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# Your Property Questions Answered

274 of The Most Commonly Asked  
Property Investing Questions –  
ANSWERED!

by  
Jennie Brown

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<http://www.jenniebrown.com.au/VIPInvestingGroup/>

THE LEGAL STUFF ...

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**Having said all that –**

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### IT TAKES A COMMUNITY ...

When I was younger and thought I knew everything, I was totally convinced that my property investing success was all due to me.

However, as the years have gone by and I've hopefully grown a little, it's become abundantly clear to me that I am only as successful as the people and teams I have around me make me.

In property, this includes the accountant, solicitor, agents, home stager, photographer, tradies, builder, town planner and a host of others.

And so, in anything I do, I am extremely grateful for the skills, talents and support of those around me.

Just like property, this book has been born out of a community effort. And so I'd like to take a moment to thank those who helped with it ...

It all starts with you. Taking the time to fill out a survey, and ask a heap of questions.

Matt Jones, who features in API Magazine this month in the article From Postie to Property Profits, spent hours helping with the answers to all your questions ... 866 condensed to 274. Huge job and therefore a huge thanks to Matt.

Marissa Jones, Matt's wife, also helped with layout and editing. You go girl!

My beautiful friends, and accountability partners, played a huge part in this. Deb Lindner (owner of The Australian Institute of Home Staging and Mink Home Staging) designed the cover. Joanne Jones (accountant and owner of Platinum Business Solutions) undertook the mammoth task of editing. Who knew an accountant had such talent?! Thanks girls.

Andy Baird – who does a host of unseen things – overseeing the website and all round great guy and amazing friend ... awesome stuff Andy!

Then there's James Klobasa, product launch manager extraordinaire, who saw the amazing potential of your questions and launched the idea of answering them for you. And overseeing the process. And making sure we kept to deadlines. Thanks James.

Lastly, it's back to you. Thanks for taking the time to read this. Thanks for being part of our community, and thanks heaps for your input.

Bless ya!  
Jennie Brown, May 2011

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## POSITIVE CASHFLOW PROPERTIES

- Where / how do I find positive cashflow properties?
- How do I find cashflow positive properties?
- How to find positive cashflow props?
- How do you get into positively geared property or property that is going to generate income from day 1?
- How do I find the right property?
- How to find positively geared property?
- How to buy an investment property with positive cash flow?
- How to identify a specific location (state & city/suburb) to begin searching for properties that will have a positive cashflow and potential for capital gain?
- How can I find cashflow property?
- How do I find positive cashflow properties?
- Finding cashflow property to keep it all together?
- How & where you can find positive cash flow properties?
- Finding cashflow positive properties?
- How to identify a specific location (state & city/suburb) to begin searching for properties that will have a positive cashflow and potential for capital gain?
- How to find cashflow positive investment properties?
- Positive cashflow in suburbia?
- How do you find true positive cashflow properties in suburbia without having to go to country areas?

### ANSWER

***In the current market it is difficult to find positive cashflow deals. In my experience, the trick is to create your own positive cashflow deals. This can be done a number of ways. Here are just a few: adding an extra bedroom to increase rent; cut off the back block in a subdivision and pay down the mortgage on the front house; buy a block of 4 flats, strata title them, sell 3 and pay down the loan on the 4th. There are positive cashflow deals available, potentially in regional areas of Australia, however they are few and far between. Unless you have a good network of agents, you will spend a lot of time looking for them. In this market, it's important to look at property deals with the view of "what can I do to add value and make this deal positive cashflow".***

## MAXIMIZE INVESTING POTENTIAL

- How to maximize my hard earned Money?
- How to create the best use of an investment property to maximize its potential?

### ANSWER

***This really comes down to the type of deal. If it's a renovation, get good bang for your buck - \$4 back for every dollar spent. Look at the property with fresh open minded eyes and see what you can do to increase the return. Can you add a bedroom? Can you rent out a storage area? Can you sell off part of the land? Look at your property globally. Can you team up with a neighbor to create a larger and more attractive development site? Does your property sit near a university or hospital where you could rent out the rooms separately? The options are only limited to your imagination.***

## OBTAIN FINANCE

- How do I secure finance in the current market?
- How to creatively finance property acquisition?
- How do I finance my investment?
- Finance?
- How to get finance?
- Financial strategies
- Availability of bank finance
- Advanced finance strategies
- How do I get funding?
- How to afford the investment?
- How/where do I get the money from?
- Finance availability
- How to finance your investment property?
- How do I access enough finance to fund the investment property?
- How to get finance in today's financial market?
- How to get started with finance?

### ANSWER

***The current market requires you to be creative with your finance. It's also important to have an excellent mortgage broker. Start with analyzing your financial situation and removing any reason the bank could say no to your application. It's important to have a good savings history, little use of personal credit cards and good serviceability. Another option is to bring in a joint venture or money partner. In essence, team up with someone***

*that can bring something to the deal that you can't provide. This could be serviceability or working capital to complete the deal. If you struggle to find a partner, attend local networking groups and put the word out there for what you are looking for and what you can provide. You will be amazed at what opportunities will come your way. Finally, be realistic with what you can afford. There are deals at every level so build a good relationship with your bank or mortgage broker to get a good understanding of what they will and won't lend you.*

#### MAXIMIZE CASHFLOW FOR INVESTING

- How to maximize your cash flow to invest in more property than you think you can afford?
- How to keep financing?

#### ANSWER

*I assume you are talking about the cashflow of your property? If so look at look at the property with fresh open minded eyes and see what you can do to increase the return. Can you add a bedroom? Can you rent out a storage area? Can you sell off part of the land? Look at your property globally - can you team up with a neighbor to create a larger and more attractive development site? Does your property sit near a university or hospital where you could rent out the rooms separately? The options are only limited to your imagination.*

#### FEASIBILITY FOR RENO

- How much will a renovation cost - a calculator of some sort?
- How to work out feasibility for renovation?
- Assessment of renovation?

#### ANSWER

*Renovations are notorious for cost and time blowouts. Good management of the project is critical to its success. Make sure you are diligent with your costing's and have allowed plenty of contingency. Spend time with a number of agents to get a very clear idea on what the end product should sell for. People will often over capitalize due to their emotional attachment to the project. It's important to stay very focused on the end goal which is to make a profit. Add value only where it is required and a good agent will be able to help you in this area. I always use a home stager at the end of the project to assist in presenting the home for sale. If possible, get the home stager in early as they often have some good ideas about maximizing the space available.*

## FEASIBILITY STUDY

- How to work out feasibility?
- How do I work out the numbers? What do these numbers mean?
- How to crunch the numbers?
- Please give us some examples of the FULL numbers, i.e. every little detail of some real deals, right down to the last door knob
- Total cost
- How do I work out the numbers?
- How do you work out the numbers on prospective property deals?
- Deal feasibility
- How to do feasibility studies?
- I dislike wasting time and money. A quick on the spot assessment to work out if a potential deal is worth while looking further into
- Process of identifying "best" property
- How to do a quick feasibility when looking at deals?
- What are the criteria that a property must meet in order to be satisfactory to proceed?

## ANSWER

***This depends on the type of deal and the strategy you want to implement. My first task is to work out cash in and cash out, back of the envelope style - 2 columns, with conservative figures. The cash out column includes every expenses including purchase price and purchase costs, holding costs, add value costs and selling costs. The cash in column is the expected sale price. If the deal is positive, I then move onto some sort of spreadsheet where I can plug in every single cost. You don't want any surprises with expenses. You don't need to know all the costs yourself, you just need to know who to ask. For example, a town planner will give you all the subdivision costs; a builder will give you the renovation costs; a mortgage broker will help with holding and purchase costs etc. Practice, practice and more practice! Keep a log of all the deals you work on. I like to keep a scrapbook of everything that I put offers in on to help me better understand the worth of the area. Become confident on the numbers before you take the plunge.***

### PROPERTY WELL PRICED

- How to determine if a property is well-priced
- When buying a property, how do you know if you have bought below market value i.e. how do we know what the market value is for that property (without relying on real estate agents)?
- Knowing that the price you buy is over what it is worth

#### ANSWER

***Become an area expert. Narrow your search to 2 or 3 suburbs maximum and know every property on the market and what it sold for. You want to be more knowledgeable than the agents in your area. Keep a logbook and attend every 'open for inspection' you can. Look at past sales history in that area and work out what the short, medium and long term trend it doing. Look at other external factors like future planned infrastructure, zoning, demographics etc. Who lives in the area and why do they live there? Talk to agents and find out what buyers are seeking then provide it for them.***

### FEASIBILITY FOR SUBDIVISION

- What steps do I need to do, in order, to complete a thorough analysis once I've done a quick number crunch on a splitter block or subdividing 1 block into 2 - 3 before putting in an offer

#### ANSWER

***First port of call is a town planner. He or she will be able to tell you if the subdivision is feasible by providing costs and potential council approvals. From there, it's making sure you have allocated funds for every expense - again the town planner can help you with this. Get in touch with someone who has done a similar deal to help you avoid any obvious mistakes. A great mentor is very useful in these types of projects. Major costs outside of the town planner are: providing sewer and water connections for the newly created lot; driveway and crossover access; fencing; council contributions. Build a good relationship with your town planner - this person is key!***

## HOW TO FIND PROFITABLE PROJECT

- How to find the next project and how to calculate if it will be profitable and therefore worth pursuing?
- How to find profitable projects?
- How much value?
- How to identify a specific location (state & city/suburb) to begin searching for properties that will have a positive cashflow and potential for capital gain?
- Future boom areas
- How to find the best property?
- How to know if the property bought is the best deal for that particular area?
- How to find areas that are next to experience growth - a detailed method of analysing these areas (caused by ripple effect, infrastructure, etc)
- What to look for when buying an investment
- How to research an area
- How much should I pay for a certain property
- Ways to find good deals - how to do property deal analysis
- Best characteristics of a good investment property
- How to find a property that is worth investing in?
- How do you find a good property deal and how do you know it's a good deal?
- What is the best strategy?
- How do we know a property is suitable?
- How can I be sure that the property I buy is going to make me money, not cost me money?
- What type of property should I invest?
- What is the best tried and tested method to finding/locating the best deals?
- How do I find (& recognize) the good deals?
- What to buy?

### ANSWER

***Become an area expert. Narrow your search to 2 or 3 suburbs maximum and know every property on the market and what it sold for. You want to be more knowledgeable than the agents in your area. Keep a logbook and attend every 'open for inspection' you can. Look at past sales history in that area and work out what the short, medium and long term trend it doing. Look at other external factors like future planned infrastructure, zoning, demographics etc. Who lives in the area and why do they live there? Talk to agents and find out what buyers are seeking then provide it for them. If you do all this diligently, you will have the foundations of becoming a property investor that can spot a good deal within the market.***

## CLAUSES FOR CONTRACTS

- What are the common clauses to put into a contract for property purchase to cover yourself in case things turned pear shaped?

### ANSWER

***I frequently use the due diligence clause as it can cover everything. But make sure you have your solicitor write it for you. A finance clause is essential unless you are presenting an offer that is cash unconditional (risky but a good negotiating tool). Early access is another good one as this can save you time and consequently, holding costs. This is particularly good for subdivisions to allow surveyors to get on site and prepare plans for council applications which can be very time consuming. Always speak with your solicitor to ensure your clauses are water tight.***

## STRUCTURE

- What structure should you buy your properties under? (own name, trusts, what kind of trusts is best?)
- Property development through trusts/company etc?
- What name or structure should property be bought in?
- How to best set yourself up so your assets are protected i.e. Buy personally, in a trust, in a company?
- How to structure my portfolio so that assets are immune to interest rate rises and lawsuits?
- What is the best structure in which to purchase property?
- Structures for success
- If I am going to have an expanding property portfolio I absolutely need to know how to structure my finances? How to use the equity to my advantage?
- Joint ventures, partnerships & legalities
- How do I set up appropriate structures for investment i.e. trusts/companies etc?
- What are the legal ramifications of joint ventures, and how should you set them up to avoid the pit falls?
- What type of structure to use for maximum asset protection, e.g. Sole trader, family trust, limited liability company?
- How to gain the maximum tax benefit within the context of the investment structure, e.g. Trust structure to separate legal liability from property, but gaining a personal tax benefit to fund the property investment?
- Making money is in part not losing money unnecessarily. What structures does one need to limit paying tax and protecting your assets?

- How to structure finances?
- What are the best structures for purchasing property?
- Structures, all we need to know about getting finance
- What is the best way to structure a deal for asset protection and tax effectiveness?
- How to structure purchasing entities correctly e.g. Trusts v personal name?
- Should I buy in a trust or keep my properties in my own name?
- Finding the most cost effective & correct loan structures
- Tax questions
- How to structure your portfolio to pay the least amount of tax?
- Finance structure for multi properties, should it be separate loans, individual for each property, or lumped together in a big "giant visa type" flexi loan?
- How to minimise tax on ownership of a large number of positively geared properties?
- What is the best structure for building a portfolio - e.g. Do I invest in my own name, only my name (or my husband's) or set up a trust?
- How does using a trust work for property investing?

### ANSWER

***You need to talk to an accountant to get your structure correct. Everyone's circumstances are different and the type of deals you are doing will determine the answer to this question. Get the structure right before you sign a contract as changing it later can cost you thousands. A common structure is a company and trust structure where the company solely acts as trustee for (atf) the trust and nothing else. This can provide asset protection as well as tax minimization due to the advantages of distributing wealth from the trust to its beneficiaries in a tax effective way. Again, spend some time with your accountant to determine the best structure to suit your needs.***

### DRAWING ON EQUITY

- How to draw equity out as soon as it appears?

### ANSWER

***This comes down to what loan you have setup. To draw down equity, you will need to refinance and talk to your mortgage broker to do this. If you add value through renovation or subdivision, you will need the property revalued to determine the equity (if any) that is available to be drawn down. In essence, if you add value or the market increases the value of your home, you have the potential to access the equity that has been created. Be careful when drawing down as you are essentially increasing your loan and repayments and will need to pay it back at some stage. Also, most financial institutions will only ever allow you to draw down up to 80% of the current value of the property.***

### SAVE CASH

- How to save backup cash?

#### ANSWER

***Budgeting is critical - both personally and with your business and property deals. Aim to pay yourself (save) 10% of everything you earn before tax. This requires diligence and consistency. Have a target to work towards and don't be tempted to spend the savings on depreciating assets or luxury items.***

### MOST PROFITABLE OPTION - RENO AND RENT OR TENANTED

- What is the most profitable option a) to buy an old house for cheap and renovate it and then rent it out or b) buy a house with tenants already in it and forget the renovating?
- Is it better to renovate and sell, or renovate and rent out?

#### ANSWER

***This comes down to what you want to get out of the deal and what the market is doing. If the market is increasing and you want your potential profit sooner, then renovating first might be the best option. If the market is flat or down, it may not be worth investing anymore money in the deal until you see the market improving. You want a return on your money so look at what improvements will give back to you. An air-conditioning unit will allow you to increase the rent whereas insulating the roof will have no perceived value.***

### HOLDING ONTO INVESTMENT PROPERTIES

- Is it wise to hang on to an investment property for the longer term?

#### ANSWER

***A balanced portfolio is a wise way to go. If you have a high growth property then it may be worth hanging on to in order to leverage off to complete other deals. Having said that you need to understand your own goals - get really clear on this. Do you want cashflow, capital growth or both? Invest according to your own needs.***

## DUE DILIGENCE

- How to Due diligence?
- What are the best secrets for getting due diligence right?
- How to create contingency plans?
- How to do thorough due diligence?
- All due diligence areas covered

### ANSWER

*Due diligence is an important step and should never be overlooked. Get to know your area first and determine what the value of your property is before and after you add value. Engage contractors for each area you are working on so you have an expert giving you the actual costs e.g. a builder quoting your renovation, a town planner quoting your application costs and surveys etc. Leave no stone unturned and allow plenty of contingency. Put in a due diligence clause (written by a solicitor) to allow you to tie up the property while you conduct your research. I am known as the queen of contingency so always plan for the best and expect the worst - that means factor in high interest rates (+2 or 3%); increased construction and material cost (+10%); decreased end sale value (-10%).*

## MY MONEY OR BANKS

- Do I use my own money to buy outright or borrow from bank?

### ANSWER

*I am known as the queen of leverage so I like to use other people's money whenever I can to leverage my deals. Having said that, if you are just starting out, you might want to build your reputation first with a few deals and this may require you to do it with your own money. Look at the cash on cash return of your deal (how much money will you get back divided by what you personally put into the deal). Then compare that percentage to a no risk bank return (currently around 5%). Less money in the deal means a higher return on your money. If you are using percentages in your feasibility, also look at profit on costs (total return on all the money invested in the deal including the banks and your money). You will eventually find a financial balance that suits what you can afford and still make the most of your cash available.*

## % RETURNS

- What percentage returns will I receive on my full outlay (including purchasing costs)?
- How to calculate the real Rate of Return (after inflation and opportunity cost) on a property investment?
- Investment Return rate?
- What structure I should be using to invest to maximise my returns & minimise my risk?
- What is the real return on investment and how does this net return compare to other investment classes?

### ANSWER

*Percentage return is just one facet to help you decide if the deal is good or not. The actual % depends on the risk of the project. Any development should have a minimum return of profit on costs. Work out what is the minimum return you are comfortable with, and work from there. Cash on cash return percentage is also important. This is the return you would get with little or no risk in the bank. The cash return of your deal is basically how much money you will get back as a percentage of what you personally put into the deal. You should compare this percentage to a no risk bank return (currently around 5%). Less money in the deal means a higher return on your money. Risk must be equated to the return.*

## CAPITAL GROWTH

- Is my property in the right location that it will increase in capital value?
- How to chose the best area for buy and hold strategy?
- Could you, please, give step-by-step guide how to find and evaluate property for buy and hold strategy?

### ANSWER

*You will have to make an educated guess on this yourself. Thoroughly research your area, look at past sales of properties that compare to your house and land size. Look at surrounding influences such as infrastructure, services, environment, location and demand. If you are looking at a long term strategy, the capital growth needs to be factored in. One of the biggest influences on this strategy is scarcity. Location is great but scarcity is critical. For example, a water front property is going to have good capital growth as there are not many of them (scarce). A block of land in the CBD is going to have good capital growth as there are virtually none available (scarce).*

### RESOURCE FOR FEASIBILITY COST APPROXIMATES

- Where to get vaguely accurate costs for your feasibility without bugging professionals/trades people etc when the job may not come to fruition?

#### ANSWER

*All construction and renovation is based on a square meter cost. At some point you will need to get quotes for your project whether it goes ahead or not. When you do, try and translate it to a square meterage rate so you can apply it on future jobs but remember to add a bit of contingency. The more quotes you do, the better you will get at it. For example, a tiler might charge \$30 per square meter for tiling (plus the cost of the tiles). If the job is pretty standard, you could get this cost over the phone then add another 10% to the quote to cover the unknown.*

### READING THE MARKET

- With the current hiccups of property values, is it still worth investing on property?
- When is the right time to invest?
- How to read the market for ourselves as there are so many conflicting views out there?

#### ANSWER

*You really have to trust your own judgment with this. Educate yourself the best you can and then make your own call. A good mentor will help you with this. In the end, it's better to have advice you can act on rather than doing nothing at all. Remember to separate fact from opinion when doing your research. With any investing, you should always bank on the worst case scenario: what is the worst thing that can happen in this deal? If it still stacks up, you could be on a winner. Property is like any other asset class - it will go up and down and experience flat times. It's up to you to utilise what part of the market is currently available to you. There are deals in every aspect of the property market.*

### AREAS

- Great areas to invest in
- What are the best locations to invest in?
- What are the next property hot spots?
- How do we determine the correct location for property investing for maximum capital gain?
- What makes one area better than another?
- How to find areas that are next to experience growth - a detailed method of analysing these areas (caused by ripple effect, infrastructure, etc)
- Am I investing in the right area?
- What areas are most likely to provide the strongest growth?
- Location of area's that have the potential to increase in value
- Which area is affordable to invest that will give capital growth as well?
- How do you pick the right area to invest in. i.e. what websites and reports do you utilize to help with this?
- How do I find the right property location?
- Where are the two top locations to invest?
- How and where to find the deal - this includes all the research
- Where to buy?
- Best areas to look to invest
- How do we find a suitable property?
- Where is the best place to buy?
- Where to buy?
- Where do you go to find which city is in which part of the property cycle?
- Where to invest that will bring in a good return when sold?
- Where to invest?
- How to define good areas to invest in?
- Where to purchase the best properties?
- What areas to buy in?
- Where to invest?
- How do I find areas which have growth potential?
- How do you determine the best area to invest in?
- How to know the best place to buy investment property?
- Where is the best place to invest?
- How to choose the best locations to purchase investment properties (and, conversely, what kinds of locations to avoid)?
- What types of property offer the best overall return as rental investments (and, conversely, what are the worst, so as to avoid them)?
- Why should I invest in this location?
- Where to look (maybe not real estate agents)?

- Would you recommend investing in mining towns i.e. Mooranbah?
- How to find the best property locations / deals?
- Where do you go or who do you talk to about the projected growth for the next year or two for a particular area/suburb?
- Where to invest for future growth?
- What suburb is a good suburb ?
- Where & how you go about finding these properties?
- How to find the right location for each individual to invest in?
- Stable rental areas
- How do I locate decent investment properties?
- What is the best area to invest in?
- How to assess which areas will give the best return on investments?
- Where am I going to get the best returns?
- Where are the current hot spots in Australia?
- Which area to buy know?
- Best types/areas for property investment
- How to choose the "right" area?
- Where is the property I wish to purchase?
- What are the best locations to invest in?

### **ANSWER**

***Property Investing is not all about location. There are deals in every market and every location. That's the beauty of property investing. People always need somewhere to live and it's your job as an investor to solve people's problems. Choosing an area comes down to what your goals are, as this will determine your strategy. If you are buying and holding for the long term, you need to look at areas that have had traditionally high capital growth (although this is never guaranteed for the future). If you are looking for cashflow you might want to look in a regional area or a mining town where rentals are scarce and rents are high. If you want quick cash, fast turnaround deals, you may want to buy in a popular area where you know there is a strong demand for your product. Get clear on what you want to achieve out of your investing, then determine your strategy, then focus on an area. If you are new to property investing, just focus on your local market. This is undoubtedly the area you know the best and can capitalize on your local knowledge.***

## GETTING STARTED

- What is the step by step process of getting started?
- Where and how to get started in property investing?
- What is the first step needed to be taken to invest in property?
- Whether it is a positive or negative answer to the first question where would I start, to get into property investing, step by step starting from dot?
- How to get started?
- What questions do you need to ask yourself to determine what is right for you?
- How to Invest?
- What is the absolute easiest way for a new investor to make money from real estate?
- How do you take your first step?
- Time to invest and what all to be considered while buying a investment property?
- For a Beginner investor, what would you firstly recommend for me to get started in Property Investing when it comes to the money side of things? Start Saving? Or just get out here and put our money into research and seminars?
- What is the best way to start off investing?
- How can I start?
- Can you get started with little money?
- How do I start my property investment portfolio with little or none of my own money?
- How do you make it happen?
- What is an effective approach to get started?
- Were to get started in property?
- How to benefit from property investments?
- How to get started?
- How do I get started?
- How?
- How do I start with no previous experience?

## ANSWER

***First and foremost is 'why'. Why are you wanting to invest in property? It's quite a journey and you need something that will lift you when required. Education, networking and action are the next key things you should work on. Education can come in the form of a book, an audio product or a mentor. A mixture of each will give you the best chance of success. Networking with like minded people is a critical facet. Surround yourself with people that will support and encourage you. Join a property networking group where you can learn and share with others on the same journey. Finally - action. Like anything, you need to take real consistent action towards achieving your goal. Research and education will only get you so far - getting out there inspecting properties, talking to agents and submitting offers will get you on the path to real success.***

## MARKET CRASH?

- In your opinion, is the housing market going to crash?
- What's going to happen over the next 5 years to property?
- How long before property will start rising again?
- How to spot the trend of the market?
- Are we headed towards a downturn in property investing and is property overvalued?
- Is there a housing bubble? If/when it bursts, what is the likely fallout, and how long will it take to unfold, what effect on prices?
- When to invest?
- The future of property investing in Australia
- How to gauge the market?
- What time is it currently on the property clock?
- How can I know where or when there will be a property boom?
- When is the property bubble going to burst?
- What strategy (I should use to invest) and at what time?
- Is it a good time to buy?
- Is this a good time to invest?
- Is the market cooling off?
- What is the Timing of the market fall/raise?
- What is really going on with the Australian market?
- What is the correct status of Housing in Australia? We hear the market is about to drop then we hear there will be a housing shortage!!! Confusion all round.
- What do the current market conditions mean for the future of property values in Australia?
- Is there a 'bubble' in the NSW (and Australian) property market? If so, is this 'bubble' going to burst and when might that occur?
- How to interpret the position of a particular region is in the property cycle
- If the market drops, will it come back up again, and how long will it take?
- How long before real estate does have a growth again?
- Why is there such strong discrepancy in opinions from many experts about future housing prices and a USA type bubble in Australia?
- Fluctuation of prizes on the market - prognosis
- How are prices going to develop?

## ANSWER

***First of all, make sure you take on board facts and not opinions of others. When researching the market, listen to people that have seen the market rise and fall over the last 3 decades. History will give you a good clue of what might happen. Secondly, focus on the market indicators: interest rates, market sentiment, employment figures, lending etc. People often focus on the market prices doubling every 7 to 10 years. This can be a very deceptive view as we have seen recently, prices don't always go up.***

## LAND VS HOUSE

- Is buying vacant land better than a house?
- Land or building-what do I want?

### ANSWER

***If you are buying land, you need to have a plan - a plan for the worst case scenario. Land does not provide income so the quicker you develop it the better. Having said that, land can be seen as a scarce commodity which will often drive the price higher.***

## NO MONEY DOWN STRATEGIES

- How can I buy property without a deposit or using the banks?
- How to profit from investing without much capital?
- How do you buy with no money down and when do you pay?
- How do I source money on no income other than rentals?
- How to do no money/very little money deals?
- How to invest in property with a limited amount of capital?
- Strategy on how to purchase with No money
- How to invest with little or no money of your own?
- How to start with low startup capital?
- How can you get finance for investment now that the banks / lenders have changed their minimum requirements and valuation levels?
- How to get into the property market without capital outlay?
- What if I am a person who (due to illness) has not worked for over 2 years and relies on my partner's income but personally has over 80 thousand left in equity in my home. How would I get a loan if the partner has bad credit (from years ago but still on credit check) and I don't work?
- How to raise capital to get started?
- What is the best investing strategy for low income people?
- How do you get into developments when you don't have much capital to start with?
- How to invest in property with minimal outlay?
- How to get a loan if you have a low income?
- Once you have started and invested in a couple of properties, how to move forward from there?
- How to overcome the properties know are coming in with low bank appraisals which it turn is affecting my borrowing?
- How to get finance when your financials don't look good?
- How to buy property with little or no money?
- How do I buy property with no money down or using O.P.M?

- How to get started with limited cash reserves and a fixed income?
- Ways of creating or finding initial funding if money is short or tight? I know you have answered this in your workshops but for new members this question is asked regularly.
- Financial borrowing structures that allow the average person to leverage into property without destroying his cash flow to continue paying his personal expenses.
- I have a buck fifty nine to invest, and the offer of some swamp land. What to Do?
- How do we buy property when we are self employed and at the moment do not have much work?
- Buy with VERY LITTLE Money or NO Money
- How to invest with little or no money down?
- How to get started with no money?
- How do you make money without having money?
- How is it possible to continually access finance to purchase deals (whether renting, or selling on completion), without having a job or business income?
- How to get started with no money?
- How to start investing with no Capital?
- How to invest with no money?

### **ANSWER**

***Sometimes we are required to get creative with obtaining finance - especially if the traditional lending process is not favorable with your current situation. One option is to bring in a joint venture or money partner. In essence, team up with someone that can bring something to the deal that you can't provide. This could be serviceability or working capital to complete the deal. If you struggle to find a partner, attend local networking groups and put the word out there for what you are looking for and what you can provide. You will be amazed at what opportunities will come your way. Be realistic with what you can afford. There are deals at every level so build a good relationship with your bank or mortgage broker to get a good understanding of what they will and won't lend you. Some more advanced strategies are Options and Wraps. I would suggest reading further into these topics to ensure you understand the concept and what is required to make them successful.***

## BEST INVESTMENTS

- To aid me to develop a strategy and plan for property investing and get me going.
- Different strategies and the best way to look for them
- What strategy I should use to invest?
- What kind of deals/strategies should I be using in this market?
- Given my income, what is the optimal property investment in dollar value?
- How to make sure you buy a good investment?
- Given my income, what is the optimal property investment in dollar value?
- What is the best investment?
- What kinds of properties are the best investments and why?

### ANSWER

*This all comes down to what you are trying to achieve. If you are buying and holding for the long term, you need to look at areas that have had traditionally high capital growth (although this is never guaranteed for the future). If you are looking for cash flow, you might want to look in a regional area or a mining town where rentals are scarce and rents are high. If you want quick cash, fast turnaround deals, you may want to buy in a popular area where you know there is a strong demand for your product. Get clear on what you want to achieve out of your investing, then determine your strategy, then focus on an area. If you are new to property investing, just focus on your local market. This is undoubtedly the area you know the best and can capitalize on your local knowledge.*

## PAYING DOWN MORTGAGE FOR EQUITY

- Should we pay extra on to our mortgages to give us better collateral?

### ANSWER

*This comes down to what your financial goals are. What do you want the equity for? Paying down your mortgage will lower your repayments but reduces your opportunity cost of the extra cash you have to invest in other deals. If paying down, try to do it through an offset account or line of credit so that the extra repayments bring down your holding costs, but gives you the option to redraw should an opportunity come along. I am a big fan of getting rid of all debt so clearing your mortgage should be within your medium or long term strategy.*

### FIXED OR VARIABLE LOANS

- Are fixed or variable interest rates best for investment properties?

#### ANSWER

*This depends on your financial circumstance. Variable rates will give you more flexibility to refinance into another loan to expand your portfolio. Having said that, if you need security and peace of mind, a fixed option would be better suited. In any case, always bank on rates to increase by 2 or 3 percent.*

### INFO ON AREAS

- Best sources of information for an area?
- What is the most effective - time & money - resource I can use to find deals (e.g.; Price-Finder, realestate.com etc)?
- What are the latest resources you use to keep track of the property market?
- How do you pick the right area to invest in. i.e. what websites and reports do you utilize to help with this?
- How to do your own investigation into an area?

#### ANSWER

*Researching an area is an important part of our due diligence and there are many tools, both paid and free, to help you complete this process. [www.realestate.com.au](http://www.realestate.com.au) is a good place to start - take a look at sold prices, suburb profiles and rental returns. [www.domain.com.au](http://www.domain.com.au) is another good resource. Moving into a paid tool, take a look at [www.pricerfinder.com.au](http://www.pricerfinder.com.au), [www.rpdata.com.au](http://www.rpdata.com.au) and [www.realestateinvestar.com.au](http://www.realestateinvestar.com.au) These are all powerful tools that have a massive amount of data to analyze. Remember to spend time on the ground talking to agents as well as time in front of the computer.*

## NEGOTIATION TACTICS

- How do you confidently negotiate the purchase of a property?
- Help with negotiating skills with sellers/the finance people and any others in between e.g. vendor finance
- How do I negotiate effectively without exploiting the vendor?
- Negotiating deals

### ANSWER

***Negotiation is a huge part of acquiring a strong property portfolio. In life, we don't get what we deserve. We get what we negotiate. You always have the option of employing a buyer's agent to help with the process however I believe negotiation is a skill you will need at some point in the game anyway. A key factor is to find out what the other party wants and don't just focus on price. They might need a quick sale or a long settlement. Ask questions to get to the root of the reason they are selling and try to give them that while still meeting your own needs. A win-win outcome is what you should be striving for. Practice is the key to improvement of this critical skill.***

## POTENTIAL GROWTH

- What is the potential growth?

### ANSWER

***Potential growth in property is just that - potential. Always bank on worst case scenario which means little or no capital growth. Prices don't always go up so it is often wise to have a strategy where you can add value yourself rather than relying on the market to give it to you.***

## RENTAL YIELD OUTLOOK

- What is the outlook for rental yield?

### ANSWER

***This is a market question so you will need to do your own research on this. Rentals are scarce at the moment and occupancy rates are low. This is a key indicator that rental returns may improve. Having said that, I wouldn't be banking on a best case scenario.***

## BOOKS ON PROPERTY INVESTING

- What books do you recommend reading about property investing?

### ANSWER

*There are a stack of property investing books out there, all with their own merit. I am often referred to as the queen of leverage so I can suggest you read Property Millionaire where I and 11 other property millionaires have co authored. Leverage your time and get 12 authors for the price of 1.*

## OVERCAPITALIZING ON RENOVATION

- If I want to try renovating, how do I know I am not over-capitalizing?
- How to optimize renovations (maximum profits without overcapitalizing)?

### ANSWER

*The end value of your renovated property is the most important number you need to come up with. It is also the most difficult to determine. Bring 3 or 4 agents into your property to get their response on what the market is asking for. Over capitalizing is a trap many fall into when they become over emotional with the project. Every dollar you spend should return you \$4. Spend money on the items that a high perceived value. These are things you can touch, feel and see: light switches, freshly painted walls, door knobs and letterbox. Bathrooms and kitchens are a priority but depending on the area and the market may not require a complete overhaul. Roof insulation, electrical wiring and plumbing are all important but won't provide any return on investment as they are all items that are just expected to be there.*

## LINE OF CREDIT

- How do I go about getting a line of credit?

### ANSWER

*LOC is a form of loan and you will need to talk with your mortgage broker or banking representative to discuss options.*

## RENOVATE OR NEW HOUSE

- How does buying a renovators dream differ from a new property?
- Whether to buy a property that needs to be done up or buy one that has already been done?
- Repair or brand new?
- When buying investment property whether to buy existing one or built a new one?

### ANSWER

*With any deal, it all comes down to the numbers. There is no point buying a renovators dream if there is no margin to return you a profit. Equally, why would you build a new property if there is no profit. Both strategies can be successful as long as the numbers work. You need to go through a feasibility process to determine what is going to make you a profit. Work out cash in and cash out, back of the envelope style - 2 columns, with conservative figures. The cash out column includes every broad cost including purchase price and purchase costs, holding costs, add value costs, selling costs. The cash in column is the expected sale price. If it passes this test, I would move onto some sort of spreadsheet where I can plug in every single cost.*

## HOLDING COSTS

- Is there a holding cost for this property?

### ANSWER

*Every property deal will have some sort of holding costs. Factor in all of them: interest costs (bank on an increase of 2 or 3 percent); rates; insurance; maintenance, accountant fees to maintain your structure; property management fees etc.*

## DEDUCTIONS

- What deductions are available?
- Discuss tax deductions including depreciation?

### ANSWER

*This is something you need to discuss with your accountant. Property investing is a popular form of wealth creation due to the many opportunities for tax deductions and depreciation. Each deal is different and your financial circumstance and structure will have an effect.*

### DEDUCTIONS FOR RENTING

- Why can I not claim on new carpet, painting and doing the unit up before the tenant moves in?

#### ANSWER

*This is something you need to discuss with your accountant. Property investing is a popular form of wealth creation due to the many opportunities for tax deductions and depreciation. Each deal is different and your financial circumstance and structure will have an effect. The items you have mentioned are seen as capital in nature and not repairs which would allow a tax deduction, as the property is not rented.*

### MAINTAINING CASHFLOW DURING DEVELOPMENT

- Best way of financing property development while maintaining cash-flow?
- How to meet payment gap between rental income and interest on loan?
- How do you stay on top of your cashflow when you have multiple properties?
- What's the best way to structure finance to improve cash flow?
- Which strategy would you suggest a first-time investor use to get cash flow happening to continue investing?

#### ANSWER

*Cashflow is very important especially with active strategies such as renovation, subdivision and development. A project will quickly come to a halt if the cash is not there to continue the project. Proper planning before you are even on site is critical; map out the lifetime of the project and plug in every cost along the way so you are aware of the peak times that cash is required. If you cannot fund the cashflow, it may be time to bring in a JV or money partner. This will reduce profit but ensure you are not left with a time blowout due to poor cashflow.*

### NEGATIVE TO POSITIVELY GEARED

- Is it possible to turn a negatively geared property into a positive one?
- Where to from here when you already have negatively geared or other buy and hold properties. i.e. how do I start to re-strategize what I thought was a good initial property investing strategy?
- Positively and negatively geared for tax advantages

#### ANSWER

*It's a well known fact that I despise negatively geared property and a great strategy would be to buy one that you can turn on its end and create a cash cow. Open your mind to some income producing changes to the property. These could be subdividing the back block off, adding another bedroom, renting it out by the room or creating extra storage space. The options are limitless. Having said that, it's important to balance your portfolio - you may want to keep one or two high growth properties that are offset with the positively geared properties. I would err on the side of caution though, as negatively geared deals can become dangerous if the market drops or interest rates sky rocket - since you don't have control over either of these factors, I believe it's best to focus on positively geared deals.*

### PRIVATE FUNDING

- How to get finance and the type of people who can get you private funding?
- How we would we go about getting another investor to put in for a property deal?
- How to finance in a market where the banks are tightening their lending criteria?

#### ANSWER

*Private funding is a great way to overcome the glass ceiling some people hit when obtaining conventional finance. Private or mezzanine finance can come in a number of forms: JV partners, money partners or through an institution that deals specifically in this area. Just be sure that your solicitor is overseeing everything you do. Attend some local property networking events - you will be amazed at who you might meet at those gatherings. You might even meet your next joint venture partner.*

### QUIT CURRENT POOR MARKET PROJECTS

- How to quit existing property projects when there is no market at a break-even price?

#### ANSWER

*Sometimes deals go sour and we need to be realistic with what is happening in the current market. This is not a time to put your head in the sand, it's a time of swallowing pride and making the best financial decision based on all the relevant information on cashflow, market sentiment and end sale value of our project. Taking a small loss now might be better than hanging on and hoping things will get better. Take action and take control of your own deal.*

### PROPERTY OPTIONS

- What is the best way to approach owners on property options?

#### ANSWER

*Honestly and up front. People appreciate honesty and if you have a good deal, then present all the factors and be upfront with all facets. Your negotiation skills are important here so strive to find out the other party's needs and Endeavour to meet them. Present your offer professionally and in writing with fair outcomes to all parties.*

### MANAGING MULTIPLE PROPERTIES

- Once you have a number of properties, how do you keep on top of them?

#### ANSWER

*Leverage! Don't try and be the lone soldier. In order to expand your portfolio you need to expand your team. This means employing exceptional property managers to outsource this task. This doesn't mean you abdicate your responsibilities, it means you delegate the task while you manage the big picture.*

### INVESTMENT PROPERTY CHECKLIST

- What are the list of things you need in place for each property i.e. insurances, which ones, tenant agreements?

#### ANSWER

*There are a number of tasks to complete when purchasing a property and incorporating a checklist is an excellent way to stay on top of things. The best way to make a checklist is to actually complete the tasks and journal the process as you go. A few key things to start off with when purchasing a property are: due diligence, building and pest inspections, finance approvals, deposit and purchase costs available, conveyancing and tenant enquiry if you are purchasing with a tenant on board.*

### BEST STRATEGY TO BUILD WEALTH

- What property investing strategy is the proven best way to build generational wealth?
- What is the best way/strategy to attain financial freedom in the shortest amount of time?

#### ANSWER

*This all comes down to what you are trying to achieve. If you are buying and holding for the long term you want to look at areas that have had traditionally high capital growth (although this is never guaranteed for the future). If you are looking for cashflow, you might want to look in a regional area or a mining town where rentals are scarce and rents are high. If you want quick cash, fast turnaround deals, you may want to buy in a popular area where you know there is a strong demand for your product. Get clear on what you want to achieve out of your investing, determine your strategy, then focus on an area. If you are new to property investing, just focus on your local market. This is undoubtedly the area you know the best and can capitalize on your local knowledge.*

### OPTIONS FOR SUBDIVISION

- What are the cheapest options for subdividing a block I live on?
- How do you find out your contribution costs?
- What information should I be asking a town planner in order to crunch my numbers?

#### ANSWER

*First port of call is a town planner. He or she will be able to tell you if the subdivision is feasible by providing costs and potential council approvals. From there, it's making sure you have allocated funds for every expense. Again, the town planner can help you with this. Get in touch with someone who has done a similar deal to help you avoid any obvious mistakes. Major costs outside of the town planner are providing sewer and water connections for the newly created lot; driveway and crossover access; fencing; council contributions. Build a good relationship with your town planner - this person is key. They will give you insight into the costs of the surveying, council applications and contributions, plan sealing, title registration, infrastructure costs etc.*

### LONG TERM INVESTMENT OPTIONS

- Is the house and land or apartments and townhouses a better investment long term?

#### ANSWER

*This really comes down to the area you are investing in and your goals you want achieved in the process. House and land is often a safer option due to the better control you have over your property i.e. you can add value without having to consult a body corporate or neighboring tenants. Units can be attractive also if you have the leverage to buy in bulk and split off at a later date.*

### HOW TO TELL THAT YOUR INVESTMENT PROPERTY IS NOT WORKING FOR YOU SO YOU CAN THEN REINVEST?

- How can I tell when an investment is better of dumping to be able to reinvest in a better one?

#### ANSWER

*Sometimes deals go sour and we need to be realistic with what is happening in the current market. This is not a time to put your head in the sand, it's a time of swallowing pride and making the best financial decision based on all the relevant information on cashflow, market sentiment and end sale value of our project. Taking a small loss now might be better than hanging on and hoping things will get better. Take action and take control of your own deal.*

### BANKS LENDING

- When will banks start lending to reasonable standards again?
- How to get finance in today's financial markets

#### ANSWER

*The current market requires you to be creative with your finance. Bring in a joint venture or money partner. In essence team up with someone that can bring something to the deal that you can't provide. This could be serviceability or working capital to complete the deal. If you struggle to find a partner, attend local networking groups and put the word out there for what you are looking for and what you can provide. You will be amazed at what opportunities will come your way. Finally, be realistic with what you can afford. There are deals at every level so build a good relationship with your bank or mortgage broker to get a good understanding of what they will and won't lend you.*

### INVESTING IN THE USA

- Is it wise to invest in American real estate?
- What is your personal opinion of investing directly in USA properties?

#### ANSWER

*There is a lot of talking about investing overseas. Personally I think that the further away from home you invest from your known area, the more difficult it will be. Yes, there are*

*plenty of opportunities in the US but I would be careful of the hype that is surrounding it. They may well not have seen the worst of it yet! The rewards are there if you are prepared to setup the networks, structure and teams as well as travel multiple times each year. An opportunity exists if this suits your risk assessment and lifestyle choices.*

#### FINDING A GOOD AGENT

- How to you find a good real estate agent?
- What research do you need to do to settle on a managing agent that you can trust?

#### ANSWER

*Agents are a key factor to successful property investing. Like any industry there are quality people that do an extremely good job and there are others that don't provide any value whatsoever. Your job is to see out the former. Allocate some quality time to get to know the agents in your area, educating them as to what you are after. Sooner or later you will find someone that understands the value of working with you for the longer term. Treat agents with respect and be honest as to what you are seeking.*

#### MOTIVATION WITH NO PREVIOUS SUCCESSFUL OUTCOMES

- How do you keep motivated to work on your investments every day even though you haven't had any result for long time?
- How to Keep Motivated?

#### ANSWER

*This is a great question and should be addresses throughout your career. Your best path to success is to have a reason to invest - not just a money goal either. Is it to spend more time with kids? To travel? Whatever the reason, it must invoke passion, determination and a burning desire to succeed. Without this, you will not achieve your goal. It's as simple as that. Get very clear about what you want and inspire yourself and others around you. Life is not a dress rehearsal so go of gold! Secondly, surround yourself with supportive and encouraging people. There are plenty of groups and networks you can become a part of. Seek them out and spend time around people that are wanting the same success.*

## REFINANCING, EQUITY AND VALUATIONS

- D I refinance every year to pull the equity out of my properties and should I pay for my own valuations?

### ANSWER

***Refinancing should only be done with a purpose. What is your reason for drawing down equity? What is the plan when you increase your mortgage and subsequently the repayments that service it? Equity and Lines of credit are a valuable tool to further your portfolio, if it is used for just that - not depreciating assets or luxury items. Cost of valuations and refinancing will come down to the individual lender and should be budgeted for in any case.***

## AREAS IN INLAND AUSTRALIA

- How do I choose the best area for investing in property if I prefer to look at the market in inland Australia?

### ANSWER

***Become an area expert. Narrow your search to 2 or 3 suburbs maximum and know every property on the market and what it sold for. You want to be more knowledgeable than the agents in your area. Keep a log book and attend every OFI you can. Look at past sales history in that area and work out what the short, medium and long term trend it doing. Look at other external factors like future planed infrastructure, zoning, demographics etc. Who lives in the area and why do they live there? Talk to agents and find out what buyers are seeking then provide it for them. Any area can be profitable if you understand the needs of the market and the opportunity to add value.***

## CUTOFF FOR STAMP DUTY

- Who decided that \$600,000 was the cut off limit for no stamp duty on new houses and how did they come to that particular sum and not \$800,000?

### ANSWER

***The office of state revenue determines the level of stamp duty that is paid. I have no information or input as to why the cut off is what it is. You should forward this question to the office of state revenue in your state.***

### HOLDING PROPERTIES IN A DOWN MARKET

- How do we hold property in times of down turns such as we are in now?

#### ANSWER

*It's difficult to foresee when the market is going to move up or down. All we can do, is to monitor the key market indicators so we can make an informed decision to sell or hold before you become a desperate seller. Everyone has different circumstances and it's important not to be in a position where you have to sell. We must be realistic about the market down turn and make some tough decisions if necessary.*

### REGIONAL EAST COAST

- What do you think about investing in regional east coast locations like Mackay and port Macquarie?

#### ANSWER

*Become an area expert. Narrow your search to 2 or 3 suburbs maximum and know every property on the market and what it sold for. You want to be more knowledgeable than the agents in your area. Keep a log book and attend every OFI you can. Look at past sales history in that area and work out what the short, medium and long term trend it doing. Look at other external factors like future planed infrastructure, zoning, demographics etc. Who lives in the area and why do they live there? Talk to agents and find out what buyers are seeking then provide it for them. Any area can be profitable if you understand the needs of the market and the opportunity to add value.*

### AREAS IN NSW AND QLD

- How do you find out where the next hot spot will be in QLD and NSW?

#### ANSWER

*Become an area expert. Narrow your search to 2 or 3 suburbs maximum and know every property on the market and what it sold for. You want to be more knowledgeable than the agents in your area. Keep a log book and attend every OFI you can. Look at past sales history in that area and work out what the short, medium and long term trend it doing. Look at other external factors like future planed infrastructure, zoning, demographics etc.*

***Who lives in the area and why do they live there? Talk to agents and find out what buyers are seeking then provide it for them. Any area can be profitable if you understand the needs of the market and the opportunity to add value.***

## PROCESS OF SUBDIVISION

- How to do a subdivision in a detailed step-by step and practical way?
- The process to split a 800m2 block

### ANSWER

***First port of call is a town planner. He or she will be able to tell you if the subdivision is feasible by providing costs and potential council approvals. From there it's making sure you have allocated funds for every expense - again the town planner can help you with this. Get in touch with someone who has done a similar deal to help you avoid any obvious mistakes. Major costs outside of the town planner are providing sewer and water connections for the newly created lot; driveway and crossover access; fencing; council contributions. Build a good relationship with your town planner - this person is key. Ensure you have a good understanding of the council zonings in your area and what can and can't be done taking into account setbacks, significant trees, sewer position, contours of the block land size and dimensions.***

## BORROWING AGAINST SUBDIVISION

- Can you borrow against costs to split?

### ANSWER

***In any property deal, if you create enough value there is the possibility of building equity in the project that can then be drawn down again. This comes down to what loan you have setup. To draw down equity you will need to refinance and talk to your mortgage broker to do this. If you add value in the subdivision, you will need the property revalued to determine the equity (if any) that is available to be drawn down. In essence, if you add value or the market increases the value of your home, you have the potential to access the equity that has been created. Be careful when drawing down as you are essentially increasing your loan and repayments and will need to pay it back at some stage. Also, most financial institutions will only ever allow you to draw down up to 80% of the current value of the property.***

## DIFFERENCE BETWEEN POSITIVE AND NEGATIVE

- What is the difference in negative and positive investment?
- How do I do the numbers to pick the right deal - cash flow positive, neutral, negative?
- How do you choose between investing in positive cash flow properties or negative cash flow properties?
- The benefits of positive cash flow and negative gearing and when to choose each?
- Which one is better and why?
- Positively and negatively geared for tax advantages

### ANSWER

***Negative gearing is when the cost to hold the property is more than the income it generates. Conversely, a positive geared investment is when the income is greater than the costs. The only time I would ever negatively gear something is when I am in the process of adding value to the project and the rental received is less than the expenses of holding the property. For example, if I bought a block of 4 units and in the process of splitting them into individual titles, I rent them out negatively geared until the titles are created and I can sell the units individually. The only other benefit of negative gearing (if you can call it a benefit), is if you can afford to hold the property and you are rewarded with capital growth after a period of time. This however is fraught with danger as you are merely hoping for the growth. No control over your investment can eventually turn you into a desperate seller. I always look to positively gear or at the very least, neutrally gear my properties.***

## RESEARCH, LOCATE AND NUMBERS FOR A PARTICULAR STRATEGY

- When deciding on a particular strategy, e.g. cashflow positive, how to research and locate and do the numbers?

### ANSWER

***In the current market, it is difficult to find positive cashflow deals. In my experience the trick is to create your own positive cashflow deals. This can be done a number of ways. Here are just a few: adding an extra bedroom to increase rent; cut off the back block in a subdivision and pay down the mortgage on the front house; buy a block of 4 flats, strata title them, sell 3 and pay down the loan on the 4th. There are positive cashflow deals about, potentially in regional areas of Australia however they are few and far between and unless you have a good network of agents, you will spend a lot of time looking for them. In this market, it's important to look at property deals with the view of "what can I do to add value and make this deal positive cashflow".***

### MAXED OUT FINANCE WITH NEGATIVELY GEARED PROPERTIES

- How can you continue to make money from property when your finances have maxed out and your portfolio is negatively geared?

#### ANSWER

*It's sometimes a bitter pill to take but to free yourself of debt and create a more balanced portfolio you will need to sell something. Negative gearing is a poor strategy as you are limited as to how much you can acquire so you have now found. Re-evaluate your portfolio with honest eyes and convert some of your underperforming properties into positive cashflow deals.*

### FINDING GOOD LOCATIONS IN A NEW AREA

- How to spot a good deal when it comes your way?
- In a new city/town, how do you work out where the best place to buy is?

#### ANSWER

*Become an area expert. Narrow your search to 2 or 3 suburbs maximum and know every property on the market and what it sold for. You want to be more knowledgeable than the agents in your area. Keep a log book and attend every OFI you can. Look at past sales history in that area and work out what the short, medium and long term trend it doing. Look at other external factors like future planed infrastructure, zoning, demographics etc. Who lives in the area and why do they live there? Talk to agents and find out what buyers are seeking then provide it for them.*

## RETURNS WITH PROPERTY INVESTING

- Rules of thumbs for estimating potential returns
- Making an accurate assessment of the profit margin in any deal - whether it be a buy/hold/rent OR buy/sell
- What are the returns?
- How much profit will be made from the deal, and, most importantly, how you arrive to that figure?
- How can I make exceptionally good returns?
- What is the return on property-is it worth investing in it?

### ANSWER

*The return on property investing is incredibly wide and varied. It all comes down to the skill of the investor, the state of the market and the quality of investment. A good return needs to take into account the risk. If a bank is paying 5% and you want to do a medium scale development, I would be looking for a minimum of 20 - 25% return. A small renovation might only require a 15% return. It's important to not only focus on the percentages - understand what the actual profit is going to be as well. You should also look at the cash on cash return of your deal. i.e. how much money will you get back as a percentage of what you personally put into the deal, then compare that percentage to a no risk bank return. Less money in the deal means a higher return on your money. Also look at profit on costs. ie total return on all the money invested in the deal including the banks and your money.*

## LOW DOC LOANS

- How do I apply for finance as a low-doc?

### ANSWER

*You will need to get in contact with your lending institution or mortgage broker to discuss this. Low doc loans are not as prominent as they used to be, although there are some second tier lenders bringing this product back into the market. A low doc loan will often mean a higher interest rate. Be sure to self evaluate your own capacity to service the loan before you enter into any low doc loans.*

## PROPERTY TRADING

- Is property trading (migrating profits to the next booming capital city) a good strategy in the Australian market?

### ANSWER

***Property trading is a valid strategy however applying it in this way relies on the market to improve continually. When relying on the market, you are banking on a best case scenario which is fraught with danger. Each capital city may have a boom but there are thousands of markets within the market that are all running in different directions. To simply say a capital city is booming is an ill informed statement and could lead to deals going sour. Yes, take your profits from an average deal and put it into a better deal, but be sure you do more due diligence with the specific area you want to move into. I recommend spending at least 3 months evaluating the area before investing in it.***

## IS PIF FOR THOSE WHO ARE CASHED UP OR INTERESTED AND AMBITIOUS?

- Is only people with surplus funds in hand should get in to this PIF or can anyone with keen interest and ambition would be able to do it as well?

### ANSWER

***The PIF product is an extremely valuable product given the benefits that are available to the user. As with anything you set out to doing, it requires ambition, drive and determination to make it a success. Everyone is at different levels financially and should weigh up whether they see the investment in their own education and growth as beneficial.***

## % RENTAL = GOOD VALUE INVESTING

- What percentage of income from rent would indicate that I bought a good valued investment property? i.e. house was for sale for \$400,000 and I new I could rent it out for 1650 p/m, is that a good investment purchase?

### ANSWER

***Percentage return is just one facet to help you decide if the deal is good or not. The actual % depends on the risk of the project. Cash on cash return percentage is more what you are asking I think and this can be compared to the return you would get with little or no risk in***

*the bank. Your cash return of your deal is basically how much money will you get back as a percentage of what you personally put into the deal. You should compare that percentage to a no risk bank return (currently around 5%). Less money in the deal means a higher return on your money. Risk must be equated to the return. You should be doing a feasibility that incorporates all holding costs including rates, insurance, maintenance, property management etc. Measure all these costs against the rental and you will know if the property is positive or negatively geared. At first glance I would think it is negative.*

#### OUTER MELBOURNE INVESTING

- Good places to buy property outer metro or fringe. We here about 'hot suburbs' to purchase in metro area but most are out of price range for new/early investors i.e. recommendations to buy in inner Melbourne but prices are 600,000+. What about suggestions for outer Melbourne potential boom areas that are \$350,000 - \$450,000 which is more affordable and manageable?

#### ANSWER

*Property Investing is not all about location. There are deals in every market and every location. That's the beauty of property investing. People always need some where to live and it's your job as an investor to solve people's problems. Choosing an area comes down to what your goals are as this will determine your strategy. If you are buying and holding for the long term, you want to look at areas that have had traditionally high capital growth (although this is never guaranteed for the future). If you are looking for cashflow, you might want to look in a regional area or a mining town where rentals are scarce and rents are high. If you want quick cash, fast turnaround deals, you may want to buy in a popular area where you know there is a strong demand for your product. Get clear on what you want to achieve out of your investing, determine your strategy, then focus on an area. If you are new to property investing, just focus on your local market. This is undoubtedly the area you know the best and can capitalize on your local knowledge.*

### OBTAINING PREVIOUS SALES FIGURES

- How to obtain cheap or inexpensive past property sales figures?

#### ANSWER

*The most used website is [www.realestate.com.au](http://www.realestate.com.au) closely followed by [www.domain.com.au](http://www.domain.com.au). Both these sites give data on past sales however it's important to talk with agents as well as sometimes the internet data is old or inaccurate. Spend some time watching properties sell as well. Create a logbook of every property in your area. You will be surprised at how knowledgeable you will be after just a couple of months. You can also ask for the data from agents. They all have access to RPdata and are often willing to print out a report for you on a particular area.*

### FINANCE WITHOUT BANKS

- How do you get into property without having to use banks?
- How can you borrow money for an investment property if you don't have a full time job?
- Places to find finance
- How to get finance for 3rd property if all your equity is tied up in securing your second mortgage?
- How to obtain finance from other institutes other than banks?
- Options available for obtaining finance if bank says 'No'?
- How to secure finance if you are on a low or less than average wage?
- What options are there if gaining adequate finance is an issue? What is the best property strategy for my circumstances?

#### ANSWER

*Private funding is a great way to overcome the glass ceiling some people hit when obtaining conventional finance. Private or mezzanine finance can come in a number of forms: JV partners, money partners or through an institution that deals specifically in this area. Just be sure that your solicitor is overseeing everything you do. Attend some local property networking events. You will be amazed at who you might meet at those gatherings - you might even meet your next joint venture partner. Some more advanced strategies are Options and Wraps. I would suggest reading further into these topics to ensure you understand the concept and what is required to make them successful.*

### TRUSTING JENNIE'S ADVICE

- How am I going to be sure that if I follow your advice that my hard earned money isn't going to disappear into a black hole?
- Get rid of the fluff and make sure your content is able to be useful

#### ANSWER

*In any new venture there is going to be risk. I see most people fail because they are not prepared to put in the effort. I can give you all the tools and strategies to become successful however it is up to you to apply them. I often talk about having a "why" that drives you. If you have a big enough reason to succeed, one that makes you get up every single morning with a burning desire to achieve then you will succeed.*

### AFFORDING TO INVEST

- Can I afford the property?

#### ANSWER

*You need to spend some time with a mortgage broker or your accountant to determine your financial situation. There are plenty of strategies you can apply to all levels of property investing. If the deal is good enough, the money will show up. Be realistic with what you can afford and go after deals that suit your skill and financial capability.*

### CGT WHEN SUBDIVIDING AND SELLING PART OF

- What are the implications for CGT when buying and subdividing and then selling part of the property?
- What are the tax implications when selling and buying before the one year capital gains is up?

#### ANSWER

*You will need to discuss this with your accountant. CGT has many implications and apply to all different circumstances so for me to answer this without knowing your position would be remiss of me.*

## MANAGING AND SECURING DEAL

- Process of managing and securing the deal

### ANSWER

*There are many facets to acquiring a property deal. You should have a number of people on your team to help you understand the process: accountant - sets up your investing structure; mortgage broker - determines and acquires the level of finance you require; solicitor - validates any legal documents and completes the conveyancing process; real estate agent - can help you find and acquire then potentially manage the deal; insurance broker - will assist in insuring the property. Firstly understand what strategy you want to implement and what outcome you want achieve from property investing. Educate yourself in the strategy; become an area expert in the location you want to invest in. Do your due diligence on the area and the properties you seek to place offers on, create feasibility studies on the potential properties.*

## POSITIVE/NEUTRAL PORTFOLIO RATHER THAN NEGATIVE

- How do I build a portfolio that is positive or neutral rather than negative?

### ANSWER

*In the current market it is difficult to find positive cashflow deals. In my experience, the trick is to create your own positive cashflow deals. This can be done a number of ways. Here are just a few: adding an extra bedroom to increase rent; cut off the back block in a subdivision and pay down the mortgage on the front house; buy a block of 4 flats, strata title them, sell 3 and pay down the loan on the 4th. There are positive cashflow deals about, potentially in regional areas of Australia however they are few and far between and unless you have a good network of agents you will spend a lot of time looking for them. In this market, it's important to look at property deals with the view of "what can I do to add value and make this deal positive cashflow".*

## POPULATION GROWTH

- Definition of population growth

### ANSWER

***Population growth is one key indicator to help you assess the demographics of the area you wish to invest in. Demographics can help with assessing the potential market in your area.***

## OVERCOMING FEAR OF INVESTING

- Risk management that allows the average investor to overcome the fear of property investing
- What happens if the interest rates skyrocket as they did years ago? For example, what if they reach 15%?
- What happens if I lose my job?

### ANSWER

***Property investing brings with it risk and taking risk can often equate to reward. Your goal as a property investor is to mitigate as much of this risk as possible through quality due diligence and having a clear understanding of the numbers of a property deal. Fear can be the biggest hurdle for any investor. The technicalities of property investing can be learned by anyone but the mindset is what creates a successful investor. It would pay to address any fears you have now with a mentor or coach to ensure you are mentally ready to take action when required. Personal growth and property investing go hand in hand.***

## IS FINANCIAL FREEDOM VIABLE?

- Can I really become financially free or is it just a dream?

### ANSWER

***It's absolutely viable and the limits only exist in our mind. Set goals, stay accountable and take massive action towards them, will see you attain your dreams and more. I can give you all the tools and strategies to become successful however it is up to you to apply them. I often talk about having a "why" that drives you. If you have a big enough reason to succeed, one that makes you get up every single morning with a burning desire to achieve, then you will succeed.***

### FINDING THE RIGHT MENTOR

- How do I find a legitimate mentor who will help me build my portfolio without ripping me off?
- Who can I go to to set in place and in play a good plan to build wealth using property strategies?
- How could I find a real mentor (not someone's employee)?
- How to find a successful mentor who is willing to work with you to vet your potential projects and work with you as a consultant on a feasible project to get the project off the ground and assist you in getting it to completion and taking their fee as a consultant from the project proceeds?
- How to find a mentor?

#### ANSWER

***Education, networking and action are key things you should work on, but a mentor will always get you to where you want to go quicker. Choosing a mentor should not be taken lightly - there are many out there so you want to find one that is walking their talk, doing deals in the current market and has the longevity and hindsight to understand how the market evolves. My advice is to attend some free or low cost seminars to see if you can relate to the speaker/mentor; ask questions, follow their work and then take action.***

### MINIMISING CGT ON SALE

- Ways to help investors minimize CGT on the sale of an investment property
- Capital Gains Tax - how do we make SERIOUS money without having to hand chunks of it over in the form of capital gains tax when we sell the property?
- What is the best way to minimize Capital Gains Tax and maximize profits if you purchase a property, renovate it and sell it within 12 months?

#### ANSWER

***You will need to discuss this with your accountant. CGT has many implications and apply to all different circumstances so for me to answer this without knowing your position would be remiss of me. There are ways and means to structure yourself effectively to minimize the tax implications and a good accountant will be able to help you with this.***

## BLOCKS IN BALLARAT

- I live in Ballarat - how do I find more blocks with a house on it that is big enough to subdivide to add value?

### ANSWER

***Go to the local council and see if they have some integrated mapping so that you can assess the entire area for available blocks to split. Once you find one, then you may need to be more creative in acquiring it. Anything is for sale at the right price and you don't always have to go through a real estate agent to buy one. I have found many a deal through talking to neighbors, knocking on doors and searching for sellers in places you wouldn't normally expect. Failing that, you can always expand your search into another location.***

## CAPITAL GROWTH VS RENTAL RETURN?

- Capital growth vs. rental return?
- What is better - cash flow positive or capital growth?
- How to distinguish between two opportunities, which is the clear cut winner?
- Investment return on long run
- What is better - buy and hold a new property where you can get depreciation and capital growth or buy, add value, sell and pay tax?
- Balancing portfolios for growth & cash flow? How is it done?
- Long term Vs short term investments
- Return & growth
- Cash flow positive property that also gets u growth

### ANSWER

***Why not both? It really comes down to your goals as an investor. Do you want to just buy and hope the market will increase or would you prefer to be more active and increase the rental returns yourself through adding value to the property? Capital growth happens but we can't control it, so why bank on it? I like to invest in deals that I can add the value myself and if there is growth, it's a bonus. Value add strategies can be in the form of adding a bedroom, rent out a storage area, sell off part of the land. Look at your property globally - can you team up with a neighbor to create a larger and more attractive development site? Does your property sit near a uni or hospital where you could rent out the rooms separately? The options are only limited to your imagination.***

## AREAS AND STATS ON GROWTH FROM THE LAST 50 YEARS

- How do I research an area properly and where do you go to get the statistics on growth over the last 50 years for that area?

### ANSWER

*A great resource is the Australian Bureau of Statistics. It's free and accessible online. Depending on the last census, it can be a little out of date but no more than 5yrs. It should give you some good info on the past 50 years in demographics. Researching an area is an important part of our due diligence and there are many tools both paid and free to help you complete this process. Realestate.com.au is a good place to start - take a look at sold prices, suburb profiles and rental returns. domain.com.au is another good resource. Moving into a paid tool, take a look at Pricerfinder.com.au, rpdata.com.au and realestateinvestar.com.au. These are all powerful tools that have a massive amount of data to analyze. Remember to spend time on the ground talking to agents as well as time in front of the computer.*

## STRATEGIES IN THIS ECONOMIC CLIMATE

- What are the benefits of strata titling and the differences between other options?
- What can I do to add value to the property?
- How do you know which strategy to use in a changing economic climate?

### ANSWER

*In my experience, the trick is to create your own deals by being creative with adding value. This can be done a number of ways. Here are just a few: adding an extra bedroom to increase rent; cut off the back block in a subdivision and pay down the mortgage on the front house; buy a block of 4 flats, strata title them, sell 3 and pay down the loan on the 4th. There are positive cashflow deals about, potentially in regional areas of Australia, however they are few and far between and unless you have a good network of agents you will spend a lot of time looking for them. In this market, it's important to look at property deals with the view of "what can I do to add value and make this deal profitable".*

### CHECKLIST FROM PROJECT MANAGEMENT TO COMPLETION

- Can you provide a clear step by step checklist of tasks that are required to properly project manage a project from feasibility to completion?

#### ANSWER

**Analyze - become an area expert on 2 or 3 suburbs. Get to know prices better than the agents selling them. Become confident in your feasibilities.**

**Buy - submit offers, it might take a few trial ones first. Make sure you have plenty of get out clauses.**

**Manage - money follows management and it's up to you to manage the project from go to woe.**

**Sell - know the market before you start (analyze phase). Get your marketing right by selling to the buyer in mind.**

### NEGATIVE GEARING AND EQUITY

- How do we keep a property portfolio going with negative gearing and the lack of loan options to use equity?

#### ANSWER

**It's sometimes a bitter pill to take but to free yourself of debt and create a more balanced portfolio, you will need to sell something. Negative gearing is a poor strategy as you are limited as to how much you can acquire. Re evaluate your portfolio with honest eyes and convert some of your underperforming properties into positive cashflow deals.**

### CASHFLOW WHILST WAITING FOR GROWTH

- What is the best ways to enhance cashflow to keep the properties going while waiting for capital growth?

#### ANSWER

*In my experience, the trick is to create your own positive cashflow deals out of the negative structure. This can be done a number of ways. Here are just a few: adding an extra bedroom to increase rent; cut off the back block in a subdivision and pay down the mortgage on the front house; buy a block of 4 flats, strata title them, sell 3 and pay down the loan on the 4th. There are positive cashflow deals about, potentially in regional areas of Australia however they are few and far between and unless you have a good network of agents you will spend a lot of time looking for them. In this market, it's important to look at property deals with the view of "what can I do to add value and make this deal positive cashflow".*

### BUYING AND MAINTAINING INVESTMENTS

- What is the full cost of an investment - buying and maintaining a property?

#### ANSWER

*That largely depends on the type of investment strategy you are pursuing. Let's look at a standard buy and hold- you have the purchase price (PP); the closing costs to buy it (allow 5% of PP); the holding costs including interest, rates, insurance, maintenance(allow 8% of purchase price); property management (allow 10% of the rent); selling costs (allow 3% to include agent and solicitor fee).*

### TAX IMPLICATIONS FOR INVESTING

- What are the tax implications?

#### ANSWER

*There are many however it's best to direct this question to an accountant. Remember to focus more on the income rather than the tax you will pay. Paying tax is a given and if you are paying tax you are making money. The key is to minimize your tax through legitimate structures and entities.*

### BUYING IN THE CURRENT MARKET

- What time is it currently on the property clock?
- Do I or should I wait for the right time to buy a second property in a buyer's market ?

#### ANSWER

***My view is the market is going to continue to fall so I am not buying anything at this time. In fact, I have sold down a lot of my property. It all comes down to your own strategy and goals. Yes - it is currently a buyer's market so there are good deals around however my belief there are good deals in any market. You need to make your own judgment and take action. To do nothing would be the worst choice.***

### FINANCING OPTIONS FOR A 2ND PROPERTY

- If already struggling when paying a 1st mortgage, what are the best methods to get ahead & buy a second property?

#### ANSWER

***Each situation is different and I don't know yours so I will provide a few broad options. Can you add value to your current property through a renovation, subdivision, reallocation of rental income, storage sheds etc? If so, this could create more equity that you could use as a deposit for the next property. Find a deal that is income based so that it can be included to help serviceability. Can you look at a joint venture partner where you share the profit (or loss) with another party? Can you move out of your existing house and rent somewhere cheaper and get a tenant to increase your cashflow?***

### SELLING LEASED INVESTMENTS

- If you have an investment property which is leased and you are considering selling it and wish to stage it to obtain a better result. However the tenant does not want to be co-operative even if you offer them a cash incentive. How would you approach this situation to still be able to achieve the best result?

#### ANSWER

***Have you asked the tenant what they would like to be compensated with? How about paying for a 4 week holiday in a nearby town? When does the lease expire? Can you serve them notice to leave? It's your property, you need to be in control of it.***

### FINDING STRATA TITLE DEALS

- What's the best way to find possible Strata Titling properties anywhere in Australia?

#### ANSWER

*The easiest way is to setup an alert on realestate.com.au - there are hundreds of them. Look statewide to start with and narrow it down from there. The search should include "block of flats" or 6+ bedrooms. You are bound to find a lot of single units in the results but sift through these and you are bound to find something. Your next step is your due diligence.*

### VENDOR IS INCREASING PRICES DUE TO DEVELOPMENT POTENTIAL?

- Are vendors loading up their sale price to include any possible property development to their property, e.g. are the properties already priced way too high when there is potential to re-develop, subdivide, renovation existing dwelling and then subdivide remainder of land etc?

#### ANSWER

*The price of a property is only worth what the market will pay. If a developer sees value in a property because of its opportunity to make a profit then that's what it is worth - what he is prepared to pay. If the properties are sitting stale on the market, then they are most likely overpriced and it's an opportunity to make a realistic offer.*

### CURRENT MARKET STRATEGIES

- What is the most effective way to make money in the current market?
- Will I make great money even in a down market? What is the least amount of time this will happen in?
- How to make money in a falling market
- How to make a profit in falling market
- What are the best investment strategies?
- How do we manage our investments in a market that is reducing in market value?

#### ANSWER

*There are deals in every market. Somebody always needs to sell and somebody always needs to buy regardless what the market is doing. As a property investor, it is your job to*

*seek out the vendor's needs and meet them. Solve their problem and you will unlock the profit. In a flat market, I prefer to look at deals that are quick turnaround that will make me chunks of cash without waiting for the market to improve. This could be buying well and doing a simple renovation or creating value by buying in bulk and selling retail (strata title or subdivision). If you find yourself with a property deal that is going backwards in a falling market, you need to look at ways to increase its value - this doesn't have to be to the property itself, it could be the way it is utilized. e.g. does the location lend itself to be a home office? Could it be a holiday rental? Could it be better used as a storage facility? Could the rooms be rented out separately? You need to look at ways you can work with the market conditions.*

### CHOOSING THE BEST OPTION

- How do you choose the one to go for when you have a number of options available to you?

#### ANSWER

*It all comes down to numbers and what gets you closer to your goal. This is different for everyone so run the numbers on each deal, write down what you want your outcome to be and why then you will find your answer.*

### INTEREST ONLY AND PRINCIPAL AND INTEREST LOANS

- Depending on our own tax situation, should one pay "interest only" on an investment property?
- Should you use principal and interest loans or interest only loans for your investment properties?
- When should you start to pay principal and interest? What are the criteria?

#### ANSWER

*My view is there is only bad debt so the quicker you get rid of it, the closer you are to financial freedom. This will mean using a P&I facility. Having said that there are times where I have used interest only as the deal has required it. If you are not planning on holding the property for long, then why pay the bank any extra? An example might be a strata title deal where I want to split up 4 units and sell them individually. I made a decision that I wanted a lump sum of cash with no debt so I used interest only while splitting the units and closed the loan as soon as the deal was complete.*

## INVESTING FOR GROWTH, CASHFLOW OR BOTH

- Should it be for growth, cash flow or a combination of both in different properties?

### ANSWER

*Why not both? It really comes down to your goals as an investor. Do you want to just buy and hope the market will increase or would you prefer to be more active and increase the rental returns yourself through adding value to the property? Capital growth happens but we can't control it so why bank on it? I like to invest in deals that I can add the value myself and if there is growth it's a bonus. Value add strategies can be in the form of adding a bedroom, rent out a storage area, sell off part of the land. Look at your property globally - can you team up with a neighbor to create a larger and more attractive development site? Does your property sit near a uni or hospital where you could rent out the rooms separately? The options are only limited to your imagination.*

## ASSET PROTECTION

- Asset Protection
- Asset protection simplified - its need and its set-up

### ANSWER

*You need to talk to an accountant to get your structure correct. Everyone's circumstances are different and the type of deals you are doing will determine the answer to this question. Get the structure right before you sign a contract as changing it later can cost you thousands. A common structure is a company and trust structure where the company solely acts as a trustee for the trust and nothing else. This can provide asset protection as well as tax minimization due to the advantages of distributing wealth from the trust to its beneficiaries in a tax effective way. Again, spend some time with your accountant to determine the best structure to suit your needs. Setting up a company and trust structure can be in the vicinity of 2 to 3 thousand dollars with ongoing costs of around \$500 to \$1000 per year.*

### STOPPING JOB TO INVEST

- How to reach the point when I can stop my regular job and continue to invest?
- How do I calculate the number and value of properties I need in my portfolio to be financially free by Retirement?
- How to manage the transition to full time investor?
- How to get finance when you stop working?
- How do I grow my assets to throw off cash flow and get out of the JOB treadmill?

#### ANSWER

*It's really a case of finding out how much you need to live on and working out how many properties or deals you need to do to meet that figure. Financial freedom can occur in a number of ways - it's about finding the niche you are best at and applying your skills or learning new ones. It's always good to transition slowly though, as quitting your job will remove the ability for you to service a loan so you will need to learn to incorporate joint venture partners. Look at your options - can you take long service leave? Can you take a leave of absence? Maybe you could JV with someone who has already left work. All these things will transition you slowly from the J.O.B to full time investing. If you are closer to retirement than most, you may need to look at your options differently - acquiring a certain amount of properties may not be the focus due to the time required to do this.*

### INVESTING FROM HOME TO REPLACE INCOME

- How do I go about doing an armchair development with full support? I am over rental properties - I want to trade and make large chunks of cash every year, to replace my husband's income - how do I do that safely?

#### ANSWER

*You are really talking about becoming a money partner or bringing in a team of people that you can pay and leverage off of. I would suggest acquiring a mentor to take your investing to the next level. The large chunk deals are possible but a little more defining of your goals is going to help you achieve your outcome.*

### MINIMIZE LAND TAX

- How do I minimize outgoings such as land tax?

#### ANSWER

*You really need to discuss this with your accountant, I cannot give this sort of advice.*

### DEPOSITS FOR BUYING

- Deposits for buying

#### ANSWER

*I assuming you are asking about saving a deposit? Budgeting is critical - both personally and with your business and property deals. Aim to pay yourself (save) 10% of everything you earn before tax. This requires diligence and consistency. Have a target to work towards and don't be tempted to spend the savings on depreciating asset or luxury items.*

### RISK STRATEGIES AND BIG BANK VS SMALL BANKS

- Loan serviceability and working around the banks
- The best way to approach banks
- What is the safest way (minimal risk) to invest in property?
- Deal with same bank or different banks
- I think covering risk strategies and big bank vs. small banks, pros and cons with these two types of lenders, including common misconceptions

#### ANSWER

*It's really not about the banks - whether they are big or small. It's the service and loan structure they can provide for you. Talking with a broker that has access to many lenders and their products would be a better place to ask this question. I have used a multitude of lenders as I don't like to stick with just one lender. Work out what your priorities are to complete the deal and find a lender that will meet those needs. e.g. do you need low interest rates, low break costs or a redraw facility etc. The current market requires you to be creative with your finance. To start with you should have an excellent mortgage broker. You then need to start taking away any reasons the bank could say no to your application. Such as a good savings history, little use of personal credit cards, good serviceability. To work out the best loan, you need to chat with a mortgage broker or your bank - there are*

*a myriad of loan products out there and your circumstance will be different to the next person. A mortgage broker can help determine what your priority is - low interest rates, low break fee costs, LOC, redraw facility etc. There are deals at every level, so build a good relationship with your bank or mortgage broker to get a good understanding of what they will and won't lend you.*

#### SELLING IN THE CURRENT MARKET

- We have 4 investment properties we bought in the last 3 years. We have students as tenants which can give us a few problems but at the same time good return. We are tired and are thinking about selling to pay off all our debts and be mortgage free and own our own home Do you think this is a good time to do this with the current market the way it is?

#### ANSWER

*This is really up to you as your goals will be different from mine. If managing a bunch of tenants is not your thing, then yes, maybe you should get out of the situation. Owning your own home debt free is not a bad thing and it puts you in a good place to start again with a strategy that suits your lifestyle.*

#### TIPS ON GETTING RENT OUT OF YOUR TENANTS

- I have a couple of tenants whom are reluctant to pay their rent on time or at all sometimes any tips?
- What can you do when tenants do not pay rent & may have genuine hardship?

#### ANSWER

*You need to be in control of your property. Do you have a property manager? If so sack them! There is a huge rental shortage so why are you creating hardship for yourselves when there are plenty of quality tenants out there? Why do you feel you need to support these people if they are not living up to the end of their bargain?*

### LIVING OFF RENTAL INCOME

- How many properties are required to replace a \$100k income?
- How many properties do you need to own before you can comfortably live on the rental income (assuming you need mortgages for all the properties)?

#### ANSWER

***This is simple math: draw up a budget of how much you need to live off of each month. Find property deals that will offset these expenses. It's not about how many houses you have its about how much money they put in your pocket. Work out what debt level you are comfortable with as this will help determine how much property you need to hold.***

### MAKING MONEY OUT OF YOUR CURRENT PROPERTIES

- We have not been able to make any money out of our properties apart from capital gains when we sell the property - what are we doing wrong?

#### ANSWER

***Why is this a problem? What are you doing with the profit? There is nothing wrong with selling a property if you are making a profit. This profit could be reinvested into another property to keep the mortgage to a minimum, lowering your repayments, reducing risk and thereby increasing your cashflow. Take a look at your reason for investing - what are your goals? How much money do you want to make? Is it cashflow or capital growth you want, or both? Get crystal clear on what you want out of your property deals. It may well be you are doing nothing wrong, you just need to realign where you are going financially.***

### PROTECTING INVESTMENT

- How do I protect my investment? Through insurance?
- How do I protect my assets from frivolous claims and government tax grabs?

#### ANSWER

***You should be structured properly so your assets are protected and you need to talk to an accountant to ensure the best structure is in place for your circumstances. In addition you should be fully insured - your property, your contents, your tenants, your life, your income - the lot! Property investing brings with it a lot of risk and you don't want be leaving your family with a whole heap of debt or a litigation case if one of your tenant hurt themselves and sues you for the lot. Allocate some quality time to discuss this with your accountant or a financial planner.***

## MINIMUM AMOUNT OF MONEY TO START INVESTING

- What is the minimum amount of money I require to start investing?
- Is it possible for someone on a low income to start investing in property without borrowing money?
- How much layout do I need to come up with?
- How can we get money for the first investment property when you're on a minimum wage?
- Can I get started with limited equity and limited surplus cash flow?
- Not enough equity
- How to keep buying IP if don't have enough equity?

### ANSWER

*Sometimes we are required to get creative with obtaining finance - especially if the traditional lending process is not favorable with your current situation. One option, is to bring in a joint venture or money partner. In essence, team up with someone that can bring something to the deal that you can't provide. This could be serviceability or working capital to complete the deal. If you struggle to find a partner, attend local networking groups and put the word out there for what you are looking for and what you can provide. You will be amazed at what opportunities will come your way. Be realistic with what you can afford. There are deals at every level so build a good relationship with your bank or mortgage broker to get a good understanding of what they will and won't lend you. Some more advanced strategies are Options and Wraps. I would suggest reading further into these topics to ensure you understand the concept and what is required to make them successful. Discuss this with a good mortgage broker to find out what you are capable of doing financially, then discuss it with your accountant to structure and protect yourself correctly.*

## MULTIPLE INVESTMENTS

- How to obtain more than two investment properties?

### ANSWER

*There are a couple of ways of going about this. The first is to use strategies that are positively geared. If your properties are producing profitable income, then you will have a better chance to continue to refinance and purchase more. Sooner or later though, you will hit a glass ceiling where the banks won't lend any more to you. This is when you can look at joint venturing - bringing in a partner that can contribute serviceability or capital funds. Using JV's are great as you are only limited to the amount of JV's you can set up which is limitless.*

## RESEARCH

- Best way to conduct research

### ANSWER

*Research is an important aspect of your due diligence. A good system is to become an area expert. Narrow your search to 2 or 3 suburbs maximum and know every property on the market and what it sold for. You want to be more knowledgeable than the agents in your area. Keep a log book and attend every OFI you can. Look at past sales history in that area and work out what the short, medium and long term trend it doing. Look at other external factors like future planed infrastructure, zoning, demographics etc. Who lives in the area and why do they live there? Talk to agents and find out what buyers are seeking then provide it for them.*

## RE-EVALUATIONS WITHIN 6 MONTHS OF PURCHASE

- How to get a revaluation inside six months of purchase

### ANSWER

*Valuations are easy to get and cost around \$350. After you have added value to the property (through a renovation or subdivision etc) contact a mortgage broker or your bank to arrange one.*

## PROPERTY DEMAND

- What will be the demand for property in the various market segments short, medium and long term?

### ANSWER

*You really have to back your own judgment with this. Educate yourself the best you can and then make your own call. In the end, nobody knows and it's better to have an opinion that you can act on rather than doing nothing at all. Remember to separate fact from opinion when doing your research. With any investing, you should always bank on the worst case scenario: what is the worst thing that can happen in this deal and if it still stacks up you could be on a winner.*

### BABY BOOMERS AND HOW THEY AFFECT HOUSING PRICES

- We know baby boomers are on the move to more peaceful settings but still close to amenities. What affect will this have, will it be enough to dilute city prices as they sell up and increase prices in less urban centers?

#### ANSWER

*I really don't believe there will be enough exiting of the capital cities to warrant a price correction in this part of the market. It's an interesting point and worth doing some research on demographics in the area you are speaking of. The baby boomers is a massive chunk of the market so it is worth doing some homework and forming an opinion on how your area will be affected.*

### IDENTIFYING YOUR NICHE

- How do you identify your niche?

#### ANSWER

*A niche is classed as a topic that is an inch wide and a mile deep. Finding your niche is all about tapping into your area of expertise, your passion and coupling it with a need or want within the market. The only way you are going to find this niche, is to try a few different strategies and see which one you can relate to the best. As a property investor we should have a number of tools (strategies) in our toolbox and apply them to the problem (property) in order to unlock the profit.*

### RENOVATION NUMBERS

- Renovating formula per room?

#### ANSWER

*Renovating can be very time consuming if not done efficiently. I would never renovate a property room by room. You want to complete the task that is being applied to the whole property in one hit. For example - when you paint, paint the whole house. There is too much wasted time in the setup, cleanup and packup of each task. Streamline the process by doing the tasks in the right order. Another example is tiling - bring the tiler in to do the bathroom, the ensuite, the kitchen and laundry splash back all at the one time. If you live in the property, it might be worth moving out for a month while the big ticket items are completed. A couple of thousand in rent could save you tens of thousands on the project - not to mention a lot of grief dealing with a messy, dusty house.*

### BEST STRATEGY FOR FAST RENO

- Best structure to buy in to renovate and on-sell with a fast turnaround?

#### ANSWER

*Reno's are notorious for cost and time blowouts. So good management of the project is critical to its success. Make sure you have been diligent with your costing and kept plenty of contingency. Spend some time with a number of agents to get a very clear idea on what the end product should sell for. People will often over capitalize due to their emotional attachment to the project. Stay very focused on the end goal which of course is to make a profit. Add value only where it is required and a good agent will be able to help you in this area. I often use a home stager as well at the end of the deal to assist in presenting the home. If you can, get this person in early as they often have some good ideas about maximizing the space available. Ultimately, you are better leveraging your time by outsourcing the project to a builder with a fixed price quote. This frees you up to look for the next deal. If you want to project manage yourself, allocate plenty of time to plan each task, book tradies and be onsite a lot!*

### MAXIMIZE LENDING CAPACITY

- How do I find out how much the bank will lend me before finding a property first so I will know ahead of time if I could actually get two, e.g., if I already knew I could get \$450k, I could be looking at two cheap properties rather than finding one property and waiting for the banks approval?
- How do I stay focused when things aren't going to plan with my investment property

#### ANSWER

*Before you go looking, you need to know what you can afford. It's a big market out there so you don't want to waste time looking at million dollar properties if your budget is \$300k. Pay a visit to your mortgage broker or lending institution to arrange pre approval. It doesn't guarantee you will get the finance, but gives you a very good idea on what you can afford. While you are at it, lock in some time with your accountant to ensure you are investing in the right entity/structure.*

## FINANCE STRUCTURE

- What is the most efficient finance structure (LOC, Mortgage Offset acc., etc.)?
- How to structure finance

### ANSWER

*You need to talk to an accountant to get your structure correct. Everyone's circumstance is different and the type of deals you are doing will determine the answer to this question. Get the structure right before you sign a contract as changing it later can cost you thousands. A common structure is a company and trust structure where the company solely acts as a trustee for the trust and nothing else. This can provide asset protection as well as tax minimization due to the advantages of distributing wealth from the trust to its beneficiaries in a tax effective way. Again, spend some time with your accountant to determine the best structure to suit your needs. To work out the best loan, you need to chat with a mortgage broker or your bank. There are a myriad of loan products out there and your circumstance will be different to the next person. A mortgage broker can help determine what your priority is - low interest rates, low break fee costs, LOC, redraw facility etc.*

## SOFTWARE TO MANAGE PORTFOLIO AND ANALYZE DEALS

- How to put things together on an overall plan that's easy to follow? I need to know what impact would a complication in one step would have on other steps and the project as a whole
- What is the best software package on the market for total management of my portfolio? Ideally this software would include analysis functions to help identify the best deals available.

### ANSWER

*If you are looking at a programme to help find and analyse deals, I can recommend [realestateinvestar.com.au](http://realestateinvestar.com.au) ; [pricefinder.com.au](http://pricefinder.com.au) and [rpdata.com.au](http://rpdata.com.au). As far as programmes go to manage your existing deals, that would largely depend on what you want to do with the software. For construction products that have a focus on builders and trades, Google "Gantt chart". If you have a PC, Microsoft has a product called MS Project. Planning is very important with every project as one delay can stall the whole project. Make sure you get advice on the sequence of events within your project so that your trades are not working on top of each other. A good builder or project manager should be able to help you with putting tasks in the right order with the right timeframes.*

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<http://www.jenniebrown.com.au/VIPInvestingGroup/>

### ECONOMIC CONDITION ETC

- What are your predictions for 2011 in property?
- What's the economic condition, employment rate vs. property price?

#### ANSWER

*Speaking very generally, the sentiment of our economic market can have a key affect on the property market. If people feel as though the economy is in a downturn and there is negative sentiment, they tend to not do anything. This slows the market and potentially creates a lull or downturn. Similar results with employment - if there are no jobs, there is no income. No income makes it difficult to obtain finance - without finance there is not a lot of borrowing going on and therefore a downturn in the property market. You really have to back your own judgment with this. Educate yourself the best you can and then make your own call. In the end, nobody knows and it's better to have an opinion that you can act on rather than doing nothing at all. Remember to separate fact from opinion when doing your research. With any investing you should always bank on the worst case scenario: what is the worst thing that can happen in this deal and if it still stacks up you could be on a winner.*

### MONEY OR JOB

- Will it make me money or keep me tied to a job?

#### ANSWER

*This all depends on the way you structure your investing and the outcomes you desire. If you want to move away from full time employment, then you need to replace your wage with something else. This can be done with positively geared property. Leaving your job is a double edged sword as you no longer have a borrowing capacity. This just means you need to get more creative with your finance options and look to private lending - private funding is a great way to overcome the glass ceiling some people hit when obtaining conventional finance or if they have little or no borrowing capacity. Private or mezzanine finance can come in a number of forms: JV partners, money partners or through an institution that deals specifically in this area. Just be sure that your solicitor is overseeing everything you do.*

## COMPARE SALES

- How do you determine an accurate comparable sale of a similar property

### ANSWER

*Research and get to know your area intimately. Become an area expert. Narrow your search to 2 or 3 suburbs maximum and know every property on the market and what it sold for. You want to be more knowledgeable than the agents in your area. Keep a log book and attend every OFI you can. Look at past sales history in that area and work out what the short, medium and long term trend it doing. Look at other external factors like future planed infrastructure, zoning, demographics etc. Who lives in the area and why do they live there? Talk to agents and find out what buyers are seeking then provide it for them. Researching an area is an important part of our due diligence and there are many tools both paid and free to help you complete this process. Realestate.com.au is a good place to start - take a look at sold prices, suburb profiles and rental returns. domain.com.au is another good resource. Moving into a paid tool, take a look at pricefinder.com.au, rpdata.com.au and realestateinvestar.com.au. These are all powerful tools that have a massive amount of data to analyse. Remember to spend time on the ground talking to agents as well as time in front of the computer.*

## TIMING TO SELL

- When to sell and walk away from a property?
- How do you know when to sell?
- How to know when to sell that investment?
- When is the right time to sell?

### ANSWER

*Ultimately you want to sell when you don't need to. There is nothing worse than being a desperate seller and leaving yourself vulnerable to the whim of the market. Nobody knows exactly when we are at the bottom or the top of the market until it has already happened, so you need to educate yourself as best you can on the changing economic conditions and make a call based on facts not opinion. Also, the time to sell might have nothing to do with the market. You may need to downgrade or upgrade to match your own personal circumstance. Looking from another angle, if you are already in a position where you need to sell, it may be best to free yourself of debt and create a more balanced portfolio. You may need to re-evaluate your portfolio with honest eyes and convert some of your underperforming properties into positive cashflow deals.*

### NEGATIVELY GEARED PROPERTY

- How to handle overly negatively geared property to advance into more property

#### ANSWER

*It's sometimes a bitter pill to take but to free yourself of debt and create a more balanced portfolio you will need to sell something. Negative gearing is a poor strategy as you are limited as to how much you can acquire so you have now found. Re evaluate your portfolio with honest eyes and convert some of your underperforming properties into positive cashflow deals.*

### MORTGAGE REDUCTION

- Tips on mortgage reduction?

#### ANSWER

*Positive gearing is my favorite strategy as it allows the home to be paid off by itself over a period of time. Further to that, you could be doing deals that are faster turnaround that provide chunks of cash rather than ongoing cash flow. Use these chunks to pay down your mortgage. Finally, setup your own payment plan with strict budgeting and a goal to have it paid off.*

### BORROWING POWER

- How to get additional finance
- Tips on increasing borrowing power?

#### ANSWER

*Borrowing power comes down to serviceability so if you can't increase your income in the conventionally way then it might be time to look at more creative options. Private funding is a great way to overcome the glass ceiling some people hit when obtaining conventional finance. Private or mezzanine finance can come in a number of forms: JV partners, money partners or through an institution that deals specifically in this area. Just be sure that your solicitor is overseeing everything you do. Attend some local property networking events - you will be amazed at who you might meet at those gatherings. You might even meet your next joint venture partner. You can also look at it from another angle and do no*

*money down deals. Some of these more advanced strategies are often referred to as Options and Wraps. I would suggest reading further into these topics to ensure you understand the concept and what is required to make them successful.*

#### MAXED OUT BORROWING

- How to move forward when borrowing is maxed out?
- Once I have purchased a couple of properties and borrowed over a certain threshold how do I convince the bank to still lend me money?

#### ANSWER

*Private funding is a great way to overcome the glass ceiling some people hit when obtaining conventional finance. Private or mezzanine finance can come in a number of forms: JV partners, money partners or through an institution that deals specifically in this area. Just be sure that your solicitor is overseeing everything you do. Attend some local property networking events - you will be amazed at who you might meet at those gatherings. You might even meet your next joint venture partner.*

#### MOVING POSITIVELY GEARED

- How do I get myself into a position where I am positively geared?

#### ANSWER

*It's sometimes a bitter pill to take but to free yourself of debt and create a more balanced portfolio you will need to sell something. Negative gearing is a poor strategy as you are limited as to how much you can acquire so you have now found. Re-evaluate your portfolio with honest eyes and convert some of your underperforming properties into positive cashflow deals. Further to that, you could be doing deals that are faster turnaround that provide chunks of cash rather than ongoing cash flow. Use these chunks to pay down your mortgage on the negatively geared properties.*

### TIMING TO BUY

- When is the time to buy?
- How do I learn about the market so I know when is a good time to buy and sell?
- How do I know when it is the right time to invest in the property market to make profit?
- How do you know when to buy?
- When to buy?

### ANSWER

*My view is the market is going to continue to fall so I am not buying anything at this time. In fact, I have sold down a lot of my property. It all comes down to your own strategy and goals. Yes - it is currently a buyer's market so there are good deals around however my belief there are good deals in any market. You need to make your own judgment and take agent. To do nothing would be the worst choice. It's never a perfect time to buy, get past this and form a plan based on what you can control. We have no power over the market so form strategies to work with it.*

### ANALYZING GROWTH AREAS

- What to look out for ( i.e. government infrastructure initiative or demographic change to know which area/suburbs will have its next growth spurt)

### ANSWER

*Become an area expert. Narrow your search to 2 or 3 suburbs maximum and know every property on the market and what it sold for. You want to be more knowledgeable than the agents in your area. Keep a log book and attend every OFI you can. Look at past sales history in that area and work out what the short, medium and long term trend it doing. Growth indicators include future planned infrastructure, council zoning, demographics, environment issues, socio-economics.*

## RISKS

- What are the biggest risks in property investing?
- Recession proof investment property
- What do investors HAVE to do to ensure their risk is minimized ( i.e. totally informed on market)

### ANSWER

*There will always be some sort of risk involved and as property investors one of our main tasks is to mitigate risk. I always look at the worst case scenario and if I am not comfortable addressing this potential risk, then I won't go ahead with the deal. The easiest way to avert risk is to be conservative with your numbers, timeframes and have plenty of contingency in your budgets. We cannot control everything so ensure you: expect interest rates to rise by 3%; plan for the time frames to double on your project; expect costs to increase by 15%, expect prices to drop by 15%. If there is still money in the deal and you are comfortable with your risk mitigation, move forward. Of course, endure you are properly insured at every level of the project.*

## FAST SELL

- How do you work out what kind of market we are in?
- How easy is it to sell up and not lose money if need to sell due to emergency?

### ANSWER

*It's difficult to foresee when the market is going to move up or down. All we can do is monitor the key market indicators so we can make an informed decision to sell or hold before you become a desperate seller. Everyone has different circumstances and it's important not to be in a position where you have to sell. You don't control the market so the property is only worth what the market will pay. If you have to sell at a loss, look at other strategies to hold the property e.g. increasing cashflow through different renting scenarios like renting by the room, converting an area to storage rental. Can you sell the property to someone with vendor finance?*

## COSTS

- Full costs of holding/renting

### ANSWER

***Every property deal is different and will have varying holding costs. The standard ones are: interest costs; loan establishment and annual fees; rates; insurance; maintenance, accountant fees to maintain your structure; property management fees; body corporate fees and sinking fund costs.***

## RENTAL APPRAISALS AND VACANCY

- Realistic rental appraisal and vacancy likelihood

### ANSWER

***A good real estate agent should be able to give you a market rental appraisal of your property as well as discuss vacancy rates. Talk to at least 3 agents to form your opinion. In the current market, some vacancies are as low as 1% and with demand outstripping supply this is sure to remain at low levels.***

## BUY & HOLD VS SHORT TERM BUY & SELL

- In the new market, should an investor buy and hold to make long term gains or should an investor look at short term gains and buy and sell investments?
- Is it better to renovate and sell, or renovate and rent out?
- Whether to buy and hold or renovate and sell for profit

### ANSWER

***It really comes down to your goals as an investor. Do you want to just buy and hope the market will increase or would you prefer to be more active and increase the rental returns yourself through adding value to the property? Capital growth happens but we can't control it so why bank on it? I like to invest in deals that I can add the value myself and if there is growth it's a bonus. Value add strategies can be in the form of adding a bedroom, rent out a storage area, sell off part of the land. Look at your property globally - can you team up with a neighbor to create a larger and more attractive development site? Does your property sit near a uni or hospital where you could rent out the rooms separately? The options are only limited to your imagination.***

## FINANCE FOR THE INVESTOR

- Finance, how to get access to the best lenders for investors, which ones liking dealing with investors?

### ANSWER

*The current market requires you to be creative with your finance. To start with you should have an excellent mortgage broker. I wouldn't be limiting myself to one lender. To work out the best loan, you need to chat with a mortgage broker or your bank. There are a myriad of loan products out there and your circumstance will be different to the next person. A mortgage broker can help determine what your priority is - low interest rates, low break fee costs, LOC, redraw facility and match you up with a lender that is sympathetic to your needs as an investor.*

## PROPERTY CYCLES

- How to find out about property cycles, to know at what stage in the cycle each state is at, at any given time so you can invest in a rising market to leverage your investment no matter what strategy you use?
- After the GFC borrowing money to invest in property got a lot more difficult, has that situation eased / improved over the last 12 - 18 months?

### ANSWER

*Picking the market is a difficult task. There are market indicators and past booms and busts you can look at however nobody knows until after the fact so it's a case of educating yourself with the key market indicators and making a call based on fact not opinion. There is a huge amount of information online to assist you in making an educated guess. Look at past rises and falls over the last 30 years and you may get an insight as to what might happen.*

## RISKS AND RETURN

- What are the anticipated risks and return?
- How to reduce risk? How to maximize profit?

### ANSWER

*There will always be some sort of risk involved and as property investors, one of our main tasks is to mitigate risk. I always look at the worst case scenario and if I am not comfortable addressing this potential risk, then I won't go ahead with the deal. The easiest way to avert risk is to be conservative with your numbers, timeframes and have plenty of contingency in your budgets. We cannot control everything so ensure you: expect interest rates to rise by 3%; plan for the time frames to double on your project; expect costs to increase by 15%, expect prices to drop by 15%. If there is still money in the deal and you are comfortable with your risk mitigation, move forward. Of course, ensure you are properly insured at every level of the project. Your return should be judged on the amount of risk involved. A good comparison is the return you would get by putting money in the bank (no risk low return).*

## INVEST IN NEW OR OLD

- Why is it better to invest in new over old property?

### ANSWER

*New is not always better than old in fact there is profit in either. It really depends on your own investing goals. New is good for depreciation, low maintenance and control over what you provide to the market. Conversely old lends itself to more improvement to the property either through renovation or creating land via a subdivision.*

## OPTIONS FOR INVESTMENT

- What is the better investment houses, units or flats?
- What property type is the best to invest?
- What to buy for the future investment?
- What type of property will be successful in future?
- Which type of properties is best to invest in?
- Why purchase a House and Land as opposed to an apartment/unit?
- Is there, or should there be, a "best type" of property to invest in?
- What is the best type property?

### ANSWER

*This all comes down to what you are trying to achieve. If you are buying and holding for the long term, you want to look at areas that have had traditionally high capital growth (although this is never guaranteed for the future). If you are looking for cashflow, you might want to look in a regional area or a mining town where rentals are scarce and rents are high. If you want quick cash, fast turnaround deals, you may want to buy in a popular area where you know there is a strong demand for your product. Get clear on what you want to achieve out of your investing, then determine your strategy, then focus on an area. If you are new to property investing, just focus on your local market, this is undoubtedly the area you know the best and can capitalize on your local knowledge. House vs unit really comes down to the area you are investing in and your goals you want achieved in the process. House and land is often a safer option due to the better control you have over your property. i.e. you can add value without having to consult a body corporate or neighboring tenants. Units can be attractive also if you have the leverage to buy in bulk and split off at a later date.*

## HOW TO MAXIMIZE RETURNS

- How can I maximise rental returns?
- Maximize returns

### ANSWER

*I assume you are talking about the cashflow of your property? If so, look at the property with fresh open minded eyes and see what you can do to increase the return - can you add a bedroom, can you rent out a storage area, can you sell off part of the land? Look at your property globally - can you team up with a neighbor to create a larger and more attractive development site? Does your property sit near a uni or hospital where you could rent out the rooms separately? The options are only limited to your imagination.*

### LONG TERM RENTAL PROPERTY

- What property will have continuous long term rentals?

#### ANSWER

*You will have to make an educated guess on this yourself. Thoroughly research your area, look at past sales of properties that compare to your house and land size. Look at surrounding influences such as infrastructure, services, environment, location, transport options and demand. These factors are all critical to a property and an area if you are looking at long term capital growth.*

### SELF FUNDED PORTFOLIO

- What will help me to positively gear the property so I can buy more?
- How as an investor can I create a standalone investment portfolio that funds itself.

#### ANSWER

*The best way to do this is building a portfolio of positive cash flow properties. In the current market, it is difficult to find positive cashflow deals. In my experience, the trick is to create your own positive cashflow deals. This can be done a number of ways. Here are just a few: adding an extra bedroom to increase rent; cut off the back block in a subdivision and pay down the mortgage on the front house; buy a block of 4 flats, strata title them, sell 3 and pay down the loan on the 4th. There are positive cashflow deals about, potentially in regional areas of Australia however they are few and far between and unless you have a good network of agents you will spend a lot of time looking for them. In this market it's important to look at property deals with the view of "what can I do to add value and make this deal positive cashflow". With this mindset you will be able to accumulate a portfolio that is paying itself off.*

## TAX AND ASSET PROTECTION

- Explain structuring to maximize tax benefits & protection of assets

### ANSWER

*You need to talk to an accountant to get your structure correct. Everyone's circumstances are different and the type of deals you are doing will determine the answer to this question. Get the structure right before you sign a contract as changing it later can cost you thousands. A common structure is a company and trust structure where the company solely acts as a trustee for the trust and nothing else. This can provide asset protection as well as tax minimization due to the advantages of distributing wealth from the trust to its beneficiaries in a tax effective way. Again, spend some time with your accountant to determine the best structure to suit your needs.*

## \$20,000 START UP CAPITAL

- What are your ideas to begin investing for a person with only their home equity to use and \$20,000 cash in bank?

### ANSWER

*Sometimes we are required to get creative with obtaining finance - especially if the traditional lending process is not favorable with your current situation. One option is to bring in a joint venture or money partner. In essence team up with someone that can bring something to the deal that you can't provide. This could be serviceability or working capital to complete the deal. If you struggle to find a partner attend local networking groups and put the word out there for what you are looking for and what you can provide. You will be amazed at what opportunities will come your way. Be realistic with what you can afford. There are deals at every level so build a good relationship with your bank or mortgage broker to get a good understanding of what they will and won't lend you. Being new at the game, spend this downtime educating yourself while you build up the savings to enter the market.*

### MAINTAINING PPOR ALONGSIDE INVESTING

- Leverage - I have good equity in my principal place of residence which has been built up buy renovating and building houses which I lived in. How do I take it to the next level to continue what I'm doing but without moving the family every 12-18 months and without compromising my family's quality of life to live in a nice house whilst we invest in these projects?

#### ANSWER

***You have mastered the art of creating equity through renovation and construction. It may be time to start taking your investing to a new level with more advanced strategies. Change the deals you do to suit the lifestyle you want. If you find you can't do a deal without leveraging off your PPOR, start to look further afield for funding including money and JV partners. Private funding is a great way to overcome the glass ceiling some people hit when obtaining conventional finance. Private or mezzanine finance can come in a number of forms: JV partners, money partners or through an institution that deals specifically in this area. Just be sure that your solicitor is overseeing everything you do. Attend some local property networking events - you will be amazed at who you might meet at those gatherings; you might even meet your next joint venture partner.***

### IMPLEMENTATION OF STRATEGIES FOR A HIGHER TURNOVER OF DEALS

- I believe I have a good understanding of the basic principles for property investing and have been applying them to building or renovating for chunk deals although these have been lengthy processes, how can make the same returns in less time?

#### ANSWER

***Property investing profit doesn't come overnight as you well know. Why don't you look at doing multiple deals at one time? This would mean you need to lift yourself further up the chain to a management and deal hunting role for your projects. It will also mean you need multiple partners to finance multiple deals. You have the skill and expertise in finding and managing the deals, now bring in a partner with high serviceability but no time or skill to invest. Split the profits 50/50 and repeat the process as many times as you want.***

## SERVICEABILITY

- How to beat the bank loan serviceability criteria?

### ANSWER

*Sometimes we are required to get creative with obtaining finance - especially if the traditional lending process is not favorable with your current situation. One option is to bring in a joint venture or money partner. In essence team up with someone that can bring something to the deal that you can't provide. This could be serviceability or working capital to complete the deal. If you struggle to find a partner attend local networking groups and put the word out there for what you are looking for and what you can provide. You will be amazed at what opportunities will come your way. Be realistic with what you can afford. There are deals at every level so build a good relationship with your bank or mortgage broker to get a good understanding of what they will and won't lend you. Being new at the game, spend this downtime educating yourself while you build up the savings to enter the market. It's not about beating the bank it's about getting creative and sharing the profit to enable you to move forward.*

## REGIONAL VS CAPITAL

- Regional or Capital city properties?
- Best areas to look- urban or rural?

### ANSWER

*Property Investing is not all about location. There are deals in every market and every location. That's the beauty of property investing, people always need somewhere to live and it's your job as an investor to solve people's problems. Choosing an area comes down to what your goals are, as this will determine your strategy. If you are buying and holding for the long term, you may want to look at areas that have had traditionally high capital growth (although this is never guaranteed for the future). If you are looking for cashflow, you might want to look in a regional area or a mining town where rentals are scarce and rents are high. If you want quick cash, fast turnaround deals, you may want to buy in a popular area where you know there is a strong demand for your product. Get clear on what you want to achieve out of your investing, then determine your strategy, then focus on an area. If you are new to property investing, just focus on your local market. This is undoubtedly the area you know the best and can capitalize on your local knowledge.*

## CASHFLOW

- Cash flow breakdowns

### ANSWER

*You need to look at what you can bring to the table. Do you have money, time and skill? Maybe you just have one of these. Team up with a partner that excels in the area you lack. As far as strategy goes, it's a case of trial and error. Finding your niche is all about tapping into your area of expertise, your passion and coupling it with a need or want within the market. The only way you are going to find this niche is to try a few different strategies and see which one you can relate to the best. As a property investor, we should have a number of tools (strategies) in our toolbox and apply them to the problem (property) in order to unlock the profit.*

## OPM

- How to access other people's money?
- How do you use other people's money in property investing?

### ANSWER

*OPM is a critical facet of property investing - without it we cease to move forward. OPM can range from your local bank, to a JV or private money partner. If you are doing deals, you may find you attract people with money that want to get in on the action you are creating. You may find them in your professional team - accountant solicitor etc. Attend some local property networking events. You will be amazed at who you might meet at those gatherings. You might even meet your next joint venture partner. Finally, look in your phone address book and ask the question.*

### TAILORED MADE INVESTING

- How do you determine the best strategy of investment for your individual circumstances?

#### ANSWER

*This all comes down to what you are trying to achieve. If you are buying and holding for the long term, you may want to look at areas that have had traditionally high capital growth (although this is never guaranteed for the future). If you are looking for cashflow you might want to look in a regional area or a mining town where rentals are scarce and rents are high. If you want quick cash, fast turnaround deals, you may want to buy in a popular area where you know there is a strong demand for your product. Get clear on what you want to achieve out of your investing, then determine your strategy, then focus on an area. If you are new to property investing, just focus on your local market, this is undoubtedly the area you know the best and can capitalize on your local knowledge.*

### USING YOUR HOME EQUITY

- What is the point at which - using my own house as equity do I say enough! Or I'll never get to own my home?

#### ANSWER

*You have mastered the art of creating equity by using your PPOR as leverage. It may be time to start taking your investing to a new level with more advanced strategies. Change the deals you do to suit the lifestyle you want. If you find you can't do a deal without leveraging off your PPOR, start to look further afield for funding including money and JV partners. Private funding is a great way to overcome the glass ceiling some people hit when obtaining conventional finance. Private or mezzanine finance can come in a number of forms: JV partners, money partners or through an institution that deals specifically in this area. Just be sure that your solicitor is overseeing everything you do. Attend some local property networking events - you will be amazed at who you might meet at those gatherings. You might even meet your next joint venture partner.*

### DEALING WITH BANKS, OVER 50 AND IN DEBT

- Where do you go if banks look down their snobby noses at you because you're over 50, have debts and don't yet own your home??

#### ANSWER

*It's important to take responsibility for where you are at this point of your life. Banks may see you as a higher risk category and therefore choose to lend to someone else - that's the bank's prerogative. Sometimes we are required to get creative with obtaining finance - especially if the traditional lending process is not favorable with your current situation. One option is to bring in a joint venture or money partner. In essence, team up with someone that can bring something to the deal that you can't provide. This could be serviceability or working capital to complete the deal. If you struggle to find a partner attend local networking groups and put the word out there for what you are looking for and what you can provide. You will be amazed at what opportunities will come your way. Be realistic with what you can afford. There are deals at every level so build a good relationship with your bank or mortgage broker to get a good understanding of what they will and won't lend you. Being new at the game, spend this downtime educating yourself while you build up the savings to enter the market.*

### ALTERNATIVE INVESTING FOR ALL PARTS OF CYCLES

- Are there cycles or downturns in which property investment is inferior to other forms in terms of capital preservation risk and portability of capital?

#### ANSWER

*There are a number of wealth creation vehicles, each having their own pros and cons. In my experience, the most effective form of investing is to spread your assets across a number of your chosen vehicles. Property is not classed as a liquid asset and therefore not exactly quick to move around to suit market conditions. You can however tap into the equity created through active or passive property investing and use this to for capital portability.*

## KEY LOCAL AMENITIES FOR AREA

- What makes a property a good investment (key local amenities)?

### ANSWER

*There are deals in every market and every location. That's the beauty of property investing, people always need somewhere to live and it's your job as an investor to solve people's problems. Choosing an area comes down to what your goals are as this will determine your strategy. If you are buying and holding for the long term, you want to look at areas that have had traditionally high capital growth (although this is never guaranteed for the future). If you are looking for cashflow, you might want to look in a regional area or a mining town where rentals are scarce and rents are high. If you want quick cash, fast turnaround deals, you may want to buy in a popular area where you know there is a strong demand for your product. Get clear on what you want to achieve out of your investing, then determine your strategy, then focus on an area. If you are new to property investing, just focus on your local market, this is undoubtedly the area you know the best and can capitalize on your local knowledge. It also comes down to your goals as an investor. Do you want to just buy and hope the market will increase or would you prefer to be more active and increase the rental returns yourself through adding value to the property? Capital growth happens but we can't control it so why bank on it? I like to invest in deals that I can add the value myself and if there is growth it's a bonus. Value add strategies can be in the form of adding a bedroom, rent out a storage area, sell off part of the land. Look at your property globally - can you team up with a neighbor to create a larger and more attractive development site? Does your property sit near a uni or hospital where you could rent out the rooms separately? The options are only limited to your imagination.*

## EXIT STRATEGIES

- What is an effective approach to developing exit strategies?

### ANSWER

*Exit strategies are an absolute must when doing your due diligence. If you get in to a deal, you need a number of plans to get out again. The exit strategy really depends on the deal itself. Here are a few examples: 1. renovation - you can exit through selling it or renting (probably negatively geared); 2. subdivision - provides more depth to your exit options where you are creating something out of nothing thereby giving you multiple options to*

*exit: sell land and house, sell land & rent house, rent house and build on land etc; 3. Strata title - buy a block of 4 units, renovate and rent them all, rent 2 sell 2. The point is to have multiple written exit strategies before you enter into a deal.*

## CONTINUING STREAMS INCOME

- How can I create continuing streams of income?

### ANSWER

*It's about increasing the tools in your toolbox of strategies. Accumulating property is a romantic idea however at some point you will need to pay back debt. True passive income is owning a property outright and this should be your goal with each property. It may be worth exploring other avenues of making a profit with property - what about some chunk cash deals where you can buy add value and sell, take the profit and pay down another property. Repeating the process will soon bring your debt level down and create multiple streams of passive income.*

## GEARING

- What is an acceptable level of gearing? Does it change as you move from, say, 2nd to third property?

### ANSWER

*Gearing is a form of leverage, using debt to build your portfolio. In my opinion, all debt is bad debt and I always focus on removing it altogether. Having said that, you need to be able to sleep at night knowing what your debt levels are. Consider the worst case scenarios - what if the market plummets and banks start calling in loans? You want your debt level to be manageable. Just because we can access funds at an 80 or 90% LVR, doesn't mean we should be keeping it at that level. Debt must be paid back in full so you should have a plan to do this.*

## NEGATIVELY GEARED PROPERTIES - STILL APPLICABLE

- Is negative gearing is out of date strategy? Why are many still doing it?
- Positively and negatively geared for tax advantages
- Negative gear
- What is wrong with negative gearing?
- What about negatively geared property?

### ANSWER

*It's a well known fact that I despise negatively geared property. I will just say that negative gearing can be more of a hindrance than a help for a lot of investors. I like to focus on making money in my property deals not doing them just to save tax.*

*As an experienced investor with over 40 years of exposure to the market, I can with absolutely certainty tell you that the market does NOT always go up. In fact, it has often gone down, and will again. People who invest in negative gearing who depend on the market always doubling so they can access capital gains put themselves in a very precarious position.*

*No matter where I am speaking, invariably I will have someone come up to me at the end of the talk to tell me how negative gearing has ruined their lives. This reason alone makes me want to shout from the rooftops that there are other ways to invest in property. Even better, you can actually MAKE MONEY!*

*Negative gearing was originally put in place as a way for very high income earners to reduce their tax.*

*Having to put money into the property every week can drain your cashflow very quickly and prohibit you to expand your portfolio. All my deals have to make me money through positive cashflow or chunks of cash at the end of the project.*

*Lastly, I don't know about you, but I really do not want to sit around waiting for years for my investments to hopefully come good. Negative gearing is a long term strategy, and I think most people would rather start living their lives sooner rather than later.*

## START PROPERTY DEVELOPMENT

- How to develop for a profit - i.e. construction of 3 houses on a block?
- How much cash do you require to start basic development projects?
- How to commence in property developing

### ANSWER

***Property development is not for the faint hearted. It is an advanced property strategy that usually comes as a natural progression from smaller renovation and subdivision deals. Having said that, it's a great way to profit in property investing if you are an excellent manager with an eye for detail. My suggestion would be to bring in a mentor to assist you. Be sure that this person is walking their talk and has actually made money from developing. There are a lot of unknowns that can surprise you if you are not careful. I remember a speaker at an event once saying that there are 1000 things that can go wrong with a development and only one thing that can go right - making a profit. Educate yourself and start small.***

## COMMUNITY TITLE

- How is it possible to sell Community Title land as easily as Torrens Title land in South Australia?

### ANSWER

***This question needs to be answered by a solicitor. They will walk you through the process, and what you can and cannot do.***

## MISTAKES IN DEVELOPING

- What is the most common or biggest mistake made by the small or beginner type property developer?
- What are some of the biggest obstacles that we would have to try to avoid to complete developments?

### ANSWER

***Property development is not for the faint hearted. It is an advanced property strategy that usually comes as a natural progression from smaller renovation and subdivision deals. Having said that it's a great way to profit in property investing if you are an excellent manager with an eye for detail. My suggestion would be to bring in a mentor to assist***

*you. Be sure that this person is walking their talk and has actually made money from developing. There are a lot of unknowns that can surprise you if you are not careful. I remember a speaker at an event once saying that there are 1000 things that can go wrong with a development and only one thing that can go right - making a profit. Educate yourself and start small.*

### INCREASE PORTFOLIO

- How do I move forward from where I am at present to build a bigger property portfolio?

#### ANSWER

*Not knowing where you are now makes it difficult to answer this question. Most people ask this question when they have done a number of deals and hit a glass ceiling with their finance. If this is the case, you may need to look at other forms of financing your deals. Private funding is a great way to overcome the glass ceiling some people hit when obtaining conventional finance. Private or mezzanine finance can come in a number of forms: JV partners, money partners or through an institution that deals specifically in this area. Just be sure that your solicitor is overseeing everything you do. Attend some local property networking events - seek out people that are doing what you want to be doing in the future and learn from them.*

### FINANCE AND POSITIVE CASHFLOW TO COVER PAYMENTS

- Where can I obtain the finance and get positive cashflow to cover the payments?

#### ANSWER

*To start with, you should have an excellent mortgage broker. Then start by taking away any reasons the bank could say no to your application. Such as a good savings history, little use of personal credit cards, good serviceability. Be realistic with what you can afford. There are deals at every level so build a good relationship with your bank or mortgage broker to get a good understanding of what they will and won't lend you. As far as acquiring positive cashflow deals, in the current market it is difficult to find them, however in my experience, the trick is to create your own positive cashflow deals. This can be done a number of ways. Here are just a few: adding an extra bedroom to increase rent; cut off the back block in a subdivision and pay down the mortgage on the front house; buy a block of 4 flats, strata title them, sell 3 and pay down the loan on the 4th. There are positive cashflow deals about, potentially in regional areas of Australia however they are*

*few and far between and unless you have a good network of agents you will spend a lot of time looking for them. In this market it's important to look at property deals with the view of "what can I do to add value and make this deal positive cashflow".*

#### RISK FREE

- How to invest risk free
- How do you ensure that you don't lose money on a property investment

#### ANSWER

*There will always be some sort of risk involved and as property investors. One of our main tasks is to mitigate risk. I always look at the worst case scenario and if I am not comfortable addressing this potential risk, then I won't go ahead with the deal. The easiest way to avert risk is to be conservative with your numbers, timeframes and have plenty of contingency in your budgets. We cannot control everything so ensure you: expect interest rates to rise by 3%; plan for the time frames to double on your project; expect costs to increase by 15%, expect prices to drop by 15%. If there is still money in the deal and you are comfortable with your risk mitigation, move forward. Of course, ensure you are properly insured at every level of the project.*

#### BUBBLE BURST - HOW WILL WE KNOW?

- How to know 1 day before the property bubble bursts and your investment plummets in value given that AU is overvalued property wise by a huge factor. Refer to extensive literature, When is the variable?

#### ANSWER

*Markets are driven by emotion and fear. Nobody is going to know when this happens accurately until it has happened. The market is the driving force of the majority of the area you are focusing on. Don't try and beat the market, work with it. Educate yourself on the facts that are the key indicators of the property market and make a decision on what YOU think is best and have the courage to back yourself. If you think the bubble is going to burst, start taking action with your current investments to mitigate the risk.*

## DOUBLE PROFITS

- How do you find properties that double sooner than 8-9 years

### ANSWER

*Properties that double in 7-10 years is a myth. Yes, it does happen, but to put this blanket statement across the entire property market is dangerous and you stand to lose a lot of money by investing with a buy and hope attitude. If you want to make quick turnaround cash and by quick I mean 6 to 12 months, then start investigating strategies that are more of an active nature. There are literally dozens of ways to make money in property and you can incorporate them without having to rely on the potential capital growth of the market.*

## BANK OPTIONS AND HOW TO RAISE CAPITAL

- Finance - types of loans, what to consider when applying loans, how to put an attractive case study to the bank, what bank look for in you and your deal, ideas about alternate capital raising,
- Finance - types of loans, what to consider when applying loans, how to put an attractive case study to the bank, what bank look for in you and your deal, ideas about alternate capital raising,

### ANSWER

*The current market requires you to be creative with your finance. To start with, you should have an excellent mortgage broker. Then start taking away any reasons the bank could say no to your application. Such as a good savings history, little use of personal credit cards, good serviceability. Another option is to bring in a joint venture or money partner. In essence, team up with someone that can bring something to the deal that you can't provide. This could be serviceability or working capital to complete the deal. If you struggle to find a partner attend local networking groups and put the word out there for what you are looking for and what you can provide. You will be amazed at what opportunities will come your way. Finally, be realistic with what you can afford. There are deals at every level so build a good relationship with your bank or mortgage broker to get a good understanding of what they will and won't lend you.*

### WHERE/HOW TO FIND JV OR MONEY PARTNERS.

- JV Contracts and how to make them work
- How to develop a JV agreement between partners?

#### ANSWER

***Private funding is a great way to overcome the glass ceiling some people hit when obtaining conventional finance. Private or mezzanine finance can come in a number of forms: JV partners, money partners or through an institution that deals specifically in this area. Just be sure that your solicitor is overseeing everything you do. Attend some local property networking events - you will be amazed at who you might meet at those gatherings. You might even meet your next joint venture partner.***

### INVESTING AT RETIREMENT AGE

- When you are asset rich & cash flow poor & at retirement age, is it possible to get a loan to invest in property now?
- I am due to retire but need to make profit (cash) to have fun and replace my income instead of being asset rich and cash poor?
- Also since wealth is accumulated from capital growth and being at the age to be seriously looking at retirement I also worry that a property won't show growth and I will have lost valuable time in the market. How can you keep assessing your strategy each year and be confident your property is still on track?
- We are about 5 years away from retirement with no savings, we would like to design, build and sell properties. Is it possible for us to do this with very little income and spare cash?

#### ANSWER

***It's important to take responsibility for where you are at this point of your life and you are doing that which is great. The beauty of property investing is there are so many ways to make money. Banks may see you as a higher risk category and therefore choose to lend to someone else - that's the banks prerogative. Sometimes we are required to get creative with obtaining finance - especially if the traditional lending process is not favorable with your current situation. One option is to bring in a joint venture or money partner. In essence team up with someone that can bring something to the deal that you can't provide. This could be serviceability or working capital to complete the deal. If you struggle to find a partner, attend local networking groups and put the word out there for what you are looking for and what you can provide. You will be amazed at what***

*opportunities will come your way. Does your current assets lend themselves to the option of drawing down equity to expand your portfolio either by yourself or with an active JV partner. You have cash but not serviceability which is a good clue of what you need to look for in a JV partner.*

#### SELLING AT RETIREMENT AGE

- At retirement age, is it worth investing in property now as it seems that capital growth won't be as strong in the future, so if you have to sell, the profit may not have been worth the effort?

#### ANSWER

*It's good to be realistic as to where you are in the property cycle and how you apply your own strategies to make the most of it. One option is to bring in a joint venture or money partner. In essence, team up with someone that can bring something to the deal that you can't provide. This could be serviceability or working capital to complete the deal. If you struggle to find a partner, attend local networking groups and put the word out there for what you are looking for and what you can provide. You will be amazed at what opportunities will come your way. Does your current assets lend themselves to the option of drawing down equity to expand your portfolio either by yourself or with an active JV partner. You have cash but not serviceability which is a good clue of what you need to look for in a JV partner.*

#### NEGATIVE GEARING AND CASHFLOW

- Balancing negative gear with cash flow. How far can you capitalise your property expenses & Interest, against an increasing line of credit?

#### ANSWER

*Creating a balanced portfolio is a valid path to take. I am not a big fan of negative gearing however if balanced property with other deals you can possibly make it work. It all comes down to what level of debt you are comfortable with and keeping a close eye on how much cashflow you require to continue moving forward.*

### LIVING OFF EQUITY

- Could you please explain in detail how do I go about living off the equity in my property investments?

#### ANSWER

***Living off equity can be a dangerous option. It's a double edged sword where you are using debt to fund lifestyle. Your debt increases and so too does your repayments. Equity should only be used for appreciating assets i.e. investing in something that is going to make you a better return for what you are paying to access the equity in the first place.***

### LIVING OFF LINE OF CREDIT

- With banks being more stringent in their lending, how can I keep extending my Line of Credit to fund future purchases and expenses?

#### ANSWER

***The only real way to extend your LOC without relying on the bank is to pay down the debt thereby increasing your equity to draw though a LOC.***

### INNER CITY VS SUBURBS

- Is inner city - 2 to 10 km from CBD better than outer suburbs?

#### ANSWER

***Property Investing is not all about location. There are deals in every market and every location. That's the beauty of property investing, people always need somewhere to live and it's your job as an investor to solve people's problems. Choosing an area comes down to what your goals are as this will determine your strategy. If you are buying and holding for the long term, you may want to look at areas that have had traditionally high capital growth (although this is never guaranteed for the future). If you are looking for cash flow, you might want to look in a regional area or a mining town where rentals are scarce and rents are high. If you want quick cash, fast turnaround deals, you may want to buy in a popular area where you know there is a strong demand for your product. Get clear on what you want to achieve out of your investing, then determine your strategy, then focus on an area. If you are new to property investing, just focus on your local market, this is undoubtedly the area you know the best and can capitalize on your local knowledge. Having said that, you do have a larger market to work with when you are closer to a city, this can give you more option to exit the deal when required.***

### CAPITAL GROWTH VS RETURN

- Cashflow V Capital Growth
- What's better Capital Growth or return?

#### ANSWER

***Why not both? It really comes down to your goals as an investor. Do you want to just buy and hope the market will increase or would you prefer to be more active and increase the rental returns yourself through adding value to the property? Capital growth happens but we can't control it so why bank on it? I like to invest in deals that I can add the value myself and if there is growth it's a bonus. Value add strategies can be in the form of adding a bedroom, rent out a storage area, sell off part of the land. Look at your property globally - can you team up with a neighbor to create a larger and more attractive development site? Does your property sit near a uni or hospital where you could rent out the rooms separately? The options are only limited to your imagination.***

### GROWTH IN REAL ESTATE

- What are the 3 easiest ways to manufacture growth in real estate whilst holding down a busy full time job in Melbourne?
- How to manufacture capital without waiting for price growth

#### ANSWER

***Rent, renovate or redevelop or the 3 R's was something I heard at a seminar I attended some time ago. The theory rings true to me as this is really all you can do to create your value rather than wait for capital growth. Each one of these categories has many subcategories within them so you will need to explore each one and apply to your particular situation.***

### RESEARCH TOOLS

- Time and cost
- What are the 3 research tools you can best utilize to target specific areas?

#### ANSWER

***Number 1 is agents - they know their area more than anyone whoever you need to know it better than them to spot a deal and be first in line which brings me to number; 2. time on the ground - you need to attend as many OFI's as you can in your chosen area and get to***

**know what each property on the market is selling for. Finally number 3 is get online and do some research of your area by looking at sold prices on [realestate.com.au](http://realestate.com.au) and [domain.co.au](http://domain.co.au). There are also some great paid resources in [pricefinder.com.au](http://pricefinder.com.au) and [rpdata.com.au](http://rpdata.com.au).**

## MONEY MANAGEMENT

- Importance of money management -- how to handle money , book-keeping... filing of paper work.

### ANSWER

**Money follow management so you want to get this bit right. You can't be everything to everyone and still continue to rise to new heights of success. I am the queen of leverage and I outsource as much of the day to day tasks as possible. If bookkeeping isn't your level of expertise, find someone that is. Work with your accountants needs and meet quarterly with him or her to ensure your costs are kept to a minimum.**

## BORROWING MONEY

- The "how to" in approaching financing for more than 2 investment properties going forward
- Importance of how to borrow money at this time of credit crunch

### ANSWER

**The current market requires you to be creative with your finance. To start with you, should have an excellent mortgage broker. Then start taking away any reasons the bank could say no to your application. Such as a good savings history, little use of personal credit cards, good serviceability. Another option is to bring in a joint venture or money partner. In essence, team up with someone that can bring something to the deal that you can't provide. This could be serviceability or working capital to complete the deal. If you struggle to find a partner attend local networking groups and put the word out there for what you are looking for and what you can provide. You will be amazed at what opportunities will come your way. Finally, be realistic with what you can afford. There are deals at every level so build a good relationship with your bank or mortgage broker to get a good understanding of what they will and won't lend you.**

## LOW CAPITAL STRATEGIES

- Strategies for starting with a low capital and steps to achieve the

### ANSWER

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## USING CURRENT MARKET CONDITIONS TO IMPLEMENT SPECIFIC STRATEGIES

- How to understanding the market conditions and using this knowledge to choose your strategy for safe returns

### ANSWER

*First of all, make sure you take on board facts and not opinions of others. When researching the market, look to people that have seen in the market and seen the rise and fall over the last 3 decades. History will give you a good clue of what might happen. Secondly, focus on the market indicators: interest rates, market sentiment, employment figures, lending etc. People often focus on the market priced doubling every 7 to 10 years. This can be a very deceptive view as we have seen recently, prices don't always go up. Applying his knowledge is the next step and it's important to take action here. So many people study the market, form an opinion and do nothing. Education and research will only take you so far, you need to get out there and have a go.*

## ADDING VALUE

- Best ways to add value without structural renovation.

### ANSWER

*Cosmetic renovation will generally get you more bang for your buck. Structural changes are costly and you need to be careful about your return on investment. Work on a 4 to 1 return on your renovation costs. The best one is paint - inexpensive and huge perceived value. Upgrade all the little things that we look, feel and touch in a home: light switches, door handles, letterbox etc Kitchen and bathrooms are also provide good perceived value.*

## SUBDIVISIONS

- Subdivisions
- Sub divisions step by step
- How to do a subdivision in a detailed step-by step and practical way?

### ANSWER

*First port of call is a town planner. He or she will be able to tell you if the subdivision is feasible by providing costs and potential council approvals. From there, it's making sure you have allocated funds for every expense. Again the town planner can help you with this. Get in touch with someone who has done a similar deal to help you avoid any obvious mistakes. Major costs outside of the town planner are providing sewer and water connections for the newly created lot; driveway and crossover access; fencing; council contributions. Build a good relationship with your town planner - this person is key.*

## SMALL LOT SUBDIVISIONS

- I need information on small lot subdivisions and where to look

### ANSWER

*First port of call is a town planner. He or she will be able to tell you if the subdivision is feasible by providing costs and potential council approvals. From there, it's making sure you have allocated funds for every expense. Again the town planner can help you with this. Get in touch with someone who has done a similar deal to help you avoid any obvious mistakes. Major costs outside of the town planner are providing sewer and water connections for the newly created lot; driveway and crossover access; fencing; council*

*contributions. Build a good relationship with your town planner - this person is key. To assist your search I find setting up alerts on [realestate.com.au](http://realestate.com.au) is a good way to leverage your time. Anything over 1000m in your area is a good start. Also get hold of some council plans that show zoning and block sizes to help focus in on potential sites.*

#### CAPITAL GAIN AND CASH FLOW

- Capital gain and cash flow
- Is investing for capital growth better than cash flow?

#### ANSWER

*Why not both? It really comes down to your goals as an investor. Do you want to just buy and hope the market will increase or would you prefer to be more active and increase the rental returns yourself through adding value to the property? Capital growth happens, but we can't control it so why bank on it? I like to invest in deals that I can add the value myself and if there is growth it's a bonus. Value add strategies can be in the form of adding a bedroom, rent out a storage area, sell off part of the land. Look at your property globally. Can you team up with a neighbor to create a larger and more attractive development site? Does your property sit near a uni or hospital where you could rent out the rooms separately? The options are only limited to your imagination.*

#### FUNDING INVESTMENT & STRUCTURE

- How to fund the investment and whose name is to be the purchaser (trust? SIMS? Highest earning partner?)

#### ANSWER

*You need to talk to an accountant to get your structure correct. Everyone's circumstances are different and the type of deals you are doing will determine the answer to this question. Get the structure right before you sign a contract as changing it later can cost you thousands. Funding your investing can come in many forms. If you are looking at unconventional methods, try investigating private finance. Private funding is a great way to overcome the glass ceiling some people hit when obtaining conventional finance. Private or mezzanine finance can come in a number of forms: JV partners, money partners or through an institution that deals specifically in this area. Just be sure that your solicitor is overseeing everything you do. Attend some local property networking events - you will be amazed at who you might meet at those gatherings; you might even meet your next joint venture partner.*

### REWARD WORTH RISK

- Is the reward worth the risk? Am I better investing in this project with (x) Return on cash or this other project?

#### ANSWER

*The return on property investing is incredibly wide and varied. It all comes down to the skill of the investor, the state of the market and the quality of investment. A good return needs to take into account the risk. If a bank is paying 5% and you want to do a medium scale development, I would be looking for a minimum of 20 - 25% return. A small renovation might only require a 15% return. It's important to not only focus on the percentages - understand what the actual profit is going to be as well. You should also look at the cash on cash return of your deal .i.e. how much money will you get back as a percentage of what you personally put into the deal, then compare that percentage to a no risk bank return. Less money in the deal means a higher return on your money. Also look at profit on costs. i.e. total return on all the money invested in the deal including the banks and your money.*

### MINIMUM EQUITY

- How much equity do we need before we can even begin considering making large chunks of money?

#### ANSWER

*You should not be limiting yourself in this area. Look at other strategies you can implement while you create enough equity to put a deal together yourself. There are a number of no money down strategies including Options, Wraps and Joint venture opportunities. Determine what skills and assets you can bring to the table and seek out someone that can fill the gap.*

## INVESTING CHUNK DEALS IN REGIONAL AUSTRALIA

- Where are the best areas in Australia to start making chunks of money? (especially regional Australia)

### ANSWER

*Property Investing is not all about location. There are deals in every market and every location. That's the beauty of property investing, people always need somewhere to live and it's your job as an investor to solve people's problems. Choosing an area comes down to what your goals are as this will determine your strategy. If you are buying and holding for the long term, you may want to look at areas that have had traditionally high capital growth (although this is never guaranteed for the future). If you are looking for cashflow, you might want to look in a regional area or a mining town where rentals are scarce and rents are high. If you want quick cash, fast turnaround deals, you may want to buy in a popular area where you know there is a strong demand for your product. Get clear on what you want to achieve out of your investing, then determine your strategy, then focus on an area. If you are new to property investing, just focus on your local market, this is undoubtedly the area you know the best and can capitalize on your local knowledge. Chunk deals come from adding value actively. Look for deals where you can manufacture the profit through subdivision, development or strata title.*

## RENTAL RATE RETURNS

- What interest rate return are owners getting on rents compared to money outlaid currently in Australia?

### ANSWER

*I'm not entirely sure of your question here. If you are asking what rate of return owners are getting, then the answer is that it varies from area to area. Most rental properties are still negatively geared in Australia, however, we are seeing some areas moving into positive cashflow.*

### MOST PROFITABLE DEVELOPMENT IN SHORT TIME

- What research has been done to show the best and most profitable kind of development, the best deal and shortest timeframe?

#### ANSWER

*The best research is experience and time in the market. Every deal can vary greatly from one to the next and I haven't done a deal yet where I didn't learn something new. Searching for the perfect deal only encourages procrastination and inactivity. No deal is perfect and as property investors it is our task to find the problem within the deal, solve it and unlock the profit.*

### TIME BUY OR INVEST?

- Is this right time to buy or invest?

#### ANSWER

*My view is the market is going to continue to fall so I am not buying anything at this time. In fact, I have sold down a lot of my property. It all comes down to your own strategy and goals. Yes, it is currently a buyer's market so there are good deals around however my belief there are good deals in any market. You need to make your own judgment and take agent. To do nothing would be the worst choice. It's never a perfect time to buy, get past this and form a plan based on what you can control. We have no power over the market so form strategies to work with it.*

### FINANCE, CONTRACTS, HOLDING PROPERTY

- How do I arrange my finances/contracts to absolutely know I can hold on to the property if times get tough (no cap growth) i.e. buffer set up rules?
- How long to hold investment before turning them over

#### ANSWER

*No deal is perfect and as property investors, it is our task to find the problem within the deal, solve it and unlock the profit. When times get tough, you need exit strategies and implement them before you become a desperate seller. Setting up trigger points is an excellent idea to implement - this takes emotion out of the project and defines a clear path to take when needed. Those trigger points will depend on the deal itself.*

## NEGATIVE GEARING - NEGATIVE EQUITY

- Why negative gearing is so popular even though you are not "in the money" and may also suffer negative equity if the market turns against you?

### ANSWER

*It's a well known fact that I despise negatively geared property. I will just say that negative gearing can be more of a hindrance than a help for a lot of investors. I like to focus on making money in my property deals not doing them just to save tax.*

*As an experienced investor with over 40 years of exposure to the market, I can with absolutely certainty tell you that the market does NOT always go up. In fact, it has often gone down, and will again. People who invest in negative gearing who depend on the market always doubling so they can access capital gains put themselves in a very precarious position.*

*No matter where I am speaking, invariably I will have someone come up to me at the end of the talk to tell me how negative gearing has ruined their lives. This reason alone makes me want to shout from the rooftops that there are other ways to invest in property. Even better, you can actually MAKE MONEY!*

*Negative gearing was originally put in place as a way for very high income earners to reduce their tax.*

*Having to put money into the property every week can drain your cashflow very quickly and not allow you to expand your portfolio. All my deals have to make me money through positive cashflow or chunks of cash at the end of the project.*

*Lastly, I don't know about you, but I really do not want to sit around waiting for years for my investments to hopefully come good. Negative gearing is a long term strategy, and I think most people would rather start living their lives sooner rather than later.*

## INVESTING IN OTHER STATES

- How to buy interstate without using a buyer's agent?
- How can I manage my investment properties if I purchase them interstate?
- What steps you need to take in order to invest in other states (e.g. to minimize land tax or find better deals including cash flow positive deals).

### ANSWER

***When moving into other locations to invest, you should allocate a period of time to really get to know that market. The further you are from your area of expertise the less chance you have of succeeding. Research the local rules and council regulations and build a network of people that can assist with your acquisitions. If you don't live in the area, you will need to employ a team to manage different facets of the deal. Try to structure this team while you are visiting the property - talk to other investors via forums.***

## GETTING STARTED WHILST WORKING

- How to get started from my current position (taking work, time, money etc. into consideration)?

### ANSWER

***It's really a case of finding out how much you need to live on and working out how many properties or deals you need to do to meet that figure. Financial freedom can occur in a number of ways - it's about finding the niche you are best at and applying your skills or learning new ones. It's always good to transition slowly though, as quitting your job will remove the ability for you to service a loan, so you will need to learn to incorporate joint venture partners. Look at your options - can you take long service leave? Can you take a leave of absence? Maybe you could JV with someone who has already left work. All these things will transition you slowly from the J.O.B to full time investing.***

## COSTS

- Key criteria or checklist to ensure considered everything before buying
- What are the 'reasonable' buying (as opposed to the absolute cheapest) costs for property investment allowing for the different State regimes?
- What are ALL the 'expected' or anticipated costs involved in each strategy?

### ANSWER

*Every deal is different in its own way, so you will need to do your own due diligence on your own deal to find out the answer to this question. I will tell you some of the obvious costs: deposit; conveyancing, accountant to setup structure; building and pest inspection; structural engineer for major renovation; earth works; builder quotes; individual trades; insurance - property and landlord, holding costs including interest, rates, body corporate, sinking fund, maintenance, loan establishment fees, stamp duty, mortgage registration fee, transfer fee, money partner costs, loan break costs, land tax, GST, staging to sell, agents commission, skip bins, tip runs, rental management fees, WH&S, signage.*

## NRAS

- What is NRAS and how does it work?

### ANSWER

*NRAS stands for National Rental Affordability Scheme. NRAS is a long term commitment by the Australian Government to invest in affordable rental housing. The Scheme seeks to address the shortage of affordable rental housing by offering financial incentives to the business sector and community organizations to build and rent dwellings to low and moderate income households at 20 per cent below-market rates for 10 years. It's an opportunity for property investors to work with the government and provide affordable rentals while acquiring a secure tenant in the government.*

## BEST STATE TO INVEST

- What's best state for investment at the moment?

### ANSWER

*Property Investing is not all about location. There are deals in every market and every location. That's the beauty of property investing, people always need somewhere to live and it's your job as an investor to solve people's problems. Choosing an area comes down to what your goals are as this will determine your strategy. If you are buying and holding for the long term, you want to look at areas that have had traditionally high capital growth (although this is never guaranteed for the future). If you are looking for cashflow, you might want to look in a regional area or a mining town where rentals are scarce and rents are high. If you want quick cash, fast turnaround deals, you may want to buy in a popular area where you know there is a strong demand for your product. Get clear on what you want to achieve out of your investing, then determine your strategy, then focus on an area. If you are new to property investing, just focus on your local market, this is undoubtedly the area you know the best and can capitalize on your local knowledge.*

## STRATEGIES FOR POSITIVE CASHFLOW

- How to achieve positive cash flow
- How to calculate a true positive cash flow investment

### ANSWER

*In the current market, it is difficult to find positive cashflow deals. Positive cashflow is when the income derived from the investment is greater than the incurred expenses, thereby creating a profit/income. In my experience the trick is to create your own positive cashflow deals. This can be done a number of ways. Here are just a few: adding an extra bedroom to increase rent; cut off the back block in a subdivision and pay down the mortgage on the front house; buy a block of 4 flats, strata title them, sell 3 and pay down the loan on the 4th. There are positive cashflow deals about, potentially in regional areas of Australia however they are few and far between and unless you have a good network of agents, you will spend a lot of time looking for them. In this market it's important to look at property deals with the view of "what can I do to add value and make this deal positive cashflow".*

## SUPERANNUATION

- Self managed funds - using your superannuation - what properties best suit this type of investment

### ANSWER

*SMSF is a relatively new concept and is only just coming to the forefront as a desirable strategy. It's important to work with someone that specifically deals with this form of investing not just any accountant or solicitor - it's a very specialized field and there are a lot of factors that need to be adhered to. On a very general note, I will say that the property investment is acquired so its benefits can be realised when the entity reaches retirement age. Needless to say, the focus would be more about capital growth. You need to seek specific advice on this topic.*

## ENSURING SUCCESS

- Best ways to insure that investment is success.

### ANSWER

*Ensuring success in your property career has many factors attached to it. First and foremost is why. Why are you wanting to invest in property? It's quite a journey and you need something that will lift you when required. Education, networking and action are the next key things you should work on. Education can come in the form of a book, an audio product or a mentor - a mixture of each will give you the best chance of success. Networking with like minded people is a critical facet. Surround yourself with people that will support and encourage you; join a property networking group where you can learn and share with others on the same journey. Finally, action. Like anything you need to take real consistent action towards achieving your goal. Research and education will only get you so far - getting out there inspecting properties, talking to agents, submitting offers will get you on the path to real success. Property Investing goes hand in hand with personal growth so the fastest path is to work with a mentor that can guide you through the ups and downs.*

## STRUCTURING LOANS

- Financial advice on structuring loans for success
- How to structure loans and get bank finance
- What is the best way to structure your loans?

### ANSWER

*The current market requires you to be creative with your finance. To start with you should have an excellent mortgage broker. Then start taking away any reasons the bank could say no to your application. Such as a good savings history, little use of personal credit cards, good serviceability. To work out the best loan you need to chat with a mortgage broker or your bank - there are a myriad of loan products out there and your circumstance will be different to the next person. A mortgage broker can help determine what your priority is - low interest rates, low break fee costs, LOC, redraw facility etc There are deals at every level so build a good relationship with your bank or mortgage broker to get a good understanding of what they will and won't lend you.*

## EQUITY

- How much equity do you need with a mortgage for the average rental to be TRULY self supporting when all the REAL outgoings are taken into account?

### ANSWER

*You are talking about a circumstance that I have no knowledge of. Without the numbers of the deal you can't truly work out what is required. Let's look at an example: Say you buy a house for \$400k. You borrow 80% of the purchase price (\$320k) and come up with a deposit of \$80k. Your costs are going to be \$500/wk on an interest only based loan of 8%; about \$60/wk to cover rates, insurance and maintenance on the property. This means you need to be getting a rent of over \$560/wk to break even on this property (minus property management fees). Rent is probably only \$400 a week. Increasing your equity purely for cashflow is really not a great strategy. In this scenario, you would need to pay down an extra \$100k to get an LVR of 45% just to break even in your cashflow. That's all well and good - you have a neutrally or slightly positively geared property but you also have a lot of lazy money sitting in the deal (\$180k) that could be used on expanding your portfolio. So the question you should be asking, is how can I look creatively on this deal and find ways to increase the income of this property or better still, pay down the mortgage on this property without using my own money?*

### FIRST HOME BUYERS DREAM

- When will the dream of the first 4 bedroom + home theatre dream end and first home buyers accept they will have to settle for a 30 year old home or renovator? When will councils accept they have to allow higher densities in Res A?

#### ANSWER

*You are dealing with a factor of the market you cannot control so why dwell on it? The key to successful investing is to work within the constraints of the market. The market itself is bigger than all of us and given it is fuelled by greed and fear, you will have no hope of trying to convince it to be something it's not - especially councils or the market itself. The question you should be asking is how can I work with this Res A zoned property to meet the needs of the first home buyer market? This twist in thinking will help you unlock the profit.*

### BUILD AND PURCHASE COSTS

- A list of likely charges outside of build and purchase costs in rough order

#### ANSWER

*Costs and expenses vary greatly from deal to deal. Here are a few extras outside of build and purchase costs to look out for: structural engineer or earth works; insurance for the property and landlord; money partner costs, loan break costs, home staging for selling, GST, land tax, rubbish removal, WH&S.*

### BORROWING AS A TRUST

- How to borrow as a trust

#### ANSWER

*You need to talk to an accountant to get your structure correct. Everyone's circumstance is different and the type of deals you are doing will determine the answer to this question. Get the structure right before you sign a contract as changing it later can cost you thousands. A common structure is a company and trust structure where the company solely acts as a trustee for the trust and nothing else. This can provide asset protection as well as tax minimization due to the advantages of distributing wealth from the trust to its beneficiaries in a tax effective way. Again, spend some time with your accountant to determine the best structure to suit your needs.*

### FORMULA FOR ALL AREAS

- Different formulas/spreadsheets that you put the above information into to give you the returns
- Why there is a 'so-called' formula in properties investing?
- Does the formula relate to all areas and regions? If not, how can it be adapted?

#### ANSWER

*I am not sure what formula you are talking about. I don't know of a formula that is used consistently for each deal. When doing a feasibility, each property deal should be worked out on its particular circumstance. My first task is to work out cash in and cash out, back of the envelope style - 2 columns, with conservative figures. The cash out column includes every broad cost including purchase price and purchase costs, holding costs, add value costs, selling costs. The cash in column is the expected sale price. If it passes this test I move onto some sort of spreadsheet where I can plug in every single cost. You don't want any surprises with expenses etc. Practice, practice and more practice! The more number crunching you do the faster it will become and you will work out your own system of formulas that you can apply.*

### SITE FOR POPULATION DEMOGRAPHICS

- What is the best site for monitoring current population demographics and the trend, if any, of change?

#### ANSWER

*A great resource is the Australian Bureau of Statistics. It's free and accessible online. Depending on the last census, it can be a little out of date but no more than 5 yrs. It should give you some good info on demographics. Researching an area is an important part of our due diligence and there are many tools both paid and free to help you complete this process. Realestate.com.au is a good place to start - take a look at sold prices, suburb profiles and rental returns. domain.com.au is another good resource. Moving into a paid tool, take a look at Pricerfinder.com.au, rpdata.com.au and realestateinvestar.com.au. These are all powerful tools that have a massive amount of data to analyze. Remember to spend time on the ground talking to agents as well as time in front of the computer.*

### SOURCE BUILDING PLANS BEFORE SEEKING PROFESSIONAL ADVICE

- How do you source a building plan, similar to one you may use, to work costing before contracting an architect, for a builder to quote on to work out feasibility of a project?

#### ANSWER

*You are best off going to a draftsman to do an initial concept and that way when you want the working drawings he has the data to make it happen. If you are just after something generic to use as a mud map, have a look online. Google "building plans" and you will discover a stack of them.*

### TIMING - WALK FROM A DEAL

- When to walk away

#### ANSWER

*I assume you mean before you have committed to the project? If so, you walk away when the numbers don't stack up. Don't get emotional about property, it's all about the numbers. If they don't work and give you a comfortable level of return, move onto the next one.*

### FIND A GOOD PROPERTY MANAGER

- What specific points you should look for in your banker/Money partner, Lawyer, Accountant - Set out the questions to ask.
- How to pick the best property manager?
- Property managers how do you screen them/get a good one

#### ANSWER

*Like any employee, you need to interview many to find someone that will meet your needs. It's important not to abdicate your responsibilities, you still need to manage the manger so choose someone that you are happy to work with and hold similar values as yourself. Apply the same principles as you would in a normal work environment: ask for references, follow-up past employers (vendors), ask for some proof of their work history, ask how they manage their clients etc.*

## OPTIONS

- The concept of Options
- What is the best no money/low money down strategy?
- How to buy property for \$1. A lot of people are saying this is possible, but it's impossible to find info on it?
- How do we find vendors who are happy to accept an option?
- How does Property Option really work? Is it legal?

## ANSWER

***Options is an advanced strategy and requires a little more reading into and yes, it is absolutely legal. Basically a Call Option gives you the right but not the obligation to buy something and you pay a small fee for the privilege (this can be from \$1 up to \$5k and beyond). Let's look at an example - Joe Bloggs has a 600m block of land with a house on it that is zoned for units. He decides that if he can acquire the neighbor's block, which is a similar size, he will have 1200m of developable land where he can bulldoze both houses and put 8 units on the site. The neighbor is not ready to sell, so he offers an option to buy the property when the neighbor is ready to sell. Joe offers the neighbor \$100 for him to sign paperwork and that gives Joe the right to buy his property when he is ready to sell. Ultimately Joe gets first dibs on the property. No agreement is made on the sale price and the vendor can set this as whatever he sees fit when he comes to sell. If it is overpriced, Joe has the option to waive the right to buy and lose his \$100. If he can negotiate a fair sale price, then Joe gets the option to buy the property without it going to market. With very little money down, Joe has the opportunity to acquire a profitable development site that he can then on-sell or build himself.***

## BIGGER PICTURE

- How to see the big picture. I feel that doing one property are the stepping stones but how do you assess the end point to know that you have income to live off. I find that is a massive question and frequently makes me feel anxious
- How do you get past the nerves of making the step into your first investment property?
- How do I get started on it?
- How to overcome fear
- How to overcome the fear of getting started

## ANSWER

***First and foremost is why. Why are you wanting to invest in property? It's quite a journey and you need something that will lift you when required. It's a good thing to be thinking about the picture - many people just decide to go into property to buy houses thinking this will give them financial freedom. You need to get clear on what you want out using***

*property as your wealth creation vehicle. Once you have answered this question, focus on education, networking and action. Education can come in the form of a book, an audio product or a mentor - a mixture of each will give you the best chance of success. Networking with like minded people is a critical facet. Surround yourself with people that will support and encourage you; join a property networking group where you can learn and share with others on the same journey. This will help with your trepidation - seek out others that are on a similar path so you can support each other. Finally, action. Like anything you need to take real consistent action towards achieving your goal. Research and education will only get you so far - getting out there inspecting properties, talking to agents, submitting offers will get you on the path to real success.*

### ACCOUNTANT SPECIALISING IN PROPERTY

- What is the best way to find an accountant who is knows about property (coz I know they all don't)?
- Where to find an accountant that will give you the right information according to your situation, they all have different opinions and I am no expert myself

#### ANSWER

*You are right, not all accountant are property specialists so it's important to use one that knows what you are trying to achieve - preferably one that is doing his or her own deals as well. Like any employee, you need to interview many to find someone that will meet your needs. It's important not to abdicate your responsibilities, you still need to manage the manager, so choose someone that you are happy to work with and hold similar values as yourself. Apply the same principles as you would in a normal work environment: ask for references, follow-up past employers (clients). Devoting a bit of time to the search will save you a lot of heartache in the long run.*

### FIRST UNIT DEVELOPMENT AND TEAM EXPERTISE

- How to do accurate development costings?
- How to calculate the returns on a small property development like 3 to 4 units and what professional people do you need to have when you start such a project?

#### ANSWER

*Property development is not for the faint hearted. It is an advanced property strategy that usually comes as a natural progression from smaller renovation and subdivision deals. Having said that, it's a great way to profit in property investing if you are an excellent manager with an eye for detail. My suggestion would be to bring in a mentor to assist you. Be sure that this person is walking their talk and has actually made money from developing. There are a lot of unknowns that can surprise you if you are not careful. I remember a speaker at an event once saying that there are 1000 things that can go wrong with a development and only one thing that can go right - making a profit. Educate yourself and start small. Any development should have a minimum return of 20 - 25% profit on costs. That means your profit should be at least 20% of all your expenses and costs (these costs include the initial purchase of the block).*

### BUILDING EQUITY FAST

- A strategy for building equity as fast as possible

#### ANSWER

*Building equity actively means doing so without the aid of the market. To do it quickly can be done by either simply paying down the mortgage from profit created from other deals or adding value to the existing property and revaluing thereby building equity. To do the latter depends on the nature of the existing deal. A renovation would obviously require cosmetic or structural enhancements to the property to increase the value. A subdivision might be splitting off part of the block and using the sales proceeds to pay down the mortgage. A development might mean building 3 townhouses, selling 2 and using the sales proceeds to pay down the mortgage. The opportunities to create equity are really only limited to your own thinking.*

## MINDSET

- Confidence building ways/means so I could implement the strategies and be comfortable with
- How do you separate your heart from your head when investing?
- How do I maintain my property mindset?
- How do I stay focused when things aren't going to plan with my investment property
- How to develop an investment mindset

## ANSWER

***This is a very broad question but the fact you are asking it reveals you are on the right track to becoming a successful property investor. There are certain skills that need to be acquired in order to put property deals together and realistically these can be taught to anyone that wants to learn. Acquiring the mindset of a successful property investor and building confidence to move forward, is a little more in depth however accounts for 70% of the traits of a successful investor. In fact, this theory really applies to any type of success you desire. Personal development goes hand in hand with property investing and it's important to address the barriers you have as you come up against them. This is difficult to do alone and it is well worth investing in a mentor or coach to help you achieve your goals and dreams faster. Developing a successful mindset is a journey, so don't look at it as something you need before you start. Just begin your journey and be aware of the things you need to address as a person. Spend some time with successful property investors so they can rub off some of their secrets. I would highly recommend you read Property Millionaire where I and 15 other property millionaires have co authored. Leverage your time and get 16 authors for the price of 1.***

## RELIABLE PRICING OF AN AREA

- How to determine the true/reliable pricing of an area instead of median values

## ANSWER

***Median value of an area is such a broad statistic and hardly worth using in your due diligence. There are so many pockets to a market that you really need to focus your search to 2 or 3 suburbs maximum and know every property on the market and what it sold for. You want to be more knowledgeable than the agents in your area. Keep a log book and attend every OFI you can. Look at past sales history in that area and work out what the short, medium and long term trend it doing. Look at other external factors like future***

*planned infrastructure, zoning, demographics etc. Who lives in the area and why do they live there? Talk to agents and find out what buyers are seeking then provide it for them.*

#### ASSET AND LOAN STRUCTURE

- How to go about establishing the best assets & loan structures to minimize costs & maximize tax effectiveness

#### ANSWER

*You need to talk to an accountant to get your structure correct. Everyone's circumstances are different and the type of deals you are doing will determine the answer to this question. Get the structure right before you sign a contract as changing it later can cost you thousands. A common structure is a company and trust structure where the company solely acts as a trustee for the trust and nothing else. This can provide asset protection as well as tax minimization due to the advantages of distributing wealth from the trust to its beneficiaries in a tax effective way. Again, spend some time with your accountant to determine the best structure to suit your needs.*

#### EQUITY FOR INVESTING

- How does using already available equity work?
- How can you use the equity in your home to buy an investment property i.e. explain how much you can really borrow i.e. up to 80% I think, and explain how the banks factor in rental income into the equation?

#### ANSWER

*This comes down to what loan you have setup. To draw down equity, you will need to refinance and talk to your mortgage broker to do this. If you add value through renovation or subdivision, you will need the property revalued to determine the equity (if any) that is available to be drawn down. In essence, if you add value or the market increases the value of your home, you have the potential to access the equity that has been created. Be careful when drawing down as you are essentially increasing your loan and repayments and will need to pay it back at some stage. Also, most financial institutions will only ever allow you to draw down up to 80% of the current value of the property. To assist the application you can bolster your serviceability by including the rental income however banks will often only count 70% of the market rent towards your application.*

## TIPS AND TRICKS ON PROPERTY INVESTING

- Tips and tricks on property investing would be helpful.

### ANSWER

*In all my years of property investing, I have discovered so many tips and tricks - too many to list here. One thing I can offer you is to ask quality questions that are specific and to the point so as to derive a quality answer. My weekend boot camps are absolutely full of tips and tricks so come along and you are sure to build a list a mile long of tips and tricks.*

## WHY INVEST IN PROPERTY

- Why invest in property?

### ANSWER

*There are a number of wealth creation vehicles, each having their own pros and cons. In my experience, the most effective form of investing is to spread your assets across a number of your chosen vehicles. Property is not classed as a liquid asset and therefore not exactly quick to move around to suit market conditions. You can however tap into the equity created through active or passive property investing and use this to for capital portability. It comes down to your own interest, passion and expertise. Property may not be for you - shares or business could be your thing. As long as you are involved in some sort of investing, you are on the path to a better financial position. Choose one to specialize in.*

## FINANCING

- Financing at the beginning of RE Investor career

### ANSWER

*The current market requires you to be creative with your finance. To start with you should have an excellent mortgage broker. Then start taking away any reasons the bank could say no to your application. Such as a good savings history, little use of personal credit cards, good serviceability. Another option is to bring in a joint venture or money partner. In essence team up with someone that can bring something to the deal that you can't provide. This could be serviceability or working capital to complete the deal. If you struggle to find a partner attend local networking groups and put the word out there for what you are looking for and what you can provide. You will be amazed at what*

*opportunities will come your way. Finally, be realistic with what you can afford. There are deals at every level so build a good relationship with your bank or mortgage broker to get a good understanding of what they will and won't lend you.*

## FINDING PROPERTIES

- The most efficient and effective ways to find properties
- What's the best way to find deals, without trawling the internet, or relying on agents to call, which they very rarely do?

### ANSWER

*Researching an area is an important part of our due diligence and there are many tools both paid and free to help you complete this process. Realestate.com.au is a good place to start - take a look at sold prices, suburb profiles and rental returns. Domain.com.au is another good resource. Moving into a paid tool, take a look at Pricefinder.com.au, rpdata.com.au and realestateinvestar.com.au. These are all powerful tools that have a massive amount of data to analyze. Remember to spend time on the ground talking to agents as well as time in front of the computer.*

## BEST COUNTRY

- What is the best country to invest?

### ANSWER

*Property Investing is not all about location. There are deals in every market and every location. That's the beauty of property investing, people always need somewhere to live and it's your job as an investor to solve people's problems. Choosing an area comes down to what your goals are as this will determine your strategy. If you are buying and holding for the long term, you may want to look at areas that have had traditionally high capital growth (although this is never guaranteed for the future). If you are looking for cashflow you might want to look in a regional area or a mining town where rentals are scarce and rents are high. If you want quick cash, fast turnaround deals, you may want to buy in a popular area where you know there is a strong demand for your product. Get clear on what you want to achieve out of your investing, then determine your strategy, then focus on an area. If you are new to property investing, just focus on your local market, this is undoubtedly the area you know the best and can capitalize on your local knowledge. The best country to invest in is the one you live in.*

### VIEWING PROPERTY BEFORE PURCHASE

- Why do property investors told they do not need to see the investment property before purchase.

#### ANSWER

***I strongly disagree. If you are going to fork out hundreds of thousands of dollars to buy an asset, do you think it's worth a couple of hundred dollars to fly there and check it out? Absolutely. To buy something sight unseen is very dangerous. Don't ever abdicate this responsibility. It's your property and your responsibility when things go wrong. Money follows management and inspecting the property is the first step to good management.***

### RENTAL GUARANTEE ADDED BY PROPERTY MARKETERS

- Why do investment property marketers who offer rental guarantees to investors not explain to the investor that the cost of the rental guarantee has been added to the price of the property?
- Rental Guarantees, what if no tenants?
- What don't the spruikers tell you re: risk?
- Buyer beware. If someone is showing you an investment opportunity to buy into and that opportunity is their product do you think there might be some bias in there pitch?
- Finding the right property
- How to find right investment property?
- The quickest way to do a due diligence on a suburb

#### ANSWER

***Become an area expert. Narrow your search to 2 or 3 suburbs maximum and know every property on the market and what it sold for. You want to be more knowledgeable than the agents in your area. Keep a log book and attend every OFI you can. Look at past sales history in that area and work out what the short, medium and long term trend it doing. Look at other external factors like future planed infrastructure, zoning, demographics etc. Who lives in the area and why do they live there? Talk to agents and find out what buyers are seeking then provide it for them.***

### LOCAL OR OTHER

- If you are a first time investor, should you invest in the area where you live or diversify and invest in a different city?

#### ANSWER

*Realistically, there are deals in every location so I would always suggest you start in the area you are most familiar with. Diversification can come later. You are already an expert in your own area so capitalise on this. You want to know what every property on the market sold for. You want to be more knowledgeable than the agents in your area. Keep a log book and attend every OFI you can. Look at past sales history in that area and work out what the short, medium and long term trend it doing. Look at other external factors like future planned infrastructure, zoning, demographics etc. Who lives in the area and why do they live there? Talk to agents and find out what buyers are seeking then provide it for them.*

### HOW TO AVOID LAND TAX?

- Ways to minimise land tax.

#### ANSWER

*Land tax varies from state to state and is a tax levied on the owners of land annually. In general, your principal place of residence (your home) or land used for primary production (a farm) is exempt from land tax. You may be liable for land tax if you own or part-own and investment property. There is a tax free threshold that is applied for each state and you need to get clarification on this from your solicitor and accountant. I cannot legally provide you with any advice in this area.*

### TYPES OF HOUSING FOR NEW ESTATES

- What types of housing to build in new estates?

#### ANSWER

*Agents should be your first port of call. They are the ones listening to buyers and sellers everyday. Visit all of the agents in the area you want to build - the more you talk to, the more accurate your assessment will be and the better chance you will have of providing what the market wants. Also just ask the market! Talk to people at OFI's. People are pretty open and you will soon gauge an idea of what people are chasing - do your homework or pay the penalty!*

### KEEPING BUILDING COSTS LOW

- How can you keep building costs low?

#### ANSWER

*You should first be focusing on your target market. Keeping costs down is important but they should be in direct relation to the end product and what the market expects to pay. Since you can't increase what the market will pay, minimizing costs is one of the main ways to increase your profit. Talk to your builder about how this can be achieved - an option might be to do a JV with a builder so that all your costs are at cost and the profit is shared.*

### SPECIFIC POINTS FOR CHOOSING YOUR TEAM

- What specific points you should look for in your banker/money partner, Lawyer, Accountant - Set out the questions to ask?

#### ANSWER

*Finding the right team really comes down to trial and error and referrals. You will get this by networking with others on a similar path. Seek out a property networking group in your area or form your own. Once you find someone for your team, like any employee, you need to interview many to find someone that will meet your needs. It's important not to abdicate your responsibilities, you still need to manage the manager so choose someone that you are happy to work with and hold similar values as yourself. Apply the same principles as you would in a normal work environment: ask for references, follow-up past employers (vendors), ask for some proof of their work history, ask how they manage their clients etc.*

### BUYING UNDER MARKET VALUE

- Being able to buy a property wholesale. i.e. before it actually goes on the market
- Finding a development site to buy under market value

#### ANSWER

*Like most property deals, you make your money on the way in so buying at the right price and preferably under market value is critical. Build a relationship with your local real estate agents - they are the ones that will find the deal for you. Use online resources such as [Pricefinder.com.au](http://Pricefinder.com.au) to locate sites that have been on the market for a long period - find a desperate seller and help them get out of the deal. Finally, ask. Talk to local developers and ask for a discount. Be the agent and seek out the deal by knocking on doors and keep your ear to the ground.*

### THE ONE MOST IMPORTANT QUALIFIER WHEN CHOOSING A PROPERTY WHICH WILL DETERMINE WHETHER TO CONTINUE RESEARCH OR NOT?

#### ANSWER

*The numbers - it all comes down to the numbers. It really depends on the type of deal, the strategy you want to implement. My first task is to work out cash in and cash out, back of the envelope style - 2 columns, with conservative figures. The cash out column includes every broad cost including purchase price and purchase costs, holding costs, add value costs, selling costs. The cash in column is the expected sale price. If it passes this test, I move onto some sort of spreadsheet where I can plug in every single cost. You don't want any surprises with expenses. You don't need to know all the costs yourself, you just need to know who to ask. For example a town planner will give you all the subdivision costs; a builder will give you the renovation costs; a mortgage broker will help with holding and purchase costs etc. Practice, practice and more practice! Keep a log of all the deals you work on. I like to keep a scrapbook of everything that I put offers in on to help me better understand the worth of the area. Become confident on the numbers before you take the plunge.*

### RELAXATION OR DEFERMENT FOR WORKS AND CHARGES

- Is there a way to get relaxation or deferment until practical completion for Operational Works and other Council fees and charges?

#### ANSWER

*This is a question you should be posing to your town planner. Every council is different so I cannot advise you specifically on this. Get clear on the question you are asking before you do this. I am guessing that you are looking to defer payment of council payments until operational works is completed? I wouldn't think this is likely as you will need to pay some council costs to allow the project to keep moving to the next stage.*

### HOW TO STRUCTURE OUR PORTFOLIO

- How to structure our portfolio - I remember you mentioned that you have 8 buy and hold properties that give you excellent positive cash flow to fund your lifestyle. My goal is similar to this, and I'm looking for advice on doing deals, what to do with existing properties to reach my long term goal and when to borrow again. Not sure if this can be answered via PIF?

#### ANSWER

*Everyone's circumstance is different so you need to get clear on what your goals and objectives are. Look at your entire portfolio and assess what needs to happen to existing properties to get you closer to your goal. It's not about how many you have, it's about what they do for you.*

### WHAT WAS YOUR BIGGEST MISTAKE? WHAT WAS YOUR BIGGEST LOSS AND WHAT WENT WRONG.

#### ANSWER

*The biggest mistake I ever made was not listening to my husband. The only time I have lost money on a deal was the one he was adamant I shouldn't go ahead with. I lost a LOT of money. There were a number of factors involved. First, I got emotionally involved ... the seller was in a spot of bother and I started to want to help, rather than being unemotional about the deal. Second, whilst I knew the market was highly likely to fall, I ignored my own knowledge and thought I would "slip" in a deal ... I got greedy and*

*thought I would turn it over in time. Along came the GFC, huge changes in the market, and bang, there went my profits. Three, I didn't listen to my husband. He rarely expresses his opinions strongly, and this time he was very strongly opposed. The lesson in this is that sometimes we are too close to what is happening and someone a bit removed can be very objective. Needless to say, I pay a lot more attention to what he says!*

#### GAZUMPING

- How to beat "gazumping" in NSW.

#### ANSWER

*Gazumping is a term that is used when a vendor receives a better offer from another buyer while still under offer with the original buyer. You need to get clarification on this and ways to get around it with your solicitor. I cannot legally provide you with any advice in this area*

#### PROPERTIES – RENTAL & PPOR OPTIMAL GEARING

- I have two properties and need to move into the one that has the biggest mortgage. My other property is approaching even stephans (rent to cover loan payments) I have available funds that I can transfer to mortgage that I intend to move into but this will make my rental stay at negative gearing. What is the best solution for a win win situation?

#### ANSWER

*You should really get some advice from your accountant about this as he/she will be able to advise you on the most tax effective position to take. It will come down to which property is deemed to be your principle place of residence.*

### NOT WANTING TO PUT IN THE TIME OR EFFORT

- How/where do you start to research property in a timely cost effective way so that you don't spend weeks and weeks researching and getting nowhere?
- How can I get an accurate assessment of my chosen suburbs property values without hours of attending open houses & auctions

#### ANSWER

***Anything worthwhile achieving requires some sort of effort on your part. Property Investing can be a great vehicle for wealth creation especially due to the leverage available for your time money and skill. If you want the rewards, you need to make the effort and even some sacrifice as well. Become an area expert. Narrow your search to 2 or 3 suburbs maximum and know every property on the market and what it sold for. You want to be more knowledgeable than the agents in your area. Keep a log book and attend every OFI you can. Look at past sales history in that area and work out what the short, medium and long term trend it doing. Look at other external factors like future planned infrastructure, zoning, demographics etc. Who lives in the area and why do they live there? Talk to agents and find out what buyers are seeking then provide it for them.***

### MARKET RESEARCH

- How can I find out what the market wants in my chosen suburbs so I can build or develop to cater for this market desire & thus have a more likely sale at the end?

#### ANSWER

***Agents should be your first port of call. They are the ones listening to buyers and sellers everyday. Visit all of the agents in the area you want to build - the more you talk to the more accurate your assessment will be and the better chance you will have of providing what the market wants. Also just ask the market! Talk to people at OFI's. People are pretty open and you will soon gauge an idea of what people are chasing - do your homework or pay the penalty!***

## GLOBAL WARMING

- How to assess coastal properties for risks associated with global warming and rising sea levels.

### ANSWER

*This is an interesting question and one that as property investors we will need to address now and in the future. I am not a scientist and cannot give you any specific advice in this area. Needless to say, you will need to do your own research and weigh up the risks involved with each specific area. There will always be some sort of risk involved and as property investors one of our main tasks is to mitigate risk. I always look at the worst case scenario and if I am not comfortable addressing this potential risk then I won't go ahead with the deal.*

## NETWORKING

- How to find the best Accountants, Solicitors, Draftsmen etc?
- Direction on locating the right people to form your team
- Who to ask i.e. your tool box of people?
- A guide to finding RE industry leaders and what sets them apart, so you can make sound decisions when you outsource some of your work

### ANSWER

*Finding the right team really comes down to trial and error and referrals. You will get this by networking with others on a similar path. Seek out a property networking group in your area or form your own. Once you find someone for your team, like any employee you need to interview many to find someone that will meet your needs. It's important not to abdicate your responsibilities, you still need to manage the manager so choose someone that you are happy to work with and hold similar values as yourself. Apply the same principles as you would in a normal work environment: ask for references, follow-up past employers (vendors), ask for some proof of their work history, ask how they manage their clients etc You will need to repeat this process for everyone in your team, including but not limited to: Mortgage Broker, Accountant, Solicitor, Mentor, Town Planner, Surveyor, Money Partner, Builder, Various Trades people, Real Estate Agent, Property Manager.*

## CROSS COLLATERALIZATION

- Information on cross collateralization

### ANSWER

*I have never ever seen a need to cross collateralise any of my properties. There is absolutely no advantage in doing this. The banks are the only party that gain, since this gives them a larger access to your entire portfolio through increasing the security on the deal. The only time I have seen this used is for a short term deal to help secure finance of a property deal but this should be addressed on a deal by deal basis as short term lending can bring its own challenges - not the least of which being expensive break costs.*

## JV TO GAIN CONFIDENCE?

- Can I joint venture with others until I gain enough confidence to go it alone or maybe continue onto larger projects?

### ANSWER

*I would normally look at doing this the other way around as JV's can be seen as more of an advanced strategy and one that should be attempted after you have had some experience in the market. Having said that, it's a great way to get into the market if you are lacking in either skills, time or money. Teaming up with someone else that has the experience (where you provide the finding) can be an excellent way of learning the ropes from someone that can "hold your hand" for the first couple of deals. In essence, team up with someone that can bring something to the deal that you can't provide. This could be serviceability or working capital to complete the deal. If you struggle to find a partner attend local networking groups and put the word out there for what you are looking for and what you can provide. You will be amazed at what opportunities will come your way. Finally, be realistic with what you can afford.*

## PROCRASTINATION

- I know what to do but why can't I start?

### ANSWER

***Procrastination is something that creeps in with all of us and it's important to get a hold of this early on. Property investing, like most things are 70% mindset.***

## FINANCE TO RENO TO SELL

- I am interested in Renovating to Sell, How can I finance these properties if Banks are reluctant to do so due to the short holding time of the loan?

### ANSWER

***Well you don't need to tell the bank everything. It all comes down to what your intention is. You may have an exit strategy that is to hold the property for a period of time, there is no harm discussing this option with the bank. Also find a good mortgage broker - he may be able to find you a product on the lending market that will allow you to do this - just bear in mind there will be some break costs There are certain skills that need to be acquired in order to put property deals together and realistically these can be taught to anyone that wants to learn. Acquiring the mindset of a successful property investor and building confidence to move forward is a little more in depth however accounts for 70% of the traits of a successful investor. In fact this theory really applies to any type of success you desire. Personal development goes hand in hand with property investing and it's important to address the barriers you have as you come up against them. This is difficult to do alone and it is well worth investing in a mentor or coach to help you achieve your goals and dreams faster. Developing a successful mindset is a journey so don't look at it as something you need before you start. Just begin your journey and be aware of the things you need to address as a person. Spend some time with successful property investors so they can rub off some of their secrets. I would highly recommend you read Property Millionaire where I and 15 other property millionaires have co authored. Leverage your time and get 16 authors for the price of 1.***

### LOW OVERHEAD STRATEGY

- What is the strategy with the lowest overhead for investing in property?

#### ANSWER

*I can only assume you are asking this question because you have limited capital with which to invest with at this time. The current market requires you to be creative with your finance. To start with you should have an excellent mortgage broker. Then start taking away any reasons the bank could say no to your application. Such as a good savings history, little use of personal credit cards, good serviceability. Another option is to bring in a joint venture or money partner. In essence team up with someone that can bring something to the deal that you can't provide. This could be serviceability or working capital to complete the deal. If you struggle to find a partner attend local networking groups and put the word out there for what you are looking for and what you can provide. You will be amazed at what opportunities will come your way. Finally, be realistic with what you can afford. There are deals at every level so build a good relationship with your bank or mortgage broker to get a good understanding of what they will and won't lend you. All strategies are going to cost money and it will come down to determining the purchase price that you can afford.*

### APPROPRIATE PRICE FOR BUYING

- You make your money when you BUY property. How do you know you are offering the appropriate price for the property and have a reasonable chance of making money from the project?

#### ANSWER

*Become an area expert. Narrow your search to 2 or 3 suburbs maximum and know every property on the market and what it sold for. You want to be more knowledgeable than the agents in your area. Keep a log book and attend every OFI you can. Look at past sales history in that area and work out what the short, medium and long term trend it doing. Look at other external factors like future planed infrastructure, zoning, demographics etc. Who lives in the area and why do they live there? Talk to agents and find out what buyers are seeking then provide it for them. Once you have designated your area and your affordable price, it's now time to crunch the numbers. Base your initial offer on a figure that allows the deal to be profitable.*

#### TYPE OF PROPERTY FOR EXPENDITURE

- Out of pocket expenses after Tax benefits and Rental returns..... does it make a difference on the type of property purchased?

#### ANSWER

*You need to talk to an accountant to get your structure correct. Everyone's circumstances are different and the type of deals you are doing will determine the answer to this question. Get the structure right before you sign a contract as changing it later can cost you thousands. A common structure is a company and trust structure where the company solely acts as a trustee for the trust and nothing else. This can provide asset protection as well as tax minimization due to the advantages of distributing wealth from the trust to its beneficiaries in a tax effective way. Again, spend some time with your accountant to determine the best structure to suit your needs - this will assist you in determining the right property to buy to meet your needs.*

#### TOO OLD FOR INVESTING?

- I am 73 years old with a small asset pool. Is it too late to consider property investment?

#### ANSWER

*Absolutely not, it's never too late. Property takes time to accumulate wealth but there are strategies you can implement for the short or medium term. This can include strata title deals and subdivision; you could look at joint ventures where you can supply some or all of the capital and another party brings the deal or skills to the table. Property Investment strategies are wide and varied and limited only to your imagination and willingness to educate yourself.*

### STRONG RISK TOLERANCE – “SCALPING” OPTION?

- If I have a strong risk tolerance, is there a "scalping" way to build asset value/wealth (Scalping, in foreign Exchange investment, is a strategy of taking small quick profits as opposed to "buy and hold" long term systems)?

#### ANSWER

*Property Investment strategies are wide and varied and limited only to your imagination and willingness to educate yourself. There are deals in every market. Somebody always needs to sell and somebody always needs to buy regardless what the market is doing. As a property investor it is your job to seek out the vendor's needs and meet them. Solve their problem and you will unlock the profit. In a flat market, I prefer to look at deals that are quick turnaround that will make me chunks of cash (scalping) without waiting for the market to improve. This could be buying well and doing a simple renovation or creating value by buying in bulk and selling retail (strata title or subdivision). If you find yourself with a property deal that is going backwards in a falling market, you need to look at ways to increase its value - this doesn't have to be to the property itself, it could be the way it is utilized .i.e. does the location lend itself to be a home office? Could it be a holiday rental? Could it be better used as a storage facility? Could the rooms be rented out separately? You need to look at ways you can work with the market conditions.*

### PRIVATE SELLERS

- How to find potential private sellers.

#### ANSWER

*Use online resources such as [Pricefinder.com.au](http://Pricefinder.com.au) and [realestateinvestar.com.au](http://realestateinvestar.com.au) to locate sites that have been on the market for a long period - find a desperate seller and help them get out of the deal. Ask. Talk to local developers and ask for a discount; be the agent and seek out the deal by knocking on doors and keep your ear to the ground.*

## SINGLE DWELLING VS COMMERCIAL

- Is it a good idea to buy a single dwelling or a commercial property?

### ANSWER

*Why not? This all comes down to what you are trying to achieve. If you are buying and holding for the long term you want to look at areas that have had traditionally high capital growth (although this is never guaranteed for the future). If you are looking for cashflow you might want to look in a regional area or a mining town where rentals are scarce and rents are high. If you want quick cash, fast turnaround deals, you may want to buy in a popular area where you know there is a strong demand for your product. Get clear on what you want to achieve out of your investing, then determine your strategy, then focus on an area. If you are new to property investing, just focus on your local market, this is undoubtedly the area you know the best and can capitalize on your local knowledge. A single dwelling or commercial property should not be the question you are asking. Start with why are you investing? You should be able to determine some outcomes by answering this question then move onto what strategies will get me closer to that goal? Define all that and you can then look at the type of property you should be looking for.*

## MONEY IN A FALLING MARKET

- How do you make money in a falling market?

### ANSWER

*Money can be made in any market. No deal is perfect and as property investors, it is our task to find the problem within the deal, solve it and unlock the profit. When times get tough, sellers need an exit strategy. Find these sellers and help them get out of the deal while still turning a profit. Example - Joe Bloggs has a large block with a house on it and drew down too much equity for his lifestyle. He has spent the money and given the falling market the banks are asking him to top up his loan. Joe doesn't have the money and needs to sell to get out of the loan. A savvy property investor can see the win-win in this scenario and one solution could be to offer Joe a JV where you come in and subdivide the property while Joe still owns it. The subdivision creates two lots out of 1 and thereby increases the value of the site. You sell off both properties, Joe pays out his loan with a little profit and you take your share as well.*

### HIDDEN EXPENSES?

- What is the main hidden expense or blow out that could ruin the viability of a project?

#### ANSWER

***Time. Time and the holding costs it incurs can kill your deal. The bigger the deal the bigger the holding costs so you need to be determined and diligent about keeping your project on time and on budget.***

### LOAN PRODUCTS FOR INVESTORS

- How do I access the best possible loan packages for property investors?

#### ANSWER

***The current market requires you to be creative with your finance. To start with you should have an excellent mortgage broker. Then start taking away any reasons the bank could say no to your application. Such as a good savings history, little use of personal credit cards, good serviceability. Be realistic with what you can afford. There are deals at every level so build a good relationship with your bank or mortgage broker to get a good understanding of what they will and won't lend you.***

### BUILD COSTS

- How do you find out your build costs

#### ANSWER

***All construction and renovation is based around a square meter cost. At some point you will need to get quotes for your project whether it goes ahead or not. When you do, try and translate it to a square meterage rate so you can apply it on future jobs but remember to add a bit of contingency. The more quotes you do the better you will get at it. For example, a tiler might charge \$30 per square meter for tiling (plus the cost of the tiles). If the job is pretty standard you could get this cost over the phone then add another 10% to the quote to cover the unknown. With a total build that includes construction go to any builder or display home and they can give you a more specific run down of expenses.***

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## PREDICTION ON INTEREST RATES

- What is your prediction on interest rates for the next 12 months?

### ANSWER

*My view is the market is going to continue to fall so I am not buying anything at this time. In fact, I have sold down a lot of my property. You need to make your own judgment and take action. To do nothing would be the worst choice. I always, always, always bank on them going up.*

*If you Purchase a property at interest only, would it not be right that that property should go up by at least the same value so that you are not really out of pocket.*

*Yes, that is true however there are many other holding costs to consider apart from interest rates: insurance, unexpected maintenance, council rates, body corporate etc. On another note, you have no control over the market pushing the value of your property up so it's not wise to bank on this happening in line with interest rates. In fact a more common position is when the market decreases in value, interest rates can go up at the same time creating a double whammy!*

*If the property market drops by an average of 20%, would the building industry be able to build for 20% less but without sacrificing quality?*

*I seriously doubt construction costs will decrease at all whatever the market is doing. There are companies out there that are doing low cost housing construction but that will be directly related to the end value of the project.*

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## DIVERSIFICATION

- How best to diversify my property portfolio? Do I just stick with rents, strata or new properties?
- If you had a capacity to spend \$800,000, would it be better to invest in one at \$800k or two at \$400k?

### ANSWER

*Diversification is a good thing but so is a balanced portfolio. What are your goals and why are you investing? Answer these questions first and then implement strategies that will take you closer to that outcome. If you are buying and holding for the long term, you want to look at areas that have had traditionally high capital growth (although this is never guaranteed for the future). If you are looking for cashflow you might want to look in a*

*regional area or a mining town where rentals are scarce and rents are high. If you want quick cash, fast turnaround deals, you may want to buy in a popular area where you know there is a strong demand for your product. Get clear on what you want to achieve out of your investing, then determine your strategy, then focus on an area. If you are new to property investing, just focus on your local market, this is undoubtedly the area you know the best and can capitalize on your local knowledge.*

## RELEASING EQUITY

- What does 'releasing equity from your own home' actually mean?

### ANSWER

*In essence, if you add value or the market increases the value of your home, you have the potential to access the equity that has been created. Be careful when drawing down as you are essentially increasing your loan and repayments and will need to pay it back at some stage. Also, most financial institutions will only ever allow you to draw down up to 80% of the current value of the property. Refinancing should only be done with a purpose. What is your reason for drawing down equity? What is the plan when you increase your mortgage and subsequently the repayments that service it? Equity and Lines of Credit are a valuable tool to further your portfolio if it is used for just that - not depreciating assets or luxury items. Cost of valuations and refinancing will come down to the individual lender and should be budgeted for in any case.*

## INSURANCE FOR PROPERTY OWNERS WITH TENANTS

- Does a property owner have to get contents insurance for the curtains and dishwasher inside the home, even when the tenant has their own insurance?

### ANSWER

*You should check all this with your insurance broker - your accountant could possibly help as well. Are they your items? If so then they are your responsibility.*

### CHUNK DEALS IN STRATA TITLING AND SPLITTERS?

- Are there still big chunk deals around in strata titling or doing splitter blocks that used to be available?

#### ANSWER

*There are deals in every market. Somebody always needs to sell and somebody always needs to buy regardless what the market is doing. As a property investor it is your job to seek out the vendor's needs and meet them. Solve their problem and you will unlock the profit. In a flat market, I prefer to look at deals that are quick turnaround that will make me chunks of cash without waiting for the market to improve. This could be buying well and doing a simple renovation or creating value by buying in bulk and selling retail (strata title or subdivision). Use online resources such as [Pricefinder.com.au](http://Pricefinder.com.au) and [realestateinvestar.com.au](http://realestateinvestar.com.au) to locate sites that have been on the market for a long period - find a desperate seller and help them get out of the deal. Ask - be the agent and seek out the deal by knocking on doors and keep your ear to the ground.*

### SEMINARS VS PROPERTY INVESTING

- Is the real money in doing seminars or is there more money by actually investing in property?

#### ANSWER

*Property Investing has been known throughout the ages as a superior vehicle for long term wealth. I have been investing for over 40 years and am a living example of the riches that property investing provides. Conversely, I have been running seminars for a fraction of that time and although seminars are part of my business plan for producing cashflow it certainly doesn't compare with the profits I have made in property. Seminars are an avenue for me to do what I love - helping others to create the wealth and opportunity that is available to them.*