ACHIEVING HIGHER SALES VOLUME PRICES COMMISSIONS

USING CO-OWNERSHIP

CAR Global Real Estate Forum, October 5, 2012
Today’s Topics & Tools:

✓ Co-Ownership in context for global Realtors

✓ Why co-ownership instead of whole ownership?

✓ How can co-ownership propel sales for global Realtors?

✓ Five ways to make co-ownership simple and safe

✓ Co-ownership sales regulations for CA Realtors?
Co-ownership in context for global Realtors

Inbound
✓ Vacation home
✓ Frequent business trips
✓ University housing
✓ Residency status programs

Outbound
✓ Vacation home
✓ Pre-retirement experiment
✓ Family homeland
✓ Fiscal residency
Why co-own?

“I sure wish we could afford our own place here!”

“…we’ll never see a deal like this again!”

LOWER COST OF ENTRY
- Share acquisition cost
- Share furnishing cost
Why co-own?

"Can you even get a mortgage these days?"

"The truth is we could never qualify."

ELIMINATE NEED FOR A MORTGAGE
Why co-own?

“We could buy it, but could we keep it up?”

“The last thing we need is more expenses!”

SHARE OPERATING COSTS
Why co-own a vacation home?

ELIMINATE VACATION RENTALS
✓ Increasingly illegal
✓ Endless work
✓ Wear and tear

“If I have to answer one more stupid email from a vacation renter, I’m going to shoot myself!”
Why co-own?

"I feel like my entire vacation was spent shopping for supplies and working around the house."
Why co-own?

TIE UP FEWER RESOURCES

“Why should we pay so much for a place that we will only be able to visit once or twice a year?”

“We could afford to fix up our home if we didn’t have so much money tied up in our vacation house.”
Why co-own?

DIVERSIFY RISK AND VACATION OPPORTUNITIES

✓ Investing in other opportunities
✓ Owning multiple vacation homes

“Boy, I sure wish I had bought some Apple stock back in 1995.”

“How was I supposed to know I was buying at the top of the market?”

“Imagine if we could afford a place in the mountains and a place by the beach”
Why co-own?

"Why do I need all this stuff?! I want to go back to a simpler life. I want to own only what I really need."

"I wish there was something I could do to help save the environment without giving up what I love."

LEAN AND GREEN
✔ Less waste
✔ Less showy
How can co-ownership propel sales for global Realtors?

- Offer listings as fractional shares
- Connect like-minded buyers
- Assist troubled owners
Offer listings as fractional shares

Develop conceptual model

✓ Number of shares
✓ Price per share
✓ Usage Plan
✓ Budget and dues
Offer listings as fractional shares

Create marketing statement

- Property description and photo
- Benefits of co-ownership
- Explanation of usage plan
- Share price and dues
Offer listings as fractional shares

Create purchase contract addendum

- Critical mass contingency
  Number of people and time frame

- Legal document review
  Can be created/delivered after critical mass

- Release clause
  Allows continued marketing as whole ownership
Connect like-minded buyers

Identify buyers looking for similar location

✓ Buyers from your database
✓ Colleagues who might have matching buyers
✓ You buyer’s friends/family/co-workers
✓ Advertise
Connect like-minded buyers

Bring the buyer group to a property

✔ Identify properties that might work
✔ Create conceptual model for each
  
  Share number + pricing + dues + usage

✔ Present package to potential group members
✔ Get a buyer representation agreement
Assist troubled owners

Who love their property. . . but:

- Don’t visit as often as they thought they would
- Feel guilty about vacationing elsewhere
- Are sick of vacation renters
- Want or need access to their equity
- Want or need relief from ongoing expenses
Assist troubled owners

Provide the solution

✓ Create conceptual model for partial sale
  Share number + pricing + dues + usage

✓ Get a listing agreement
  Customarily higher % commission
Making co-ownership safe

Use an American legal structure

✓ No matter where property is located
✓ Easy and inexpensive sales/gifts/inheritance
✓ Enforcement quicker/cheaper/predictable
✓ Transactions and enforcement in U.S. in English
Making co-ownership safe

Organize the usage plan

✓ Options exist for every group and property location
✓ Seek simplicity, predictability and transparency
✓ Minimize management burden
Making co-ownership safe

Make a budget and establish owner dues

✓ Include all operating expenses
✓ Repair/replacement reserves (from roof to bedding)
✓ Realistic expectations of ongoing ownership costs
✓ Eliminate surprises and reduce risks of default
✓ Maintain “like new” without need for owner vote
Making co-ownership safe

Simplify management

✓ Empower a manager to take routine actions
✓ Pre-authorize maintenance/repair/replacement
✓ Minimize owner decision-making
Making co-ownership safe

Clarify exit strategies

✓ What requirements apply to individual re-sales?
✓ How and when will entire property sold?
Regulatory issues

Licensing: Real estate sales or brokerage

Offering: No DRE registration required for...

✓ Non-U.S. property
✓ U.S. property with fewer than 11 shares
Let us help you sell by helping you educate

- Shared Ownership Top 10 Issues
- Fractional Ownership Usage Arrangements
- Fractional Vacation Property FAQs
- Top 10 Tips For Selling Fractionals
- And many, many more

Our website

- Has no advertising
- Never names or shows any project, developer, or sales company
- Can help educate customers and lenders
- Is absolutely free, with no string attached