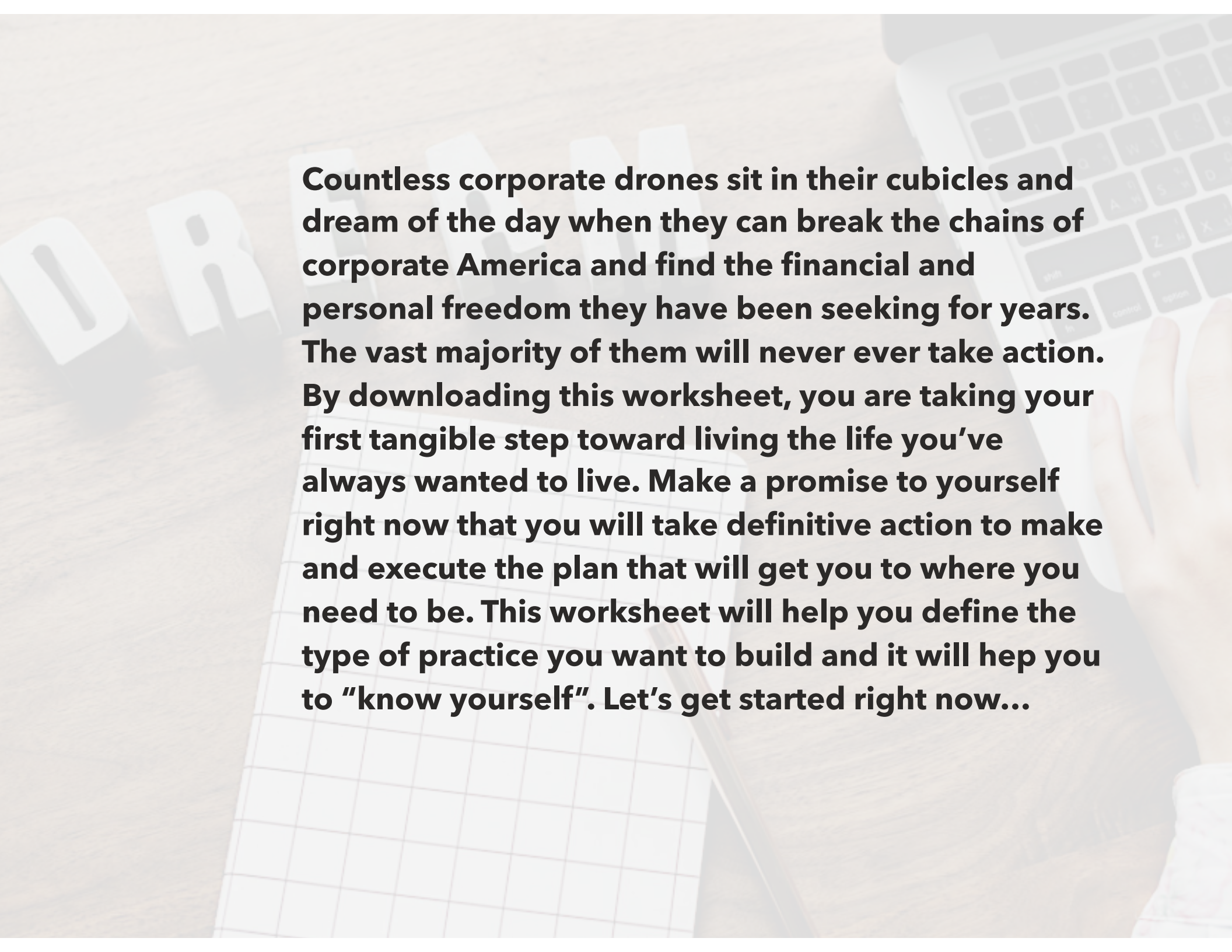


Getting Your Business Started

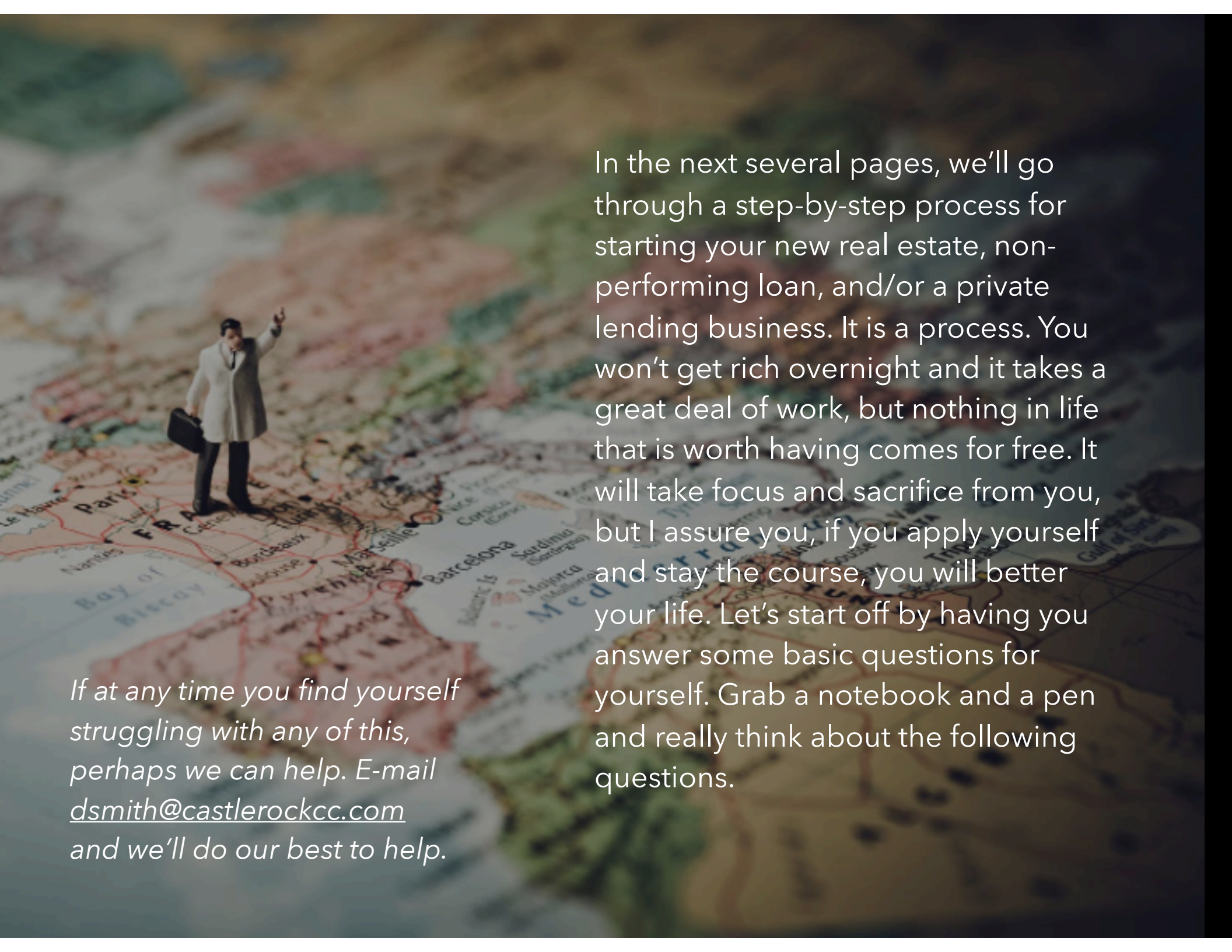
"A journey of a thousand miles begins with one step." - Lau Tzu



NATIONAL INSTITUTE OF
LENDING & REAL ESTATE



Countless corporate drones sit in their cubicles and dream of the day when they can break the chains of corporate America and find the financial and personal freedom they have been seeking for years. The vast majority of them will never ever take action. By downloading this worksheet, you are taking your first tangible step toward living the life you've always wanted to live. Make a promise to yourself right now that you will take definitive action to make and execute the plan that will get you to where you need to be. This worksheet will help you define the type of practice you want to build and it will help you to "know yourself". Let's get started right now...



In the next several pages, we'll go through a step-by-step process for starting your new real estate, non-performing loan, and/or a private lending business. It is a process. You won't get rich overnight and it takes a great deal of work, but nothing in life that is worth having comes for free. It will take focus and sacrifice from you, but I assure you, if you apply yourself and stay the course, you will better your life. Let's start off by having you answer some basic questions for yourself. Grab a notebook and a pen and really think about the following questions.

If at any time you find yourself struggling with any of this, perhaps we can help. E-mail dsmith@castlerockcc.com and we'll do our best to help.



Why do you want to undertake this adventure?

How would you define success for yourself?

What are you NOT willing to sacrifice to achieve success?

What do you want your life to look like _____ years in the future?

What are your strengths?

What are your weaknesses?

What do you truly enjoy doing and never tire of?

Will you stick with it when times are tough?

How much is enough for you?

When this venture succeeds, will you truly be happy?

DEFINING YOUR GOALS

What is your ultimate goal(s)?

Quantify in hard numbers that/those goal(s)?

What are the intermediate tasks that will get you there?

Break those goals down to daily activities to achieve the goal.

What capital do you need for your business?

Do you plan to borrow? If so, how much?

Peel back the onion a bit, is your goal about making money, having freedom, providing for others? What really is driving these goals?

When you achieve these goals, then what will you do?

How much money do you need to be happy?



What skill sets or items do you need to succeed?

How will you get those skills or items? Does someone else have them?

How will you capitalize your business? Equity Partners, Savings, Debt?

How will you structure the business? LP, LLC, etc?

What will your role be?

How much will you charge for your services? Is it in line with others in the field?

Who is or will be your mentor as you go through this process?

What help are you going to need to make things happen?

SETTING UP THE ENTITIES

Who will be drawing up your documents?

What documents will you be needing?

How much will that cost you?

What will everyone's cut be?

Will there be lock-ups and gate provisions?

What needs to be filed and who will do it?

Get your EIN Number.

Set up your banking relationship.

THE FUND

If you plan on setting up your own fund, you will need to answer the following questions before you sit down with a securities attorney to move forward.

What will the fund's name be?

What is the name of the manager or general partner?

What forms will those entities take (LLC, LP, etc)?

Will your fund only sell to accredited investors?

Will you accept money from retirement plans? There are restrictions on that.

What is the minimum that someone will be able to invest?

There are limits on how much someone can invest. How much will someone be able to invest in the fund?



Will you accept money from non-US investors? There are limits on that.

What will be your base management fee for the fund?

What will be your performance incentive allocation?

Will these be based on cash invested or commitments?

How often will these be charged or collected? In advance or in arrears?

Will there be a hurdle rate before incentives are earned?

Will there be a claw-back feature should the manager not hit goals?

What would that look like?

Will the fund or the manager pay for the fund operating expenses?

Who will pay for the fund's organizational expenses?

The fund will need to define their investment objective(s).

Will the fund use leverage/borrowing?

When will you allow investors into the fund?

How will you keep late-coming investors from coming to the fund at the last minute to reap benefits that other investors who were already in the fund have taken the risk for?

UBIT (Unrelated Business Income Tax) can hit funds, particularly those that use leverage. Be sure to study up on this to prepare for it.

Do you already have specific assets in mind that you wish to purchase?

Will there be placement agents and who will pay for them?

How much of your money (as manager) will you be investing?



What is your policy on taking on new investors after the fund has commenced?

What is your minimum capital raise to start? Is there a maximum?

What rules will you have around redemptions?

If you have done a fund before, do you wish to quote past performance figures?

What is your policy for distributions?

How will you distribute to allow investors to pay taxes?

What if an investor defaults on their commitments?

Who will do your accounting? Auditing?

How often will you report to investors?

Be sure to have complete bios and resumes for all managers of the fund.

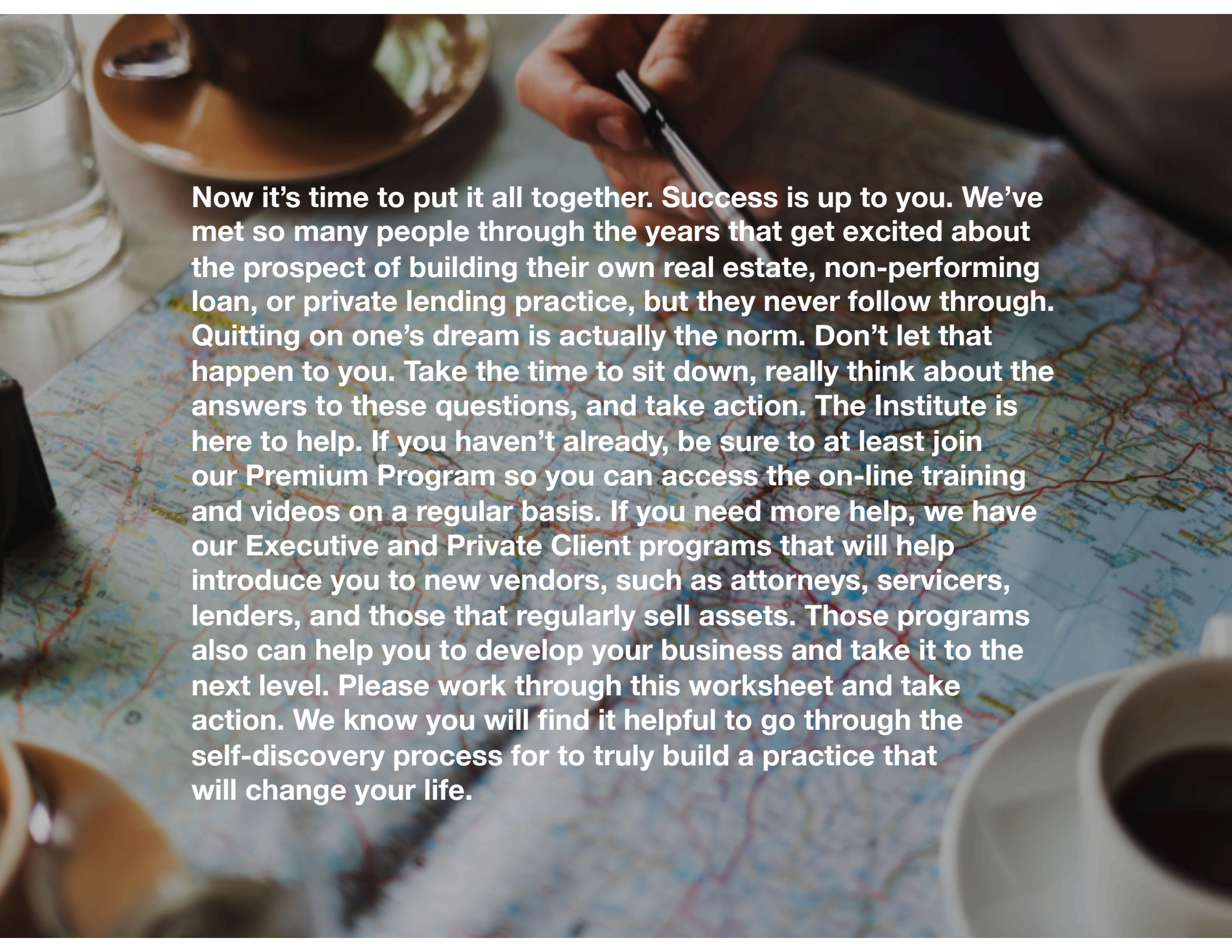
BUILDING THE TEAM

Who will be your...

- Mentors
- Attorney to set up your organization
- Real Estate Attorney
- Collection/Foreclosure Attorney
- Accountant
- Banker
- Lenders
- Contractors
- Landscaper/Lawn Maintenance
- Electrician
- Plumber
- Heating & A/C Person
- Real Estate Agent(s)
- Leasing Agent(s)
- Property Manager(s)
- Surveyor
- Home Inspector
- Home Stagers
- Designer
- Architect
- Special Asset Banker(s)
- Funds to Buy From
- Servicer
- Property Condition Reports
- Handy Person
- Flooring and Tile
- Painter
- Title Company
- Equity Investor(s)
- Insurance Agent
- Cleaners
- Appraiser
- Pest Company

STEP-BY-STEP

- 1) Work with a Mentor to put together the battle plan.
- 2) Find the right attorney to help prepare your documents.
- 3) Set Up the Entity and EIN number.
- 4) Prepare and File any required documents.
- 5) Set up your Articles, Operating Agreement, Offering Memorandum, Management Agreement, and any other required documents.
- 6) Set up your Banking Relationship.
- 7) Line up your Team.
- 8) Raise Capital
- 9) Line up Leverage Sources.
- 10) Start shopping for assets for your portfolio.

A hand holding a pen is positioned over a map spread on a table. In the background, there are coffee cups and saucers, suggesting a meeting or a workspace. The text is overlaid on the map area.

Now it's time to put it all together. Success is up to you. We've met so many people through the years that get excited about the prospect of building their own real estate, non-performing loan, or private lending practice, but they never follow through. Quitting on one's dream is actually the norm. Don't let that happen to you. Take the time to sit down, really think about the answers to these questions, and take action. The Institute is here to help. If you haven't already, be sure to at least join our Premium Program so you can access the on-line training and videos on a regular basis. If you need more help, we have our Executive and Private Client programs that will help introduce you to new vendors, such as attorneys, servicers, lenders, and those that regularly sell assets. Those programs also can help you to develop your business and take it to the next level. Please work through this worksheet and take action. We know you will find it helpful to go through the self-discovery process for to truly build a practice that will change your life.

Now it's your turn...

The questions in this worksheet are not intended to provide legal advice... only an attorney can provide that, but it is intended to help you prepare for setting up your new entity (or entities) and the conversation you will have with your securities attorney.

If you have carefully pondered and answered these questions, you should be ready to explore the next step. The Institute would love to help. Our Premium Program will allow you to view our classes and videos and learn more about investing in real estate, non-performing loans, or private lending. If you wish us to help you design your fund, find assets to purchase, and get access to great vendors such as attorneys and servicers, then perhaps our Executive or Private Client programs would be right for you. Please log on to our site www.nilre.com and let us know how you liked this worksheet or if you have further questions. We at the National Institute of Lending and Real Estate look forward to the prospect of helping you build the business of your dreams!



NATIONAL INSTITUTE OF
LENDING & REAL ESTATE