



**TRAINING 4.0 WORKBOOK:  
JV + EMD - CHECK YOUR RISK**



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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tax, legal, insurance, construction, engineering, health & safety, electrical, financial advice, or other, and may be outdated or inaccurate; it is your responsibility to verify all information yourself.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.



# Notes Page

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

**NOTE:** On **ANY** of the date boxes below or **ANYWHERE** in this entire document where you are prompted to fill in a blank or take notes, you are able to do so by clicking in the grey area and typing as much as you like!

This image shows a full page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page, typical of notebook paper. There are no margins, text, or other markings on the page.



## 4.1. What the Heck are Usury Laws?

Usury laws prohibit lenders from charging borrowers excessively high rates of interest on loans. Hard money and private money lenders charge interest...**how do Gators avoid a run in with the law?**

**Gators are different.** As a Gator, you will do a joint venture where you bring a resource to the table. In return, you will be rewarded a portion of the profit of the deal. This is why we have a joint venture agreement.

Usury laws are based on interest. We are not charging interest.

We are taking chunks based on a joint venture agreement partnership with the person we are doing the deal with.

**You are technically NOT doing a loan. You are joint venturing on the deal.**

**What you bring to the table as a Gator is a RESOURCE.** Your contribution to the deal is a resource and you then get to participate as a joint venture partner on the deal.

### ***True or False?***

\_\_\_\_\_ **Hard money and private money lenders charge interest.**

\_\_\_\_\_ **We are NOT hard money or private money lenders.**

\_\_\_\_\_ **Gators charge interest.**



## 4.2. Help! Wholesaler Used Wrong Contract What do I do?

**Fill in the blanks as you read these notes from the video:**

### Step 1:

Review the \_\_\_\_\_.

The \_\_\_\_\_ you use should give you the ability to get the earnest money back in the event that wholesaler can't find a buyer in their 1st 10 days. (Sometimes this number of days is greater than 10 or less than 10. But a standard inspection period is 10 days.)

### Step 2:

Understand \_\_\_\_\_ law.

Are you Joint Venturing in a mutual release state?  
Does the \_\_\_\_\_ have to give permission to release your \_\_\_\_\_?

**If you're in a state like Arizona, don't worry about it- NOT a \_\_\_\_\_ release state.**

**If you're in a state like Texas, BE CAREFUL-IS a mutual \_\_\_\_\_ state!**



Regardless of the state, you need to make sure that the \_\_\_\_\_ you're using states that if the End Buyer cancels, ALL the earnest money goes back to you. So no matter what state you're in, use Pace's \_\_\_\_\_.

### Step 3:

**What is the outcome of the deal for the Gator?**

If the \_\_\_\_\_ used the wrong \_\_\_\_\_, they can go back to the seller & get right contract signed (but this will almost never happen).

Or get the seller to sign an \_\_\_\_\_.

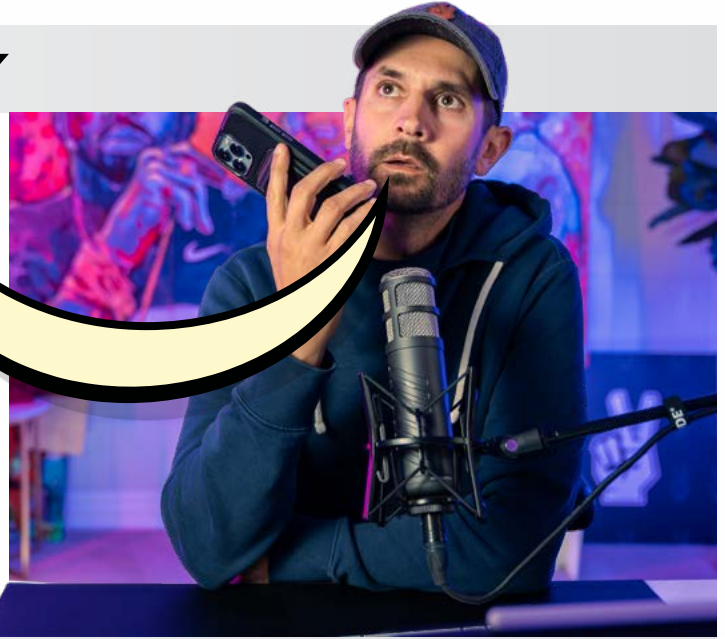
But if the \_\_\_\_\_ is wrong and can't get \_\_\_\_\_ signed, then check the state law.

- ① **If the state allows for the EMD to be released, you're good to go.**
- ② **But if the state does do mutual release, then it's a stop. Do not pass Go. Do not fund that EMD!**

What if you're not sure about state law? Call the title company or closing attorney. Here's a script to use:

### **SCRIPT TO TALK TO TITLE COMPANY**

"Hi Title Company! My name is [your name].  
I'm coming in and joint venturing with [insert  
name of wholesaler] on this deal. And I'm bring  
the earnest money for them.  
  
But I really want to make sure that you guys  
don't require the seller to release my earnest  
money back to me IF we cancel during the  
inspection period."



It is your job to fully vet a deal and protect your money.

**NEVER PUT YOURSELF IN A RISKY SITUATION.**

Why is it a bad thing if the Wholesaler uses the wrong contract?

**Write your answer below.**

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## **CONTRACT**

This Contract is entered into by and between \_\_\_\_\_  
The term of this Agreement shall begin on \_\_\_\_\_  
termination date of \_\_\_\_\_  
This Contract \_\_\_\_\_



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## 4.3. Where to Find the Money Making Gator Opportunities

You can “advertise” on Facebook. **Go into FB groups and let wholesalers know that you are available to Joint Venture.**

Be mindful of oversaturated groups like *Creative Financing with Pace Morby* though. Great group, but there’s going to be a lot of Gators swimming in there.

Go where there’s less competition, like your local wholesaler groups.

**See next page for a script builder you can use to write your post for these groups.**



## Transaction Coordinators

Answer these questions based on what you learned in the video:

**1** What is a transaction coordinator and what do they do?

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**2** How can being a transaction coordinator help you as the Gator get more Gator Method deals?

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## 4.4. Attracting Gator Deals: Facebook Post Script Builder

Hi! My name is [insert your name here].  
Thank you so much for letting me into this group.  
**There are 3 things of value I can provide to anyone in here.**  
**Hit me up if you need anything.**



**1** [pick 1 type of value from the list below and type in here]

**2** [pick a 2nd type of value and type it here]

**3** If you need microfunding, like earnest money, etc., I have been know to be a lender from time-to-time.



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## 4.5. Test Your Gator Brain: *You're a Principal in the Deal*

One of the main reasons why you do a joint venture agreement in Gator Method, is because your JV agreement makes you a principal in the deal.

**Being a principal allows you to call the title company to obtain information, EMD receipts, and cancel transactions.**

In the 4.0 training video, two different situations were discussed that demonstrate the importance of being a principal in a deal.

**Based on what you learned, answer the questions below.**



- ① What happens if someone ghosts on the deal? Is there any stipulation in the contracts that details what happens in the reasonable absence of a participant?

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- ② If there's no word from the Wholesaler and inspection is coming due, you are in danger of losing the Earnest Money Deposit. What do you call title & say?

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### **Fill in the Blanks:**

As the Gator giving EMD to title company, make sure you get the receipt of earnest money deposit that proves that the End Buyer deposited their funds.

Choose One:

**Should your End Buyer's EMD be less, greater than, or equal to the EMD you deposit with title?**

A. Less    B. Greater Than    C. Equal to

Answer: \_\_

### **True or False?**

If you don't get a receipt from the title company for the End Buyer's EMD and your inspection period is almost over, you should call the title company & tell them to cancel the contract & refund your earnest.

Answer: \_\_\_\_\_

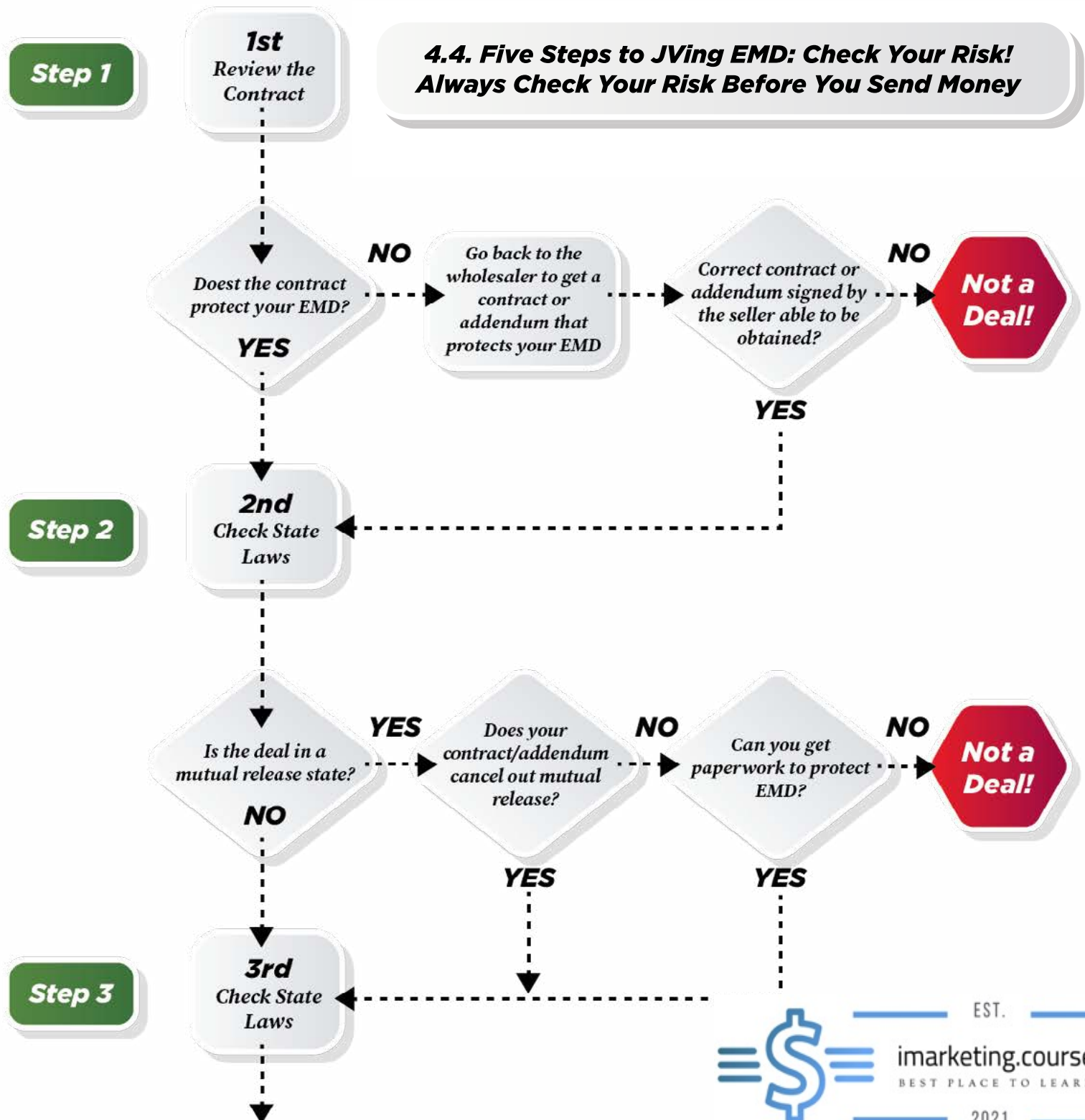
**If you don't get a receipt from the title company for the End Buyer's EMD and your inspection period is almost over, you should call the title company & tell them to cancel t**

## 4.6. Joint Venturing on EMD - Check Your Risk

In training 3.0, you learned the what and why of Joint Venturing earnest money deposit. The focus of this training is to make sure you understand how to mitigate your risk when Joint Venturing EMD.

It's called doing a "risk analysis." If there is a chance you lose your money, you don't send it.

This section of the workbook covers "The 5 Steps to Joint Venturing on EMD - Check our Risk!" flowchart and companion details.



**Continued from prior page**

**Step 4**

**4th**  
Talk to Title  
Company - Submit  
Paperwork

Title Company  
OK?  
**YES**

**NO**

Solvable issue?  
Or get a new titile  
company?  
**YES**

**NO**

**Not a  
Deal!**

**Step 5**

**5th**  
Send EMD to title  
if you're 100%  
confident.

**Step 6**

**BONUS STEP**  
Any other way to  
get chunks?



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# 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 Joint Venture 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].**

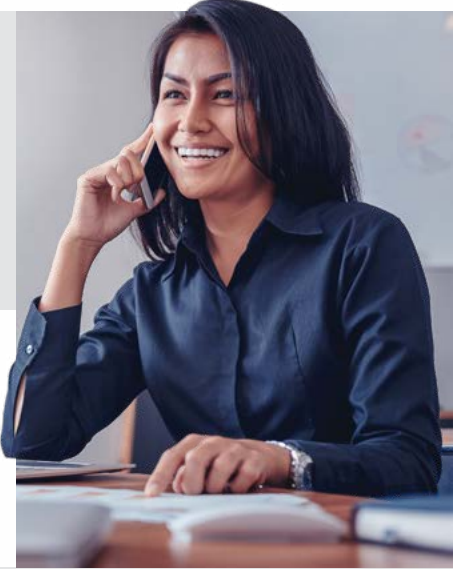
**I am joint venturing with [Wholesaler] on this deal & I’m depositing \$[amount] earnest money.**

**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**

## Training Preview:

In Training 5.0, we have attached the workbook breaking down your Gator Paperwork with an additional BONUS “Joint Venturing on EMD Due Diligence Package.”

This package contains training materials, such as the “Check Your Risk” flowchart, paired with checklists and other content to help keep you on track in your Joint Venture EMD transactions.



## 4.7. The Lightbulb Story

Rumor has it that a group of lightbulb manufacturers got together and said, “How do we come to an agreement and set the standard price of lightbulbs, so that none of us undercut each other and we all make a lot of money? Otherwise, we’re just going to fight each other, and it’s a race to the bottom where we all lose.”

This made sense to all the manufacturers, so that’s what they did. They worked together for the mutual benefit of everyone’s business.

They got together and set the quality, product life, and price of the product, so that they could all keep their margins intact.

Even though technically they were competitors, they also knew it was good business to set aside the competition in this area and work together for the benefit of them all.



**Moral of the Story: DO NOT UNDERCUT OTHER GATORS**

## 4.8. Gator Mindset & Inspiration

**A small mindset does not lead to success.**

**Educating Others & Providing Good User Experience ARE Your Business.**

**Customer Is King!**

**You want to squad up with people who have real estate experience.**

**“The toes you step on today, might be attached to the butt you have to kiss tomorrow.”**

**- Gator Ken**



# **Mini Workbook Conclusion**

***Nice work finishing Gator Method 4.0:  
Joint Venturing on EMD - Check Your Risk!***

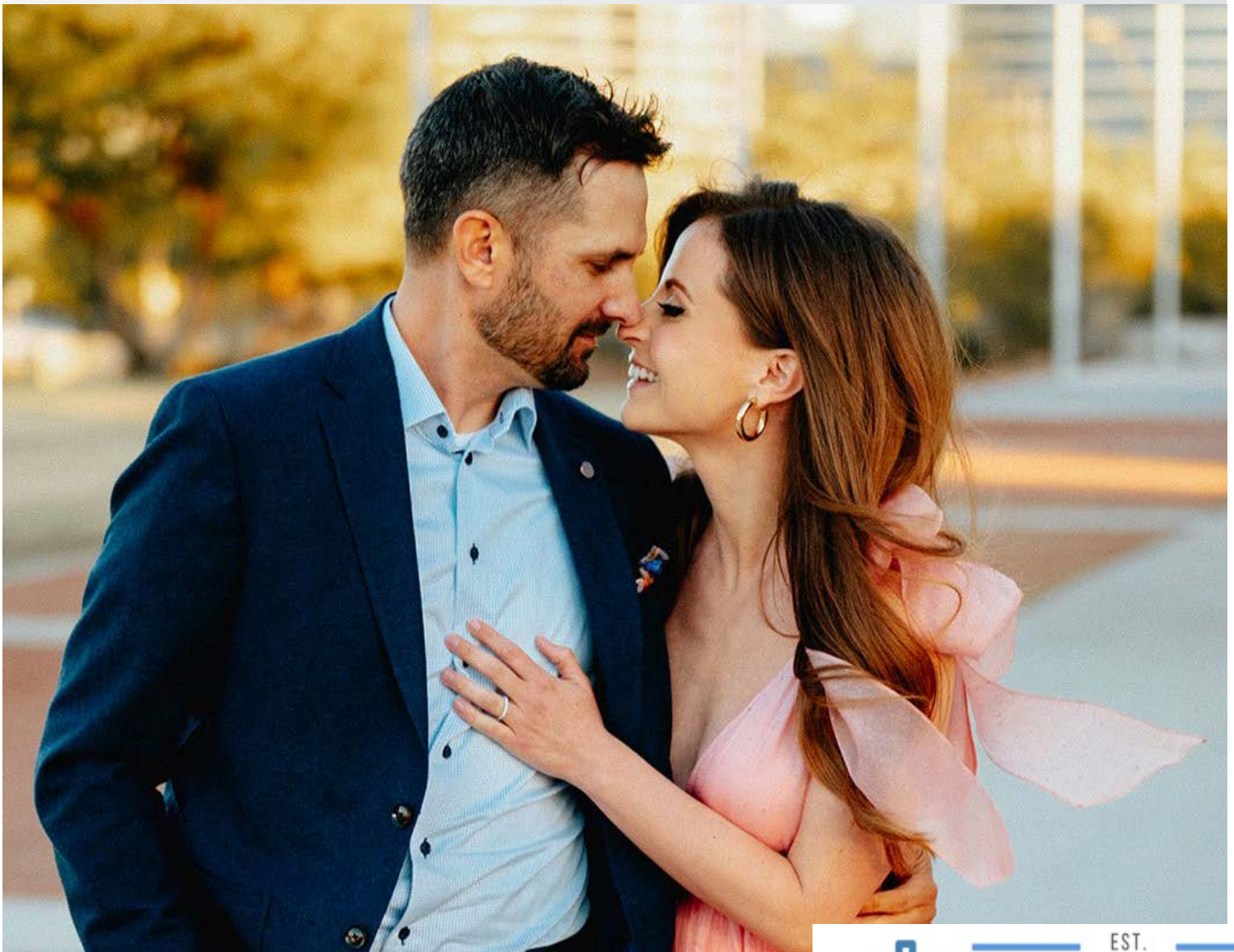
The main learning objective of this module was:

## ***4.6. Joint Venturing on EMD - Check Your Risk!***

Make sure you understand this topic well enough that you can explain it to someone else.

If you can't, review the course material for this objective.

***Time to move on to Gator Method 5.0!***



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