

What If Document

Not all these what if's will be relevant to your specific joint venture, but we recommend you and your JV partner discuss each one of these and decide if relevant or not and then as appropriate you right your agreement on what would happen if one of these things did come to happen.

It is important you position this correctly with the JV partner as done well it will reassure them that you are protecting their position and being cautious. Done badly it will. Make them worry about things they had not thought about before.

1. What happens if the investor gets divorced or separates?
2. What happens if the borrower gets divorced or separates?
3. What happens if the investor dies?
4. What happens if the investor cannot make decisions? (incapacitated)
5. What happens if the borrower dies?
6. What happens if the borrower cannot make decisions? (incapacitated)
7. What if the property blows up or falls down and can't bring in income for a period until insurance pays out?
8. What if the borrower cannot pay back in the agreed term? What charges will there be? What are the consequences?
9. What security is being provided (if any) on the loan?
10. What if we can't get building insurance for some reason?
11. If the plan is to flip the property and we can't sell it – is there a plan B? Who is allowed to decide what price it is dropped to – to sell? What if that leads to a loss?
12. If 11 happens and we need to rent it – what is the plan then on loan term and repayment?
13. If the plan is to refinance to pay back investor some or all of loan – what if it does not value as planned?
14. What is for some reason (Covid for example) the property does not deliver the expected income and the borrower cannot pay as agreed – what are the consequences and in what time scale?
15. Does either party need key man insurance to protect this investment?
16. Whose name will the property and finance go in?
17. What if they have credit issues and we can't get the finance we expected?
18. Is anyone else needed to make decision on this situation or is it just the borrower and lender? (e.g., spouse or other party)
19. If a refurbishment is planned – what if it costs more than was budgeted or planned?