



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!"

## LOWER COST OF ENTRY

- ✓ Share acquisition cost
- ✓ Share furnishing cost

"We'll never see a deal like this again!"

# Why co-own?



"Can you even get a mortgage these days?"

ELIMINATE NEED FOR A MORTGAGE



"The truth is we could never qualify."

# Why co-own?

"The last thing we need is more expenses!"

"We could buy it, but could we keep it up?"

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.”

SHARE MANAGEMENT BURDEN



# 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."

"Imagine if we could afford a place in the mountains and a place by the beach"

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

# 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

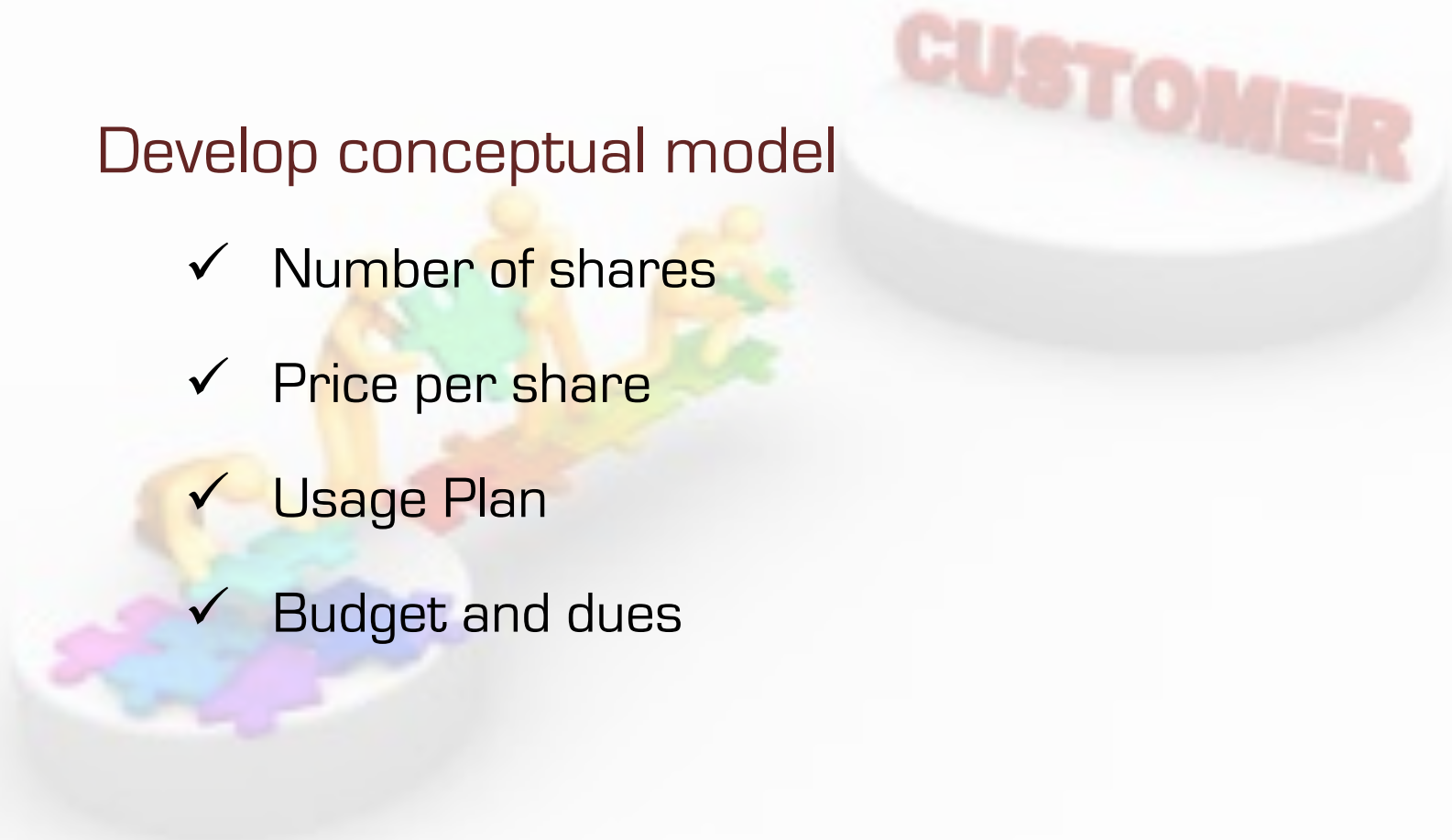
# How can co-ownership propel sales for global Realtors?

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

# Offer listings as fractional shares

## Develop conceptual model

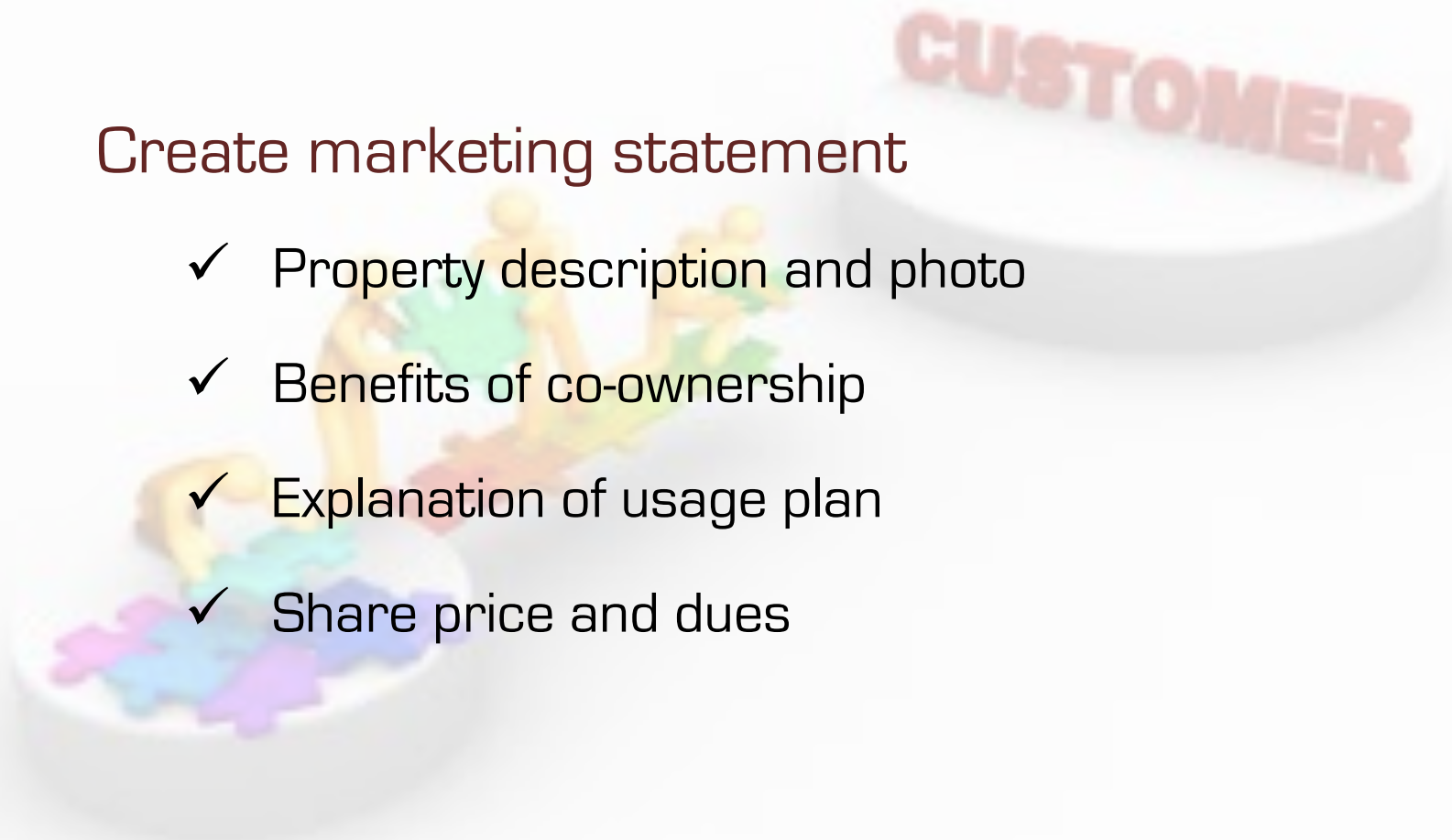
- ✓ Number of shares
- ✓ Price per share
- ✓ Usage Plan
- ✓ Budget and dues



# Offer listings as fractional shares

## Create marketing statement

- ✓ Property description and photo
- ✓ Benefits of co-ownership
- ✓ Explanation of usage plan
- ✓ Share price and dues

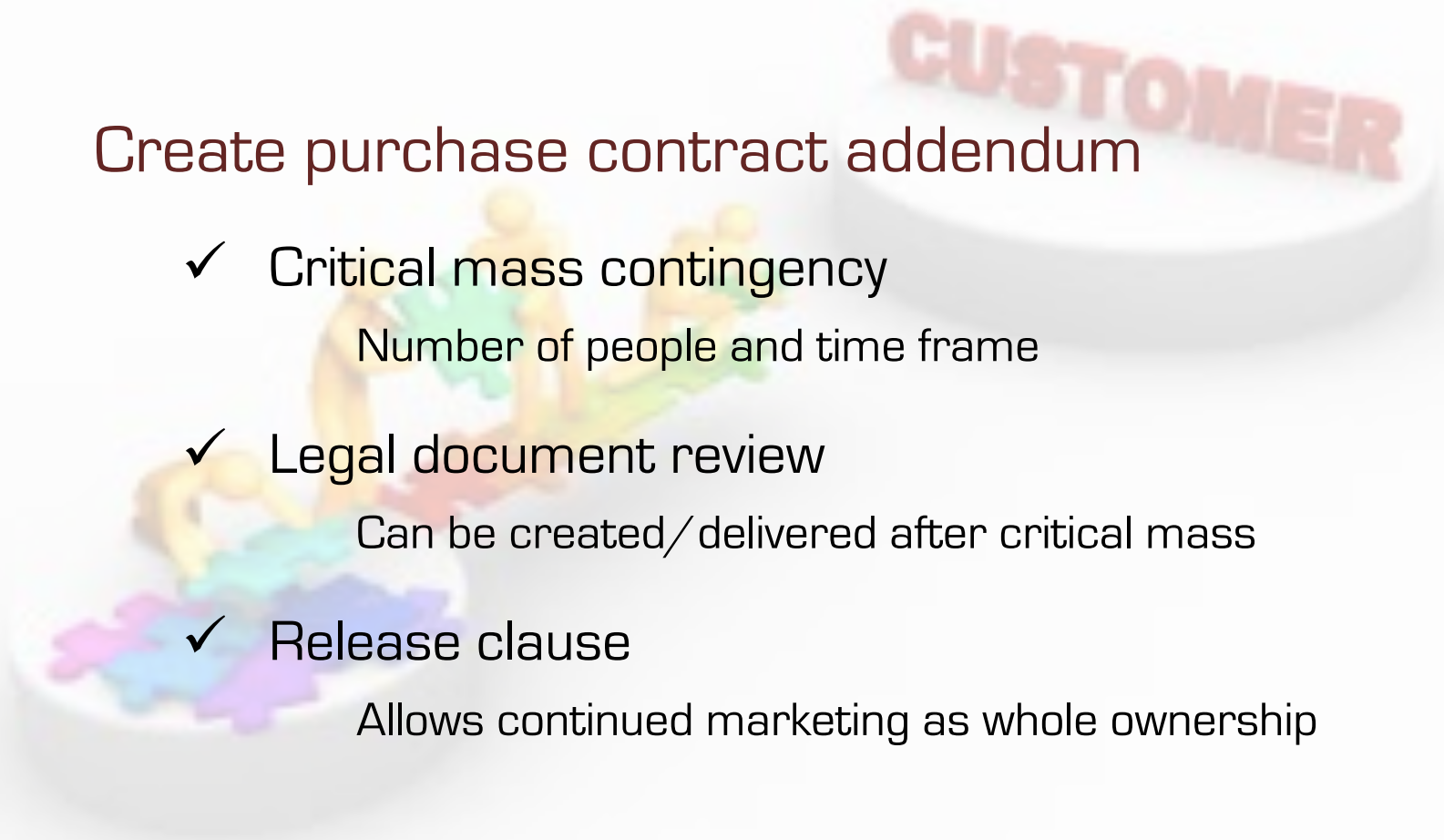




# Offer listings as fractional shares

## 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

A background image showing the silhouettes of a group of people standing in a line, holding hands with their arms raised. They are positioned against a light, hazy background that suggests a sunrise or sunset. The entire scene is framed within a light purple border.

## 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

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## **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

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Questions?

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