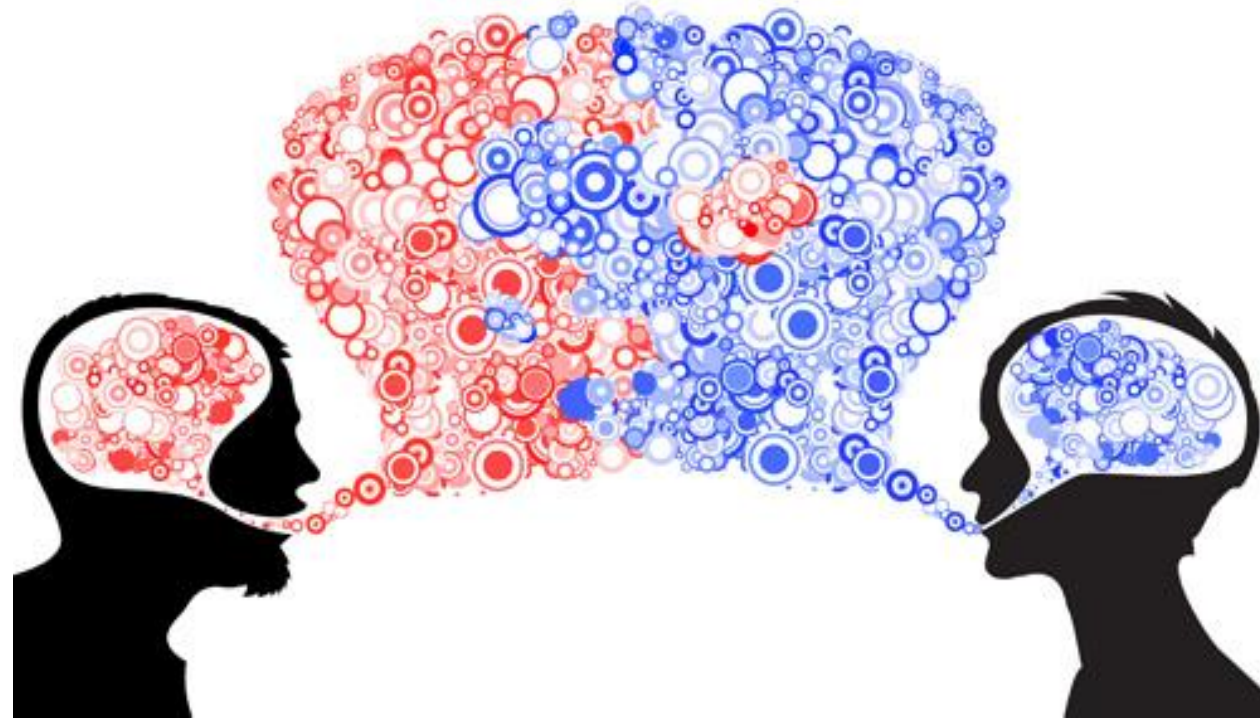
Share Learnings

- 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?
 - ❖ Hold off on sharing deal specific learnings until after 2nd Negotiation

Swap Deals & Swap Roles

❖ Buyer becomes Seller & Vice Versa





Negotiation 2

Share Learnings

Deal 1 – Vacant Commercial

- On market – For Lease or Sale \$1.2M
- Industrial property 1667m²
- Vacant – Untenanted 661m²
- 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

- Off-market, Val \$650k
- Rental house on 800m²
- Reno & subdivision potential
- 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?

QUESTIONS?