



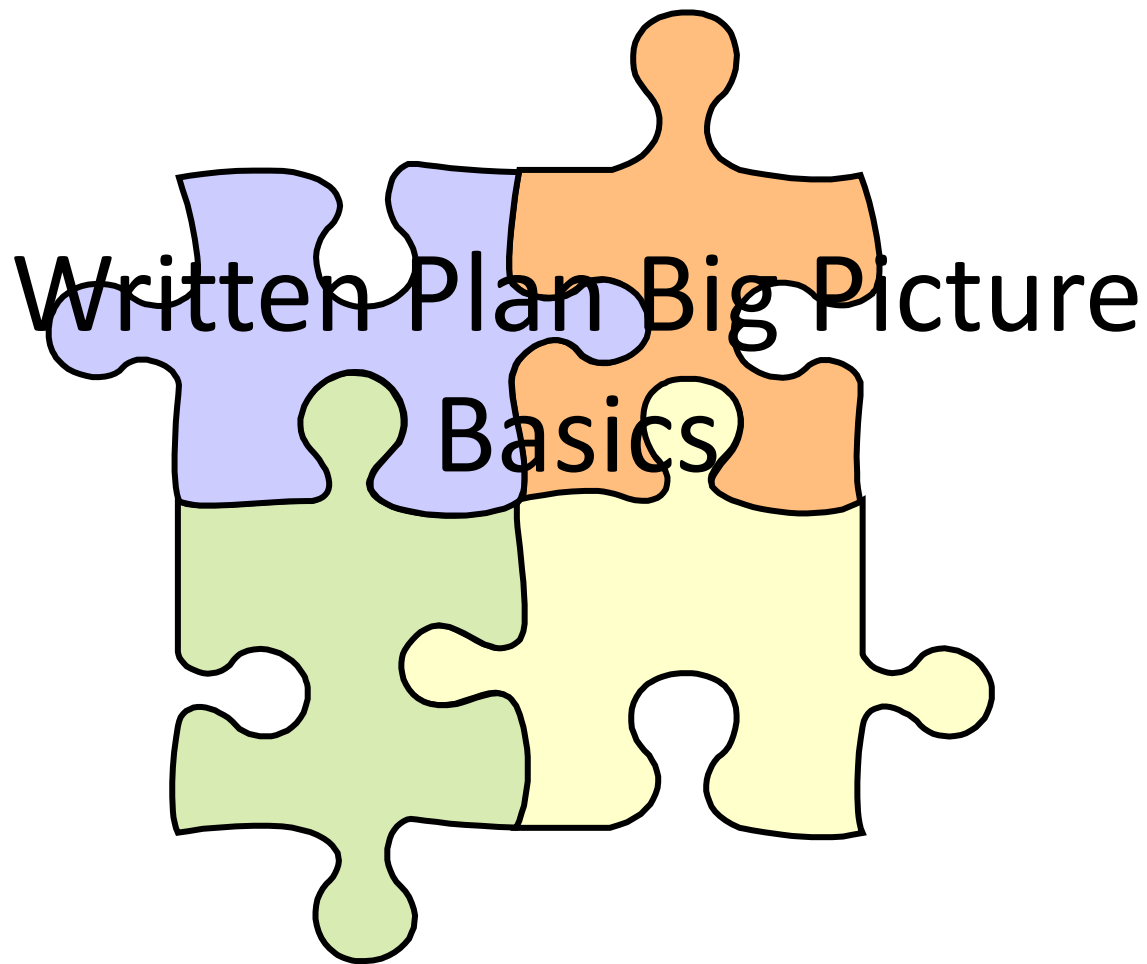
ULTIMATE WEEKLY WEBINAR SUPPORT PROGRAM



Michael & Sara Franks

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WRITTEN PLAN BIG PICTURE BASICS

NOTE!

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PLEASE ALLOW UP TO 2 WEEKS FOR THIS UPLOAD TO BE COMPLETED.

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Advisory

- The following slides show examples of numbers to illustrate how the planning process works. They do not relate to any specific properties.
- The method shown is purely our way of putting together an investment plan.
- The investor should take time to put together a plan using terms which they understand and can easily follow.
- The plan should contain all of the elements which allow tracking of progress and performance.

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Preparation

- Finance and Strategy Review
- Written Long Term Goal/s
- Education completed
- Mindset

Do Not pass this point until the above are completed!

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Basics 1

- Only 2 TYPES of Investment benefit.
INCOME :- Those properties that deliver Cash Flow
EQUITY :- Those properties that deliver an Increase in value.
- Some properties might deliver both but generally they deliver mostly only one.
- You wont know what a property will deliver until you EVALUATE it.
- Establishing your starting Equity(AWE) and Loan Serviceability are Extremely Important as these affect your Written Plan
- Very High starting AWE positions will mean that you are potentially able to enter income deals quicker.
- Under \$200k of Available Working Equity (AWE) means that you are equity weak and thus need to concentrate on Equity(Chunk) Deals initially.
- Your next deal aims to strengthen your weakness.
- You do not keep deals when your AWE is below \$200k.

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Basics 2

- You only keep a property that fits your portfolio and passes the ‘**Decision Flowchart**’ test. (More Later)
- Regard all deals as EQUITY deals and keep those that fit your portfolio for INCOME delivery
- Your Goal Portfolio should be planned to be LOAN FREE
- Keep a track of your increased equity and cash flow after completing each deal.
- Your CASHFLOW at goal time is dependant on Gross Rental Yield of each of the properties AND Total Portfolio Value.

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Big Picture Stuff

A debt free portfolio to deliver a desired INCOME. The property classes included in the portfolio composition are chosen to match the investor risk profile and preferences. The number of properties is not as important as the TOTAL value of the portfolio and the classes of property that are chosen.

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More Big Picture Stuff

- Each property type has an associated Gross Rental Yield.
- Need to understand each property type gross rental Yield.
- Need to understand the risks and rewards associated with each Property Type.
- Need to understand the financing implications involved in each property type.
- Need to understand how the market reacts to each property type.

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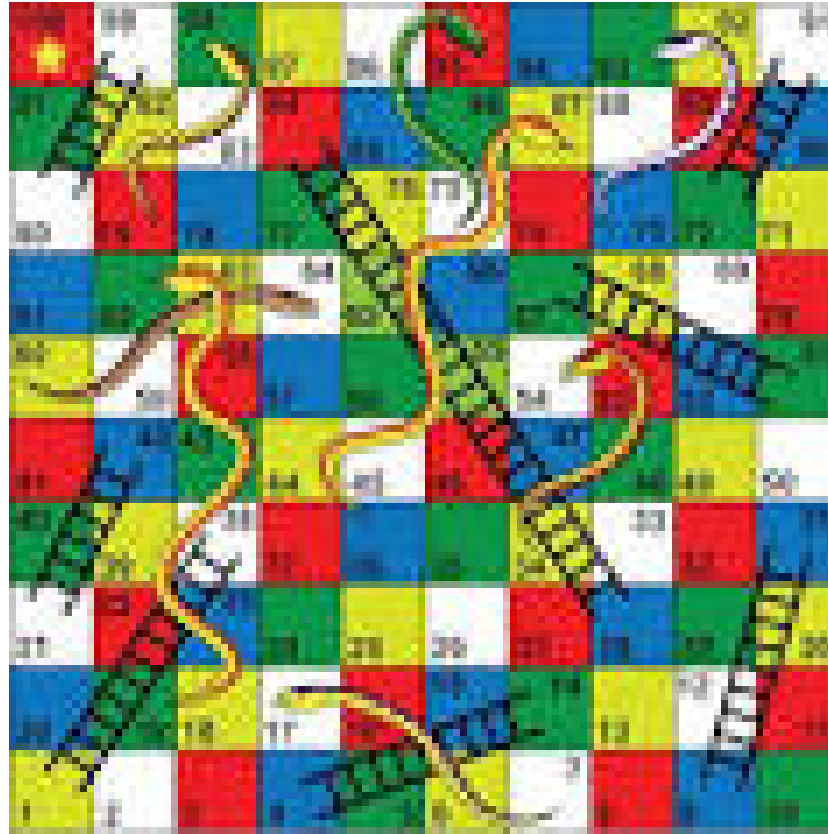
Even More Big Picture Stuff

- Need to visualise the BIG PICTURE before fitting the pieces(plan)
- You cannot put a plan in place until you have defined your destination (Written Goals)
- There are many roads which lead to the same destination
- There is no right or wrong plan – only ones which work well and ones which do not
- Expect to fine tune your plan as you execute it to keep you on track

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Many Roads

Goals

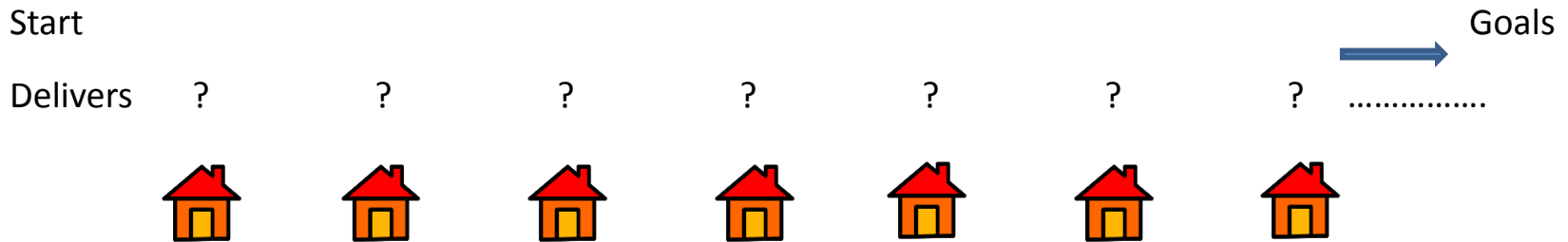


Start

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Many Roads



- You won't know what they deliver until you evaluate each one.
- Selling or keeping will depend on how you want to proceed

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Some example Roads

- Execute EQUITY (chunk) deals to build your equity pot to a level where you can buy your entire investment portfolio FOR CASH.
OR
- Execute EQUITY(chunk) deals to build a sum of money sufficient to buy your first Income producing property FOR CASH
OR
- Execute Equity(chunk deals to build a sum of money sufficient to fund the deposit, stamp duty , legals and strategy cost for your first CASH FLOW POSITIVE income property
OR
- Execute Equity (chunk) deals to flip between income property aquisitions to reduce debt on the income properties.
OR
- Redraw (if possible) equity from low LVR income property to use to fund more flips.
-

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The Process

1. Establish Starting AWE
2. Locate deals using your personal investing criteria.
3. Evaluate each deal using the **EVAL Your Deal Spreadsheet**.
4. Establish what is delivered from the deal – EQUITY, INCOME or BOTH
5. Under \$200k Starting AWE – Choose only those deals which provide EQUITY. **Do Not Keep**
6. Over \$200k Starting AWE – Use the **Decision Flowchart** to decide to **KEEP** or **SELL**
7. Do the deal
8. Revise your AWE position after doing the deal.
9. Revise your CASH FLOW position after doing the deal.
10. Return to step 1 and repeat.

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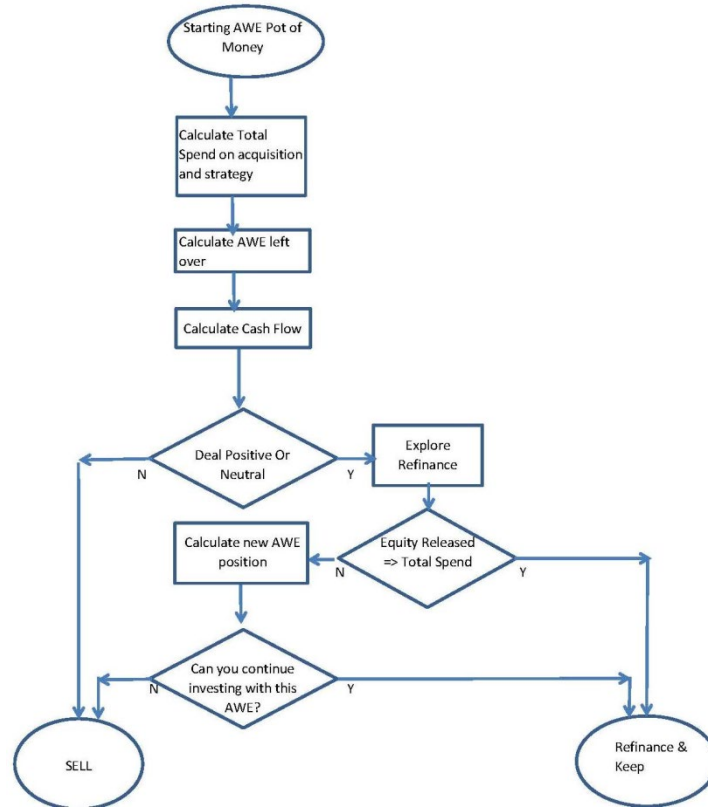
EVAL your Deal Spreadsheet

- Located under the DOWNLOADS section of the members only website
- <https://bit.ly/2DGeemE>



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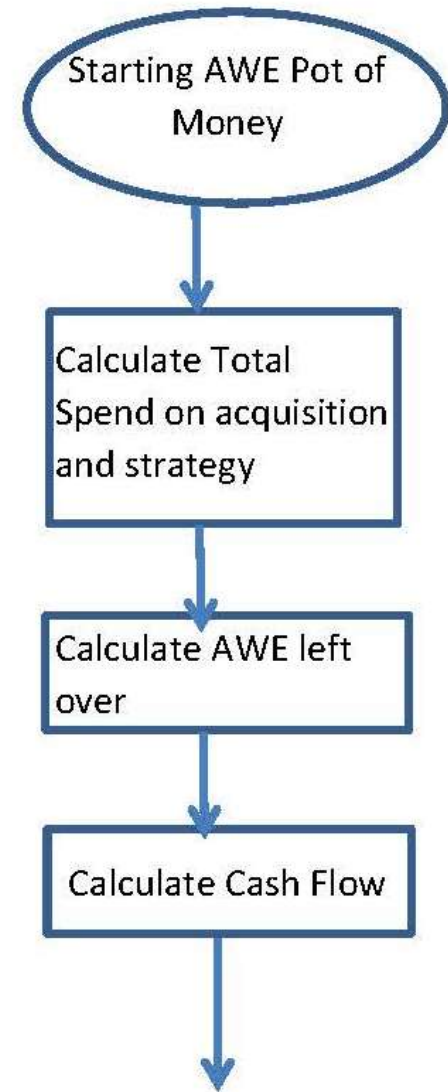
Descision Flow Chart



Web Link: <https://bit.ly/2y1zq0B>

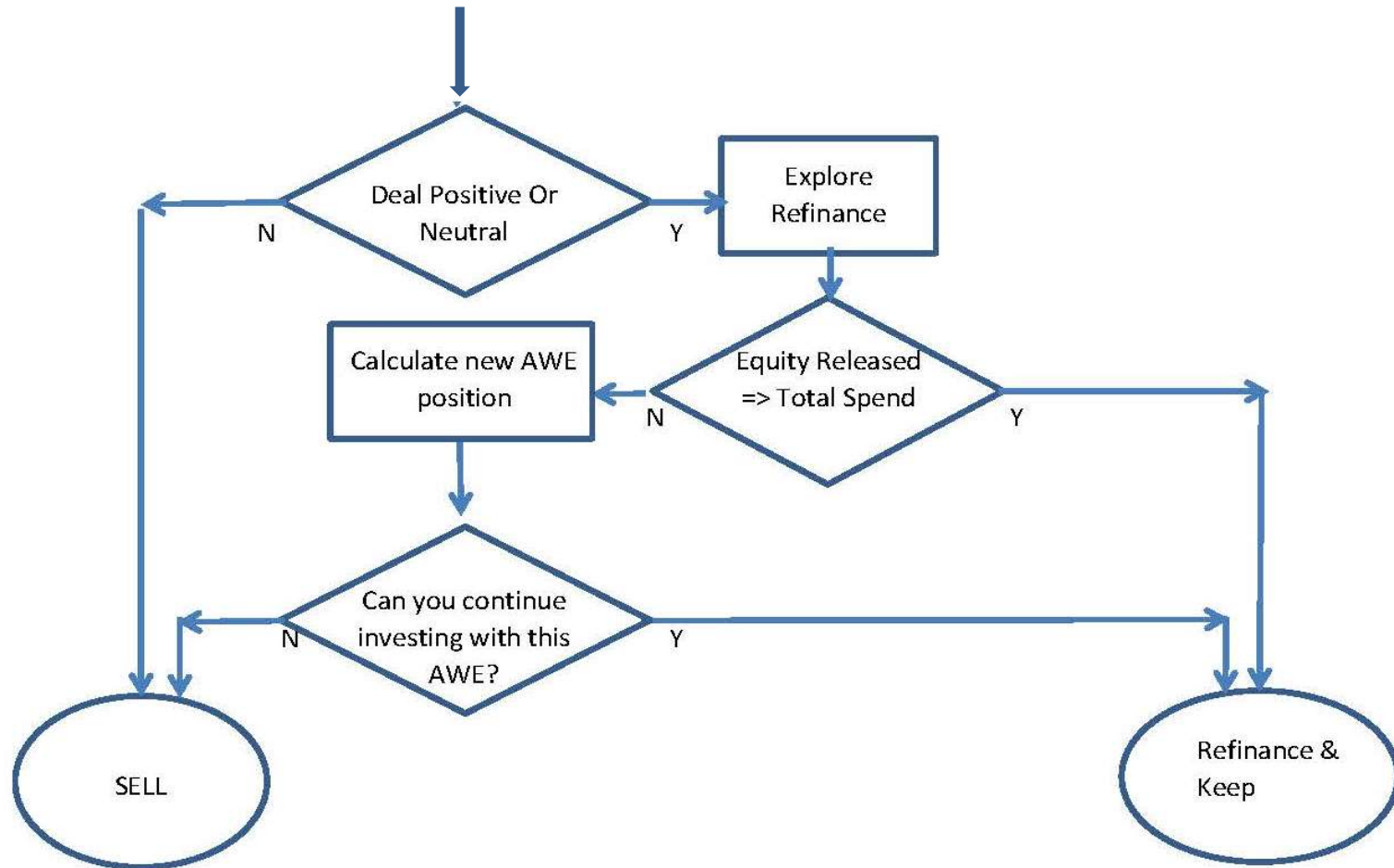
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Decision Flow Chart



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Decision Flow Chart



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Keep track of your Progress

- Add up ALL costs associated with acquiring the property and performing and strategies chosen. (Call it Figure A)
- Add up the proceeds of sales less any expenses incurred in selling (Call it Figure B)
- Add up the total proceeds from redraws or lines of credit less any expenses incurred. (Call it Figure C)
- If SELLING then equity increase is Figure A minus Figure B
- If KEEPING then equity increase is Figure C.
- Add back whichever is being chosen to the remaining AWE to get your new AWE figure.

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Visualise 1

- Chunk deals to build Equity to buy outright each Income property



Years

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Legend



= Flip Deal

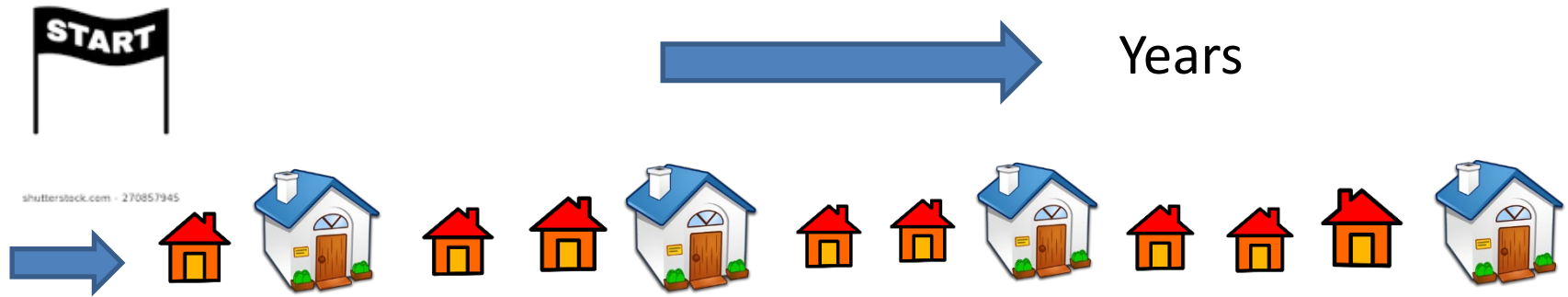


= Income(Hold) Deal

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Visualise 2

- Chunk deals initially to build Equity for a deposit & Legals



= Flip Deal



= Income(Hold) Deal

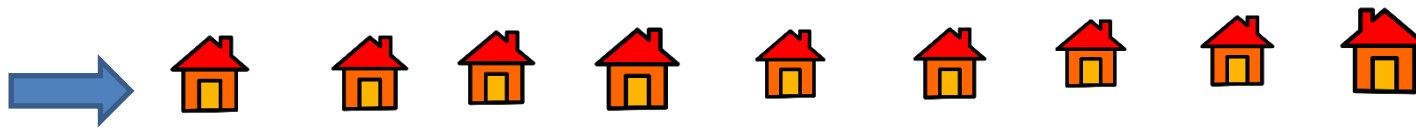
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Visualise 2 Continued

- Debt reduction Phase



Years



Flip Deal



Income(Hold) Deal

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Visualise 3

- Chunk deals to build Equity then buy your portfolio



Years



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Flip Deal



Income(Hold) Deal

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Visualise 4

Chunk deals to build Equity then buy more than your Portfolio requires



Years

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Flip Deal



Income(Hold) Deal

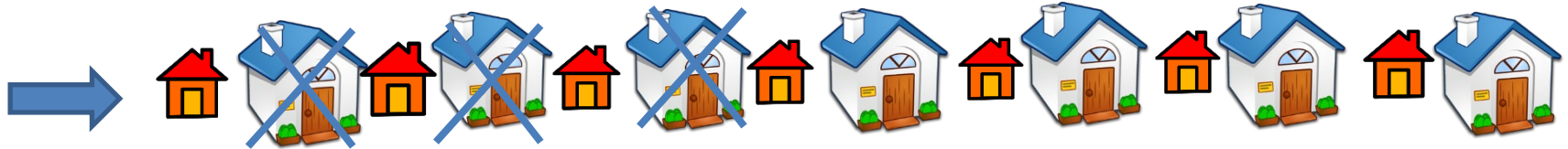
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Visualise 4 Continued

- Then sell off to retire debt



Years



Flip Deal



Income(Hold) Deal

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Your Plan



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Years



Flip Deal



Income(Hold) Deal

Draw your plan and include year

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