Transactioneering Mastery Academy  
Week 1 Homework

**Assignment 1: Set your limits**

Review chapter 1 of the Transactioneering Guide, especially the section called “Setting Limits”.

Remember that setting limits is the best way for you to quickly decide which potential deals are actually opportunities for you, and which are not right for your exit strategy(ies), which are beyond your current resources, which will end up taking a huge amount of your time without resulting in an appropriate profit for your efforts.

Example: if your exit strategy is to lease/option, getting involved with a commercial property like a truck stop that you don’t know how to evaluate and for which there are limited buyers is a distraction likely to end in nothing, no matter how “cheap” it is or how much time you put into it.

There’s a tendency for real estate entrepreneurs to say, “I’ll do ANY deal as long as there’s a way to make money from it”, and not want to set real limits on when they’ll simply say, “No thanks” to a particular opportunity and move on to something more familiar/profitable/likely to succeed. Please don’t fall into this trap; it ends in wasting a huge amount of time.

*Answer, for yourself (there are no “right” answers here—these are your personal preferences and needs) these questions:*

**My property limits:**

I will only pursue properties of this type

[ ] Single family [ ] Two family [ ] 3 family  
[ ] 4-family [ ] 5-40 units [ ] 40+ units  
[ ] Condominium [ ] Mobile home [ ] Vacant land  
[ ] Commercial properties [ ] Other:

I will only pursue properties within this area: (can be a distance, city, county):

I will only pursue properties in areas where these exit strategies can be successfully implemented:

[ ] Low income rentals [ ] middle-high income rentals [ ] Lease/options  
[ ] Retail (fix and flip) [ ] Wholesale [ ] Sell and carry back “paper”  
[ ] Repair for Equity [ ] Other:

I will not pursue properties that need this KIND of work:

[ ] Any [ ] Structural/foundation [ ] Fire damage  
[ ] Mechanical (HVAC, plumbing etc) [ ] Flood damage [ ] Other:

I will not pursue properties that need more than $\_\_\_\_\_\_\_\_\_\_\_\_ in work

I will not consider properties smaller than \_\_\_\_ square feet or larger than \_\_\_\_ square feet

I will not consider properties with fewer than \_\_\_\_ bedrooms or more than \_\_\_\_ bedrooms

I will not consider properties built before \_\_\_\_\_\_\_\_ (date)

I will not consider properties that have:

[ ] Functional obsolescence [ ] No garage [ ] No offstreet parking  
[ ] Flat roofs [ ] No dining room [ ] Other:

**Financial Limits**

I will not consider properties with an after-repaired value of under $\_\_\_\_\_\_\_\_\_\_\_\_ or over $\_\_\_\_\_\_\_\_\_\_\_

I want to get at least this much equity any time I do a deal: $\_\_\_\_\_\_\_\_\_\_\_ (or \_\_\_\_% of ARV)  
Unless:

I want $\_\_\_\_\_\_\_ in minimum net cash flow from any deal I keep  
Unless:

If I have cash invested in a deal, the minimum return on cash invested I want is \_\_\_\_%  
Unless:

If a deal MUST contain a “balloon payment” the minimum term I will accept before the balloon is \_\_\_\_\_ years  
Unless:

I’d like to have all “keeper” properties paid off within \_\_\_\_ years of the start of the deal (in other words, what is the maximum fully-amortizing loan term you’d like to negotiate)  
Unless:

**Control Limits:**

[ ] I always want to “get the deed”  
[ ] I always want to “get the deed”, unless:  
[ ] I never want to “get the deed”

These are the benefits I most want, and am never willing to give up to the seller, a buyer, a private lender, or a partner:

[ ] The equity captured at closing  
[ ] The appreciation  
[ ] The amortization (mortgage paydown)  
[ ] The tax depreciation  
[ ] The cash flow

These are benefits that I care less about, and am willing to give up to make a deal to get the ones I really want, above:

[ ] All or part of the equity captured at closing  
[ ] All or part of the appreciation  
[ ] All or part of the amortization (mortgage paydown)  
[ ] All or part of the tax depreciation  
[ ] All or part of the cash flow

I can tolerate and am willing and able to take on these risks/responsibilities:

[ ] Any rehab needed  
[ ] Management of the property  
[ ] Ongoing maintenance of the property  
[ ] Personal liability for the debt payments and expenses (taxes, insurance, utilities etc)  
[ ] Corporate liability for the debt payments and expenses (taxes, insurance, utilities etc)  
[ ] Personal liability for legal damages  
[ ] Corporate liability for legal damages

Other “limits”:

Section comprehension:

What is the key question that Transactioneers always ask themselves when approaching an opportunity?

[ ] a. How can this deal be structured to be the most profitable?  
[ ] b. How can I best help the seller?  
[ ] c. What do I want, what does the seller need, and in what ways could these things be achieved?  
[ ] d. What is the best strategy (subject to, lease/option, owner financing) for this deal?  
[ ] e. None of the above

Which of these are benefits of owning real estate?

[ ] Tax depreciation [ ] Maintenance [ ] Cash flow  
[ ] Taxes and insurance [ ] Appreciation [ ] Use of the property  
[ ] Rehab [ ] Right to transfer [ ] Mortgage paydown

Check all that are true:

[ ] The responsibility to maintain/rehab a piece of real estate can be legally separated from the benefit of cash flow with the right contract

[ ] The benefit of tax depreciation can be legally separated from the legal ownership of the property with the right contract

[ ] The cash flow from a property can be separated from the legal ownership of the property with the right contract

[ ] You can be the legal owner of a property, but not get the benefit of any appreciation in its value

True or false:

You should always decide how much you want to make on a deal on a case-by-case basis [ ] T [ ] F   
Low money down, no-qualifying deals are basically always good deals [ ] T [ ] F  
You should always try to pay no more than 70% of the ARV of a property less repair costs [ ] T [ ] F  
Your goal should be to complete EVERY deal you run across [ ] T [ ] F  
The key to a successful deal is giving the seller what he wants [ ] T [ ] F  
Learning Transactioneering means you can find the one right solution to any “situation” [ ] T [ ] F  
You can Transactioneer deals, even with sellers who aren’t particularly motivated to sell [ ] T [ ] F

The sellers who are most likely to do creative deals are:

[ ] Landlords  
[ ] Homeowners  
[ ] People who are behind on their payments  
[ ] People who have a property they don’t want and are flexible in how their problem is solved  
[ ] People who need cash to solve some other problem in their lives