

*How To Leverage Your Knowledge For Big Profits
- With Little or None of Your Own Money*

OTHER PEOPLES MONEY



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1:

Lease & Sub-lease

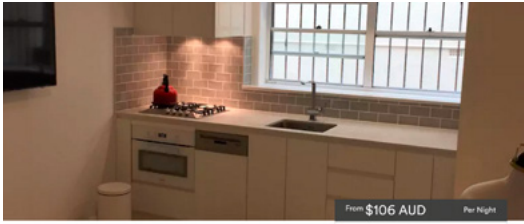
Lease Options

Vendor Finance

Examples

Air BnB the apartment

- similar location, not as good a property



Just cross the road to the beach!
Bondi Beach, NSW, Australia - ★★★★★ - 22 reviews

From **\$106 AUD** Per Night
Check In: dd-mm-yyyy Check Out: dd-mm-yyyy Guests: 1

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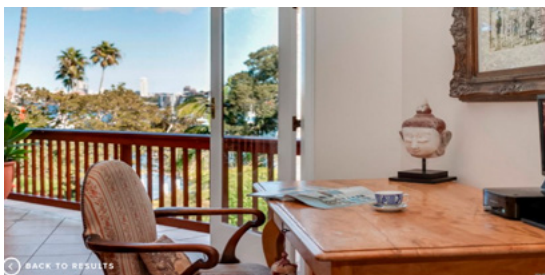
**\$1450pw Kurraba Road, Neutral Bay NSW
3 Bed**

Superbly renovated 3 bedroom waterfront Villa located on the foreshores of Sydney Harbour! Large living areas open to huge full width sundeck/pergola covered terrace enjoying massive Harbour & City skyline views.



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Waterfront apartment at Neutral Bay \$2,450 per week

Timeless three bedroom waterfront apartment in one of Sydney's hidden gem locations

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Adding Furniture and Styling

- Sometimes adding furniture and styling a property is sufficient to get an uplift in rental
- Do analysis on vacant rentals verses beautifully furnished rental
- Similar to executive rental but doesn't need to be as up market or selective in area



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Professional
Staging

Amateur
Staging



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Room by Room Rental

- Can be done as a PPR - Little restrictions in most states
- As a pure investment - would need to comply with state rooming house legislation

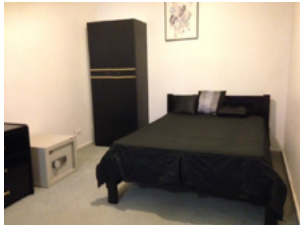


Carmel

- Needs cash flow and have all her money tied up
- Rents a 6 Br House for \$600/wk on a 2 year lease

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Cash Flow
\$28,080

Rented out on a room by room basis furnished for \$1170/wk plus rents the garage for \$80/wk = \$1250/wk
Out goings rent \$600 + Electricity \$100 + internet \$10 = \$710

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Also sub-leases a car she doesn't use to one of the tenants!



Loan \$ 382 / month with 18 mth lease still to run

Car worth \$15,000 owe \$15,000 so worth nothing if sold

Downloaded rental agreement and took \$360 security deposit to cover insurance excess

\$90 week lease

Turned a liability into a Cash Flow Neutral!

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Brand new townhouse in NSW



- 4 Level townhouse
- 6 bedroom
- 4 bathroom
- 2 Parking



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Start up cost \$8850 include bond, free Gumtree items, new purchase items and travels)

Out going per week

Rent per week	850
Bills, Internet and Insurance	80
Daily Goods	20
TOTAL	\$950

Incoming per week

Bedroom 1 (Furnished)	230
Bedroom 2 (Cally's room) Ensuite	0
Bedroom 3 (Unfurnished)	240
Bedroom 4 (Furnished)	240
Bedroom 5 Attic (Unfurnished)	245
Bedroom 6 Attic (Furnished)	200
TOTAL	\$1,155

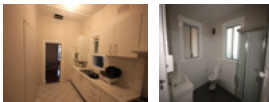


Profit \$205/wk
+
Free Rent

Second Deal

House specs.

- 6 bedroom single story house
- 2 bathroom with separate toilet
- 50 meters to Westfield shopping center
- 200m to train station
- Vacant for over a year
- Agent didn't care just wanted the place rented.



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How BANK FINANCE works

Traditionally, a home is bought through finance from a bank, or other lending institution. The buyer pays a deposit (usually 10%-20%) to the seller and the bank pays the rest to the seller. The buyer and seller's relationship ends here and the buyer then pays the loan, or mortgage, back to the bank, over time with interest.



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How VENDOR FINANCE works

Vendor Finance skips the bank. The buyer pays a small deposit to the seller and also makes repayments directly to the seller over time. Depending on the strategy used in the transaction, these repayments may or may not include interest. The purchase price or repayments may be slightly higher than a traditional purchase, but it provides the buyer with the benefit of purchasing when the bank would not.



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3 Types of Seller Finance

1. Deposit Finance

- 2nd Mortgage Carry back
- Some Now Some Later

2. Lease Options

- Rent to Buy
- House on Layby
- Try Before you Buy

3. Instalment Sales

- Vendor Finance
- Wraps
- Terms Contracts



Licensing Requirements

Credit Providers License

- Lease Options
 - No Licensing Required
- Instalment Sales and Deposit Finance
 - Need License when "In the Business" of providing Seller Finance (AFSL)

Real Estate Agents License

- License required or Real Estate Agent needs to be involved if you are selling a property you don't own.



Where Could You Find These Types of Deals?



Selling on a Lease Option

- Purchase: \$220,000
- Reno: \$23,000
- Reval: \$240,000
- Rent: \$295/week
- Mistakes:
 - bought in high crime street;
 - did not check with rental agents before purchase;
 - Underestimated regional labour cost;
 - Used new homes next street (\$350k+) as comparables which are not comparables in valuer's eye.

Dubbo NSW



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Over-Capitalised Reno for a Low End Property



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Correcting Mistakes Using a "Rent to Buy" Plan

- Sent no-ground 90-day termination notice to existing tenant;
- Listed the property for sale with "rent to buy" and vendor finance available;
- Screened 10+ enquiries
- Accepted a family of 2 adults, 3 children, 4 dogs and 2 cats, with good income from a government job, but no savings. Applicants had black mark on credit file and rental ledger due to a car accident and lost of income for a period in the past.

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Sandwich Lease Example - Sell \$375,000

- Margaret pays Tim \$15,000
- Margaret currently owes \$360,000
 - Margaret pays \$500/week (\$100/week as Principle)
- \$100/week pays off house \approx \$15,000 over 3 years
- Balance owing at 3 years \approx \$345,000



Weekly Income	
Rent	\$400/week
Principle	\$100/week
Total	\$500/week

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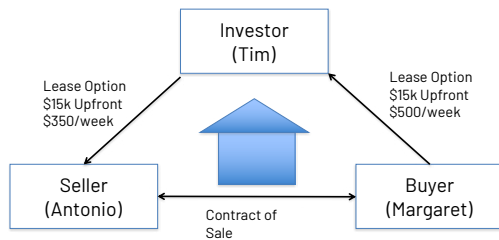
3 years later...

	Margaret	Antonio	Tim's Profit
Upfront	\$15,000	\$15,000	\$0
Cash flow	\$500/wk	\$350/wk	\$150/wk (\$23,000)
Back end	\$345,000	\$325,000	\$20,000
		TOTAL:	\$43,000



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