



**GATOR METHOD EMD  
DUE DILIGENCE PACKAGE**



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2021

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**Congratulations!** By completing the course up to this point, you now have the mindset, people, and system skills needed to begin lending earnest money deposits!

Although these types of transactions will vary from state to state, and it would be impossible to prepare you for every contingency imaginable, you now have the knowledge and skills necessary to adapt to your unique situations in order to mitigate your risk and begin Joint Venturing on EMD.

**As a special bonus, we have taken the most essential documents from the course and put them together for you here in your “Gator Method EMD Due Diligence Package,” a tool to help you transact your Joint Venturing on EMD deals.**

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## Disclaimer

I am not a CPA, attorney, insurance, contractor, lender, or financial advisor. The content in this document shall not be construed as tax, legal, insurance, construction, engineering, health & safety, electrical, financial advice, or other, and may be outdated or inaccurate; it is your responsibility to verify all information yourself. This is material for entertainment purposes ONLY.



# Pro Tips for Preventing Wire Fraud

Unfortunately, it has become common for criminals to use wire fraud to steal money related to real estate transactions.

## ***Do the work up front to prevent getting scammed later!***

### **Be wary of spoofed emails, text messages or calls**

- Wire fraud can begin a number of ways, such as through email messages, website forms, text messages or phone calls.
- Scammers are very clever and will duplicate the email addresses to look exactly like the title company and it will look 100% legit.



The title company will never pressure you to hurry and submit funds or threaten to cancel a transaction if you don't wire by a certain time.

- Title may send reminders, but will not cancel. They want the transaction to close to get paid!

Confirm all wire instructions by phone, not email.

- Always look up the destination company on the internet and call that number to verify the account info before sending (don't call the number on the wiring instructions sheet).
- **Call to confirm any changes you get by email.**
- **Ask your bank to confirm the account number and the name on the account before sending a wire transfer.**

**After wiring, call the title company to confirm receipt immediately.**

**If you discover you are the victim of scam, call and notify your bank immediately.**



## Very High-Level Overview of a “Perfect” Gator Method EMD Transaction

Wholesaler(WS) signs a contract with seller agreeing to buy the house. Assume “Pace’s Wholesale Contract” used that protects EMD.

Gator decides to Provide. Gator and WS complete JV agreement. Paperwork sent to title. Gator sends EMD TO TITLE ONLY - no one else!

The deal closes! Seller sells house. WS gets their assignment fee. EB gets their new house. Gator gets the chunk of WS fee they are due.

**Milestone 1**

**Milestone 2**

**Milestone 3**

**Milestone 4**

**Milestone 5**

Wholesaler asks Gator to Provide EMD. Gator completes the “5 Steps to Evaluate Risk.” (You will learn this in the next training)

WS secures an End Buyer(EB) before end of inspection period. EB sends EMD to title. Gator gets receipt of EB’s deposit.

So this is diagram shows a “perfect” EMD deal, right? Where nothing goes wrong and the deal goes super-smooth.

Yeah right! Gators live in the real world, where no deal ever goes 100% perfectly. And remember Gators love the carcasses others leave behind.

As the famous entrepreneur, Sir Richard Branson says, **you have to always plan for the downside, the worst case scenario.**

## Protect Your Downside

### Use Your Layers of Protection

Proper Contracts and Paperwork

Talk to Title

Gator Due Diligence

Daily Transaction Monitoring

Taking Appropriate Action

***“It is only by being bold that you get anywhere.***

***If you are a risk-taker, then the art is to protect the downside.”***

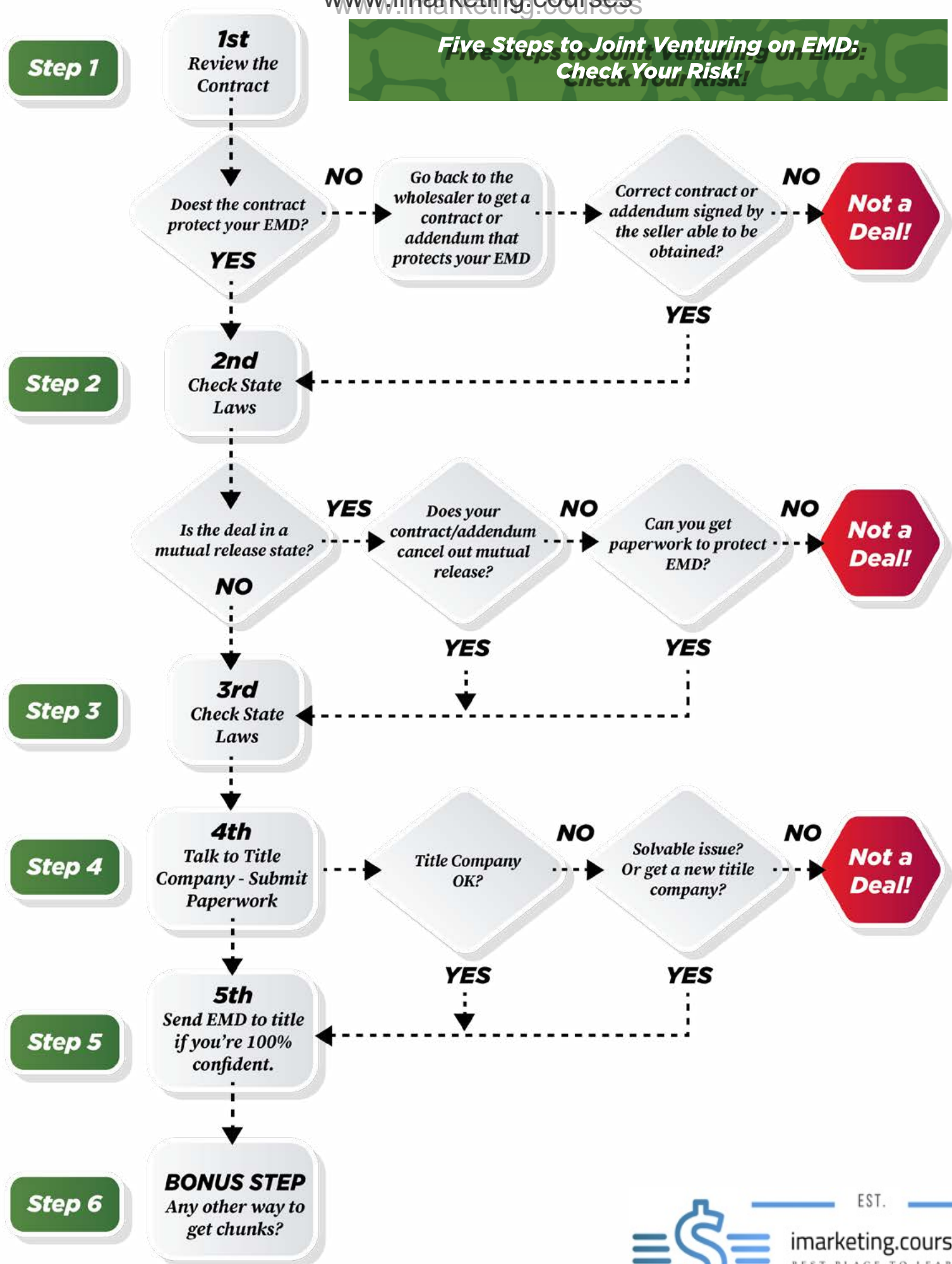
**- Sir Richard Branson**



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# Five Steps to Joint Venturing on EMD: Check Your Risk!



# The 5 Steps to Joint Venturing on EMD - Flow Chart Details

## **Infographics are nice. But now let's get into the details.**

The 5 steps help you do a “risk analysis” on a deal you want to Joint Venture on. Working through these steps will help you figure out how risky a deal is. They help you “test” the deal to see if your EMD is safe or not.

**All real estate investing involves some risk no matter what you do. But there are actions you can take to avoid as much risk as possible.**

## **Step 1 - Review the Contract**

- **Does the contract protect your EMD? Does it have an inspection period? Can you get your money back if the deal cancels?**
- Let's pause on protecting your EMD. We will talk about that in Step 2.
- **Focus on the inspection period.** The contract must have an inspection period stated in the contract. The inspection period allows time for the Wholesaler to find a Buyer. This time also allows for the Buyer to deposit their non-refundable EMD.
- This is very important. You want the Buyer to deposit their EMD, so that if they cancel after the inspection period is over, you get your Gator EMD back.
- **Having “no” or “0” days inspection is a HUGE red flag. Do not lend on this!**

## **Step 2 - Check State Laws**

- **Is this deal in a “mutual release of EMD” state?** Does the seller have to sign a paper giving permission to the title company to give you back you money?
- If the answer, is no- awesome! Proceed to Step 3.
- If the answer is yes, there is danger in the swamp. Proceed with caution!
- Did the seller sign Pace's Best Wholesale Contract Ever? If yes, go to Step 3.
- If no, can the Wholesaler get the Seller to sign the protective contract?
- If no, can the Wholesaler get the Seller to sign an addendum protecting the EMD?
- If the answer is still “no,” then STOP! You don't Joint Venture on this deal.

## **Step 3 - Review the Final Exit Strategy for the Deal**

**What is happening to the property at closing? What is the Buyer doing with it? Does this information affect your Gator Method plans? Is there more opportunity for you?**



# The 5 Steps to Joint Venturing on EMD - Flow Chart Details

(continued)

## Step 4 - Talk to the Title Company

If you got this far, you have the right paperwork. But when it comes down to it, the almighty title company will decide if they are going to follow the paperwork and release your EMD. Call them and double check. See script if you need help.

**“Hello Title Rep. My name is [your name].**

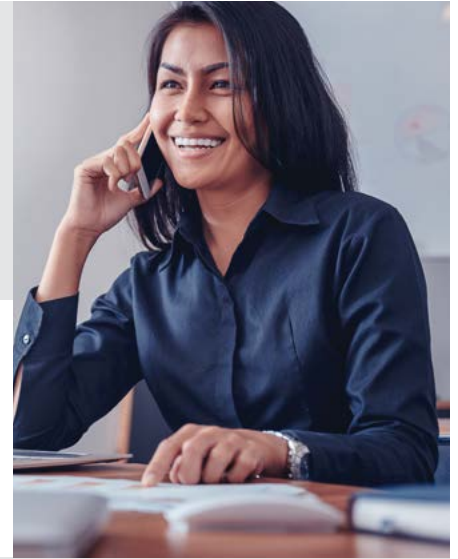
**I am joint venturing with [Wholesaler] on this deal & I’m depositing \$[amount] earnest money.**

**But I really want to make sure that you guys do NOT require the seller to release my earnest money back to me if we cancel during the inspection period. Per the escrow instructions, I need to also ensure the EMD gets released back to me, not the wholesaler”**

**If title says you’re good to go, proceed to Step 5.**

But if title says you have a problem, it needs to get solved before you can proceed. If the problem can and does get solved, go to Step 5.

**If the problem can’t be solved- stop! Do not Joint Venture on this deal.**



## Step 5 - Send EMD to Title

Woo-hoo! If you’ve got to this step, you have checked out the paperwork, talked to title, and checked this deal for risk. If you feel 100% confident in the deal now AND you feel that you have done everything you can do to make sure your EMD gets refunded to you if needed, then follow the title company’s instructions to fund the EMD for the wholesaler.

**PRO TIP: Follow best practice to avoid wire fraud. Call the title company and verify wiring instructions prior to funding. You want to ensure that your money goes to the title company, not someone trying to steal from you!**

Your funds go to title ONLY. Never send money to the Wholesaler, the Buyer, or another company.

## Step 6 - Any Other Ways to Get Chunks?

Look at the deal and ask yourself:

- **Is there any other way to I can provide value?**
- **Any other way that I can give a needed resource?**
- **Is there any other way I can get a chunk of the profit?**
- **What else can I bring to the table in order to make additional income?**
- **Then provide it (such as bringing an end buyer).**

**REMEMBER: Have a abundance mindset, not scarcity. There are ple your money on a deal that does not pass the “5 Steps of Joint Venturi**



# Checklist #1

## Underwrite Your JV Partner/ Borrower

<b>Name of Wholesaler</b> (Any Other JV Partner involved?)	_____
<b>Company Name</b> (if applicable)	_____
<b>Any other parties involved in transaction Gator needs to know about</b>	_____ _____
<b>Cell Phone Number involved in transaction Gator needs to know about</b>	_____ _____
<b>Email Address</b>	_____
<b>Who can you call if your partner has an emergency &amp; becomes unavailable? Who could take over for them?</b>	_____ _____ _____ _____
<b>What is their credibility? Do they have an internet/social media presence available for review?</b>	_____ _____ _____ _____
<b>Does Wholesaler have a buyer lined up already?</b> (More about this on Checklist #2)	_____ _____ _____ _____
<b>Other Notes</b>	_____ _____ _____ _____



# Checklist #2

## Underwrite the Property

<b>Is a buyer lined up?</b> If not, on a scale of 1 to 10, how likely is it a buyer will be found and deposit EMD before IP deadline?	_____ _____ _____ _____
<b>Property Address</b>	_____ _____
<b>Property Square Feet</b>	_____ <b>Sq. Feet</b>
<b>Year Built</b>	_____
<b>How many bedrooms? bathrooms?</b>	<b>Beds -</b> _____ <b>Baths -</b> _____
<b>Neighborhood Quality</b> (Check crime rate, school quality, etc)	_____ _____
<b>Property Condition</b> (Have you seen photos?)	_____ _____
<b>Any undesirable factors that would make it difficult to sell</b> , such as front/back major traffic/commercial or is in the middle of nowhere?	_____ _____ _____ _____
<b>Days on market for the area</b>	_____
<b>Seller Contact Info</b>	_____ _____ _____ _____
<b>Title Company/ Closing Attorney Contact Info</b>	_____ _____ _____ _____
<b>End Buyer Contact Info</b>	_____ _____ _____ _____

# Checklist #3

## Underwrite the Opportunity

<b>Wholesaler EMD</b>	\$ _____
<b>End Buyer EMD</b>	\$ _____
<b>Your Gator Investment</b>	\$ _____
<b>Wholesaler Purchase Price</b>	\$ _____
<b>End Buyer Purchase Price</b>	\$ _____
<b>WS Assignment Fee</b>	\$ _____
<b>Your Gator Chunk</b>	\$ _____
<b>Any additional compensation opportunities for you?</b>	_____ _____ _____ _____
<b>Number of Days in Inspection Period</b>	_____ _____
<b>Date &amp; Time IP Ends</b>	_____
<b>COE Date</b>	_____
<b>Any additional compensation opportunities for you?</b>	_____ _____ _____ _____

# Checklist #4

## From Underwriting to Depositing EMD

The checklist below will take you through the part where you lend EMD.

_____	<b>You have seen the purchase contract signed by the seller.</b>
_____	<b>You checked to see if the deal state is “mutual release of EMD” or not and taken the appropriate action based on this information.</b>
_____	<b>You verified that the purchase contract and/or addendum has been signed by the seller that will protect your EMD (if you are lending in a mutual release state).</b>
_____	<b>You verified that the seller will not have to sign anything else in order for your EMD to be released.</b>
_____	<b>You talked to the title company/attorney to verify that your EMD will be released without the seller having to give permission.</b>
_____	<b>You are confident that your EMD is protected.</b> You have reviewed the “Pro Tips for Preventing Wire Fraud”
_____	<b>Paperwork sent to title</b> (see Training 5.0 for same contracts and explanations of each).
_____	<b>Your EMD funds have been sent to the title company ONLY.</b>
_____	<b>You received a receipt from the title company for your EMD funds.</b>

# Checklist #5

## Monitoring Transaction Until Close

_____	<b>You continue to monitor the transaction daily to check if the wholesaler has found an end buyer to assign the property to BEFORE the inspection period deadline.</b> (You cancel the transaction BEFORE the deadline ONLY if needed to protect your EMD.)
_____	<b>The wholesaler found an end buyer before the end of the inspection period and the end buyer deposited their EMD which is larger than yours.</b>
_____	<b>You have received a receipt from title that proves end buyer deposited EMD.</b>
_____	<b>Have you analyzed the deal to see if there are any other ways you can get more chunks?</b>
_____	<b>You continue to monitor the transaction daily to check if the wholesaler has found an end buyer to assign the property to BEFORE the inspection period deadline.</b> (You cancel the transaction BEFORE the deadline ONLY if needed to protect your EMD.)
_____	<b>The wholesaler found an end buyer before the end of the inspection period and the end buyer deposited their EMD which is larger than yours.</b>



**CONGRATULATIONS ON DOING THE HARD WORK!  
YOUR FUTURE SELF THANKS YOU!**





## Joint Venturing on EMD: Deal & Transaction Notes

**Use this page to make your own notes or to write down questions that came to mind as you worked through this workbook.**

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