



# JOINT VENTURE PROJECTS PART I

Susannah Cole  
The Good Property Company



## IF YOU ARE NOT STARTING OUT WITH A LARGE SUM OF MONEY WITH WHICH TO INVEST, WHAT CAN YOU DO?

One way to move ahead with your property business is to work with Investors. They bring the cash, whilst you bring hard graft and expertise. I started by pulling money out of my personal home mortgage and investing that into my first two buy to keep projects. After that I would have been stuck if people had not taken an interest in working with me.

There are 7 important stages for you to consider when running a Buy to Sell project with a JV partner, they are:

1. **PRE DEAL**
2. **DEAL PURCHASE**
3. **PROPERTY REFURB**
4. **POST REFURB AND DRESSING PROPERTY**
5. **SALES PROCESS**
6. **OFFER IN & CONVEYANCING PROCESS**
7. **POST SALE ANALYSIS**

Remember that when entering into a partnership with another investor, the position you want to be taking is one of team mentality. You are working shoulder to shoulder; it should not be an 'us and them' situation.



## PRE DEAL

Start by discussing the working relationship principles; you will be discussing the structure of the deal and the level of deal spend – we suggest starting small, have a test case to suss out your working relationship.

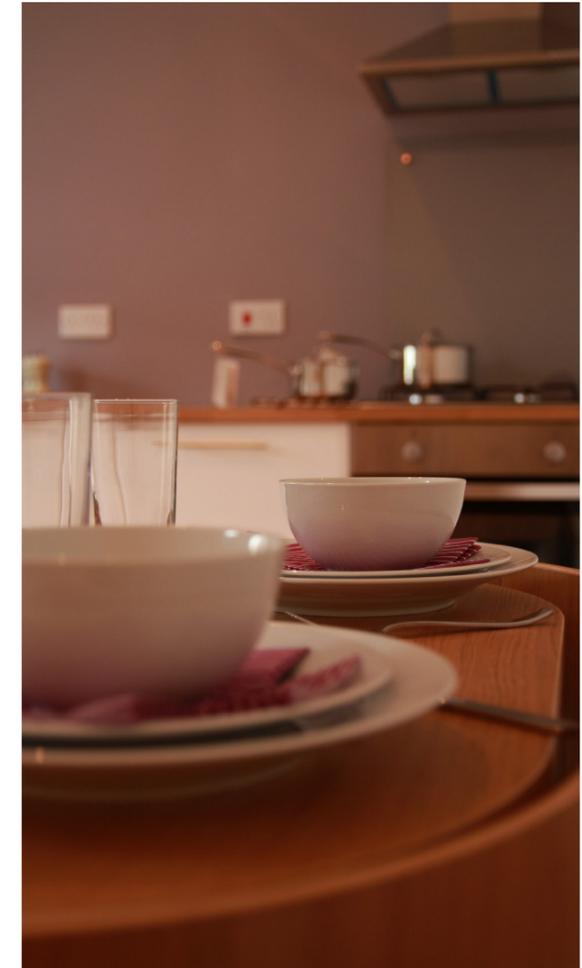
Go through the 'what ifs' - what could go wrong! Be aware of the statistics, for example, 1 in 3 deals falls out of bed; this will help set your partner's expectations. I find this is really important to follow, you don't want to promise your partners the earth and sky; they need to understand it's an entrepreneurial business with risks involved; by being clear about those risks, you are both already prepared if they do crop up.

Agree communication with your partner, both the frequency and your preferred method. Communication is often something that slips when you're busy running a project; you must remember that you are the only way your partner will keep up to date with the project.

## DEAL PURCHASE

Become your partner's 'Office Manager'; as you're buying the property you will do a lot of the admin even if the deal is in your partner's name, be aware there's a lot more work involved in conveyancing property than first meets the eye; you need clear processes and a lot of time!

Be mindful that at this stage most investors get what we have termed Investor Wobble, even me! The best way to help your investor not to have too many sleepless nights is to communicate frequently, so they know the project is being well managed by you.



## PROPERTY REFURB

Now that you've bought the property your next step is to refurbish it. First, consult the experts, the estate agents, who know what people require in their particular area – for example open plan living/ kitchen, or an en-suite in the master bedroom.

This is a great opportunity for you and your partner to have a joint meeting with estate agents to kick off the project and confirm the refurb that you will be managing.

Remember Investor Wobble... Where your partner gets worried; you're so busy managing a project you forget to talk to them as you know it's all in hand. So, step out of your own business for a moment and get back to communicating with your partner, whether this is via telephone, by sharing photos of the project, or meeting on site. Regular financial updates will avoid unwelcome surprises and if ever you hit a speed bump discuss it with your partner.

## POST REFURB & 'DRESSING'

Well done! You've managed the refurb successfully and now you're almost ready to put the property back on the market.

Here's another opportunity to meet with your JV partner. I suggest you meet up with a minimum of 3 estate agents to confirm your selling price and agent. Getting feedback on your property from the agent will help your partner see that it's the market place speaking as to end value, not you. This often helps confirm your expertise in their eyes as the estate agents will undoubtedly be pleased with what you've developed.

After the meeting with the estate agent, you and your partner agree the selling strategy; this should include any price drops and the pre-planned timescales for those should the property not be snapped up immediately; in the current market-place, we look to hold a price for 4 weeks, put in the first drop after two weeks, then put in a second price drop two weeks after that. Remember Return on Capital Employed (ROCE) is a function of time and money and so you want to sell as fast as you can.



## PART TWO, NEXT MONTH...

I hope you've enjoyed the first of two articles of a practical running of a Buy to Sell with a JV partner. Next month's edition will cover the sales and conveyancing processes, along with post sale analysis and legislation on how to be a sophisticated investor. We wish you the best in your own successful BTS and JV partnerships, if you want to contact us.....

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# JOINT VENTURE PROJECTS PART II

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*Welcome to the second of my articles on how to practically run a Joint Venture Project. Last month, we covered prepping the team, pre deal, sourcing the deal, refurbishing and dressing the property, ready for sale. In this month's article, we will cover the Sales Process, Managing Offers and Conveyancing and the all-important wash up and project analysis with your JV partner.*

## FOR PART TWO, WE START AT THE POINT OF PUTTING THE PROPERTY ON THE MARKET, EXCITING TIMES!

*To recap from last month*, one way to move ahead with your property business is to work with Investors. They bring the cash, whilst you bring hard graft and expertise. I started by pulling money out of my personal home mortgage and investing that into my first two buy to keep projects. After that I would have been stuck if people had not taken an interest in working with me.

There are 7 important stages for you to consider when running a Buy to Sell project with a JV partner, last week we covered:

1. PRE DEAL
2. DEAL PURCHASE
3. PROPERTY REFURB
4. POST REFURB AND DRESSING PROPERTY

*This week, we are covering:*

5. SALES PROCESS
6. OFFER IN & CONVEYANCING PROCESS
7. POST SALE ANALYSIS

Remember that when entering into a partnership with another investor, the position you want to be taking is one of team mentality. You are working shoulder to shoulder; it should not be an 'us and them' situation.

## SALES PROCESS

I love meeting with the agents selling my house; I learn so much about the market place from them; they are the coal face, speaking to retail buyers daily and have great knowledge of the changing requirements of buyers, so I learn shed loads in this way. In an ideal world, I suggest you organise a fortnightly meeting with the estate agent in their office. It will help focus the estate agent's delivery of viewings for your property – I found that when I had Tuesdays at 10am booked with my selling agent, they tended to call out my property over the weekend so they could give me great viewing numbers in our meeting – I guess they looked at their next week's diary, thought, 'sugar, she's coming in' and got on the phone so they had something to show me. I used to take one of my JV partners with me, and we naturally asked different questions; two heads are better than one!

In this fast moving market you're unlikely to have many fortnightly meetings with your agent, as you should sell very quickly, so use them wisely as fantastic opportunities to learn what you did well/badly. In addition to subtly encouraging call outs to book viewings, you also will gain great feedback on the viewings.

With any specific feedback you do get, use it to adapt your approach; for example having the heating on in winter helps to create a warm and homey feel; another area not to overlook is clearing the mail daily, this will help your property look and feel well looked after.

Fully prep yourself by exploring market stats such as £ sale per square foot, viewing numbers, and offers to viewing ratios generally in the area (swim with the tide). If your agent is professional, they will have industry specific programmes to track their progress in those areas, and likely their competitors' progress too. For the geeks among us, it is superb data. That way you can learn what is happening right now in your market place, statistically, and also understand how your product (house for sale) is performing against the others on the market, and tweak to improve.



## OFFER IN & CONVEYANCING

Congratulations! You get an offer.

Once you've had an offer have a discussion with your JV partner of offers received and agree how to proceed together.

Remember your stats – 1 in 3 sales falls out of bed. This is an opportune moment to remind your partner of this so they're not disappointed if it does happen.

Be aware of last minute buyer shenanigans, such as not exchanging on time or them trying to drop the price. Prepare for them; discuss all this with your JV partner, what you would do in advance of these things happening, so you already have a plan of action.

Employ a cleaner to come into the property fortnightly – dead flies are not a sexy look for a property about to make you thousands of pounds in profit! Even though your buyers have agreed to the purchase of the property, they can be prone to getting buyer's

remorse and often want to come back and see their house again; you need it to be as beautiful as when they first stepped through the door.

Just some practical tips here:

**1.** Use the same solicitor to sell your property that you used to buy it – they are up to speed on the property; they will have the legal paperwork, along with any energy certificates you are required to have.

**2.** Don't expect anyone to push the deal through except yourself so conveyance every day to help the process move swiftly. Have a Work In Progress folder so you know what your next steps are and continue to report to your JV partner frequently, and to support them deliver any admin needed.

## POST SALE PROCESS

You may think the stages finish after 6; you've sold it... but it's not over yet! Your best investor is your current investor and it's a great excuse for a cup of tea and a slice of cake. Here at TGPC we don't need much of an excuse to bring out cake...

Review the project together; look at what went well and what could improve for next time. Review the principles of your Joint Venture agreement going forward and change anything that didn't feel quite right for either of you. Set out your timeframe and budget for your next deals so you both know where you are. Remember once you have proven you can work well together your smartest step is to rinse and repeat.

Good luck, I hope you have great success!

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