



Checklist &  
Questionnaire To  
Reduce The  
Risks....

# JOINT VENTURE DUE DILIGENCE CHECKLIST

Complete Your Due Diligence On Every  
Joint Venture Partnership You Enter



CUTTING  
**EDGE**  
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# Choose Your Joint Venture Partners Carefully

-- Edited from "97 Tips For Canadian Real Estate Investors" (Tip #4 page 8)--

*You are the captain of your own investments. Joint Venture Relationships however, can make your money go farther, faster.*

We've all heard the old maxim, it's not what you know, but who you know. In real estate it is very similar, it's who you know -- and who knows what.

The opportunity to be part of joint venture (JV) partnerships is a side benefit to building a strong real estate investment team. These partnerships help you and your like-minded partners pool money and expertise to buy more properties.

*Choose your partners wisely.*

A Joint Venture is really only an option when two or more parties are joining together, and each party brings something different to the relationship. It is quite easy to 'partner' with someone in the same boat as you, yet that will get you nowhere. For instance, if you have money but need expertise, don't partner with someone with money and no expertise. Or if you are well versed in real estate, and you are requiring investment funds, don't partner with someone who is in the same position.

Build a partnership that is stronger than the two parties on their own. You may have time and expertise, and they may have investment capital and relationships with key professionals. Now that would be the makings of a potential huge winner for all!

## **What do you need to do?**

### **1. Take Control.**

Even if it's not your deal, it is your money. In all cases there is no excuse for you not to complete your full due diligence. Rely upon your Joint Venture partner's expertise but always take responsibility. Make sure your relationship is detailed in a written agreement that has been reviewed by all of the partners' lawyers. Design the divorce in advance!

Could've. Should've. Would've. They're the real estate investment world's three most depressing words! They also imply a lack of due diligence; if it's information that could make a difference tomorrow, you need to know it today.

### **2. Check Out The Deal Yourself.**

Take a close look at the basic details. Even if your partner is the one who is finding the deals, it is still your responsibility to make sure that all of the due diligence is completed so that you are happy with the deal.

JV deals are often bigger than those financed individually and that *will* be reflected in your financial responsibility. Sometimes a deal sounds too good to be true, because it is. Be realistic about rates of return and payback periods... ask the key questions you learned in ***Real Estate Investing in Canada***. Just because they are your partners, doesn't mean that they've done as much due diligence as you demand as a sophisticated investor.

Never assume the basic facts. Ask real estate agents familiar with the neighbourhood about current market prices. Better yet, have an accredited appraiser review the property. If renovations are required, is the dollar figure close to accurate and is there a 20% overrun factor built in?

- Tour every part of the property yourself sometime before closing.

- If the JV involves a condominium unit purchase, get a copy of the deferred reserve plan study. Look at how maintenance issues are dealt with.

Don't be a silent partner unless the deal is going well. If something seems to be going off the rails, take swift immediate action. Make sure you request regular updates on how the property is performing, so there are no surprises.

### **3. Always Ask The Tough Questions!**

As we've mentioned every single quarter for the last 14 years... **Before you enter ANY Joint Venture or ANY RRSP loan or ANY Financial arrangement ALWAYS do Extensive Due Diligence on the Other Party. This includes EVERYONE, EVERY TIME especially:**

- 1. Family Members**
- 2. Veteran and Rookie REINTM Members**
- 3. Other Investors -- Past Partners**
- 4. Award Winners**
- 5. Friends**

Joint ventures and working with someone you 'trust' is a wonderful way to get involved in real estate. **However, your MUST remember that you're putting your financial future in their hands – so blind trust is not NEAR enough!** There are too many wolves in sheep's clothing who have mastered the 'you can trust me' sale.... Don't let that happen to you. **Seminar grads get caught in this situation... not Sophisticated Investors. You can arrange a full background check (fraud, criminal etc) from TVS Services 1.877.974.9328**  
[\(http://www.tenantverification.com/\)](http://www.tenantverification.com/) or [https://www.bizfraud.com/\)](https://www.bizfraud.com/)

If the other party is a family member, friend, or fellow REINTM Member, it is especially important to do extensive due diligence on them. Your perception of the other party quite often is not based in reality – just because they are familiar, or an award winner, or someone who has been nice to you, or has the same blood lines as you, does NOT mean they are great business partners or are looking after your self interest.

**The only person you will truly look after your own interests is you...  
 You have the tools to do your own homework – don't skip any of the steps!**

Ask the hard questions, including, but not limited to:

- Does the property truly fit my goal or am I just excited to do a deal?
- **Does the JV partner (or RRSP mortgage receiver) have a philosophy of integrity or do they talk about 'gray area' investing?**
- Is there a WRITTEN JV or Loan agreement that a separate lawyer has given their approval of?
- **Do YOU have a clear exit strategy? Is it consistent with what you want and what the other party has talked about? What happens when they stop paying the mortgage payments?**
- Can they actually live up to their financial commitments if the deal goes sideways or are they already in too deep and inevitably stop returning your calls? What protections do you have in place when this occurs?
- **Is your feeling about them REAL or perceived? Check your instinct, ask around to others, talk to their past partners, and get their permission to pull their credit rating.**

And if the deal does NOT work out like you expected it to, don't be afraid to ask more questions... make sure you have safeguards in place BEFORE the Joint Venture has an opportunity to go sideways – it is literally impossible after that occurs. Sure, sometimes real estate has hidden variables, but other times you may have been put in a compromising position on purpose (although they'd never tell you that!). Too many investors have been blinded in the past – your job is NOT to become one of the 'victims!' Do Your OWN Homework every single time – never be blinded by perception, awards or relationships!

As we have been discussing during the REIN Joint Venture Secrets series, typically there are two parties involved in a Joint Venture, a Real Estate Expert and a Money Partner Investor. The following two checklists will help you perform your Due Diligence on your potential Joint Venture Partner.

## ***Joint Venture Partner Checklist—Money Partner's Checklist***

Joint Venture Partner's Name \_\_\_\_\_ Date of Birth: mm/dd/yr \_\_\_\_\_  
(Look at Driver's license to verify name and D.O.B.)

Address: Street \_\_\_\_\_

City \_\_\_\_\_ Prov. \_\_\_\_\_ Postal Code \_\_\_\_\_

How long at this address? \_\_\_\_\_ How long in City? \_\_\_\_\_

Telephone: Residential \_\_\_\_\_ Cell Phone \_\_\_\_\_

Business \_\_\_\_\_ Email \_\_\_\_\_

Company Name \_\_\_\_\_ Website address: \_\_\_\_\_

Employer Name (if not self employed): \_\_\_\_\_

### ***Interview Questions:***

- Do they currently own any properties? Yes  No  (Ownership Documents?).
- Do they have any examples of Real Estate Transactions? Yes  No .
- Do they have a detailed Vision or Mission statement? Yes  No  (Available to Review?)
- Has the potential Real Estate Expert ever been involved in any other Joint Venture Projects?  
Yes  No  How Many? \_\_\_\_\_
- Were previous Joint Venture Projects successful? Yes  No  (get details i.e. R.O.I.)

	Project #1	Project #2	Project #3
Who:			
What:			
Where:			
When:			
Results:			
Notes:			

Real Estate Experts' references. i.e. lawyer, banker, venture partner(s)

Name:	Position	Contact Info:	Notes:
1.			
2.			
3.			
4.			

Contact at least 3 References to determine the following:

1. Credibility/honesty/trustworthiness
2. Would Reference do business with potential Joint Venture Partner? Has the Reference done Business with the Joint Venture Partner?
3. How long has Reference known potential Joint Venture Partner?

➤ Does potential Venture Partner have a Prospectus? Yes  No  What is the deal? What is the legal description of the property? Does R.O.I. sound reasonable or to good to be true?  
Yes  No

Notes:

➤ Has potential Joint Venture Partner ever declared bankruptcy or been charged with a criminal offence involving fraud? Yes  No

Notes:

➤ Can I obtain a copy of potential Joint Venture Partner's Credit Report Yes  No

Notes:

➤ Can I conduct a Criminal Record check on Potential Joint Venture Partner: Yes  No

Notes:

➤ How will my money be used? For operating expenses or purchase of property? Is there a detailed breakdown or budget? Yes  No

Notes:

➤ Does my money go into a trust account with a Lawyer? Yes  No   
Who?

Notes:

➤ Do I have independent legal council? Yes  No   
Who?

Notes:

➤ Proceed? Yes  No   
Further Diligence?

Notes:

# Joint Venture Partner Checklist—Real Estate Expert's Checklist

Joint Venture Partner's Name \_\_\_\_\_ Date of Birth: mm/dd/yr \_\_\_\_\_  
(Look at Driver's license to verify name and D.O.B.)

Address: Street \_\_\_\_\_

City \_\_\_\_\_ Prov. \_\_\_\_\_ Postal Code \_\_\_\_\_

How long at this address? \_\_\_\_\_ How long in City? \_\_\_\_\_

Telephone: Residential \_\_\_\_\_ Cell Phone \_\_\_\_\_

Business \_\_\_\_\_ Email \_\_\_\_\_

Company Name \_\_\_\_\_ Website address: \_\_\_\_\_

Employer Name (if not self employed): \_\_\_\_\_

Follow the steps outlined in the Joint Ventures secrets system (step #3). Add the following questions to your completed J.V. Questionnaire to complete your Due Diligence.

Money Partners' references. i.e. lawyer, banker, venture partner(s)

Name:	Position	Contact Info:	Notes:
1.			
2.			
3.			
4.			

Contact at least 3 References to determine the following:

1. Credibility/honesty/trustworthiness
2. Would Reference do business with potential Joint Venture Partner? Has the Reference done Business with the Joint Venture Partner?
3. For how long has Reference known potential Joint Venture Partner?

➤ Has potential Joint Venture Partner ever declared bankruptcy or been charged with a criminal offence involving fraud? Yes        No       

Notes:

➤ Can I obtain a copy of potential Joint Venture Partner's Credit Report Yes        No       

Notes:

➤ Can I conduct a Criminal Record check on Potential Joint Venture Partner: Yes        No       

Notes:

➤ Do they have independent legal council? Yes        No         
Who? \_\_\_\_\_

➤ Proceed? Yes        No         
Further Diligence? \_\_\_\_\_

Notes:

# AUTHORIZATION TO RELEASE PERSONAL INFORMATION

This is to advise that I the undersigned hereby authorize [redacted]  
the person or firm to whom my application has been submitted, to obtain a consumer credit report, to conduct a criminal record search and to make any other inquiries as deemed necessary in determining eligibility for employment and/or assessing credit worthiness. I understand that the information set out in the application form may be used for purposes of responding to emergencies, complying with legal requirements and for collection purposes should monies be left owing as a result of a line of credit that was extended to me.

Applicant's Signature: \_\_\_\_\_

Date: (YR/M/D) | |

# CONSENT TO DISCLOSURE OF PERSONAL INFORMATION

Surname: (Provide previous name(s) prior to application if applicable)

Given Names:

Maiden Name or Other Surnames Used: (if applicable)

Address: City: Prov:

Postal Code: Phone: ( ) - - Sex: M F

Date: (YR/M/D) | | Driver's License Number:

Place of Birth (if other than Canada, note date of entry to Canada):

Provide previous addresses if you did not reside at the above address for more than five years

Address: City:

Prov: Postal Code: Phone: ( ) - -

Address: City:

Prov: Postal Code: Phone: ( ) - -

Reason for Request (Screening For)

Volunteer\*: Employment\*: Other: (please explain)

Note: Information is Collected and Disclosed According to Section 29(1) & 32 of the MFIPPA

Search authorization

I hereby consent to the search of: Criminal Record (Adult).

Applicant's Signature: \_\_\_\_\_

Date: (YR/M/D) | |

Release authorization and Waiver

Authorization to Release Clearance Report or Any Police information

Signed this day of , 20

I certify that the information set out by me in this application is true and correct to the best of my ability. I consent to the release of any Criminal Records to

I hereby release and forever discharge all members and employees of the Police Service from any and all actions, claims and demands for damages, loss or injury howsoever arising which may hereafter be sustained by myself as a result of the disclosure of the information by the Police Service to

Applicant's Signature: \_\_\_\_\_

ORGANIZATION REQUESTING SEARCH

Organization's Representative (please print)

Signature of Representative Verifying Applicant's ID

(FOR BIZFRAUD OFFICE USE ONLY) BF ID #

BF TRANSACTION #