

ULTIMATE

REAL ESTATE SUCCESS
COACHING PROGRAM

3-DAY BOOT CAMP WORKBOOK

MELBOURNE OCTOBER 2019

Fast track your property portfolio
success with Dymphna Boholt's Ultimate
Real Estate Success Coaching Program


THIS BOOK BELONGS TO:

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Schedule URES Day One

9:00 – 11:00	1. Asset Protection
11:00 – 11:30	Break & Networking
11:30 – 1:30	2. Finance
1:30 – 2:30	Lunch & Networking
2:30 – 5:00	3. Research, Due Diligence, Grid Analysis &
	4. Tools
5:00 – 5:30	Break & Networking
5:30 – 7:00	5. Legal Aspects of Property




Schedule URES Day Two

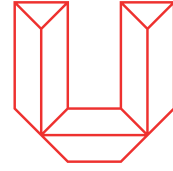
8:00 – 9:30	6. Book keeping & Taxation
9:30 – 11:00	7. Income Strategies
11:00 – 11:30	Break & Networking
11:30 – 1:00	8. Growth Strategies & Commercial
1:00 – 2:00	Lunch & Networking
2:00 – 3:00	9. Subdivisions
3:00 – 5:00	10. Strata & Construction & The Compound Effect
5:00 – 5:30	Break & Networking
5:30 – 7:00	11. Renovation & Styling
7:00 – 8:30	12. Bonus Session!!



Schedule URES Day Three

8:00 – 9:15	13. Superannuation
9:15 – 11:15	14. Millionaire Makeover
11:15 – 11:45	Break & Networking
11:45 – 1:30	15. Finding a Deal
1:30 – 2:30	Lunch & Networking
2:30 – 2:45	16. Website review
2:45 – 5:00	17. Strategic Planning
5:00 – 5:30	Break & Networking





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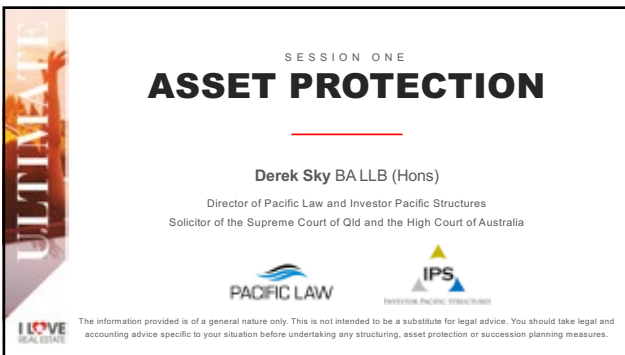
SESSION ONE

Asset Protection






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SESSION ONE
ASSET PROTECTION

Derek Sky BA LLB (Hons)
 Director of Pacific Law and Investor Pacific Structures
 Solicitor of the Supreme Court of Qld and the High Court of Australia

The information provided is of a general nature only. This is not intended to be a substitute for legal advice. You should take legal and accounting advice specific to your situation before undertaking any structuring, asset protection or succession planning measures.



Asset Protection – The Basics
 What is asset protection?





Asset Protection – The Basics

It can happen to anyone.

- Rugby referee/ rugby league player
- Seller of goods online
- Defamation on Facebook/Twitter
- Injured tenant sues landlord






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Sleepover alarm bell

\$850,000 payout a 'wake-up call' for slumber party parents

Parents beware!

\$850,000 sleep over

The Bulletin
Boys will be boys, if only we let them

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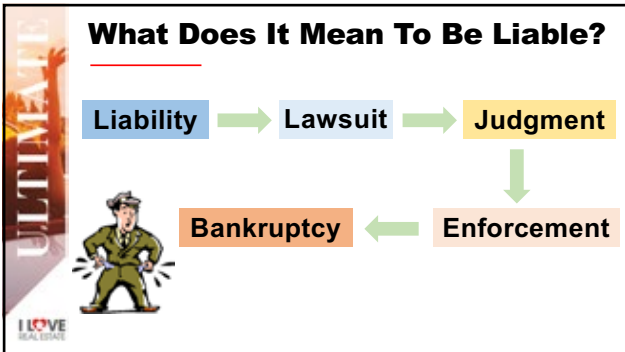
CGU refuses to pay insurance claim

CGU refused to honour the insurance claim because the Fiat Mr Paulger was not living at this home at the time.

Police Creek Road at the site of the robbery on March 27.

He was living with his carer because of his ill health.

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Asset Protection – The Tools

- Insurance
 - Public risk insurance
 - Life Insurance
 - Professional indemnity insurance

The 'I LOVE REAL ESTATE' logo is in the bottom left corner.

Protection With Legal Structures

Trusts and companies are separate legal structures

The diagram shows two separate legal structures: 'Your assets and risks' represented by a person icon, and 'Your trust's assets and risks' represented by a stack of bricks and a person icon. The 'I LOVE REAL ESTATE' logo is in the bottom left corner.

Structures – A Company

A Company has a separate legal existence.

Company

Members
(shareholders):

- Own the company
- Appoint the directors

Directors:

- Have control
- Take on risk
 - Director's duties
 - Guarantees

Structures – A Trust

A trust is an arrangement where a trustee holds assets for beneficiaries

Trustee: day-to-day control

Trust

Beneficiaries: receive income and capital

Discretionary Trust

- Broad range of beneficiaries with limited rights
- Appointor appoints the Trustee
- Flexible distributions

Appointor

Trustee

Trust

Beneficiaries

Unit Trust

- Units issued like shares in a Company
- Fixed distributions and ownership
- Unit Holders appoint the Trustee

The diagram shows a hierarchy where Unit Holders (represented by two triangles) are at the base. Above them is a box labeled 'Unit Trust', and at the top is a circle labeled 'Trustee'. Lines connect the Unit Holders to the Unit Trust box, and the Unit Trust box to the Trustee circle.

Hybrid Trust

- Units issued like shares in a Company
- Also discretionary beneficiaries
- Tax ALERT on gearing
- Difficulty borrowing

The diagram shows a hierarchy where Unit Holders (represented by one triangle) and Beneficiaries (represented by a group of people icons) are at the base. Above them is a box labeled 'Hybrid Trust', and at the top is a circle labeled 'Trustee'. Lines connect the Unit Holders and Beneficiaries to the Hybrid Trust box, and the Hybrid Trust box to the Trustee circle.

Piggybank Trust

A Piggybank Trust is a protected discretionary trust.
Safe structure to hold key assets.

The diagram shows a person icon (representing the trustee) standing on a triangle labeled 'Piggybank Trust'.

Bucket Company

A Bucket Company is a company used to receive discretionary distributions and pay tax at company rates.

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A Typical Structure

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Technicalities Of Trusts

- Must be established correctly (Settlor, settled sum)
- Deed must have adequate powers
- The right people must be beneficiaries and appointors
- Legal changes:
 - Bamford
 - Foreign stamp duty and land tax

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Land Tax & Discretionary Trusts

- Discretionary trusts may pay more land tax.

State	Individual Threshold	Trust Threshold
NSW	\$692,000	Nil
Vic	\$250,000	\$25,000
Qld	\$600,000	\$350,000
S.A.	\$369,000	\$369,000
W.A.	\$300,000	\$300,000

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Land Tax in NSW

- In NSW, discretionary trusts do not have a land tax threshold
- For an individual the threshold is \$692,000
- Is the asset protection and income tax minimisation worth the land tax costs?
- A Land Tax Unit Trust passes the land tax to the unit holder who can use their individual threshold.

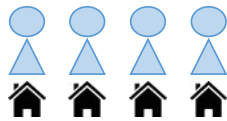
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One Company / Multiple Trusts

Use a separate company for each trust.

- Easy administration
- Land tax in Queensland
- Cross collateralisation



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One Trust / Multiple Properties

Separate trust for each investment

Risk

Multiple investments in one structure

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The Limits Of Structures

- Assets within the trust still affected by its risks
- Land tax and administration costs
- Director's guarantees
- Poor administration

Deed of Trust

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Checklist: Recycling A Structure

- Is it the right structure for your new project?
- What has the trust done before?
- Can you find the complete Deed?
- Is it properly established (signed)?
- Does it have adequate powers?
- Do the right people have control (trustee, appointor)
- Are the right people able to benefit?

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Protection For Personal Assets

The pseudo-protection of debt.

Value: \$500,000
Debt: \$350,000
Equity at risk: \$150,000

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Contributing Funds To A Trust

Is it a gift or a loan?

- Tax deductibility of the interest
- Where is the equity owned?

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Gift vs Loan

ASSET HELD HERE

Borrowing — **LOAN** —> Investment Trust

- Equity is retained by the lender
- Interest is tax deductible

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Gift vs Loan

• Equity moves to recipient
 • Interest is not tax deductible

ASSET HELD HERE

Protecting Existing Investments

- Is it worth protecting?
- Transfer to a Trust or lower risk spouse?
 - Duty and CGT
 - Transfer costs
- Clawback

Gift And Loan Back Arrangement

Creates a friendly debt which can be secured.

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Security For Loans

Loans are only as secure as their security

- Mortgage
- Irrevocable Mortgage
- Caveat
- Registered vs registrable

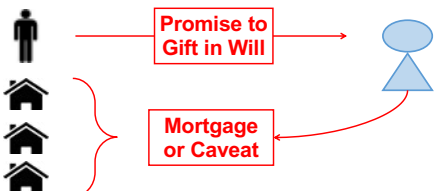


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Contract Of Will

Securing a promise to make a gift under your Will.

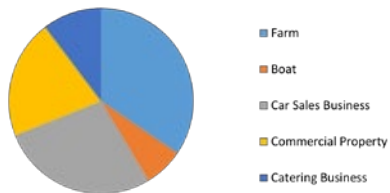


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Protecting Existing Assets

What not to do – owning all assets together...




- Farm
- Boat
- Car Sales Business
- Commercial Property
- Catering Business

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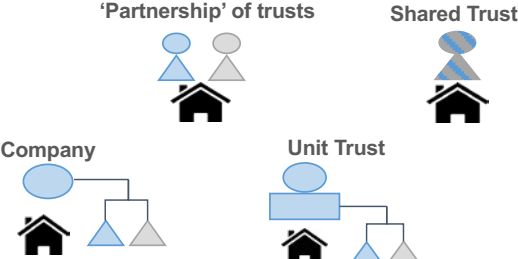
Joint Venture Structures

- Structure will be driven by the deal.
- What is each party contributing?
 - Capital
 - Borrowing capacity
 - Time / Skills
 - Finding the deal
- Equal contribution or unequal?



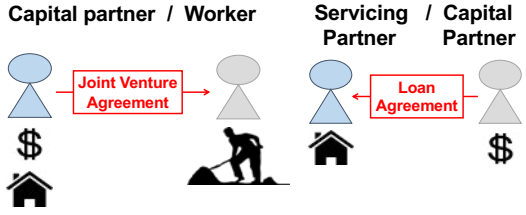
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JV Shared Serviceability



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JV Difference Contributions



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Running Your Structures

- Structures must be administered as a separate legal entity
 - Recording decisions in formal minutes
 - Separate bank account
- Documentation of transactions
 - Loan Agreements, Deeds of Gift, minutes

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Structures And Divorce

- The power of the Family Court
 - Who has the actual control?
- What can be done?
 - Third party appointors
 - Bloodline trusts
 - Binding Financial Agreements

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Structures And Death

On death or incapacity, you cease to be a director, appointor or trustee.

Who takes over?

Do you still have a role in a JV structure?




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Intestacy

- What happens if you do not have a Will ?
- What happens if you do not have an EPA ?




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Death And Wills

Wills cover personal assets, they may not cover:

- Trust assets
- Superannuation
- Joint tenanted property
- Life insurance



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Testamentary Trust Wills

- Tax advantages
- Asset protection advantages
- Bloodline restrictions




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Incapacity

- Enduring Powers of Attorney
 - Financial decisions
 - Healthcare decisions
- More than 420,000 Australians with dementia



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Succession Planning Claims

- Family Provision claims against Estate
- NSW – the notional estate



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Establishing Companies and Trusts



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1300 411 653
info@investorpacificstructures.com.au

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**Succession Planning and
Asset Protection Advice**



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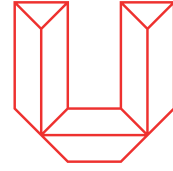
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Asset Protection

Action Required:

Who do I need to contact?

Time Frame:



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SESSION TWO

Finance




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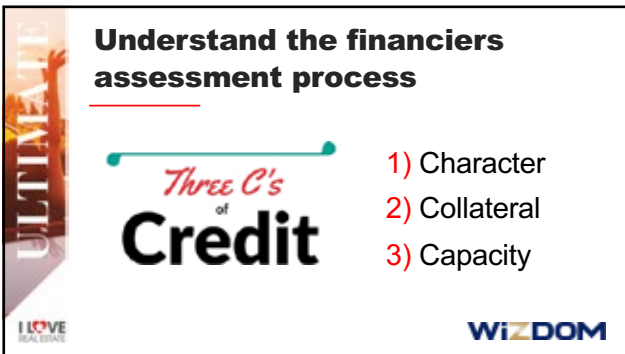
Clint Ducat Dip FS (MB), Adv Dip FS (FP)
 Director – WIZDOM Loans Pty Ltd

Clint Ducat is an Authorised Credit Representative (CRN 394987)
 of Wisdom Loans Pty Ltd (Australian Credit Licence No: 501060)


We can help with:

- Finance Strategy and Support • Home Loans/Refinances
- Investment/SMSF Lending • Development/Commercial Finance
- Complex Loan Structuring and Advice

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**Understand the financiers
 assessment process**



**Three C's
of
Credit**


- 1) Character
- 2) Collateral
- 3) Capacity

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Understand the financiers assessment process

Character

- Credit reference checks
- Credit card statements
- Existing loan statements
- Rates notices
- Does your asset position match your life story (age, career/income, family etc)
- Not every financier is the same



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Comprehensive Credit Reporting

Client example – Late Credit Card Payments

Open date	Status	Limit/Bal
08 Jun 2004	Open	\$7,000

2018												2019	
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
R	R	R	0	1	0	1	2	3	0	0	0	P	P

R = Not Reported
 1 = 0-29 days overdue
 2 = 30-59 days overdue
 3 = 60-89 days overdue
 P = Pending

Impact of Comprehensive Credit Reporting

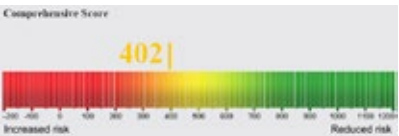
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Comprehensive Credit Reporting

Client example – Late Credit Card Payments

Comprehensive Score

402




Score (Negative data only): 588 VedaScore 1.1: 479

NEW CREDIT REPORTING SYSTEM

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Managing your Credit File

- Alerts
- Check your file at www.mycreditfile.com.au or get your Finance Strategist to run your report for you
- Understand what the lenders can see and work on strengthening your weaknesses




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Understanding the financiers assessment process

Collateral

- How much Equity / Cash do you have to start with?
- What is your asset/liability position
- Do you need higher LVR's if equity is low?




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Lenders Mortgage Insurance (LMI) can be the solution for low collateral!

- What does it cover?
- When do you pay LMI?
- How much does it cost?
- Can it be transferrable if you refinance?


* When in LMI Territory – P & I will be expected



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If you have Little or No Equity

- Ways to strengthen a weakness (chunk deals, joint venture's, savings plans, vendor finance, etc.)
- List JV potential partners
- Search for seller finance or seller JV deals
- Family gifts/loans or family security guarantee (Bank of Mum and Dad)




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First Home Buyers

- Stamp duty concessions available
- Differ from state to state

First Home Loan Deposit Scheme

- Will commence 1st January 2020
- Available to first home buyers with
 - Single income of < \$125,000
 - Combined income of < \$200,000
- Government will guarantee the part of the loan over 80% LVR and will save paying LMI



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Understand the financiers assessment process

Capacity

- How much borrowing does your income buy you?
- How do we increase our capacity? (JV's, positive cash flow properties, increase your PAYG income – even if short term)
- Reduce other commitments (existing mortgages, personal loans, credit cards etc)

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Borrowing Capacity

Sample Scenario: **Income of a couple \$80,000 and \$40,000**
 Borrowing range from \$680,000 to \$750,000

Add a:

- \$20k credit card - borrow \$587,000 – \$680,000
- \$50k credit card - borrow \$466,000 – \$560,000
- 1 kid (no credit cards) - borrow \$680,000 – \$720,000
- 2 kids - borrow \$615,000 – \$660,000
- 3 kids - borrow \$560,000 – \$595,000

Summary:

- Each \$10k of credit card costs you approx \$40k in max borrowings
- Each child costs you approx. \$60k in max borrowings

* Calculated on P&I borrowing over 30yr term and other terms will vary the outcomes.


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Bank Rental Shadowing

- 80% on residential rental income
- 50% on high density rent income (more than 3 stories)
- 66% on commercial rental income
- 50% on serviced apartments rental income

The above is just one bank's policy!

*Most lenders don't like a reliance on Rental Income



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Living Expenses

- Changes to Household Expenditure Measure (HEM)
- Core/Mandatory versus Discretionary expenses
- Discretionary and once off expenses can be discounted
- Lenders will use the higher of the applicants stated living expense, or their HEM policy
- Consider having a dedicated Living Expense Bank Account

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Get Market & Finance Ready

- Finance Strategy Review
- Release available equity
- Diversify your lending
- Extend your Loan Terms
- Do tax returns and set-up structures
- Get personal insurances in place
- Know what your next move is – do a 2 year plan






Finance Strategies




- Don't Cross-Securitise
- Split Facilities and Loan Structure
- Transactional Banking Structure
- Create Buffers (Personal/Investment)
- Efficient Money Management
- Tax Deductibility
- Creating your own Merchant Bank





Types of Loans and when they should be used!

- Principle and Interest
- Interest only
- Line of Credit
- Redraw Facility
- Offset Account
- Variable or Fixed






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Uncross-Securitize

If you have Equity

- Access available equity
- Get Split Facilities in place
- Diversify your lending exposure
- Separate your PPR
- Untangle cross-securitized Properties




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The right structure

- Get advice on what the best structure is for you, depending on what you are looking to achieve
- Understand how the banks look at the people involved in the structure
- Be mindful of the structures name




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If doing JV's

- Formalise Joint Venture agreement
- Create JV structure
- Consider the financing process of JV's



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Lets Talk Self Employed

- How long do you need to be Self Employed?
- What evidence of income is needed?

What about Low Doc?

- What is Low Doc Lending?
- What is Lease Doc?



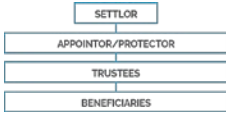
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Is it more difficult to borrow in a trust?

- Not if you are dealing with an Finance Strategist (can even potentially be easier)
- Be selective with company/trust names
 - don't big note yourself
- Timing may be a little longer
- Timing definitely longer for Superannuation Funds



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Pre-Approvals

- How good is a Pre- Approval?
- Is a Pre Approval more important in some states than others?
- Worthwhile if considering Auction or purchasing in SMSF



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Going Pro – Full Time in the Business of property

- What does the transition look like?
- What does being full-time in the business of property mean for you?
- Start planning **NOW** how you are going to execute this.



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Things to Remember

- Prepare for the Valuers
- Keep your property in good shape, deals are going down due to bad valuations, make it like it's for sale...
- How should you handle/assist a Valuer?



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Is there really post code prejudice!



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How do you finance:

- a subdivision small and large
- a strata deal
- a renovation
- a house removal
- a spec home
- a development small and large
- a commercial deal
- a purchase in a SMSF



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Banking Trends

Where are we at and where are we heading?




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Finance and Strategy Review

1. Are the properties you currently own helping you achieve your goals?
2. Do you need to restructure current finance facilities?
3. What property strategy do you need next?
4. Do you know your finance capacity?
5. Are you "market ready"?



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- Finance Strategy and Support • Home Loans/Refinances
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- Complex Loan Structuring and Advice





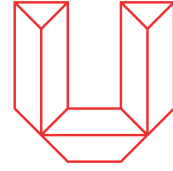

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Finance

Action Required:

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Time Frame:



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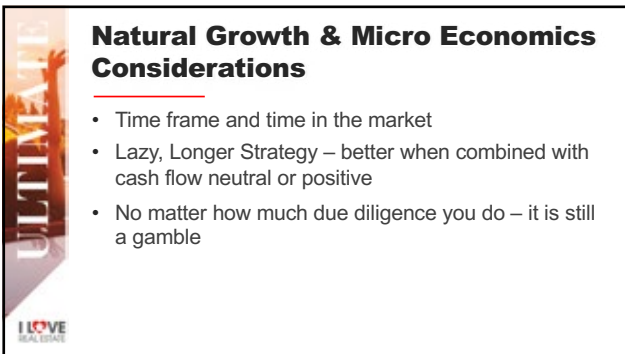
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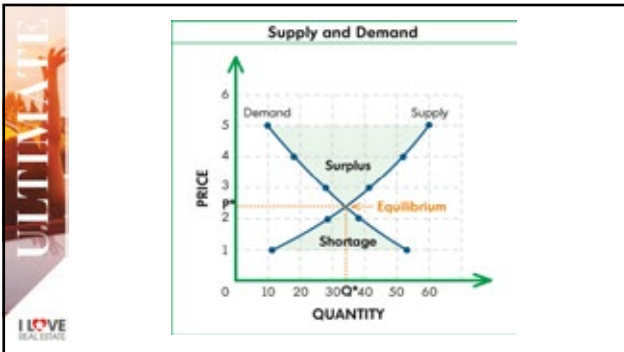
SESSION THREE

Natural Growth











- ### Growth Drivers
- **Banking Monetary Policy**
 - With the availability of finance all natural growth in the market stalls
 - **Increasing Population**
 - Interstate, Inter-suburban and Immigration
 - **Consumer Confidence**
 - Overall Economic Wellbeing
 - **Government Policy**
 - Council attitudes, first home owner grants, State Government incentives, property taxes
 - **Infrastructure Spending**
 - Government and Industry

- ### Increasing Population
- Population Movements
 - Where are they coming from?
 - How long do they stay?
 - What style of housing do they want?
 - Source data – mostly ABS – check age of data
 - Check the timing of these events!



Government Policy

- Local Government – council attitude to growth and development
- State Government incentive and council over-rides
- Federal housing Policy such as
 - first home owners grant
 - migration policy
 - specialist policy eg. NDIS
 - defense policy
 - general economic climate




Infrastructure Spending

Government Spending

- Education
- Medical
- Infrastructure
- Departmental
- Military

Check the timing of these events!




Infrastructure Spending

Industry Spending

- Mining
- Manufacturing
- Tourism
- Infrastructure (longevity)
- JOBS, JOBS, JOBS


Check the timing of these events!



State Infrastructure Searches

Department of planning websites have:

- Reports on major projects and planned infrastructure
- Urban & regional planning
- Growth Strategies
- Population forecasting
- Land Planning
- Fact sheets, plans & satellite images



State Infrastructure Searches

New South Wales
 Department of Infrastructure, Planning and Natural Resources
www.dipnr.nsw.gov.au

Northern Territory
 Department for Planning & Infrastructure
www.dpi.nt.gov.au



State Infrastructure Searches

Queensland
 Department of Infrastructure & Planning
www.dip.qld.gov.au

Western Australia
 Department for Planning & Infrastructure
www.dpi.wa.gov.au

State Infrastructure Searches

Victoria
 Department of Planning & Community Development
www.localgovernment.vic.gov.au


South Australia
 Department for Transport, Energy and Infrastructure
www.infrastructure.sa.gov.au



State Infrastructure Searches

Tasmania
 Department of Energy, Infrastructure & Resources
www.dier.tas.gov.au

Or
 Type "Infrastructure & Planning" and the name of the State that you would like to search into Google or another website search engine



Natural Growth Indicators

Quick analysis

- Sales volume increases
- Days on the market
- Clearance rates
- Variance between replacement and old
- Movement in median house prices


You are looking for upward trends!



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When doing a hold or partial hold strategy – chasing natural growth is GOOD!

What is BETTER is doing manufactured growth in a natural growth area!




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SO,


- IF your price point suits the areas you have identified from targeting the growth drivers – You now need to become an expert in these key areas.



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Know your Town Plan Zones



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Some questions to consider

- Is there urban renewal going on?
- Are the demographics of the area changing?
- Are lot sizes changing?
- What frontages do you need?
- Are there any restrictions?
- What are the zonings for low medium and high densities?
- Is there precedent in the area for your strategy?
- Who are the sellers?
- Who are the buyers?
- What is selling?




Griding Analysis - What is it?

Tool for the systematic analysis of an area

Assists with:

- Time management
- Focus
- Area selection
- Knowing your market
- Knowing what strategy to apply



How to do it:

- Select the area you are interested in
- Get a visual representation of that area – usually a map – electronic or hard copy
- Draw or print out grid lines or suburb or council boundaries on the map at a reasonable level of density
- Start working through the grids in a methodical way


What to do:

- Start with one of the grids or suburbs
- Identify the suburb(s) within that square or area of interest
- Identify:
 - pricing levels within that suburb
 - the council that has jurisdiction in the identified area
- Council planning parameters (local area town plans and **zoning**, density boundaries/ changes, costs etc)

What to do:


Identify:

- Broader economic supply/demand going on in neighbourhood
- Commercial development – shopping centres
- Infrastructure spending
- Community change





Identifying pricing levels:

- This will give you an idea of variations
 - Low/Mid/High
 - Houses/ Units/ Land
- Help identify what strategies will work in what areas
- Cull your searching areas by understanding what price level you are looking for



Map it
Grid it
Plot it
Evaluate it
Cost it
Chase it

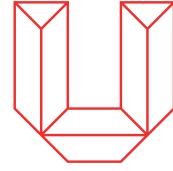


Natural Growth

Action Required:

Who do I need to contact?

Time Frame:



ULTIMATE

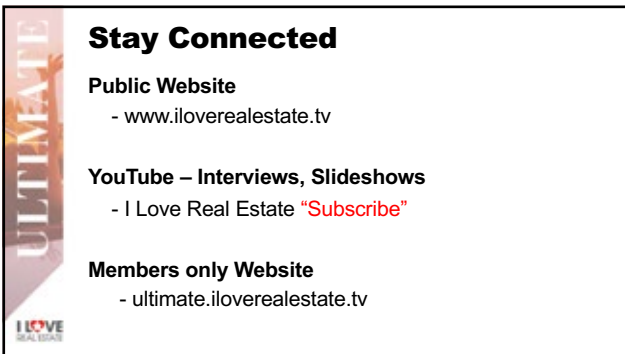
REAL ESTATE SUCCESS
COACHING PROGRAM

SESSION FOUR

Tech Tools








Stay Connected

Facebook – Photos, Links to YouTube & Website

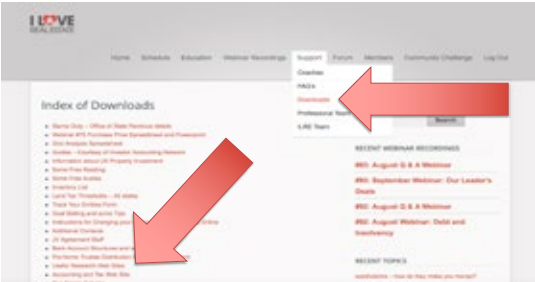
- I Love Real Estate “Like”
- Ultimate Members Only Facebook Group “Join”

Twitter

- @Dymphna_Boholt “Follow”




Ultimate Website



Area Research Tools

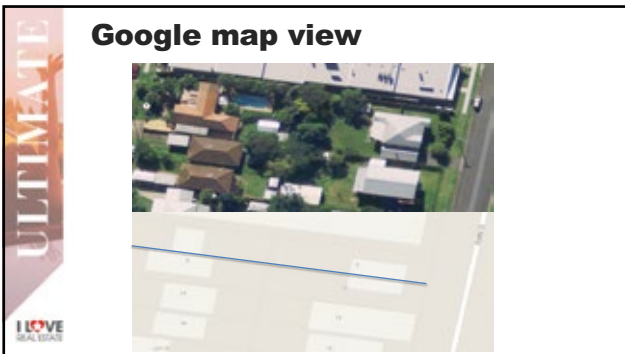
- Provide details about demographics, councils, suburbs and more







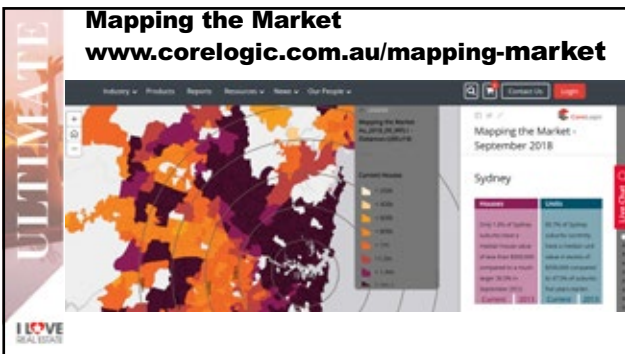




Google map view



www.knowyourcouncil.vic.gov.au



**Mapping the Market
www.corelogic.com.au/mapping-market**

Heat Mapping
www.microburbs.com.au (2016 data)

This suburb	Mean	Units
Median unit price	\$520,000	\$400,000
Year growth	45.03%	16.27%
Year per growth	15.00%	
Median unit	540%	200%
Median unit	500%	200%
Year per year	100	100
Year of market	48	111

Heat Map - realestate.com.au - Invest

No longer available !!!

Top performing suburbs in Australia

Comparables - Website Tools

www.domain.com.au & www.realestate.com.au

FIRST Click on Sold not BUY

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Comparables & Searching

Paid Solutions

Subscription based services:

- RP data
- Real Estate Investar - search using pre-defined filters
- Price Finder

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www.oldlistings.com.au




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Gmail Why you NEED IT !

Reno photo and receipts to tenbarkerstreet@gmail.com



This assists in finding new and old plumbing / wiring after you put on gyprock.

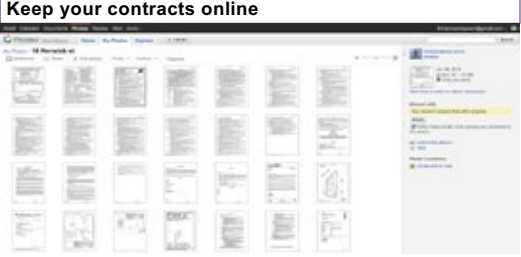
I can keep receipts in one place just take photo of receipt and email to tenbarkerstreet@gmail.com

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Gmail Why you NEED IT !

Keep your contracts online



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Make a property Facebook page



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Social Media

- Instagram 
- Pinterest 
 - Great source of ideas and styling tips
 - Great place to store photos of what you have done

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.pdf search

The screenshot shows a mobile browser interface with search results for a PDF document. The top result is '4 footer at Letchford.pdf' with a link to a council meeting page. Below it are other results related to 'Alcohol Free Zones' and '4 Footer Street Letchford NSW 2042'.

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<http://www.planningalerts.org.au/>

- Search for Development Applications around your properties
- Have email alerts
- Find existing approvals

The screenshot shows a satellite view of a residential street grid. A callout box is visible over a property, providing details for '41 Ferry Road Waverley NSW 1507', including the property number, address, and a link to the council's website.

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<http://globe.six.nsw.gov.au>

The screenshot shows a web browser interface displaying a map of a residential area with numerous yellow markers. A pop-up window is open, showing details for a specific property, including the property number, address, and contact information.

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pdonline - Qld

Development application information available online for many Qld councils including Brisbane, Gold Coast, Logan and others

The screenshot shows the Brisbane City Council website with the heading "Dedicated to a better Brisbane". Below this is the "Application Search" section. It includes a search bar and a list of application details. The search criteria are: "Search application by application reference number, e.g. A001234567". The application details table has columns for "APPLICATION", "Name", "Decision", "Status", "DEVELOPMENT APPLICATIONS", "SUBMITTED", "This Week", "Last Week", "This Month", and "Last Month".

Development.i

Sunshine Coast specific development application information

The screenshot shows the Sunshine Coast Development.i website. It features a search bar with the text "Enter the address, suburb, development or location". Below the search bar are three tabs: "Location Search", "Application Search", and "Map Search". The website also has a "sign up free" button and a "log in" button.

APPS

The image shows a collection of mobile devices including an iPad, an iPhone, and several smartphones, all displaying various mobile applications on their screens.

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Dial Before You Dig



Description

The Dial Before You Dig (Dial4U) mobile app will allow a registered user to submit underground infrastructure from all 50 States from any location within Australia. It will have the ability to view a map (including satellite maps) of a location and detect the app before submitting the enquiry directly to the Dial Before You Dig (DBYD) service.

The application leverages the on-board Assisted GPS capabilities of the iPhone to track the user's location for the user. A Dial Before You Dig job can be created and submitted giving the user the ability to survey and submit a job on the spot or alternatively to be submitted at a later date.

The application allows an excavation contractor to be aware while simultaneously using the Dial Before You Dig service. Within seconds of completing the Dial Before You Dig request, the user will receive a confirmation message.

[View on iTunes](#)


Free

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Design Apps

houzz



Houzz Interior Design Ideas

Houzz House & Home

[Install](#)

houzz Search Photos Products Post & More

PHOTOS PROFESSIONALS PRODUCTS STORES ADVICE

The New Way to Design Your Home

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Play with Paint Colours



Dulux let's colour

Visualize Your Room

Click a wall to paint the selected colour.

Change Your Photo

Share Colours

Share/Project Save Project

SHARE WITH COLLEAGUES

- CRIMBY SLATE #47000
- RED GUMMALL #44700
- BLACK MARBLE #44700
- WIPERS UNCLE SAM #44700

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Play with Paint Colours

Start with Colour Start with a Photo

BMT Cost Calculator
BMT Depreciation and Construction Cost Calculator


Log Books

ULTIMATE

Sketchup

- Free download
- Draw 3 dimensional
- Add layers and more

SketchUp 8
A fun, free 3D drawing tool for everyone.




SketchUp
Use SketchUp to create, modify and share your 3D models.

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MagicPlan



magicplan
Simplifies the Productivity

★★★★☆ 21,774

Install

Features

- Create floor plans with the camera of your mobile device
- Draw floor plans
- Connect a laser distance meter via Bluetooth
- View plans in 2D and create 3D models
- Export plans as PDF, JPG, PNG, SVG, CSV, DXF
- Compatible with Excel, AutoCAD, and Chief Architect
- Furnish your plans with over 1000 objects (furnishing, plumbing, electrical)
- Create your own customized objects

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CamToPlan



CamToPlan - AR measurement / tape measure
Tasmania's Edition Business

★★★★☆ 1,887

Install

Contains Ads - Offers in-app purchases
This app is compatible with your device.

Measure anything with CamToPlan! Horizontally and vertically! Length, distance, area of any surface... Measure everything with this virtual ruler and tape measure thanks to augmented reality and ARCore.

Measuring a length is now easier than with a laser meter or any other measure tool. You draw your measurement lines in 3D thanks to the camera directly on the video of your phone or tablet. You export your plans in PNG or DXF. CamToPlan is the AR measuring app that brings your measures from cam...to...plan!

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SignNow App

- Sign documents online
- No need for printing, signing and scanning
- <https://signnow.com/>

Sign documents anywhere.
or mobile

Get Started For Free








Whenever you are On any device Fast, simple, and free.

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Layar – Augmented Reality

SEARCH for planning alerts With an “s”

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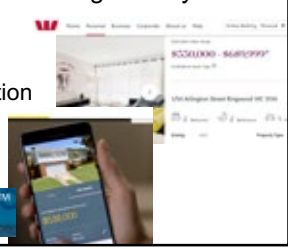
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When you are ready to sell

- Know what others are seeing about your property
- Address specific:
 - Bank Price estimation
 - Property reports

Get ANZ Buy Ready™
Be ready to make your move



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TECH TOOLS

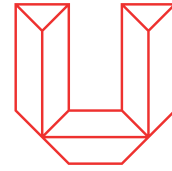


Tech Tools

Action Required:

Who do I need to contact?

Time Frame:



ULTIMATE

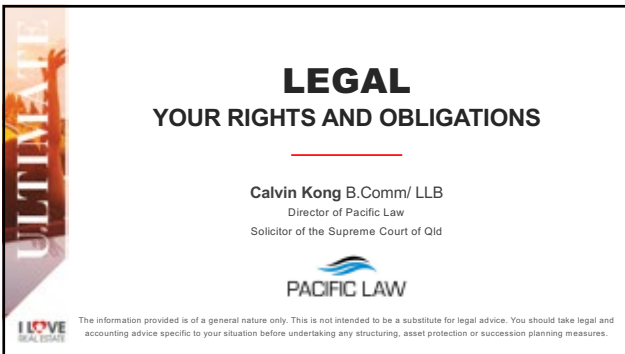
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SESSION FIVE

Legal Aspects of Property





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 COACHING PROGRAM

LEGAL
YOUR RIGHTS AND OBLIGATIONS

Calvin Kong B.Comm/ LLB
 Director of Pacific Law
 Solicitor of the Supreme Court of Qld


PACIFIC LAW

The information provided is of a general nature only. This is not intended to be a substitute for legal advice. You should take legal and accounting advice specific to your situation before undertaking any structuring, asset protection or succession planning measures.



**Gangnam
 Legal
 Style !**

How do you get the most out of your Professionals?

- 2 Way Street
- Service or Product?
- Selection
- Scope of work
- Costs
- Trust relationship



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When should you contact a Legal Professional?

What is the difference between a Solicitor doing the conveyancing on the purchase of a property and a Conveyancing Agency?



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What is the Legal Process for Buying a Property?


- What are the pre-contract legal requirements?
- Does your Solicitor need to see the Contract prior to signing a Residential Contract?
- Proper execution of contract and electronic signatures

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Is there anything different for Commercial Contracts?

- GST
- Leases
- Tenant Options to purchase
- Tenant ownership of fittings
- Town Planning & Zoning
- Contamination / Asbestos



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What Clauses need to be in a purchase contract?

- Building and Pest
- Finance
- Due Diligence
- Site Inspection/Survey



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ULTIMATE

ICE CREAM IS COLD



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ULTIMATE

JGF GBFAM JC CQID

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Examples of Insufficient Clauses

SPECIAL CONDITIONS

Contract is subject to a 30 day due diligence clause from Contract Date.

Vendor is entitled to a 30-day cooling off period.

SPECIAL CONDITIONS

The following provisions form part of this Contract:

1. National & Financial Conditions
2. National & State of Queensland and Interest
3. American & Foreign Law
4. Bank to perform soil tests within 14 days of [redacted]

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Examples of Insufficient Clauses

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Examples of Insufficient Clauses

4. Building and Pest Inspections

(d) The Buyer's right to terminate the Contract of Sale, pursuant to Clause 4.2 of the Terms of Contract, is restricted to the extent set out below:-

(i) A Building Inspection Report may only be unsatisfactory to the Buyer where that report reveals and identifies structural defects in the dwelling on the Property;




(ii) A Pest Inspection Report may only be unsatisfactory to the Buyer where that report reveals and identifies live pest infestation in the dwelling and any associated structures physically connected to the dwelling.

Example of incorrect Boundary



State Differences

- NSW has a different contracting process
- Do not assume processes and conditions are similar across the country

Contracts cont.

- How do Cooling Off Periods work?
- How much do you lose?
- Can the cooling off periods be extended by agreement?

Contracts cont.




- Settlement time frames (working days)
- Access requirements during contract phase
- Settlement occupancy
- And or Nominee Clauses
- Deferred settlements and subject to council approvals
- Sunset clauses





When should you take out Insurance on a Property?

Who is liable and from when?

What searches are necessary?




- Title
- Approvals and Structures
- Boundaries
- Main Roads / Railways
- Bankruptcy
- Others??









Rights and responsibilities at settlement

- Pre Purchase Inspections
- What if bank delays settlement?
- What else can happen?

Pre Settlement Inspections



- Before contract
- Pre Settlement Inspection

Pre Settlement Inspections

• ADDITIONAL NOTES:

- Storm Damage to pool pump shed – Minor.
- Big shed in good order.
- General tidiness was good.
- Ceiling fans very dirty.
- Mildew on bathroom ceiling.
- Crime-bikes being pinched off property.
- Car Tyres pinched off property
- Hoons-tenant chased with baseball bat.
- Bad neighbour in townhouse development always reports tenants for being loud.
- neighbours perve at the daughters in the pool.

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Pre Settlement Inspections



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ULTIMATE

How can you best prevent Joint Ventures ending badly?

- **Structure** – SPV/Unit Trust
- **Agreements** – JV /Shareholder / Unitholders


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Contract Considerations

- What is the difference between Joint Tenants and Tenants in Common?
- What happens in the case of divorce, death and bankruptcy?



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Options

DEFINITION
 The buyer has a *right, but not the obligation* to buy a something from the seller at a certain time in the future for a certain price

TYPES

- Call Options
- Put and Call Options



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Options

WHY USE AN OPTION?


- Delaying a purchase to a new financial year
- You don't know or have your buying entity ready yet.
- You want to secure the site, but don't want to pay for or own it yet.
- On sell to a third party and avoid the stamp duty.
- You want to add value/develop the site and on sell

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Options

COMMON CLAUSES

- Preconditions -DA, DD, Access, Builder Terms
- Call Option Fee
- Security Deposit
- Call Option Expiry Date vs Put Option Expiry Date
- Common obligations - who maintains and insures the premises during the option term
- The contract is annexed to the back of the option




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Options

COMMON CLAUSES

- Nominee Clause
- Marketing of lots
- Uplift in price when on selling
- Security - Caveat

What happens when you exercise your option - The process




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Options

THINGS TO BE CAREFUL OF

- What conditions you require: subject to DD, DA, Access
- Timelines – the option period
- Getting paid – the margin
- GST
- Getting the right to market the lots
- Caveat as security



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The key to safe contracting is a good solicitor!



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How we can help?

- GIVE US A CALL EARLY IN THE TRANSACTION
- So we can talk to you about some of the issues you MAY encounter and guide you towards the best result. It will always be a balance.

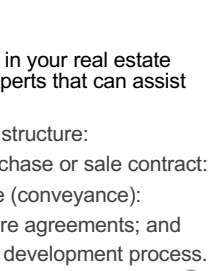


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How we can help?

No matter what stage you are at in your real estate investment lifecycle, we have experts that can assist you:

- establish your investment trust structure;
- negotiate the terms of your purchase or sale contract;
- complete your purchase or sale (conveyance);
- prepare options and joint venture agreements; and
- guide you through the property development process.



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Contact Us

Offices conveniently located throughout Australia...

Phone: 1300 151 651
Email: info@pacificlaw.com.au
Web: www.pacificlaw.com.au
FB: facebook.com/Pacific-Law

Also catch up with us via the Weekly Webinar Series (details can be found on the Members' Website).



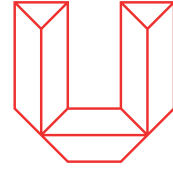
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Legal Risks & Responsibilities

Action Required:

Who do I need to contact?

Time Frame:



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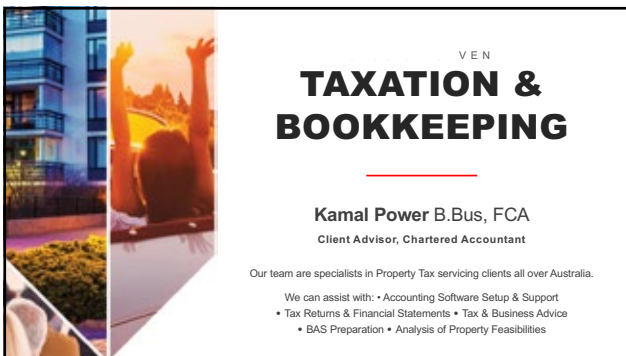
SESSION SIX

Taxation & Bookkeeping




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 COACHING PROGRAM

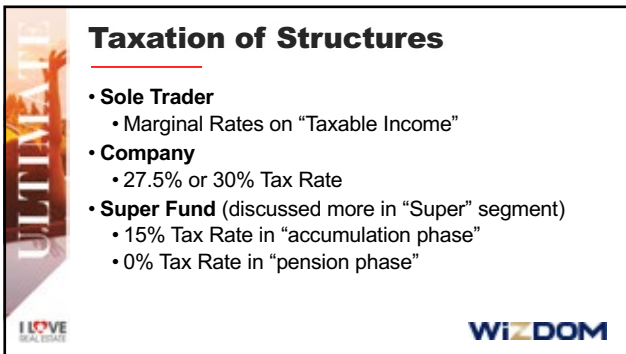




V E N
**TAXATION &
 BOOKKEEPING**


Kamal Power B.Bus, FCA
Client Advisor, Chartered Accountant
Our team are specialists in Property Tax servicing clients all over Australia.
We can assist with:

- Accounting Software Setup & Support
- Tax Returns & Financial Statements • Tax & Business Advice
- BAS Preparation • Analysis of Property Feasibilities



Taxation of Structures

- **Sole Trader**
 - Marginal Rates on “Taxable Income”
- **Company**
 - 27.5% or 30% Tax Rate
- **Super Fund** (discussed more in “Super” segment)
 - 15% Tax Rate in “accumulation phase”
 - 0% Tax Rate in “pension phase”



Taxation of Structures

Trusts & Partnerships

- These are not “separate legal entities”
- They do not pay tax in their own right
- Partnership - Net Income or Loss passed down
- Trust - Net Loss cannot be distributed
- Distribution to associated entities if Trust Deed allows

WIZDOM

2018/19 Individual Tax Rates


Taxable Income	Tax Rate
0 – 18,200	Nil
18,201 – 37,000	19%
37,001- 90,000	32.5%
90,001 – 180,000	37%
180,001 +	45%

* Does not include Medicare Levy (2%) or Medicare Levy Surcharge (1 – 1.5%)

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ATO HIT LIST

- Motor Vehicles
- Data matching –still high priority
- Rental property deductions
- Airbnb
- Property Developers (including Flipping your PPR)
- Undeclared overseas assets & income – bank accounts, companies, trusts
- GST & CGT– larger focus now



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Bullet Proofing yourself against an ATO audit

- Have a good system for Record Keeping
- Audit Insurance
- Continued Education
- Don't Ignore it!
- Lodge on time!



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Are you an investor or are you in the business of real estate?

- Frequency or Regularity
- Profit making Intention
- Start now!! Work out a system



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Accounting Systems



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Record Keeping



- Use an asset register

<p>Investor Accounting</p> <ul style="list-style-type: none"> • Asset Register • Year end Accounting • Job Costing 	<p>Project Accounting</p> <ul style="list-style-type: none"> • Feasibilities • Budget v Actual • Job Costing
--	--

WIZDOM

What Documents to Keep

- Purchase/Sale Contracts and Settlement Statements – with all invoices relating to purchase/sale
- Details of Margin Scheme if applied
- Receipts/Invoices – Annual Income and Expenses
- Property Agent Rental Statements
- If the property changed between PPR and rental, record of dates – you may need the market valuation at this date when you sell the property
- Logbooks for MV expenses (where in the business of real estate)
- Diaries to substantiate home office expenses, internet & phone use

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How long to keep your Records


- 5 years from the date your notice of assessment was issued- 7 years if you are a company.
- For Property - 5/7 years from the date your notice of assessment was issued for the year the property was sold
- For CL - 5 years after loss is utilised against a CG, not after loss incurred



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Filing


- Asset Register
- Receipts (In English, legible, digital or manual)



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Property Investor


- ✓ Trust has bank account
- ✓ Trust Lodges tax return
- ✓ Trust applies for loan
- ✓ Trust on title (NSW and VIC excepted)



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Property Accounting

Income	\$
Expenses	\$
Depreciation	\$
Rates	\$
Insurance	\$
Management	\$
Interest	\$
Telephone	\$
Stationery	\$
Repairs	\$
Other	\$ _____
Profit/(Loss)	\$ _____

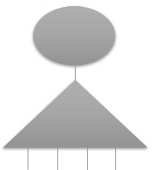


WIZDOM

When in the Business of Real Estate

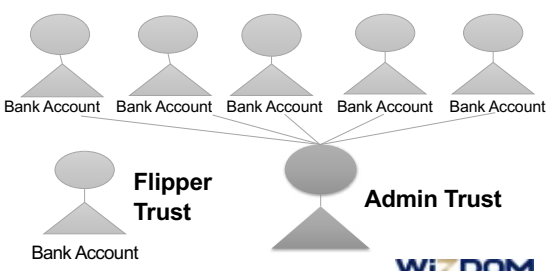
Flipper Trust

- Trust Bank Account
- Trust has ABN and may have registered business name
- Trust may need GST and payroll registration.
- Can claim more expenses this way but trust and intention must exist!

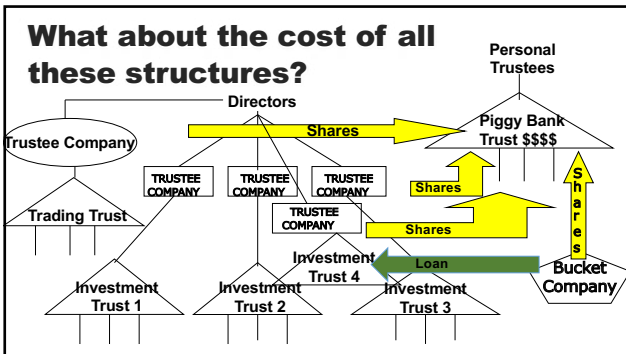


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Investment Trusts



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Deductions

- Business
- Individual / Employee
- Rental Property

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Expense Categories

- Advertising for tenants
- Bank charges
- Body corporate fees
- Cleaning
- Council rates
- Gardening and lawn mowing
- Home Office
- Insurance
- Land tax
- Legal expenses
- Repairs and maintenance
- Interest expenses
- Phone
- Pest control
- Property agent fees and commissions
- Stationery and postage
- Water charges

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Borrowing Expenses.
What can I claim?



- Stamp duty charged on the mortgage
- Loan establishment fees
- Title search fees charged by your lender
- Costs for preparing and filing mortgage documents
- Mortgage broker fees
- Fees for a valuation required for loan approval
- Lender's mortgage insurance
5 years or life of the loan!!

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What can't I claim?

Stamp duty charged by your state/territory government on the transfer (purchase) of the property title – may be included in calculating the capital gains tax


Borrowing expenses on the portion of the loan you use for private purposes (for example, money you invest in a super fund).

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Repairs & Maintenance

Repairs are to make good or remedy defects in, damage to or deterioration of the property.

Maintenance is to prevent deterioration or fix existing deterioration.



Can claim an immediate deduction

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Improvements

When we say 'improvement' we mean work that:

- provides something new
- generally furthers the income-producing ability or expected life of the property
- generally changes the character of the item you have improved
- goes beyond just restoring the efficient functioning of the property.

Needs to be depreciated over a number of years

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When is a repair not a repair?

If you replace something clearly identifiable & separable even if broken – e.g. stove, set of kitchen cupboards it is likely to be an improvement

If you used a different material to what was previously used - e.g. replace wooden cladding with plastic cladding it is likely to be an improvement


Make sure you get detailed invoices especially if work has several components

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Repairs & Timing

REPAIRS completed BEFORE a property is rented

- incurred before income is earned
- classified as improvements
- depreciable not deductible

TIMING IS EVERYTHING 

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Repairs & Timing

REPAIRS completed DURING a property is being rented

- if attributed to fair wear and tear it is deductible
- otherwise an improvement and depreciable not deductible

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Repairs & Timing

REPAIRS completed AFTER a property is being rented

- if attributed to fair wear and tear from tenancy then deductible
- otherwise an improvement and not deductible until property sold

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Repairs & Timing

ASBESTOS is an environmental hazard and the removal is considered a repair not an improvement



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Depreciation

Allowable tax deduction to take account of the fair wear and tear and reducing value of assets.

Two Part:

- Fixtures and Fittings
- Building or Capital Works

Prime Cost or Diminishing Value?



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Depreciation - Plant

Limited to new plant and equipment for residential rental premises

Purchasers of existing plant and equipment are unable to depreciate (forms part of the cost base for CGT purposes)

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Depreciation - Plant

Acquire newly developed property – may be able to still claim

GST definition of 'residential premises' applies. This could include commercial properties being **able to be used** for residential purposes – boarding/rooming houses etc.

This definition also applies to travel

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Depreciation – Building

Building & Capital Improvements


16/9/87 - present
2.5% of building cost when built

Get a Quantity Surveyor



WIZDOM

BMT Educational resources for Investors



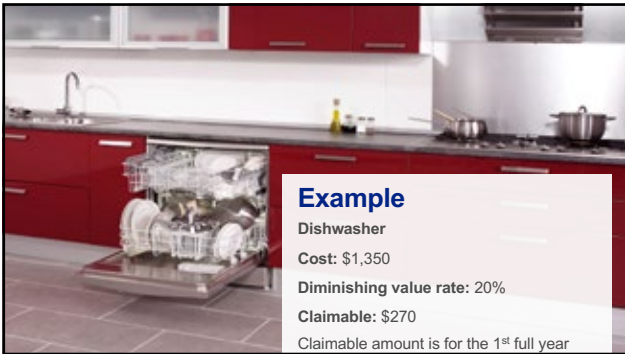
Depreciation Calculator Maverick Newsletter BMT Website – Investor Page You Tube & Social Media

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Example


House Built: 2010
Cost: \$260,000
Building allowance applicable: 2.5%
Claimable: \$6,500
Claimable amount is for the 1st full year onwards



Example
 Dishwasher
 Cost: \$1,350
 Diminishing value rate: 20%
 Claimable: \$270
 Claimable amount is for the 1st full year

Scrapping

- Removal and disposal of depreciable assets
- Remaining value = instant tax deduction
- Must be an investment property until the asset is removed
- Can still apply to the building



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Home Office & Phone

<p>Home Office Claim 52c per hour - covers electricity & decline in furniture Need a 4 week diary each year showing use</p>	<p>Phone Costs At least 4 week period recording all phone calls & costs Then apply business or property use %</p>
--	--

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Travel & Car Costs



2 methods to claim car costs:

- Easiest method is the **cents per kilometre** – 68c
- Keep a diary for every trip you make to the property throughout the year
- Other way is **Log Book**

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Travel

Deductions for residential rental properties (Investors) no longer allowed

- Includes travel relating for inspecting, maintaining or collecting rent
- Will not prevent investors claiming expenses for engaging real estate agents for property management
- Travel does not form part of the cost base for CGT purposes

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Travel

- Can still claim if in the business of real estate
 - All is claimable or you could pay a travel allowance
- Travel costs can include flights, taxi, meals & accommodation



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New Properties & Things to Remember

To Get Best Tax Deduction:

- Ensure borrowing costs aren't missed
- Get quantity surveyors report
- Provide settlement statement from solicitors
 - there will be rate/water adjustments

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New Properties & Things to Remember

Things that aren't a tax deduction:

- Legal Fees
- Searches & Fees
- Stamp duty

These will be added to cost of property when sold

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How does GST work?

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GST & Property

Depends on type of property:

- In the Business of Real Estate
- Residential property
- Commercial property/
Going Concern
- New constructions
- Major renovations

May all be treated differently!



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In the Business of Real Estate - GST

GST Basics

- ABN Per Entity
- Turnover threshold \$75,000 before GST is applicable

Are you running an enterprise?


- Regularity & Repetition
- Intention to make a profit
- A business plan exists
- Activities are systematic, organised & conducted in a business like manner & records are kept
- The entity has relevant knowledge or skills

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In the Business of Real Estate - GST

- Property developers no longer manage GST on sales of newly constructed residential property or new subdivisions
- Purchaser remits directly to the ATO
- If margin scheme applies - 7% of contract price
- Otherwise 1/11th of contract price



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GST & One-off Transactions

When do one-off transactions require GST registration?

- Do activities show **profit intention** clearly?
- If not goes to motive

Considerations of Motive

- Does it provide income or personal enjoyment? (Not a profit motive)
- Frequency of similar transactions
- Is it preparing asset for sale? Scale of activities

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10% Method or Margin Scheme

When does it apply:

- When you are selling a property
- Must be a business transaction (profit intention) on applicable properties e.g. on new residential or commercial
- You didn't claim GST on purchase
- Sold to you under the margin scheme or
- Seller wasn't GST registered or GST wasn't applicable
- Buyer and Seller need to agree in writing that the margin scheme will be used – **So put it in the contract of sale!**

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Residential Transactions & GST

Types of Residential Properties

- New residential
- Residential "off the plan"
- Existing Residential

What makes a property "new"?

- Never been sold as residential before
- Been created through "substantial" renovation
- New building replaces demolished building



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Residential Transactions & GST

On “new” property:

- Claim GST on purchases to sell new property (e.g. real estate fees)
- GST is applicable on the Sale
- OR apply the Margin Scheme

Off-the Plan:

- GST on purchase of property at settlement
- If “right” sold before settlement no GST applicable unless this was your intention

Existing Residential Property – no GST applicable

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What is a “substantial renovation”

Substantial renovations occur where all or substantially all of a building is removed or replaced. They must directly affect most rooms in the house.

Renovations can be structural & include:

- Foundations, Supporting Walls, Roof and Staircases etc

What isn’t a substantial renovation on its own:

- Replace wiring, Non-supporting walls, Plastering or rendering walls, Replacing kitchen & bathroom cupboards, Cosmetic e.g. painting, sanding floors, light fittings, curtains & carpets, Additions, Landscaping

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Commercial Property & GST

Commercial Properties are shops, factories & offices

If leasing these premises & your **turn-over** is more than \$75,000 you are **required** to register for GST & charge your tenants.



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Commercial Property & GST

Purchase of Commercial Property:

- If seller is registered for GST & you (the purchaser) intend to use building in your GST registered business you can claim GST credit on purchase
- If the seller applied the margin scheme you can't claim GST
- Most seller uses "going concern" & is sold GST free

Sale - May be eligible for margin scheme
- Going Concern

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Capital Gains Tax (CGT)

What is Capital Gains Tax?

- Capital Gains Tax is not a special tax rate
- Taxed at the taxpayer's marginal rate
- Capital losses can only be offset against capital gains
- CGT and GST are mutually exclusive, (except Commercial Property)

Discounts and Exemptions may apply

- Principal Place of Residence
- General Discount
- Small Business Concessions

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CGT & Principal Place of Residence

- What constitutes PPR or main residence?
- Can only have one PPR at a time
- PPR includes House & 2Ha or 5 Acres of land
- When is ownership? (contract date to contract date)
- Moving PPR from one to another - 6 month crossover period can be applied
- Continuing PPR Status (six year rule)
- PPR used partly as place of business - Any income producing activity may affect entitlement e.g Home Business, Rental etc.


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CGT & General Discount

To get the General Discount

- Must hold the asset for at least 12 months – contract date to contract date
- Companies are not eligible



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CGT & Small Business Concessions

Only available if being sold as part of a small business

15 year exemption

- Asset continuously owned for 15 years, over 55, retiring – no assessable gain

Active Asset

- 50% reduction in taxable gain – can be applied with general discount to reduce gain to 25%

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CGT & Small Business Concessions

Replacement Asset Rollover

- Use the proceeds to buy another active asset and only pay tax when the second asset is sold (2 years to buy the new asset)

Retirement Exemption

- \$500,000 lifetime cap, under 55's must pay into superannuation


CGT & Inherited Property



Main Issue is when did deceased purchase property:

Pre 20 September 1985 (pre CGT)

- Pre CGT property left to beneficiary under Will is deemed to have been acquired on date of death of the deceased at market value.
- If sold within 2 years of death exempt from CGT

Post 20 September 1985 (post CGT)

- Post CGT property left to beneficiary under Will is deemed to have been acquired on same date that the deceased acquired it.



CGT & Inherited Property

Death of a Joint Tenant

- Deceased persons interest in a property passes to the survivor by operation of law.
- Survivor deemed to have acquired the property on the same date the deceased acquired it.

Property awarded on Divorce


- Acquirer of the property is deemed to have acquired it on the same date as the spouse.

CGT & Pre-CGT Assets

Building on Pre CGT Land:

- Building is treated as a separate asset
- Proceeds of sale of land and building are apportioned between the building and the land



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CGT & Subdivision

- Capital Gain occurs when you sell, not when you subdivide
- For working out your capital gain or capital loss, the date you acquired the subdivided blocks is the date you acquired the original parcel of land and the cost base of the original land is divided between the subdivided blocks on a reasonable basis
- If you subdivide the land on which your PPR sits, you will lose the PPR exemption for any block sold separate to the PPR

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CGT & Trusts


1. Trust offsets capital losses made against capital gain.
2. Then applies any discounts it may be eligible for.
3. Discounted gain is distributed to the beneficiaries who:
 - a. Gross up the gain,
 - b. Apply any personal capital losses they have against the capital gain
 - c. Reapply any of the discounts they are eligible for
 - d. Apply any revenue losses

Beneficiaries usually claim the same discounts as the trust.
 *Corporate beneficiaries and the general discount are a key exception to this rule

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Residency Status when Selling a Property



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Residency Status - Selling a Property

- When selling a property over \$750,000 ATO will assume entity selling is a foreign resident
- This means the purchaser is required to withhold 12.5% of purchase price for the ATO
- **To avoid this**, the entity with legal title to the asset needs to obtain a clearance certificate from the ATO confirming they are a resident

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WIZDOM ACCOUNTANTS | FINANCIAL STRATEGISTS | ADVISORS
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wizdom.com.au

WIZDOM Accounting

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NSW: 02 9011 6687 | QLD: 07 3463 0770 | VIC: 03 9095 6095 | WA: 08 6312 0615

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**You now have your fast Track
Diploma in Tax and Book Keeping**



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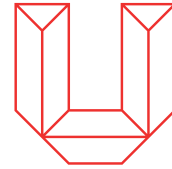
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3-DAY BOOTCAMP

Taxation

Action Required:

Who do I need to contact?

Time Frame:



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COACHING PROGRAM

SESSION SEVEN

Income Strategies





Cash Flow Strategies

First Questions you need to ask yourself is;
Are you prepared to invest in:

- a Regional area?
- a Mining town?
- only Metro areas?
- a commercial property?
- a multi –residential property?
- a property you don't own, but get rent from?

And what is your tolerance to RISK?

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So Let's talk Regional

PRO

- Regional has a lower entry costs so less money is on the line when you are still learning
- Regional has a lower sales volume so easier to negotiate
- At the end of the deal its likely to be positive cash flow
- Can be immediately cash flow positive

CON

- Because of the lower entry cost the dollar value profit will also be lower
- Lower sales volume means it will be harder to sell
- Distance can be more difficult if doing a hands on strategy
- Not as many trades available to do work

Western NSW

- 2 X 1 Bedroom Units and 1 X 3 Bedroom Unit
- Renovated them all
- Settlement subject to title and access prior
- No money so got inventive – IKEA
- 3 Bedroom was done last

Buy	\$95k
Costs	\$ 5K
Reno	\$20k
TOTAL	\$120k
Cashflow	Over \$16,000
New Valuation	\$280,000
Equity Increase	\$160,000



- Purchase Price: \$152,000
- Purchase Date: 29/09/2015
- Strategy: Renovation (when existing tenants vacate) and Possible Rent-to-buy Scheme
- End Value: Est. \$240,000
- Rent: \$280/week
- **Cash flow: Over \$4,000/year**

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Regional QLD. \$50,000

536 m2 level land.

- opportunity knocks.
- minutes to school.
- investment entry.
- hard work = \$\$\$\$.
- handyman special.
- neighbour to CBD.

• **Revalue est \$120,000**

Student also bought next door for \$80,000 more cash flow and more uplift potential




\$5,380 Cash Flow

Rent \$260/w
Reno \$30K

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Mining

Higher yields
Can be more volatile in returns – construction vs operation
Do due diligence on mining company and its strength and longevity
More Risk?



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Cash Cow Regional Unit

\$17,000/yr passive

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Typical Mining Property Example
 Port Hedland WA 6721 \$295,000

Street offers its new owners a neat, tidy and modernised 3x1 home, located in one of the quietest and nicest streets of Cooke Point, this home also offers tropical gardens, outdoor spa and garden shed all only SECONDS walk to the beach!
 Rental \$400 /wk




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Typical Mining Property Example

<p>Moranbah Qld \$129,000</p> <p>3 Bedrooms</p> <ul style="list-style-type: none"> - 1 Bathroom - Great Rental Potential - Kitchen with ample cupboard space <p>Rent \$220 - \$300 Over 220 available for rent</p>	<p>Moranbah Qld \$199,500</p> <p>3 Bedrooms master bedroom with built-ins</p> <p>Polished timber floors</p> <p>Separate lounge and dining room</p> <p>Updated kitchen with lots of bench space</p> <p>Children's cubby house in the backyard</p> <p>Front porch to the front entrance of the house</p> <p>Rent \$350 - \$500 96 available for rent</p>
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Mining town check list

<p>The property</p> <ul style="list-style-type: none"> • How many for sale? • Days on the market? • How many for rent? • How much rent? • Break down? eg. new/old, Bed/bath • Trend – up or down? • Cost to replace? 	<p>The town</p> <ul style="list-style-type: none"> • How many mines? • How many mining Co? • Co policy - FIFO? • Camp policy? • Who owns camps? • Trend – up or down? • Back track prices 15 years?
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Metro





Higher Entry Costs
Higher Sales Volume
Generally need to do manufactured growth to make it positive cash flow
More Risk?

**Develop & sell down for cash flow
1 into 3 Sunshine Coast**

- Purchased \$390,000
- Development & Sales Costs \$821,000
- Sold 2 - Total sales \$1,045,000
- Retained 1 @ \$530k Val, Debt = \$180k
- Rent \$450/wk

•\$10,000 Positive










Manufactured Income (Metro)

Partial Sell Down Strategy –
Develop 4 townhouses – Sell 2, Keep 2


- Purchase (incl purchase costs) ~\$620K
- Development & Sales Costs ~\$1.35M
- Sold 2 - Total sales ~\$1.287M
- Retained 2 @ \$1.325M Val, Debt = ~\$680K
- Rent est \$680 / week each

~\$30K Passive Income / Year

Develop & sell down for cash flow 1 into 6 Brisbane

- Bought \$470,000
(Below MV)
- Development Cost \$2 million
- Sold 5
- Total sales \$2,345,000
- Retained 1, No debt.
- **\$22,000 positive.**



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Creating Dual Occupancy Property

Dual occupancy is the trend for the future!
Can never be sold separately (Unlike strata)
MUST BE LEGAL! (Otherwise no insurance)
Granny Flat wherever and whenever possible!
Eliminate all wasted space
Apply basic design concepts




Granny Flats



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Granny Flats- Secondary Dwelling

- Granny Flats in NSW and Qld do not need to be occupied by NANNA
- In NSW minimum 450 square metres block size and maximum 60 square metres floor plan
- Need to keep to Floor Space Ratio (FSR) of Local Council
- 10 Day approval through Private Certifier




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Granny Flats Australia

- Other states still needs approval from local authority
- Some WA mining towns have recently changed planning schemes to accept Granny Flats
- Other states allow Granny flats but only allow rental to a related party (family member)

Dual occupancy made simple


1 block
2 homes
3 easy!



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Granny Flats NSW - Secondary Dwelling

Option: Detached
A secondary dwelling can be built as a separate structure and detached from the principal dwelling.




existing proposed

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Manufactured Income (Auxiliary Dwelling)

2 bed, 1 bath – approx 60m2

Total Strategy Costs:- \$97,500
Additional Rental:- \$210 / week
Gross Yield on Aux Dwelling = 11.2%
Added approx \$4K / year passive income to the deal



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Regional (Granny Flat)

Built 60 sqm 2-bedroom granny flat at the back yard with separate electricity, water, access, carport, yard, driveway, letterbox, etc.

Purchase price: \$153,000
 Purchase costs: \$7,000
 Borrowing costs capitalised: \$4,000
 Granny flat design and approval costs: \$11,000
 Granny flat construction costs: \$116,000

	With Granny Flat
Gross Rent Primary Dwelling	\$275 p.w.
Gross Rent Granny Flat	\$300 p.w.
Gross Rental Yield	11%
Net Cashflow	\$12,000 p.a.

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Metro (Granny Flat)

Granny flat design and CDC approval: \$4,000
 Granny flat construction: \$125,000
 Total cost: \$129,000
 Rental income: \$500 p.w. (unfurnished)
 Cashflow: \$18,670 p.a.


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Granny Flats NSW - Secondary Extension

Option: Attached
 A secondary dwelling can be built as an extension, alterations and additions to your principal dwelling.



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Granny Flats NSW - Built within Existing Dwelling

Option: Conversion
The AHSEPP allows you to convert part of the principal dwelling, structure or garage into a secondary dwelling.

COSTS- Granny Flat		COSTS- 5 bed Existing	Negative
Purchase	\$450,000		\$450,000
Purchase Costs	\$19,750		\$19,750
Stamp Duty, legals etc			
Renovation			
Total Cost			\$494,720
Interest @ 7%			
Agent Comm 8%			
Rates, Insurance, etc	\$4,000		\$4,000
Total	\$42,374		\$41,334
RENT \$900 per week	\$46,800		\$33,800

CASH FLOW POSITIVE
\$4,426 PA + Depreciation.
Change of \$11,960

CASH FLOW NEGATIVE
\$7,534 PA

General Rules with Dual Occupancy Granny Flats

- Fire Rating is Essential to Local Standard
- Check out intumescent paint
- Smoke Detectors will need to be linked
- Create separate entrances and yards for each occupancy
- Ensure separate electrical and possibly water

Ultimate


Around the Country

The "Granny Flats" are known as:

- Secondary Dwellings
- Ancillary Dwellings
- Auxiliary Dwellings

And

- They are stuck with the stigma of "Granny Flat"



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Ultimate

Western Australia

- WA State Government changed legislation as part of the last election promise
- They allow 70m2 or the maximum allowable for the local council
- Can be rented to a second tenant on the same block

<https://www.commerce.wa.gov.au/consumer-protection/renting-granny-flat-ancillary-dwelling>

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Ultimate

Northern Territory

Territorians can now build a granny flat without as many restrictions

- State Government allows now 50m2 to be rented to a second party
- Or maximum allowable by council





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Queensland

- Sunshine Coast – Secondary Dwelling – 70m²
- Logan – Ancillary – 70m²
- Ipswich- Auxiliary – 50m²
- Toowoomba and others
- Coming online

**Moreton Bay
Gold Coast**




Dual Occupancy Housing

One property
Two rentals
Look similar to
any other house
on the street







**Duplexes, Triplexes,
Fourplexes etc.**


Two / Three etc properties
Can be sold separately






Rooming Houses

- 1b classification under NCC
- Looks like a normal house from the outside
- Victoria has the best rules
- Other States have some restrictions but still worthwhile.
- Requires a fair degree of management
- Reasonably recession proof



It's important to know the rules!

- Need to comply with the relevant building code depending on the size of the building; Class 1b for 5 to 12 residents and up to 299sqm.
- Comply with Local Council Planning and Health & Wellbeing departments
- Register with Health & Wellbeing Dept.



A few examples of minimum requirements

- Minimum bedroom size of 7.5m²
- Minimum bedroom size of 12m² for a couple
- Refrigerator with at least 400L capacity or 80L per room
- Lockable cupboard for each resident, 100L of storage capacity.
- at least one bath or shower and one washbasin for every 10 people
- Fire evacuation plans located on the back of every habitable room door
- Maximum number of 12 residents per house
- 1 disabled bathroom per house
- 1 disabled bedroom per house


Example: Retrofitting an existing class 1a house into class 1b



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What if...

Purchase Price	\$210,000
Renovations & Compliance	\$40,000
Cash Flow \$32,000	
Rent	\$1500/week
Rental return	30%



Purchase price	\$367,000
Comparable sales	\$425,000
Cash Flow \$28,863	
Rent (7 rooms)	\$1300/week
Rental return	13% to 18%

Example: Built Class 1b from scratch + subdivision + renovation to existing front house

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Net Equity Profit= \$247,000
+ Cash flow = \$22k p.a
17% Annual Capital Growth

Pros	Cons
Higher Rent Rented per room	You have to pay all the bills
Access Anytime For greater control of property	Higher turnover Depends on the type of resident
Resident not Tenant Able to evict on short notice	More intensive management Dealing with more people
+ve even if not full Due to higher rents	Compliance Building code

What's the difference between a rooming house and a boarding house?

- Building classification 3
- Larger than 300m2 in building size
- Individual fire separation between rooms
- They are a common place of long term or transient living for a number of unrelated people.
- Examples include a boarding house, guest house, hostel or backpackers (that are larger than the limits for a **Class 1b building**).

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NSW NGBH - Micro Apartments

- SEPP allows self contained apartments that can NOT be strata titled
- Land Tax allowances
- Application for Grants of \$2,000 per room per year for each new room produced



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What about building your own 'Micro Living' dwelling?



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Rent room by room for cash flow

- 4 x 4 in Logan area, with Griffith University nearby.
- One room was being used as a storeroom.
- Added new furniture & appliances.
- Purchased for \$160,000, spent \$3000.
- Each room rents for \$180 and the carport \$4/wk and can **return up to \$19,000 positive** when fully tenanted.



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Kara & Josh


- PPR was costing them \$4,000 p.a
- Moved back in with parents
- **Turned property positive cash flow of 8k p.a**



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Worked a charm so why not do it again?


- Ex-boyfriend owned a similar property down the road.
- Lease and sub lease
- **Positive cash flow of 12k p.a**



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And again?

- Lease and sub lease
- **Positive cash flow of 10k p.a**



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What about getting a return from a property without having to buy it?

Start up	\$5,770
Hold Cost	\$42,720
Annual Income	\$54,600
Total Net	\$11,880









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Sublease - Sydney

Start Up	\$7,350
Hold Cost	\$58,440
Annual Income	\$83,200
Total Net	\$24,760

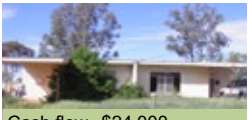





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Executive Leasing

- Works well Metro areas with high business rental demand - eg. Close to CBD, Close to short term employment hubs such as FOX Studios.
- Can also work in regional areas where there is little alternate accommodation and Government department still need to visit these more remote areas



Regional WA Example
 Duplex Bought for \$60,000
 Renovated – Revalued = \$240,000
 Furnished and executive rented



Cash flow \$24,000

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Executive Leasing **Non Executive Leasing**






Blue York by Swiss
Belconnen
3 Park Street, Sydney, Australia
Delicate Two Bedroom
• Rent per night: 25 nights to 1 month stay
• Rent per night: 1 week monthly stay
• Rent per night: 4 months stay

\$895 per week
267 Castlereagh Street, Sydney, NSW 2000

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Executive Leasing **Non Executive Leasing**


Leased \$1,200 per week
6/539-543 Victoria Place, Drummoyne, NSW 2047

\$720 application received
13/90 St Georges Crescent, Drummoyne, NSW 2047

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Holiday Rentals



- For the right property holiday rentals can provide a positive cash flow
- Best to combine with other strategies such as renovation to give better leverage in pricing to yield ratio
- Need good rental managers – watch out for high on site management costs and body corporate fees



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Airbnb

- Emerging trend in the rental market
- Great returns on whole houses as well as spare bedrooms
- Make sure you declare your income. ATO doing shadow shopping
- Can effect your CGT exemption if Air BnB'ing your PPR




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Airbnb – Reno'd Unit Gold Coast

Az & Em

- Purchased \$336k
- Reno (6mths) \$30k
- Reval \$480k
- Air bnb Rental: \$49k 10ths

•\$29k Net Cash Flow

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Airbnb Business

Jenny

- 4 brm furnished unit had trouble renting in Air bnb and
- Rent from Airbnb \$22,500/yr
- Turnover \$59,842/yr (Less Commission, Cleaning, Linen)
- Rent in the Hand from Airbnb \$40,000/yr (less electricity & internet)

Owner > \$15k/yr better offer + 3-4wk per year holiday home

• Increased Cashflow from Air BnB





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Jenny = \$15k/yr Commission!!

Airbnb – PPR : Brisbane

Megan & Kevin

- Downstairs Studio Reno \$54 k
- Target Air bnb Income to cover PPR Mortgage \$1,440/mth
- Air bnb Rental @ 85% occupancy achieving \$2200/mth
- **Smashed their Target from the Very First Month!!!!**



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Direct Cash Cows


Multies

Residential

- Regional / Mining
- Metro

Commercial

- Regional / Mining
- Metro



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Direct Cashflow – Block of Units


Block of 6 units

Purchased: \$432,500

- Unit 1 – 4 - \$180 / week
- Unit 5 - \$200 / week
- Unit 6 - \$180 / week

Gross yield:- 13.2%

Net cashflow (passive income):- Approx \$17K / year



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Cashflow – Block of Units

8 UNITS ON 1 TITLE – VENDORS TERMS
 \$35,000 now, Settle in September 2018

Purchase Price: \$480K
 Renovation (prior to settlement): \$100K
 ANTICIPATED FINAL VAL: \$900K- \$1MIL
 ANTICIPATED EQUITY UPLIFT: \$320K-420K
 ANTICIPATED CASHFLOW: \$40,000pa







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Look for multiple income streams


Blocks of Units	Residential
Granny flats	Residential
Rooming or Boarding house	Residential
Strips of Shops	Commercial
Warehouse Estate	Commercial
Car Parks	Commercial
Storage sheds	Commercial
Office Complexes	Commercial
Small Shopping Centres	Commercial
Business Real-Estate (Caravan Parks, Motels, Back Packers)	Commercial



Year	Rent	Return	Year	Rent	Return
1	\$105,000	9.1%	1	\$105,000	10%
2	\$109,200	9.5%	2	\$109,200	10.4%
3	\$113,568	9.8%	3	\$113,568	10.8%
4	\$118,110	10.2%	4	\$118,110	11.2%
5	\$122,835	10.6%	5	\$122,835	11.6%
6	\$127,748	11.1%	6	\$127,748	12.1%
7	\$132,858	11.5%	7	\$132,858	12.6%
8	\$138,172	12.0%	8	\$138,172	13.1%
9	\$143,699	12.4%	9	\$143,699	13.6%
10	\$149,447	13.0%	10	\$149,447	14.2%
11	\$155,425	13.5%	11	\$155,425	14.8%
12	\$161,642	14.0%	12	\$161,642	15.4%
13	\$168,108	14.6%	13	\$168,108	16.1%
14	\$174,832	15.2%	14	\$174,832	16.6%
Buy Price \$1,150,000			Buy Price \$1,050,000		

Doctors Surgery
 Excellent cash flow, long term tenant. \$731,500

Doctor has operated out of this building for 19 years and practice has grown. Whenever they decide not to renew lease, we will look at constructing a 2 storey commercial unit – mirror reverse of what has been constructed next door. Rental \$60,000/yr + outgoings + GST. 3.5% increases



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Storage Sheds

Buy it direct – build it - add it on to existing

Existing block of Land owned 65 units –
 Rent at 90% occupancy \$79,153
 Expenses & operatings (\$38,910)

Total Cash flow \$40,243




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Resi-mercial deals

- Mixture of residential and commercial
- Usually older and may need renovation
- Leases can be in over-run and undermarket



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Defence Housing

Passive investment
Low skill level
Un-preferred strategy



Investing

Why buy a DHA investment property?

- Lowest cost
- Long-term lease
- 50% Franchise Fee
- Quality construction

Find an investment property


Buy a DHA investment property
DHA offers a collection of properties for sale and lease. The properties are located in prime locations and are managed by the DHA. The properties are managed by the DHA. The properties are managed by the DHA.

Look your property to DHA
DHA offers a collection of properties for sale and lease. The properties are located in prime locations and are managed by the DHA. The properties are managed by the DHA. The properties are managed by the DHA.

Buy and sell with ease
DHA offers a collection of properties for sale and lease. The properties are located in prime locations and are managed by the DHA. The properties are managed by the DHA. The properties are managed by the DHA.

Retirement Village Units – Worth it or Not?

15/10 Federation, Wynnum West, Qld 4178 \$120,900



Unit ~~1~~ 1 ~~1~~ 1

NEAT AS A PIN
OPEN FOR INSPECTION: Saturday 11:30 - 11:30am Sunday 9:30 - 10:00am This highly desirable and affordable unit is available for...


[Return Home](#) [Save](#) [Details](#)

Holiday Cabins


Perfect Over 50's
Retirement Park Home
Forrestfield WA 6058

\$98,000
2 bedrooms 1 bath 1 car

Discovery Holiday Park - Do you want



Hostels / Backpackers / Motels



Donnybrook WA 6239
\$450,000 INCL GST
House 10 2

- 10 bedroom Backpackers Lodge/Separate Single Caretakers Unit/Plus Single caretakers flatlet. - Big grassed areas line three sides of property providing ample room for people to congregate/entertain or parking facilities. - Decking to rear and big undercover cement patio overlooking single room caretakers cottage together with a fully equipped.
- Jarrah Floorboards, new carpeting
- Spacious well equipped Laundry
- Modern Ablution facilities.
- All Rooms are sized and come with all bedding/linen.
- Re-Registration required through Donnybrook Shire- max 12 persons
- Fully fitted Bell Fire Alarm System.
- Fully equipped/fitted kitchen.
- 2012square metre Block.

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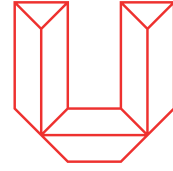
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Income Strategies

Action Required:

Who do I need to contact?

Time Frame:



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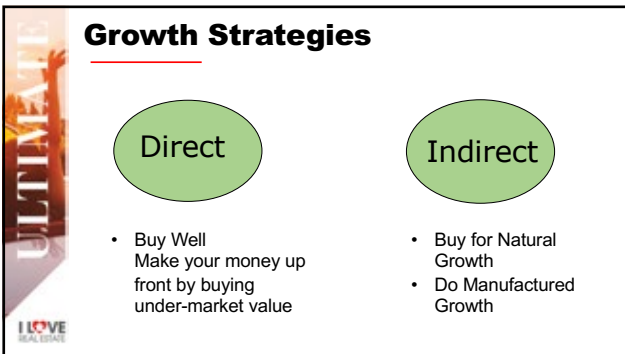
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Manufactured Growth Strategies







Strategies to Buy Well

Direct

- Discount Buying
 - Look for weaknesses in the market

Use KEY WORD searches such as:

- Divorce
- Deceased Estate
- Mortgagee
- Transferred / Over committed
- Must sell
- Urgent
- Older demographics



End of a development


Direct



First sales of a development

Direct

- Seller wants to set a bench mark
- Seller wants to get homes built in the new estate fast
- Establish comparable sales value for valuer
- Negotiate non-cash extras



EXAMPLE: Land Developer Rebate



If you don't ask
you don't get!

Prime Seaside Blocks From \$369000 with \$50000 **cash back** at settlement Peppermint Grove Beach. ***** \$50000 **CASH**

REBATE AT SETTLEMENT ON ALLOCATED BLOCKS

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EXAMPLE: Builder Cash Backs



Celebrate our 25th year with up to \$17,000 genuine cash for your family

OFFER ONE incl. GST \$513,499 incl. GST \$513,499

OFFER TWO incl. GST \$416,200 incl. GST \$416,200

OFFER THREE incl. GST \$527,999 incl. GST \$527,999

HURRY CONTACT US NOW 08 9443 4444

G.J. Gardner HOMES

EXAMPLE: Vendor pays the Stamp Duty



It's not illegal - Don't be afraid to ask!

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Scatter Technique

Direct


- Offer 70 – 80% of list price of properties below the median house price
- You are looking for a vendor who doesn't want their property not a particular property.
- If you buy it cheaply enough – it will make money
- Typically out of 20 offers you might get 3 nibbles and 1 purchase

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Buying Off the Plan

Direct


Only works in a rising market
 Be careful of affordability and changing circumstances with long contract
 Be careful using deposit bonds and time lapse considerations
 Consider buying price protection insurance



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Off the Plan Caution

"37 lose apartments in Sydney as developer invokes sunset clawback"



Off the plan price:

- 1 bedroom - \$370K
- 2 Bedroom - \$500K

Today's value:

- 1 bedroom - \$650K
- 2 Bedroom - \$900K

If the developer decides to resell on the market today, they will make another \$6M in profit!!

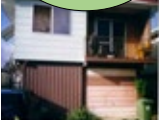
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Rates Default Properties

Direct

- When rates are not paid to the council – they have the legal right to sell the property to recoup monies owed
- Rates defaulters are advertised in the local papers, usually 3 months out from auction day (NSW advertised in the State Govt gazette – subscription bases)
- Put alerts on Media Monitors for
 - rates default
 - bailiff auction
 - Sheriffs auction

• Usually very run down
• Usually debt free



...the reno job









Renovation Costs
\$12,000
Revaluation Costs
\$600

The Breakdown

New Valuation
\$115,000
Rental Return
\$165 per wk
Tax Free Cash out
\$ 36,000
Positive Cash flow
\$ 2 per wk



ANOTHER Example: Leanne's Rates Default Unit

Purchase Price \$42,000
 Reno \$ 5,000
 Revalue \$81,000
 Time Frame 6 wks

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Rates default auction deal

Chunk & cash flow deal

Acquisition costs: \$57,000
 Improvements: \$10K - \$15K
 Rent: \$175 / wk




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Sources of low end growth deals

- Usual sources – Agents, Newspapers, Online
- Mortgagee in Possession
- Older areas (Demographics)
- Tired Businesses (Commercial)
- Owner sales
- Public trustees

Direct





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Mortgagee in possession

Passed in at Auction

Reno shops with the addition of a three bedroom residence

plus construction of a new four bedroom home on vacant land at the rear





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The Numbers

Purchase Price	\$465,000
Purchase Costs	\$32,216
Strategy Costs	\$28,812
Renovation	\$98,988
Construction Costs	\$427,300
Total Costs	\$1,052,316
Total End Value	\$1,440,000
<i>Less Sales costs (four bdrm)</i>	<i>(\$18,400)</i>
Approx Net Profit	\$369,284
Return on Costs	35%
Cash flow on Shops (hold)	\$28,000 p.a



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Public Trustee Websites

NSW - <https://www.tag.nsw.gov.au/properties-for-sale.html>

QLD - <http://www.pt.qld.gov.au/real-estate/>

VIC - <https://www.statetrustees.com.au/property-for-sale/property-details>

WA - <http://australia.trovit.com/property/public-trustee-wa>

TAS - <http://australia.trovit.com/property/public-trustee-tas>

SA - <http://www.publictrusteepropertyguide.com.au/book.html>


ACT - www.publictrustee.act.gov.au

NT - <https://www.nt.gov.au/justice/pubtrust>

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Public Trustee Auction

- Code Assessable Renovation
- Purchase: \$228,000
- Reno cost \$35,000
- ReSold: \$369,000
- Profit: \$50,000
- 3 month renovation



\$228,000 x 1.5 = \$342,000

Commercial Can be Direct or Indirect

Direct Indirect

Commercial under Market Rental

Direct Indirect

- When you increase the income on a commercial property it immediately reflects in value
- Know your commercial rental yields REALLY well – befriend a GOOD commercial agent
- Watch for incorrectly reported rents and rental area (per sq metre)
- Look for long term owners
- Look for badly written leases with inadequate market rental clauses

Why Commercial?

PRO

- Higher cash flow
- Less management
- Less tenant turnover
- Less maintenance
- Built in return and growth rates in lease
- Longer term leases

CON

- Longer to sell
- Need more money to finance
- Longer to tenant
- Subject to economic downturns
- Subject to commercial movements

So what do you look for in a Commercial Property

- Yield
- Strength of tenant
- Strength of area
- Compare to surrounding CAP rate (under market yield)
- Room for growth and expansion
- Time is on your side for due diligence
- Flexibility of negotiation is on your side


Understanding the numbers is the biggest part of Commercial Property

- **Gross Income** : Total Income
- **Net Income (Net Operating Income NOI)** : Gross Income – Costs = NOI
- **Return**: The result that you get on your investment over the term of the investment eg. Buy 100 k sell 200k 3 years later : Return would be 100%
- **Internal Rate of return (IRR)**: Annualised return on Investment eg. In example above IRR = 26% $100K \times (1.26 \times 1.26 \times 1.26) = \text{approx } 200K$
- **Yield** : Return on Investment per year : $NOI \div \text{Property Cost} \times 100 = \text{Yield (ROI)}$
- **Capitalisation Rate – CAP Rate** : Generally refers to the average yield of commercial property in an area of a given type of property

Commercial Strategies - Buy and Hold

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\$28,000 Passive for non super deal
\$48,000 Passive for a super deal




Great Super Fund deal – Purchased for \$720,000

Example: Small Commercial deal


Wants: \$185,000

Net Income: \$16,556 p.a.
Yield: 8.95%



The premises is currently leased to a long standing medical tenant within the centre on a 5 + 5 year Lease. Lease commenced December 2012
Situated in the Cremorne Town Centre

Commercial Strategies - Buy under market rental – stressed sales (sell or hold)



Vastly under rented and under developed
\$ 820,000

- Four Tenancies. 810m² Land Area, 590m² under roof.
- Two Street Access.


* Quality premises in this vicinity rent for anything from \$180 per m² to \$280 per m² per annum. YOU DO THE SUMS!

Commercial Strategies
- Strata or lease in smaller pieces



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Commercial Strategies
- Add more occupancies (land or buildings) – hold or sell



QLD \$3,500,000

Currently being leased at \$286,000 pa with potential to be \$350,000 pa with the back paddock leased.

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Multi Tenanted Industrial - Brisbane

- 5 Tenancies
- Multiple Buildings
- Basic Reno
- Re-negotiated Month By Month Leases
- Re-tenanted 3 Units
- Strata Title Potential

• Purchased \$780k
 • > \$35k Positive Cashflow



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Industrial Strata Title - Melbourne

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- Purchase \$800k
- Reno & Strata \$50k
- End Val \$1,480,000
- Val Increase \$680k in 17mths

- 5 Industrial Units on 1 Title
- Reno, Signage, Rented Hardstand Area, Survey Confirmed Increased Lease Area
- Re-negotiated Leases (under market rent, month by month leases)
- Strata Titled into 5 Lots & Revalued



Commercial Strategies

- Develop at 10 to 12% CAP and sell or revalue at 8 to 9% CAP


Commercial	Low	Medium	High
1-4 level open plan offices, including A/C & lift, excluding fit out	\$1,890	\$2,150	\$2,590
4-8 level open plan offices, including A/C & lift, excluding fit out	\$2,050	\$2,240	\$2,730
8 levels and over, including A/C & lift, excluding fit out	\$2,990	\$3,170	\$3,300
Industrial	Low	Medium	High
High Bay Warehouse, standard config, concrete floor, metal clad	\$920	\$1,040	\$1,130
High Bay Warehouse, standard config, concrete floor, pre-cast concrete wall clad	\$1,140	\$1,210	\$1,360

Retail	Low	Medium	High
Suburban shopping mall area including A/C	\$2,280	\$2,400	\$2,750
Supermarket, including A/C, excluding fit out	\$1,470	\$1,600	\$1,820
Hotels-Motels	Low	Medium	High
Single level boutique motel, including A/C, guest facilities	\$3,000	\$3,500	\$4,750
Single level tavern/motel, including A/C, excluding loose item fit out	\$2,550	\$3,100	\$3,800

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Primary Manufactured Indirect Growth

- Renovations
- Subdivisions
- Strata Titling
- Developments




Indirect

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Quirky Deals - First time Unit Buyers


- Buy one unit with large sinking fund
- Get onto the Body Corporate Committee
- Seek investor proxy votes




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Quirky Deals - Services Exchange



Dentist Investor



Low Doc Landscape Gardener

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QUIRKY DEALS – SELLER JV DEALS

- The number ONE untapped strategy in Australia today!
- Not every deal has seller JV potential
- Using Talents instead of money
 - Landscaping / Handyman
 - Subdivisions
 - Strata
 - Renovation
 - Even building








WHAT CHARACTERISTIC TO LOOK FOR A SELLER JV DEAL

- A seller with a limitations
 - eg: - money
 - knowledge
 - time
- A seller with flexibility in outcomes (Age can be an advantage)
- A business person as the seller
 - SHOW ME THE MONEY PERSON
- A seller with a badly presented product

STUDENT JV WITH OWNER DEAL
Knock down and rebuilt two single story homes and split profit 50/50

• Sales of New Dwellings	\$1,620,000
• Sales Costs	\$40,500
• Total Costs	\$1,343,552
• Net Profit (before GST)	\$276,448
• Profit to student	\$138,224

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Forest Road Deal

• Sales of New Dwellings	\$1,620,000
• Sales Costs	\$40,500
• Purchase price	\$730,000
• Strategy Costs – Subdivision	\$52,000
• Strategy Costs – Construction	\$550,000
• Holding costs	\$23,000
• Total Costs	\$1,343,552
• Net Profit (before GST)	\$276,448
• Profit to Croxford Property (50% of deal)	\$138,224
• Profit on Costs	20%

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No Money?

Australia's 9.6 million residential properties are worth 6.7 trillion dollars at the end of the June quarter 2017.

Total Mortgage Values in Australia are \$1.6 trillion dollars.

Source: Core logic / ABS



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Dep. Finance / Sub/ Reno / Build

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The Numbers

Purchase Price	\$260,000
Purchase Costs	\$16,208
Strategy Costs	\$22,250
Renovation	\$23,000
Construction Costs	\$440,000
Total Costs	\$761,458
Total Sales	\$920,000
<u>Less Sales costs</u>	<u>(\$27,600)</u>
Approx Net Profit	\$130,942
Profit on Costs	17.2%



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Staged Development


- Step 1:** Negotiate the deal
- Step 2:** Design
- Step 3:** Subdivision + Renovation
- Step 4:** Sell existing house or Re-Fi
- Step 5:** Construction at rear
- Step 6:** Sell or hold at completion



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Quirky Deals – Trade Exchanges

Barter Card
Empire Trade
Ibis





1300 BARTER
(1300) 227 837

\$\$\$

- Percentages vary and charges vary
- Some have ability to borrow dollars
- Some have ability to borrow on the black market



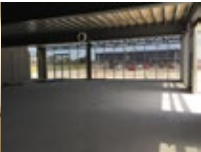
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Trade Dollar Example – Kawana Island, QLD
\$490,000 / 20% trade

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Bartercard / Commercial Office Space /Sub-Letting

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bartercard

The Numbers

Purchase Price	\$450,000
Purchase Costs (Stamp duty etc.)	
Bartercard Costs (6.5%)	
Office Fit-Out (\$15k on Barter)	
Total Costs	\$450,000
Full Value	\$600,000
(Bartercard Costs)	(\$350,000)
(Bartercard Costs)	(\$121,500)
(Cash Costs)	(\$42,000)

Valued at \$600,000 & \$95k profit! & Neutral Cash flow!!

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Crowdfunding for Property

What is Crowdfunding?

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Quirky Deals – Moving old Houses or Factory Builds

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House Relocation – Sunshine Coast

- House Relocation
- Subdivision
- Reno
- **\$125k Profit**

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Growth Strategies - Summary

What growth strategies suit your portfolio, personality, capacity and timeframe?

Put a priority numbering system beside each strategy.

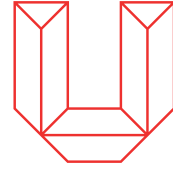
What is your timeline for implementation?

Manufactured Growth Strategies

Action Required:

Who do I need to contact?

Time Frame:



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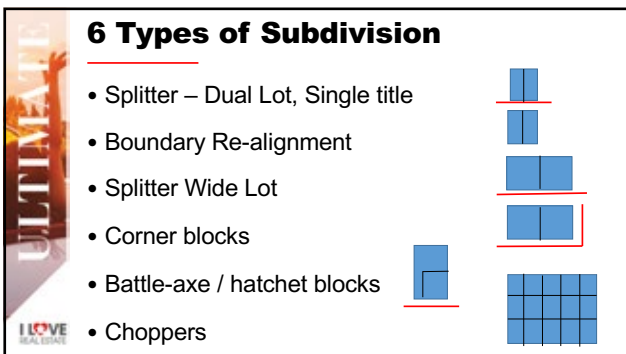
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Subdivisions







Corner block subdivision + build
Profit \$650k



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Traralgon Vic \$265k

- 2 Bed 1 Bath
- Massive Bedrooms
- 774sq m land
- Middle of Town



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Battle-axe subdivision deal



Feasibility	
Purchase price	\$426,000
Purchase costs	\$25,560
Strategy costs <small>(Name, build @ real, subdivide)</small>	\$317,864
Holding costs	\$22,280
Total Cost	\$791,704
End sales value (Estimate)	\$940,000
Selling Costs & GST	(\$43,569)
Total Sales Value	\$896,431
Estimated Profit upon completion	\$104,727

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Triple battle-axe subdivision

The diagram shows a rectangular plot divided into three lots by a central driveway. The lots are labeled with areas such as 260m², 350m², and 830m². A 'Common Property' area is also indicated. The plot is bounded by 'COONCAN AVENUE' on the right side. The 'I LOVE REAL ESTATE' logo is in the bottom left corner.

Subdivisions

The diagram shows a central road branching into several smaller lots. The 'I LOVE REAL ESTATE' logo is in the bottom left corner.

- Small Subdivisions are a relatively easy strategy as your consultants do all the work
- Where you need to be skilled is in the feasibilities
 - Know your costs
 - Know your market / end value

Subdivision Team

Initial Team – Preparation and Planning

- Town planner
- Surveyor
- Draftsperson (proposal plan)
- Mortgage / Finance strategist
- Lawyer (specializes in developments)
- Engineers
- Civil, Electrical, Hydraulic

During the Process

- Town planner
- Building designer (if applicable)
- Civil contractors (driveways, fill)
- Engineers
- Civil, Electrical, Hydraulic
- Electrician
- Plumber
- Fencing Contractor

Subdivision Team

Final Stages

- Surveyor (Plan sealing)
- Lawyer – Register titles
- Mortgage / Finance strategist – Release or amend security
- Graphic artist (if selling)
- Real estate agents (if selling)
- Valuer

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Subdivision Team

Ensure that your team:-

- Are members of Professional Associations where relevant
- Are up to date and completely familiar with local and state regulations
- Have the necessary insurances and certification
- Understand your time constraints

Ask for sub-contractors and consultants recommendations

Check up on the progress of individuals to keep them on target

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The two most important Consultants on your Subdivision Team are your Town Planner & Surveyor

A good PRIVATE town planner is necessary!
A good Surveyor is vital!



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What A Town Planner Does...

- Highest and Best Use Assessment / Due Diligence Reports
- Development Applications (from small straight forward project to large and complex projects)
- Master Planning
- Ministerial Designations for Community Infrastructure
- Expert Evidence and Planning Appeals
- Public Notification




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What A Surveyor Does...

- **Surveyors** make precise measurements to determine property boundaries. They provide data relevant to the shape and contour of the Earth's surface for engineering, mapmaking, and construction projects.
- **Surveyors are the unloved trade**
- **Surveyors know what's going on and are a valuable source of information and deals**



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1 into 5 Lot Subdivision Logan Area




- Demolish House, Create 5 Freehold Lots each with Dual Occupancy Potential!!!
- **Purchase Price** \$760K
- **Est. Strategy Costs – Subdivision** \$540K
- **Est. Sales x 5 Lots** \$1.675M
- **Est. PROFIT** \$375K

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Hester Street
\$550,000

1 into 3
 Made \$210,000
 in 10 months




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Key Messages

- When determining Highest and Best Use of sites, be aware of relevant **Zoning, Overlays and Local Plan** provisions.
- Highest and Best Use is very site specific, there is not a 'one size fits all' option.
- New Planning Act has been adopted by State Government, so watch this space for any relevant changes.

IMPORTANT – REGARDLESS OF HIGHEST AND BEST USE – DO WHAT YOU CAN FINANCE

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Subdivision Requirements

Planning Scheme / Zoning

- Get a copy of planning scheme and zoning maps of your area (either online or visit the council office)
- Find out the minimum lot sizes for each zone

Set-backs

- What are the distances? (Front, side and rear setbacks)

Access

- Can you gain access to the proposed new lot?
- What is the minimum driveway width?

Services

- Storm water, sewerage, power


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Due Diligence

- Visit subdivisions in your area and record prices and marketing strategies
- Research the infrastructure; amenities, schools, transport etc.
- Look at changes in infrastructure planned for the future
- Study the demographics of the area
- Complete feasibility of the project
= End Value less development costs.

KNOW YOUR MARKET





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Already on Two Lots – Example of Dual Lot Single Title ENMORE, NSW

3 BEDROOM TERRACE, GRANNY FLAT & VACANT BLOCK
 BUY PRICE - \$900K
 Sub Divide and Reno add Value \$1.3 million

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BUY \$900,000 **VALUE NOW \$2.4 MIL**

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Subdivisions give you flexibility




- Sell as Land
- Build and sell as completed project
- Build and hold for cash flow – if this is your option consider your design carefully and design for yield eg. Dual occupancy, micro apartments etc.
- Sell some keeps some

Steps to Subdivisions



- Establish your team
- Get others on the path to find a deal
- Learn how to do a Feaso properly
- Do your Grid Variance Analysis /Know your Market
- Contract on deal
- Town planner / Surveyor
- Engineers if necessary, Project manager if necessary
- Contact Selling agent early

Pay the bills – Collect the money


Developer contributions

- Don't forget about developer contributions!
- Fees payable to the Council prior to issuing your statement of compliance
- Related to you bring more people to the area
- Funds are used to upgrade roads, schools, hospitals, infrastructure and assets

Sub-division Summary

- Best bang for you buck
- Easy starter
- Minimal Risk
- Predictable outcome
- Can be done as a s Seller JV
- Can be Regional or Metro
- Relative short time span – boutique subdivision
- Doesn't require a lot of your time – the team does the work



Do you get that we like Subdivisions!

Great Stacker Strategy

For example:

- Subdiv / sell land
- Subdiv / Build on land / sell one / use profit to ↓ Loan so remaining property is positive
- Subdiv / Reno house / Sell House / FREE LAND
- Subdiv / Reno house / Sell house / Build Duplex
- Great as a PPR Deal
- Great as a Seller JV Deal



Great feel good student story from NZ

A Final Word

For you to become a Mini Developer / Subdivider your success or failure is determined on:

- Doing your homework before your purchase
- Knowing your market
- The team you engage
- Understanding that time is money
- Use a mentor until you become the mentor.

Follow your Subdivision Checklist on Ultimate Website!!!!



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REAL ESTATE SUCCESS
3-DAY BOOTCAMP

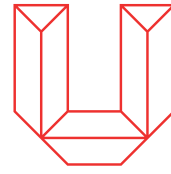
Lined writing area consisting of 34 horizontal lines.

Subdivisions

Action Required:

Who do I need to contact?

Time Frame:



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REAL ESTATE SUCCESS
COACHING PROGRAM

SESSION TEN

Strata & Construction & The Compound Effect



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**STRATA & CONSTRUCTION
& COMPOUNDING**

CAUTION
AREA UNDER
CONSTRUCTION



**Strata Titling – Subdivision except
with Buildings. Most of the time!**

Vertical separation




Horizontal separation



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Strata Titling

- Can be a short time frame
Chunk Deal
- Manufactured Growth
- Can be positive or neutral cash flow as well as potential to manufacture growth
- Can be partially liquidated on completion or refinanced



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Big difference strata titling old vs new!

New – designed and built to meet the current standards, building code and planning legislation

Old – important to go in with your eyes wide open. What needs to be replaced, upgraded or altered to meet the current standards and what will it cost to do so?



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Strata Titling - Old


- Target high yield blocks of units
- Select properties with easy fire rating and utility separations
- Do the numbers upfront in a flat market
- Get written quotes where possible
- Not all blocks are able to be converted



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Select a Suitable Property

- Duplex, Triplex, Fourplex etc.
- Industrial building with divisible ability
- Office Blocks
- Hotels
- Car Parks
- Storage Sheds




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Select a Suitable Property

What constitutes suitable?


- Fire rated separation
- Saleable
- One title, multiple dwellings
- Separate services
- Parking
- Traffic access



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Fire Rating Strata




	30/30/30
	60/60/60 - Usual
	90/90/90
	120/120/120

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Saleability

- Do market analysis on the need for your finished product
- Invest in a voluminous market
- If building for sale review sales data prior submitting plans to council
- If buying existing building check post renovated units with agents for comparables



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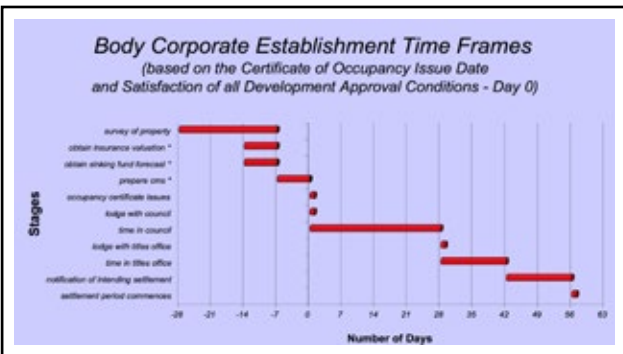
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Strata Titling Team

- Town Planner
- Land Surveyor
- Mortgage Strategist
- Solicitor / Body Corporate Specialist
- Selling Agent
- Building Certifier / Surveyor



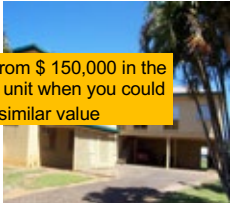

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Not All Units Work

SET OF FIVE UNITS:
5 x 2 bedroom units
 Two storey set of 5 units all 2 bedroom
 onto parking
 units are tenanted. The perfect investment. Units are Strata titled and owner selling at \$150,000 - units 1-4, Unit 5 selling for \$160,000.

2 & 3 Bedroom houses sell from \$ 150,000 in the area – why would you buy a unit when you could buy a house for the similar value






Not all Properties should be Strata'ed

Commercial 592sqm main street central property with large residence of 2 bedrooms parking area with a two Modern front with current food licence and an agency of The Rock Building Society with the only ATM in Town.




You could probably sell the shop separately but no-one will buy a unit above a shop separately in a regional area – it will rent but not sell. Metro area yes – but not regional!

\$295,000
 Rent \$32,000
 Good Cash Flow

Strata Titling an old block of Units

- 4 x 2 bedroom units
- Red brick, single story building
- 400m from beach
- Opposite shops, close to schools and railway station


Example: Reverse Feasibility

Purchase price	688,000
Stamp duty	27,000
Legals	5,000
Surveyor fees	10,000
Council fees	1,000
Titling fees	1,230
Renovation	40,000
Landscaping	10,000
Strata requirements	10,000
Holding costs	6,200
(50,000 interest + 1200 rates – 45000 rent)	
Sell Costs	<u>20,000</u>
Total Costs	\$818,430
Sale price	\$1,000,000
NET PROFIT:	\$181,570


Block of 4 units - Strata Titling

Building works required to Strata for this deal:

- Separate water meters
- Fix driveway
- Install body corporate letter box
- Fire rating was all good



Purchase (incl purchase costs)	~\$485K
Strata Costs	~\$12K
Renovation(incl req'd strata work)	~\$60K
Holding Costs	~\$24K
Valuation per unit	~\$190K
Total Gross Valuation	~\$760K
Total Gross Profit	~\$179K



Block of 3 units - Strata Titling

The Property:

- 3 x 2-bedroom units
- Double brick construction with fire separation in place
- Under market rental at \$180 per week per unit

The Numbers:

- Purchase price: \$400,000
- Purchase costs: \$15,000
- DA, surveys, body corp, LPI costs: \$12,000
- Water meter separation cost: \$5,000
- End value: \$570,000 (\$190,000 per unit)
- Selling costs: \$20,000 (if all 3 units sold)
- Total cost: \$452,000
- Profit: \$118,000
- Return on Cost: 26%




Note: there's no holding cost because the units are positive cashflow.

D.A & B.A



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What is a DA & BA?

Development approval:

- Council planning permit for a proposed development
- Concept plans showing site plan, floor plans and elevation drawings
- Not ready to build

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What is a DA & BA?

Building approval:

- Building surveyor/certifier consent (building permit or construction certificate)
- Detailed architectural drawings, soil report, energy reports, structural engineering
- Ready to start building

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Development Approvals

- Great way to use your talents and knowledge, but maybe not your money to make a profit!!!!
- Can be on sold at DA approval stage or complete the project and sell or hold for cash flow
- If on selling at DA stage – you need to know the costs for the completed project so you can work out what your DA approved sale price will be as your purchaser will still want to be making around 20% for completing the deal

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Design Stage

- Appoint architect/building designer/draftsman, project manager, surveyor, engineer, landscaper, etc.
- Concept Plans
- Pre-Lodgement meeting with town planner, your private town planner, project manager
- Final Design Plans




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Application Stage

- Lodge Application with Town Planner
- Approval Application
- Council Initial Response 60 days (RFI)
- Liaise and Negotiate
- Public notification
- Notice of Decision
- D.A. (Permit)





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DA & BA Approval Process




Factors to consider:

- Current zoning
- Current and future town plan
- Market forces
- Current prices for equivalent resale
- Demand for high density housing
- Land size and percentage useable
- Efficiency of design



Sell with D.A Student deal

- Purchased \$330,000 + purchase costs for Reno
- Plan to build two on back
- Projected profit - \$80,000
- Council proposed new structure plan to high density.
- Sold to a developer w/ plans and permits for **\$570,000**
- **Profit \$240,000**

Re-Zoning Approval Process


- Potential for profit is high
- Need your Due Diligence Done
- Knowing your area makes Due Diligence easier
- Downside costs can be minimal
- Can be a long and hard process!!



Re-Zoning Deal

- 1600m2 corner block in a built up residential area
- Zoned industrial
- Piggy backing on Council re-structure plan
- New zone to become medium density residential
- Timing is everything!!!



PLATINUM ACCELERATOR

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DA's and creative strategies

- Financing the deal with little money
- Option the deal
- JV the deal
- JV with Vendor
- Vendor Finance
- Long Conditional Settlements



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Construction




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Construction – What is it?

Building works that are completed under a “Building Contract”


- Structural reno
- Extension
- Granny flat
- House
- Units / Townhouses etc.



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Team Requirements




- Ensure that professionals are members of Professional Associations where relevant e.g. Building Assoc., Institute of Engineers / Quantity Surveyors etc., Building Design Assoc.
- Ensure professionals are completely familiar with local and state regulations
- Ensure all contractors & professionals have the necessary insurances and certification and request copies to ensure they are current over the duration of your project
- Ensure that they are in touch with the latest laws, innovations and developments within the industry

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Team Requirements


- Ask what sub-consultants and contractors they use & confirm how much time they will be on the job
- Ensure the individuals on your team understand your time constraints
- Check on the progress of individuals to keep them on target
- Do not pay invoices until you have thoroughly checked the work
- Pay invoices as soon as possible
- ENSURE YOU GET ALONG WELL!



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What do you need to supply to your builder for a quote?

- Specifications list
- Working drawings (detailed design)
- Structural engineering
- Civil engineering
- Landscape plans
- Planning permit
- Endorsed plans (stamped by Council)
- Soil report
- Energy rating report
- BAL report (if necessary)





Contract types:

- Construction contract method
- Payment Lump sum by negotiation
- Cost + %
- Construction Management
- Turn Key or Progressive
- Design and Construct





Beginners should ALWAYS use Turn Key



Design & Construct Service


- **Pro's** –
 - Single point of contact – more streamlined process
 - Reduced risk – single point of responsibility
 - Lump sum price
- **Con's** –
 - Less flexible e.g. committed to 1 builder from start
 - Less control on timeframes e.g. don't have direct access to each professional
 - Less control on price e.g. can't negotiate fee for each professional individually

Recommended for single dwellings by inexperienced investors & long distance construction

How do you complete reference checks on a builder?

- Go and view past projects and speak to previous clients
- Visit current projects under construction
- Talk to Subcontractor, tradies, regulatory bodies, suppliers, insurance underwriter
- Contact RE agents that have sold the builders previous work
- Ask to see public liability insurance, workers compensation and professional indemnity insurance (terminology varies from state to state)
- Run company & ASIC searches & set up alerts



Other considerations:

- Building timeframes
- Inclement weather days and public holidays
- Liquidated damages for time over runs
- Read building contract
- Pacific Law to review building contract



How can I manage the relationship with my builder?

- Have regular and structured meetings
- Go and visit on site
- Do constant costings/quotes
- Review budgets regularly
- Engage an external consultant to inspect for quality control if you're not confident
- Complete a proper handover at practical completion with a professional and check handover certificates and warranties



PPR Construction

PPR 1




- New Estate, Project Builder
- Land \$ 120K
- Build \$ 250K
- Sold \$ 570K
- **PROFIT \$200k**

PPR Construction

PPR 2




- Design, Custom Build
- Land \$380K
- Build \$620K
- Sold \$1.3M
- **PROFIT \$300k**

3 Townhouse Development

- Fast Tracked DA & Strata Titing
- Purchased \$530k
- Development Costs \$1.005M
- Sales \$1.785M
- **Profit \$250k**





16 x 1brm Apartments

- Opposite Hospital
- Purchased 2 Houses – 1 Under Option
- DA, Construction, Strata Titled
- NRAS Approval
- Sold Off-Plan
- Sold 15 Kept 1

PROFIT \$600k






The very best strategy is a Stacked Strategy!

For Example:
 Reno / Subdivision /
 Construction / Dual Occ
Or
 Unit Block Reno / Strata /
 Construct / High Yield
Or
 Commercial / Under rental /
 Reno / Add more




3 Areas – 3 Strategies

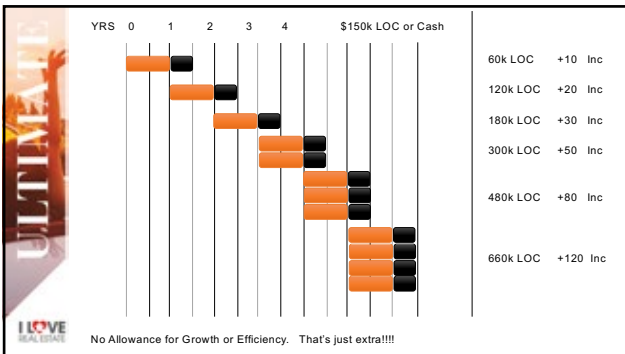
	Area X	Area Y	Area Z
Property A	Strategy 1	Strategy 1	Strategy 1
Property B	Strategy 2	Strategy 2	Strategy 2
Property C	Strategy 3	Strategy 3	Strategy 3
Property D	Strategy 1,2	Strategy 1,2	Strategy 1,2
Property E	Strategy 1,3	Strategy 1,3	Strategy 1,3
Property F	Strategy 2,3	Strategy 2,3	Strategy 2,3
Property G	Strategy 1,2,3	Strategy 1,2,3	Strategy 1,2,3
	= 7	= 7	= 7
21 Different Choices			



SET AND FORGETS

Buy	\$300k
Subdivide	\$50k
Total	\$350k
Sell	\$280k
Cost of Block	\$70k
Build	\$350K
TOTAL	\$420K

80% on \$600k
Redraw \$480k



Use Development Checklist on Ultimate Website !!!!!

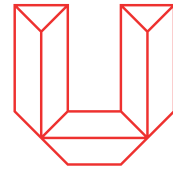
Strata & Construction & The Compound Effect

Action Required:

Who do I need to contact?

Time Frame:





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Renovation & Styling for Sale or Revalue



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**RENOVATION & STYLING
FOR SALE OR REVALUE**



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**Are you looking for Cosmetic,
Code Assessable or Structural?**



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Rule of Thumb – Short Cuts

Purchase Costs	6%
Selling Costs	3%
Cosmetic Reno	9%
Code Assessable	16%
Structural Reno	31%



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Rule of Thumb – SALE Short Cuts

Renovation Type	Minimum Sale Price
Cosmetic Renovation	x 1.35 of Purchase Price
Code Assessable	x 1.5 of Purchase Price
Structural Renovation	x 1.8 of Purchase Price

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Rule of Thumb – SALE Short Cuts


Sale Price % of PP	Buy Price	Purchase Cost	Reno % of PP	Total	Holding Costs
Cosmetic 135%	100%	6%	9%	115%	?
Code Assessable 150%	100%	6%	16%	124%	?
Structural 180%	100%	6%	31%	137%	?

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Unit Cosmetic Reno (6 week Deal!!)

- Purchased \$330,000
- Reno \$15,000
- Sold \$442,500
- **\$88,500 Profit in 6wks!!**
- **PLUS \$11,979k profit from Air bnb while on market**

Before

After





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Cosmetic Renovation

HARDWOOD COTTAGE

- 2 Bed, 1 Bath, 1 Car
- For Sale: \$239,900
- Purchased: \$219,000
- Reno cost \$30,000
- ReSold: \$300,000
- Profit: \$35,000



\$219,000 x 1.35 = \$295,000

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Before Renovation




After Renovation



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Are you renovating to Hold or Sell?




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If Holding..

Ideal objective:

- Increased value at end of renovation
- Get your money back, what property cost you (deposit + renovation)
- Rent for positive cash flow


This is the benchmark
- If more, that's a bonus!



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If Holding..

- Renovation increases value = Equity
- Will renovation increase the rent?
- What is the local rental market like?
- Reduce capital gains tax (investment property)



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Hold Property Example



Dual living property – 6 brm, 2 kitchen, 2 bath
3 month renovation

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Hold Property Example

Purchase Price	\$230,000 (Valued \$245k)
Stamp Duty	\$6,560
Legals	\$2,000
Renovation	\$15,000
Total Costs	\$253,560

Income Per Year (\$590 p/w)	\$30,680
Yearly Return	12.1%

*Updated rental income
 (\$625 p/w) **\$32,500**

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Before	After	Property re-valued = increased by \$105,000 Rental value increase = \$120 p/w Positive cash flow \$12,500 All his money back plus more!
		
Before	After	
		

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Regional Reno – QLD

Purchase Price \$90,000
Mortgagee in possession

Purchase \$90,000
Costs \$3,712
Renos \$12,000
TOTAL \$105,712




Revalued at \$195,000 **Rental Appraisal \$220-240pw**
Equity gain \$89,288!!!! **Positive cash flow \$2,000+ pa**

Before **After**




If Selling..

- Can you sell for a profit?
- What's the average days on market?
- Find the right agent




Development Applications & Building Approvals



ALWAYS,
ALWAYS,
ALWAYS,
ALWAYS,
ALWAYS,
**ALWAYS,
GET APPROVALS**

Legalities

- There are different rules for every State for Development. What can you do without a licensed Supervisor?
- Is there a minimum amount before you need a Contract?
- NSW requires any work over \$5,000-\$20,000 be contracted (small jobs contract)
- Vic more than \$5,000-\$16,000
- WA over \$7,500-\$20,000



Home Warranty Insurance

- Home Building Compensation Fund is required in most states. Again there is a minimum cost of works where this is applicable.
- NSW and WA for contract value over \$20k
- Qld Home Warranty Scheme paid by contractor for work over \$3,300
- Victoria needs it for any contract workover the value of \$16k. Under \$16k needs a defect report.
- SA over \$12,000



Things to watch out for...

What is Asbestos ?

- Asbestos is a naturally occurring fibrous material and has been used for about 150 years on a large scale. It is versatile, plentiful and ideal as a fire-proofing and insulation material. But it can be deadly!



There are many types of asbestos but only three main types are used commercially, other types are less abundant.

Chrysotile (white)
Amosite (brown)
Crocidolite (blue)

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Things to watch out for...

What can be removed?

Type of licence	What asbestos can be removed?
Class A	Can remove any amount or surface of asbestos or ACM, including: <ul style="list-style-type: none"> any amount of friable asbestos or ACM any amount of ACD any amount of non-friable asbestos or ACM
Class B	Can remove: <ul style="list-style-type: none"> any amount of non-friable asbestos or ACM Note: A Class B licence is required for removal of more than 10 m ² of non-friable asbestos or ACM but one licence holder can also remove up to 10 m ² of non-friable asbestos or ACM. <ul style="list-style-type: none"> ACD associated with the removal of non-friable asbestos or ACM Note: A Class B licence is required for removal of ACD associated with the removal of more than 10 m ² of non-friable asbestos or ACM but one licence holder can also remove ACD associated with removal of up to 10 m ² of non-friable asbestos or ACM.
No licence required	Can remove: <ul style="list-style-type: none"> up to 10 m² of non-friable asbestos or ACM ACD that is: <ul style="list-style-type: none"> associated with the removal of less than 10 m² of non-friable asbestos or ACM not associated with the removal of friable or non-friable asbestos and is only a minor contamination.

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Things to watch out for...

Why is it dangerous ?

- If you inhale asbestos fibres (which are long and thin) they can become lodged in the tissue of your chest and your body's natural defences may not be able to easily break them down. This can lead to lung diseases (mainly cancers), particularly if you are repeatedly exposed to fibres over a number of years.
- If ingested the fibre can cause cancers of the stomach and/or colon.
- Generally, asbestos is only a risk if you disturb or damage it and cause fibres to be released into the air. If asbestos containing materials are in good condition and in a position where they are not going to be disturbed or damaged then it is safer to leave them where they are and ensure that the risks are managed.

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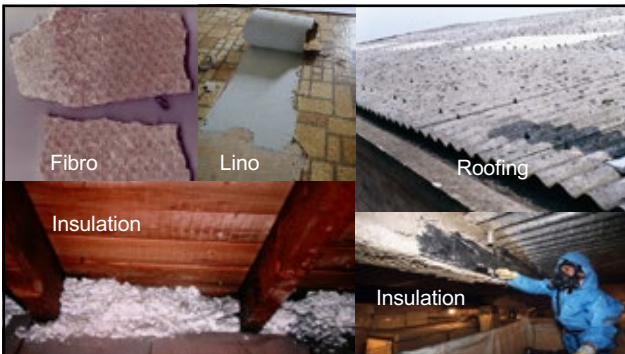
Things to watch out for...

Types of Asbestos

NON-FRIABLE
97% of Australian products which are bonded with cement

FRIABLE
3% of products which are usually spray on insulation or similar that crumbles easily when touched.





Things to watch out for...




Rising Damp and Waterproof-ing
Some of the visual signs



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Things to watch out for...

- Older wiring may mean rewiring to the whole house and also a switch board upgrade
- Older wiring that you do not want is run in:
 1. lead sheathing or
 2. Steel conduit with fabric insulation



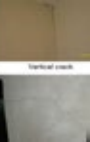





Good
Black or grey
sheathing also OK

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Building Inspections




- Look for areas that have joint movement and cracks
- Do windows slide and open easily?
- Are the downpipes connected to pipework going to the street curb?
- Is there galvanised water pipes?

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Building Inspections

- Check for bounce in floor
- Check for mould on ceiling. Roof leak or Ventilation
- and dry rot.

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Pest Inspections

- Look for areas that allow pest entry
- Open areas in fascias and soffits that allow vermin, birds and marsupials to get in and nest.
- Any concrete or timber that touches soil can be an easy ingress for termites.
- Cracks and joins in concrete are also an area for termites especially with moisture.
- Pest Inspection have an out clause




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Termites

- Termites are good when you are purchasing property!
- If you encounter termites when renovating there are two things you can do:
 1. Leave them alone and bait them
 2. Continue renovating but this comes with risk! The NEST!



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Dial Before You Dig



- Save yourself the hassle
- Easy to use and remember



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What Can You Afford?


- Your AWE calculation will tell you what you can afford as a rule of thumb?
- Target those price points by Grid Analysis of a region by price.
- How much will you put towards the Renovation?
- Can you fit in another strategy?

Renovation Calculator available on Website



Renovation Summary - Real Estate Express

Category	Estimate	Actual	Diff
Demolition	1000	1000	0
Foundation	1000	1000	0
Framing	1000	1000	0
Roofing	1000	1000	0
Exterior Siding	1000	1000	0
Interior Siding	1000	1000	0
Insulation	1000	1000	0
Plumbing	1000	1000	0
Electrical	1000	1000	0
HVAC	1000	1000	0
Painting	1000	1000	0
Flooring	1000	1000	0
Staircase	1000	1000	0
Handicap Access	1000	1000	0
Other	1000	1000	0
Total	10000	10000	0




Obtaining quotes

- Tradies hate paperwork
- Give tradies a checklist of what you want quoted
- Don't use the cheapest quote unless you are comfortable with it


Provide timelines

- If you have never been in a trade and you project manage you are at a distinct advantage!
- Use **Ultimate Real Estate Feaso** for timelines
- Give it to the tradies so they know when they need to be there
- Time over runs costs money – stick to a time management calendar



The Last 10% of a renovation

- Takes 50% of the time and 40% of the cost!
- You will be frustrated but stick with it.
- The results are satisfying!



Adjusting Finishes!


Remember that the finishing of a property is needed for the area.
There is no need for glass splash backs in mining towns!

1. Basic
2. Standard
3. Luxury




3 Types of Finishes

- **Basic** – Intended mainly for practical and price efficient renovating for mining towns.
- These usually include shower cubicles, cheap basins and baths made of fibre glass and standard laminate cupboards.




3 Types of Finishes

- **Standard** – Used in low end to middle renovations and rental tenancies
- Usually includes standard ceramic tiles, ceramic basins, steel baths, downlights, roll top laminate benchtops and inbuilt wardrobes.



3 Types of Finishes

- **Luxury** – High end finishes that are required for luxury homes and executive rental properties.
- These finishes include stone tops, solid doors, walk in robes, glass splash backs, stone tiles and high gloss timber floors.



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The Team

- Be comfortable with your tradies and treat them as you expect to be treated
- Tell them you are looking to learn not to check their work
- Buy them or cook them lunch
- Once you have found your team KEEP THEM!



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The Builder

- Builders can run the entire Project for you.
- They are usually a tradesperson that upgraded their qualification.

1. Carpenter
2. Concreteer or
3. Bricklayer

- They can project manage all your trades or work in with you depending on project size.
- They can also give feedback on building inspections.




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The Chippy

Generally the builder is a carpenter.
A carpenter can:

- Build timber frames
- Kitchens
- Built in Robes
- Install handles and fixtures
- Minor wall sheeting
- Doors, windows, etc
- And many other tasks

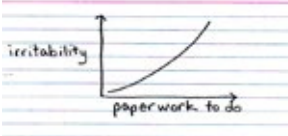


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The Plumber

- The Plumber is a good source of information for design in the “wet areas” of the house.
- They usually can do the Plumbing applications necessary.
- Sometimes they are not good at paperwork.
- They deal with water, gas, sewer, roofing, storm water and sustainability.





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Plumbing

- Do not change layout if possible- especially in units
- You can use existing pipe work and still look stylish





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The Sparkie

- Your Electricians are the best source of knowledge for older wiring
- They can help with upgrades or connection applications and costs
- They are up to date with the current innovations in the industry including solar.



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DIY !!!!!!! Warning

- Electrical and Gas- DON'T PLAY WITH IT!
- Water will flood your house, Sewer will make it smell but **ELECTRICAL AND GAS WILL KILL YOU or OTHERS!**




Plumber electrocuted inside roof at Glenelg East

A plumber was electrocuted while working on a roof in Glenelg East. The plumber was working on a roof when he was electrocuted by a live wire. The plumber was taken to hospital and is expected to survive. The plumber was working on a roof when he was electrocuted by a live wire. The plumber was taken to hospital and is expected to survive. The plumber was working on a roof when he was electrocuted by a live wire. The plumber was taken to hospital and is expected to survive.

Electrical Death

- Do not break earth bridging
- Your work may not be only faulty but endanger other people and possibly kill!
- **Can you afford to go to jail, lose that property and everything you own to save a few dollars?**




Plumber electrocuted inside roof at Glenelg East

A plumber was electrocuted while working on a roof in Glenelg East. The plumber was working on a roof when he was electrocuted by a live wire. The plumber was taken to hospital and is expected to survive. The plumber was working on a roof when he was electrocuted by a live wire. The plumber was taken to hospital and is expected to survive.

The Tiler

- Tilers are an important part of any renovation because of the issues that can result from a poor tiling job.
- The most important job a tiler does is the waterproofing membrane underneath the tiles.
- Tilers like to do their own waterproofing so they are confident of no call backs.
- A good tiler is worth their weight in gold.



Waterproofing Membranes

- Very important to do this in all bathrooms that are leaking or new tiling.

The Painter

- Painting is something that you can get good at very quickly
- Though the finishes of a professional painter can be seen from a DIY legend!
- Painters are also very quick at their job
- They also will make sure that the correct preparation, primer and topcoats

Painting Tips


E-B Emulsa-bond makes paint stick to:

- Chalky, dusty, porous surfaces
- Masonry
- Concrete
- Old wood
- Weathered cement sheets
- Aluminium cladding
- Kalsomine

Painting Tips

ESP makes paint stick to:


- Furniture
- Baked Enamel
- Appliances
- Laminex
- Kitchen Cabinets
- Ceramic Tiles
- Porcelain
- Metal Cabinets
- Anodised Aluminium
- Glass



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Painting Tips

- How to test whether paint is oil based or acrylic, (Metho test.)
- How to help white paint cover to save doing another coat, just add a few drops of black tint.
- Lead paint, Houses built before 1970 could have lead based paint so use a lead testing kit before you start to sand.



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Painting Tips

- Tint your undercoat, when painting new gyprock walls or ceilings, so you only have to do 2 coats!
- Use the right rollers and paint brushes for the job, (good quality equipment, good quality job)
- Choose light colours makes the room look & feel bigger, (no feature walls)

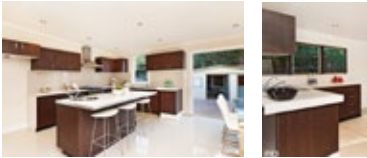


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Kitchens

- Kitchens should be practical with lots of bench space
- Include an Island bench with breakfast bar if possible
- Second hand kitchens can save you lots of money

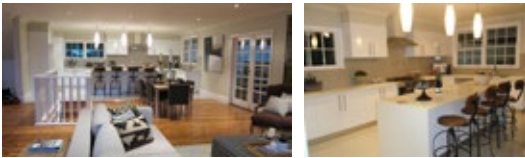


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Kitchens

- Flat Pack from Chinese importer.
- Stainless steel appliances
- Caesar stone tops




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Lighting

- Downlights
- Hanging pendants
- Batten holders
- Outdoor sensor lights




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Internal electrical

- Change switches and power points- They are cheap and make a big difference.
- In high end renos pay the extra to have chrome or glass finishes



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The Landscaper

Landscapers can do many varied jobs including

- Retaining Walls (Brick and timber)
- Paving and compacted pathways
- Garden Beds
- Turf
- Sub Soil drainage
- Minor timber works




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Landscaping - Retaining Walls

- Sleepers are cheap. Create flat areas that give extra parking or lawn.
- On some sites the backyard is best done first



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Landscaping - Turf

- Keep it simple
- Grass is cheap and makes a big difference

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Landscaping - Yard

- Yard should be inviting and low maintenance
- Use square edging and garden beds
- Mulch gardens
- Include a deck if you have the space

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Decking

- 140mm + give the illusion of a bigger more expensive deck
- Oil decks with a mixture of 2 parts single boiled linseed oil to 1 part kero applied above 20 degrees celcius

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Bi-folds

- Bifolds bring the outdoors in
- No renovation should be done without bifolds being included




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Sustainability

- With increasing energy bills Sustainability can be a selling point
- Install a rainwater tank, insulation, electrical or hot water solar panels



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External finishes

- If budget allows render brickwork or Blue Board and render External walls
- To save money render the front only and paint bricks on sides and rear.



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Roof finishes

- Darker roofs blend into the background
- If budget allows put a new roof on or have it cleaned and painted.



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Ask agent for Local Knowledge

Copy someone else's Success



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Photography and the MONEY Shot

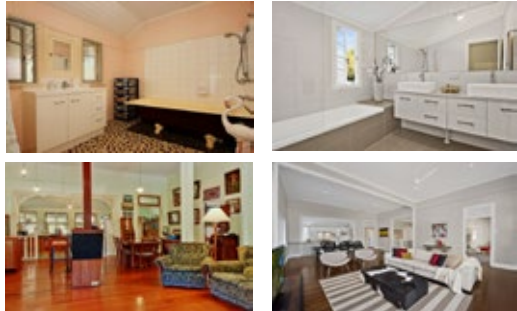


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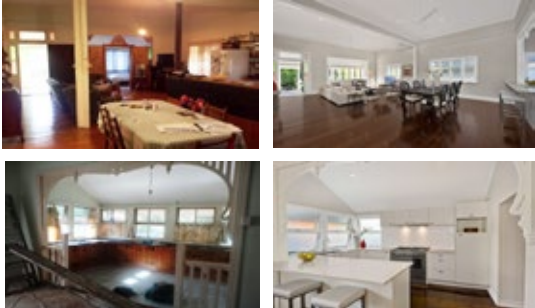
Student Reno/ Subdivision



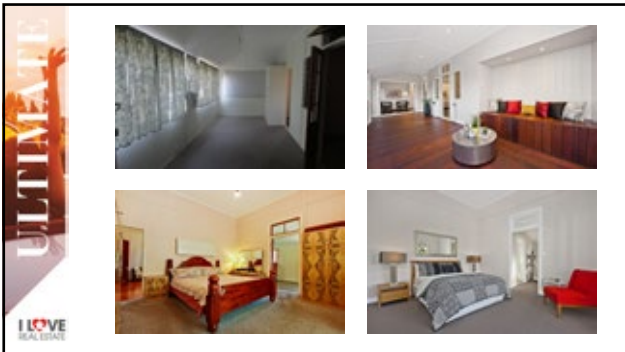
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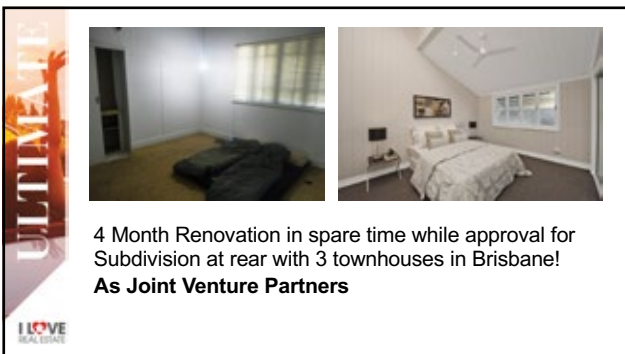


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Student PPR Deal

The block contains four photographs: top-left shows the exterior of a small house with a fence; top-right shows a kitchen with wooden cabinetry and a countertop; bottom-left shows another exterior view of the house; bottom-right shows a modern kitchen with a white island and wooden accents.

PPR Brisbane

Feasibility	
Purchase	\$ 299,000
Purchase Costs	\$ 15,000
Renovation	\$ 40,000
TOTAL COSTS	\$354,000
SELL	\$400,000
PROFIT	\$46,000
Tax Free	
TIME	6 months

The block includes a table with financial data and three interior photos: a bathroom, a bedroom with a bed, and a living area with a sofa.

Property Styling

- Check your street appeal
- Landscaping
- Professional staging
- Professional photography
- Emphasize the homes selling points

The block features a list of styling tips and two photos: 'Professional Staging' shows a well-furnished living room with a sofa and coffee table; 'Amateur Staging' shows a cluttered living room with a TV stand and various items.


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Property Styling


Property Styling encourages:

- Quicker sales
- More offers and more bidders
- Higher sale price (5-10%)

SOLD



Professional Staging




Amateur Staging

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Hide neighbours, cars & bins



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Dusk shots - lights on, blinds open



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Styling Tips

- Declutter
- Minimize countertops
- Replace handles & benchtops
- Update appliances
- Remove everything on the fridge




EPIC FAIL

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Bathroom Positioning

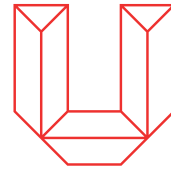
- Imagine that you use my opinion and install the toilet behind the door
- Then your carpenter puts the door in
- After that the Plumber installs the toilet!



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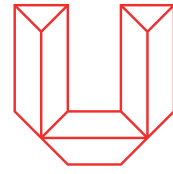


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SESSION TWELVE

Bonus Session



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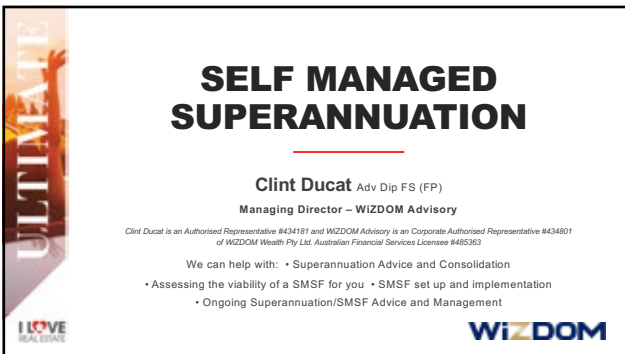
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SESSION THIRTEEN

Superannuation




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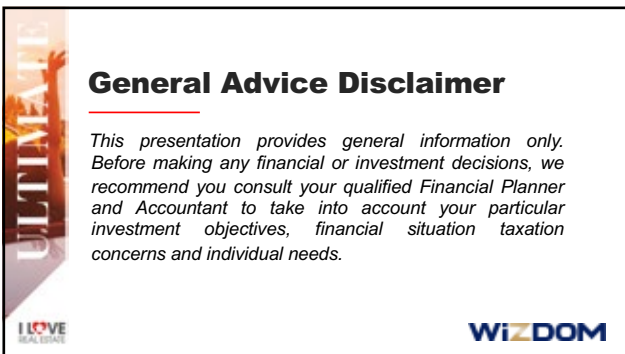
**SELF MANAGED
 SUPERANNUATION**

Clint Ducat Adv Dip FS (FP)
 Managing Director – WIZDOM Advisory
Clint Ducat is an Authorised Representative #4348181 and WIZDOM Advisory is an Corporate Authorised Representative #434801 of WIZDOM Wealth Pty Ltd, Australian Financial Services Licensee #465393

We can help with:


- Superannuation Advice and Consolidation
- Assessing the viability of a SMSF for you
- SMSF set up and implementation
- Ongoing Superannuation/SMSF Advice and Management





General Advice Disclaimer


This presentation provides general information only. Before making any financial or investment decisions, we recommend you consult your qualified Financial Planner and Accountant to take into account your particular investment objectives, financial situation taxation concerns and individual needs.



Taxing Superannuation
The big advantage

Super in accumulation phase before retirement:

- Income Tax – 15%
- Contributions Tax – 15%
- Capital Gains Tax – 10% (15% but 2/3 assessable)




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Taxing Superannuation
The big advantage

Super in pension phase after retirement:

- Income Tax* – 0% (over 60)
- Contributions Tax – 15-30%
- Capital Gains Tax* – 0%



*Subject to the \$1.6m Pension Cap

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Accumulation & Pension Phase

Accumulation 15% tax on Income	Pension* No tax on income (Retired over 60)
--	--

*Subject to \$1.6 million transfer balance cap on transfers from accumulation to pension phase for individuals.

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Pros and Cons of SMSF's

Advantages

- Greater control
- Wide investment choice
- Estate planning flexibility
- Can borrow to invest (earnings) subject to limits

Drawbacks

- Significant trustee and compliance obligations
- Time/costs of administration \$200,000-\$800,000
- Investment management
- Generally require at least \$200,000-\$500,000 to be cost effective

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WHAT ARE TRUSTEES RESPONSIBLE FOR?

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The Structure

TRUSTEE
(Should be a Special Purpose Company)

SMSF


MEMBERS

Maximum of 4 Members*
*Proposed to increase to 6 members

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Self Managed Super Funds

- How much do you generally need?
- What's the process to set up a SMSF?
- How long does it take?
- How much does it cost? (To set up and to operate?)
- Who can have one?
 - 18 years, max age to set one up?
 - Maintaining Australian Tax Residency?
 - Bankrupts, previous convictions (fraud etc)?



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SMSF Statistics

- SMSF's represented over 30% of the \$2.3 trillion in superannuation holding \$750 billion in assets
- Number of SMSF's are now close to 600,000 funds with over 1.1 million members
- Average SMSF balance was \$1.2 million and average member balance is roughly \$652,000
- At 30 June 2017, 57% of all SMSFs had a corporate trustee rather than individual trustees.
- It was reported that SMSF's hold \$38.9 billion in assets under Limited Recourse Borrowing Arrangement's (LRBA) and this equates to approx 5.2% of the total assets held by SMSF's

Source: ATO Statistical Report Highlights June 2018

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Contributions





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What can I Contribute?

Concessional
 General Cap (all ages) - FY 2018/19 - **\$25,000**

Some recent changes

- Additional contribution tax of 15% for individuals earning in excess of \$250,000 per annum
- Beginning 1st July 2018 introduction of “Catch-up” Concessional Contributions on a rolling basis for 5 years for those individuals with balances < \$500,000
- Removal of the 10% income rule for additional contributions



What can I Contribute?

Non Concessional

- 2018/19 FY \$100,000 per annum (until the member balance reaches \$1.6 mil)
- “Bring forward Rule” allows you to bring forward a further 2 yrs of Non-Concessional Contributions

Sale of a Small Business Active Asset

- Retirement exemption – Lifetime Limit **\$500,000**
- 15-year asset exemption – Currently **\$1,480,000**




How can I Contribute?

Concessional:

- Superannuation Guarantee – 9.5% as of 2016 FY (will ratchet increase to 12% from 2020-2025)
- Salary Sacrifice as an employee
- Director Salary Sacrifice
- Lump Sum Contribution (Self employed)


Non Concessional:

- Lump Sum Cash Contribution
- In Specie Asset Contribution

In-Specie Contributions

- Contributions to your fund in the form of an asset other than money.
- What assets are allowed to be in-specie contributed to a SMSF:
 - listed shares and securities
 - business real property (land and buildings used wholly and exclusively in a business).




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Business Real Property

What does business real property mean?

The definition of BRP for superannuation purposes includes any freehold or leasehold interest in real property where the property is used wholly and exclusively in one or more businesses.



State	Section of the State Duties Act	Details
NSW	Section 62A	\$500 concessional flat rate
VIC	Section 41	Exemption
WA	Section 122	Nominal duty of \$20
QLD	Stamp Duties Act 2001 (QLD)	No exemption
SA	Stamp Duties Act 1923 (SA)	No exemption

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New Downsizing Contribution

- From 1st July 2018, if you are 65 years old or older and meet the eligibility requirements, you may be able to choose to make a downsizer contribution into your superannuation of up to \$300,000 from the proceeds of selling your home.
- The downsizer contribution is not a non-concessional contribution
- It can also still be made if the member's total super balance is already greater than \$1.6m
- Must be from proceeds of the sale of your PPR (that you have owned for 10yrs or more) and made within 90 days of receiving the proceeds.

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When can you get access to your Superannuation?

Three main events:

- Reach age 65
- Reach Preservation age and retire
- Use a transition to retirement strategy (limitations apply)



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When can you get access to your Superannuation?

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
From 1 July 1964	60


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Can a Super Fund Pay For?

- Set up of the Fund?
- Insurance?
- Administration for the Fund?
- Ongoing financial advisory services?
- Remuneration payments to Trustees?
- Training expenses to train Trustees?
- Personal expenses or anything that provides a current benefit?



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SMSF Annual Compliance

As a trustee you have a number of administrative obligations. Including, but not limited to:

- Appoint an SMSF auditor
- Value the funds assets annually
- Lodge SMSF annual returns
- Accounting records and minutes
- Notify the ATO of changes

*NOTE: The **ATO** takes activities in a SMSF **VERY** seriously and actively monitor for breaches



Fines and Penalties

ATO can issue fines of up to \$12,600 per penalty to the Trustee

Examples – *these are only some penalties*

• Failure to prepare financial statements	\$ 2,100
• Providing financial assistance to members	\$12,600
• Failing to comply with ATO education directive	\$ 1,050
• Contravention of the in-house asset rules	\$12,600
• Failing to keep trustee minutes for at least 10yrs	\$ 2,100

In addition to the above fines, the **ATO** can also issue **Education** and/or **Rectification Directions** to the Trustee/s

SMSF Trustee Education

We encourage new and existing Trustee's about SMSFs and the environment they operate in.

The Self-Managed Superannuation Fund Trustee Education Program, is a free program designed to educate trustees of SMSFs to understand their role and responsibilities.

www.smsftrustee.com
www.smsfwisdom.com.au




Investment Strategy

Expected Risk

Expected Return

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Existing SMSF Housekeeping

- Are your reporting requirements up to date?
- When was your **SMSF's Trust Deed** last updated? Does it take into account all the recent super reforms?
- Have you got a **Special Purpose Trustee Company** acting as Trustee?
- Is your **Investment Strategy** current? Does it need updating?
- Have you got a valid **Death Benefit Nomination's**?

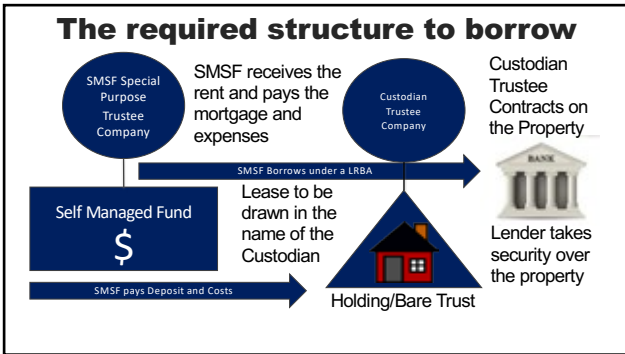
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Buying property with your SMSF, what can be done?

With Borrowings

Without Borrowings

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Considerations for Borrowing in SMSF

- Time frames
- Max LVR's
- Interest rate
- Structure / Cost

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LRBA Tips and Traps

- Always seek professional financial advice in advance
- Lenders will most likely require a "Financial Advice Certificate"
- Be "market ready"
- Make sure the structure is right and correct name on contract
- Single Acquirable Asset Rule
- Beware of "off the plan" and "house and land"
- Must maintain the integrity of the original asset
- Need to appropriately document the transaction to avoid "double duty"
- Trustee needs to consider risk insurance needs of the members

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Plan to reduce leverage by Retirement

The diagram illustrates the tax implications of retirement. It is divided into two main phases: the Accumulation Phase (ages 25 to 60) and the Pension Phase (ages 60 to 90). In the Accumulation Phase, the super rate of tax is 15% and the capital gains tax is 15%. In the Pension Phase, the super rate of tax is 10% and the capital gains tax is 15%. A 'TOTAL REPAYMENT PERIOD' is shown from age 35 to 60, indicating the period where contributions are made to superannuation.

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Strategies for maximising retirement benefits

When approaching preservation age and considering retirement, there are number of strategies that require consideration and advice.

- Spouse equalisation strategies
- Recontribution strategies
- Pension options
- Transfer balance cap
- Estate planning

The graphic shows a calendar page with the number '15' circled in red and the word 'retirement' written in red below it. A red marker is pointing to the date.

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Unit Trusts and SMSF's

Related Party (Ung geared) Regulated 13.22c Unit Trust

An SMSF can acquire units in an ungeared unit trust to acquire direct property.

- ✓ Can include other unit holders (including related parties)
- ✓ Can acquire Commercial or Residential Property
- ✓ Can manufacture growth:
 - Renovation | Subdivision | Construction

*Needs to adhere to the strict requirements outlined in SIS R 13.22c
No borrowing on the property owned in the Unit Trust

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Unit Trusts and SMSF's

Unrelated Party (Geared) Unit Trust

This is where no member or related parties control the trust - i.e. own > 50% of the Units or exercise sufficient influence

- Can have more than 2 parties and can comprise of SMSF, Company, Discretionary Trust and Individual ownership
- Generally treated as a normal Unit Trust for borrowing but you must be dealing at a Commercial Level

Considerations

- Make sure your funds trust deed/investment strategy allow it
- All unit subscriptions must always be at market value

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Why do Property in Super?

- Freddie is 45 yrs old and has \$300,000 in Super:
 - Current earning on average 5%
 - Annual fees of 1.5%
 - Currently contributing \$15,000 /yr
- Why should Freddie give this up to buy a investment property in a SMSF with all the extra costs and complexity?

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\$420,000

Property type: Unit Block*

Suburb: Mission Beach, Nth Qld

- Currently achieving a weekly rent of \$800 per week with potential of \$1,000
- 4 units; being 1 x 2 bedrooms and 3 x 1 bedrooms
- The single bedroom units could easily be converted back to 2 bedrooms.
- Concrete block construction - a very solid complex.
- Just across from the beach and a 5 mins. stroll to cafes

*Property purchase January 2018

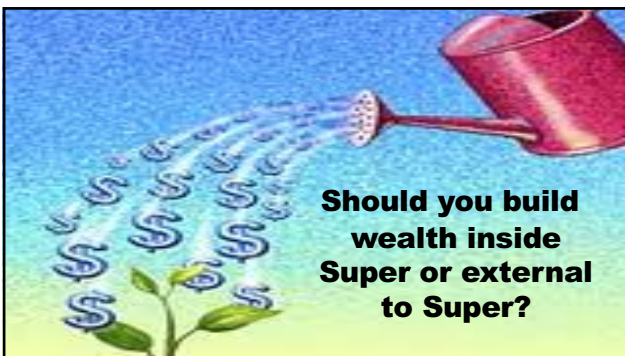
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Medical Centre – Port Lincoln SA
 \$550,000*
Rent \$71,000 pa
 High Yield Investment
 Tenant pays all outgoings

Long term established tenancy
 Generous corner site, situated on the fringe of Port Lincoln CBD
 Convenient on site car parking for 40 vehicles
 *Purchased March 2019

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Should you build wealth inside Super or external to Super?

Advanced SMSF and Structuring Online Course

Run over 3 Monday Evenings 7 till 9pm

1st July – Advanced Self-Managed Super
 8th July – Advanced Self-Managed Super (Continued)
 9th July – Advanced Structuring and Asset Protection



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WizDOM Advisory

Email – advisory@wizdom.com.au

1300 WIZDOM

We can help with:

- Superannuation Advice and Consolidation
- Assessing the viability of a SMSF for you
- SMSF set up and implementation
- Ongoing Superannuation/SMSF Advice and Management






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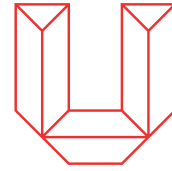
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Superannuation

Action Required:

Who do I need to contact?

Time Frame:

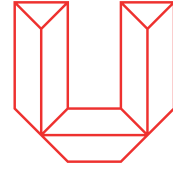


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SESSION FOURTEEN

Millionaire Makeover



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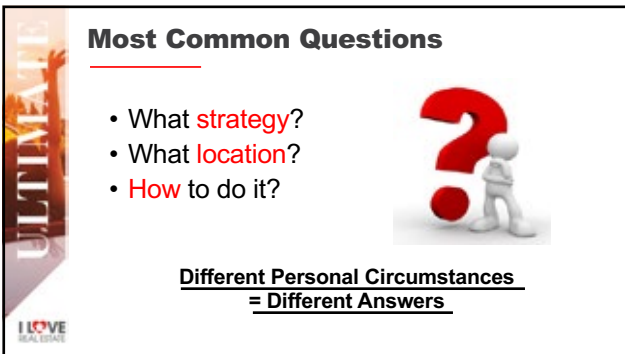
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Finding a Deal








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- **No Silver Bullet** – Well executed systematic repeatable process



- First few deals = **Apprenticeship** (e.g. 2 units vs 20)
- **Last part of process** = Looking for actual deals
- Laser focus & clarity - **maximises outcome**
- Create **confidence** in yourself!


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Match Strategy & Location To Your Personal Circumstances:

- Define Your **Personal Circumstances**
- Consider **Locations**
- Consider **Strategies**

Example Student: **Sarah**




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1. Define Personal Circumstances

- **Your Goal?**
 - Income or chunk deal?
 - <\$200k Available equity = chunk
 - Chunk to pay down home loan**
- **Your timeframe?**
 - Be realistic – 12mth not 6mth unit dev.
 - # Deals in 1 year?
 - 12 mths**




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- **Your Available Equity?**
 - Effects price point, strategy, sell/hold
- **Your Borrowing Capacity & Serviceability?**
 - Effects leverage
 - Good Equity (>\$200k); Good Serviceability**

Just because you can go large / high price point doesn't mean you should early on!




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- **Your Time Availability?**
 - Be realistic
 - Takes longer than you think
 - Big effect on strategy & location
 - ❖ **Less Time** = closer to home, more hands off strategy & employ people e.g. tradies, consultants, Project Manager
 - ❖ **More Time** = Further away, more hands on

Limited time – demanding job




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- **How Far You Prepared to Travel?**
 - Be realistic
 - Young kids / sole parent / limited support / demanding job
 - How far do you NEED to travel? e.g. 1hr vs 3hrs

Max 2 hrs drive



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• Sell or Hold?

- If Sell – Location VERY important

a) **Population** – effects demand, volume of sales, timeframe to sell

- Metro >100,000 **lower risk** vs
- Regional <5,000 **higher risk** (less demand, fewer sales, slower sales)

b) Average **Days on Market (DOM)**
e.g. 20 days vs 200 days

- If Hold - **Location characteristics important**



a) Low vacancy rate - <3%

b) Good **job prospects** to attract people or

c) **Low priced** rents – affordable for lower income earners

d) Affordable rent on **social security** payments = recession proof property

Sell

• Your Experience / Skill Set?



a) **Experience:**

- Bought property before?
- Owned investment property (rental)?
- Done an active deal before?

b) **Skill Set (Background):**

- Construction / Realestate / Property e.g. planner, accountant, engineer / finance?

Reno & extensions to own home

• Your Competency?

- Align strategy with level competency
- Optimism / enthusiasm great - **risk management essential**
- Little deal = little profit & little risk but **HUGE learnings** & experience
- Building block – start small build up
- **Danger to yourself & others!!**



Start small & build up




• Your Risk Tolerance?

a) **Risk Profile:**

- **Money management** to date (e.g. regular savings plan vs high earner & high credit card debt / minimal assets/savings)
- **Years to Retirement** / Dependent kids / Job security
- Tolerance to **uncertainty** (1 job 20 yrs vs self employed)

b) **Risk Appetite:**



- Future - Goals & aspirations
- History – Good / bad experiences

Good \$ management, long employed career, no dependents, working towards retirement = Low Risk Tolerance






Sarah Summary
- Personal Circumstances

- **Chunk deal & sell** to pay off home loan
- **12 month** deal OK
- Good equity & serviceability = **\$250k AWE**
- **Limited time** / demanding job
- 2hr Max travel time - **start 1hr**
- Limited experience = **start small** & build up
- Low **risk tolerance**


2. Understand Location Characteristics

- **Location Characteristics – 3 Key Areas**
 - a) **Mining & resource** areas
 - b) **Regional** areas < 100,000 population
 - c) **Metro** areas > 100,000





a) **Mining & Resource Areas** – generally volatile due to type of industry, workforce fluctuates, hence varied:

- **Demand** for properties
- **Rental** rates
- **Market** value
- **Banks** lending appetite
- **Investor** buying
- **Development** activity
- **Rapid changes** in these parameters





Volatility = higher risk



b) Regional Areas – More consistent than mining / resource areas, founded in long standing industries e.g. agriculture, manufacturing:

- **Market value** more stable & lower entry
- **Moderate rental** rates
- **Higher yields**
- **Slower capital growth**
- **Moderate investor** demand
- **Population and job** growth major impact
- **Fairly forgiving** when comes to mistakes = good entry point for learning

c) Metro Areas – Larger population, greater job diversity, greater economic diversity:

- Property price movement
- more **cyclical** & driven by broader economic parameters
- Property prices - **higher**
- **Capital growth** potential
- Rental yields **lower**
- Banks more **comfortable** with security in metro
- More owner occupiers & investors hence **selling can be easier**
- Typically requires **more equity** to enter market




3. Understand Strategy Characteristics




Ultimate Selection of Strategy = Combo of:

1) **Risk tolerance:**

- Low risk
- Medium risk
- High risk

2) **Available equity:**

- No money
- \$0 - \$100,000
- \$100,000 - \$200,000
- \$200,000 - \$300,000
- \$500,000 +

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a) **Low Risk Strategies** - Characteristics:



- **Purchase price point** = Low (<\$300k)
– medium (\$300-\$500k)
- **Market volume** = high if selling
(Metro >100,000 population)
- **Skill level** = low
- **Time input** = lower




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a) **Low Risk Strategies - Examples:**






- 1) **Cheapie hold, reval** – low price point, +cashflow
- 2) **Reno, hold, reval** – low/medium price point, +cashflow
- 3) **Reno, sell** - low/medium price point, high vol market, good price variance = essential (Grid variance analysis)

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4) **1 into 2 lot subdivision / title lift, reno existing, sell 1 or both** – low / med price point, high vol market, option to build single or dual occ on vacant land e.g. granny flat

5) **Strata 2-4 unit complex, hold & reval or sell some** in med / high vol market – Low / med price point, area with demand for unit living

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b) Medium Risk Strategies - Characteristics:

- Purchase price point = Higher (>\$500k)
- Market volume = Medium if selling (20,000-50,000 population)
- Skill level = Higher
- Time = Higher




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b) Medium Risk Strategies - Examples:

- 1) All low risk strategies – purchased at medium price point
- 2) Rooming accommodation strategies – Student accom, Class 1b,
- 3) Executive rental – medium price point
- 4) House relocation




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- 5) Duplex / triplex construction
- 6) Subdivision into 3 or 4 lots – residential finance
- 7) Multi unit development & construction – 3-4 units (resi finance)
- 8) Strata 4-8 unit complex (commercial finance) + build extra



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9) Existing commercial - long term lease in place + value add potential

10) Vendor finance / lease option

11) JV on low – medium risk strategies

12) International property purchase for cashflow hold - USA



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c) High Risk Strategies – Characteristics –
One or a combo of:


- **Higher price point** at purchase (>\$500k)
- **Higher risk market** e.g. low volume (<20,000 population) or mining/resource areas
- **Higher skill** level & experience required
- **Higher time** input required



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c) High Risk Strategies – Examples –


- 1) All low – med risk** strategies but purchased at higher price point, or higher risk area (e.g. low volume, mining/resource)
- 2) Option deals** (selling short)
- 3) Business real estate** e.g. caravan park, storage sheds, motel
- 4) Vacant commercial** or commercial involving DA &/or build



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- 5) **Lease & sub-lease** e.g. rent room by room
- 6) **Larger multi unit developments** & construction >4 units (commercial finance)
- 7) **Larger subdivisions** >4 lots – commercial finance
- 8) **DA and sell** with approval in place



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- 9) **JV** on higher risk strategy
- 10) **Syndicate deals** – multiple parties doing higher risk strategies
- 11) Deals done with **private money lending**
- 12) Purchase of **management rights**




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4. Equity - Impact on Strategy

a) No / Low Equity Strategies:

- 1) Implement **savings plan**
- 2) **Vendor finance** deal
- 3) Seller JV (**Joint Venture**) deal
- 4) **Builder** terms



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5) Lease & sub-lease
strategies e.g. sublease at higher rate

6) Option deal & flip (sell short)

7) Joint venture deal

8) Income split from leasing out a vacant commercial property

9) Services exchange e.g. Bartercard






b) \$0 - \$100k Equity Strategies:

1) Low price point **"Cheapy"**, reno to flip or hold & reval. Incl rent by room on existing dwellings

2) **Reno & 1 into 2 lot subdivision** in regional areas with low council subdivision costs e.g. Victoria



3) **"Cheapy"**, 1 into 2 lot subdivision, demolish house, sell one or both vacant lots

4) **"Cheapy"**, existing duplex or multi unit complex, strata title


5) Low price point **land purchase**, relocate house onto it – single shift

6) **Staged strategy** & reval. during process if necessary e.g. reno / subdivision

c) \$100k - \$200k Equity Strategies:

- 1) All strategies above in better areas e.g. larger population, closer to infrastructure, higher price point
- 2) Staging strategy & reval. during process still important
- 3) Purchase & construction of granny flat, single dwelling, or dual occupancy



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- 4) Strata titling deal up to 3 units – residential finance
- 5) Subdivision 1 lot into 3 or 4 lots max.
- 6) House relocation based on double shift
- 7) Small regional commercial deal



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d) \$200,000 - \$300,000 Equity Strategies – Sarah's Cash Allocation

- 1) All strategies from \$0-\$200,000 but in better areas e.g. larger population, closer to infrastructure, higher price point
- 2) Multi unit construction up to 4 units depending on site purchase price, quality & size of units e.g. in metro, higher quality, larger townhouses = 2 – 3 units?



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3) Existing commercial with value add potential
 4) Strata-titling resi or commercial up to 10 units




5) Larger subdivision up to 10 lots depending on location, council, ground works costs
 6) Commercial & business real estate < \$1M e.g. motel, back-packers, storage sheds etc.

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e) \$500k + Equity Strategies:

1) All strategies from \$0-\$300,000 but in better locations, higher price point & bigger multiples e.g. more units, more lots, larger commercial e.g. shopping centres, relocatable home parks, aged care facilities.



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5. Match Strategy & Location To Your Personal Circumstances

Sarah Summary

- Chunk deal & sell to pay off home loan
- 12 month deal OK
- Good equity & serviceability = \$250k AWE
- Limited time / demanding job
- 2hr Max travel time - start 1hr
- Limited experience = start small & build up
- Low risk tolerance

Strategy & Location:

- Low risk tolerance
- strategy hence
- low/med entry price point (<\$500k),
- Sell hence metro
- 100,000 pop,
- Within 1-2 hr Melbourne

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6. Implement 3 + 3 Rule

- Select 3 strategies (A,B,C) in 3 target locations (1,2,3)
= 21 combos – **Become strategy & area specialist**

A1	B1	C1	A+B1	A+C1	B+C1	A+B+C1
A2	B2	C2	A+B2	A+C2	B+C2	A+B+C2
A3	B3	C3	A+B3	A+C3	B+C3	A+B+C3

7. Select 3 Strategies

Sarah Summary

- See **Low Risk Tolerance** Strategy List
- 3 Strategies =

- 1) Reno
- 2) Subdivide 1 into 2
- 3) Construct single /dual occ

a) Low Risk Strategies - Examples:


4) 1 into 2 lot subdivision / title lift, rehab existing, sell 1 or both – low / med price point, high vol market, option to build single or dual occ on vacant land e.g. grannyflat



5) Strata 2-4 unit complex, hold & rental or sell some in med / high vol market – low / med price point, area with demand for unit living

8. Determine Max Purchase Price

- After Lunch!
- See Boot Camp Action Plan (pg 10 & 11)
- Based on Available Working Equity (AWE)



9. Map Your Travel Distance

- Map 100k radius from Melbourne (1hr travel) (www.freemaptools.com/radius-around-point.htm)
- Identify locations of 100k population (e.g. selling)

9. Map Your Travel Distance

- Greater Melbourne Metropolitan – 31 municipalities
- Geelong 225k pop (1hr) – 1 municipality
- Ballarat 100k pop (1hr 20min) – 1 municipality

If targeting smaller pop - shortlist 5 towns / suburbs

10. Select One General Location Based on Characteristics

- Decide between Greater Melbourne, Geelong & Ballarat based on:
 - Population growth (gives exit flexibility – sell, rent, reval)
 - Unemployment, Job growth & wages growth
 - Property cycle – recovery, upturn, downturn, stagnation
 - Infrastructure spending (project duration, \$ spend, job profile #/short /long term, current stage etc.)

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- Economic outlook
- Supply (# Listings & price trend)
- Demand (DOM trend)
- Rental vacancy rate
- Councils attitude to development
- Development approvals & activity = competition

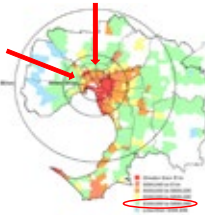


- Sarah - Target Greater Melbourne – closer, high pop, affordable areas <\$500k

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11. Research Heat Maps

- Sold / list price data
- www.realestate.com.au/invest
- From the CBD – moving outwards - ID areas at your entry price point – Remember ripple effect



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12. Research Infrastructure & Select Target Location

- Research:
 - Transport e.g. rail
 - Infrastructure = job hubs e.g. airport, hospitals, education
 - Planned infrastructure
- Select 5 suburbs meet your purchase price point



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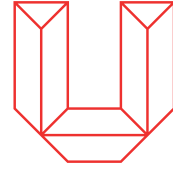
13. Prioritize Suburbs – Area Expert

- **Select top 3 target suburbs** – become area expert – know what market wants
- Renovation Strategy = **Grid Variance Analysis**
- Council Approval Strategy (DA) = **Town planner meeting**
- Find deals!
- **REMEMBER – No Perfect Deal!**






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3-DAY BOOTCAMP



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COACHING PROGRAM

SESSION SIXTEEN

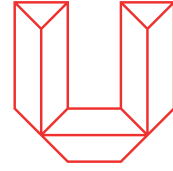
Website Review

Website Review

Action Required:

Who do I need to contact?

Time Frame:

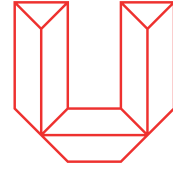


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COACHING PROGRAM

SESSION SEVENTEEN

Strategic Planning



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COACHING PROGRAM

APPENDIX 1

My Action Plan

Personal Financial Statement – Assets

Cash & Cash Equivalents

Institution Name	Account Type and #	Current Balance
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____
Total Checking & Savings Accounts		\$ _____
Total Cash & Cash Equivalents		\$ _____

Shares & Managed Funds

No. of Shares/Bonds	Name of Stock/Bond	Current Market Value
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
Total Value of Marketable Securities		\$ _____

Real Estate

Description	Current Market Value	
1. _____	_____	
2. _____	_____	
3. _____	_____	
4. _____	_____	
5. _____	_____	
Total Value of Real Estate		\$ _____

Other Assets (Include interests in Partnerships and Private-Held Stock, Cars, Jet Skis etc.)

Description	Current Value	
1. _____	_____	
2. _____	_____	
3. _____	_____	
4. _____	_____	
5. _____	_____	
Total Other Assets		\$ _____

TOTAL ASSETS \$ _____

Personal Financial Statement – Liabilities & Net Worth

Credit Cards

Name of Creditor	Amount Owed
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
Total Credit Cards and Revolving Credit Accounts \$ _____	

Other Loans (Car, Boat loans etc.)

Bank (or other lender)	Terms	Amount Owed
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
Total Unsecured Loans		\$ _____

Loans Secured By Real Estate

Bank (or other lender)	Terms	Amount Owed
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
Total Real Estate Loans		\$ _____

Other Liabilities

Name of Creditor	Terms	Amount Owed
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
Total Other Liabilities		\$ _____

TOTAL LIABILITIES \$ _____

TOTAL ASSETS \$ _____

NETT WORTH \$ _____

Personal Financial Statement – Annual Income

Gross Salary & Wages

Source	Annual Amount
1. _____	
2. _____	
3. _____	
Total Gross Salary and Wages \$ _____	

Rental Property Income

Source	Annual Amount
1. _____	
2. _____	
3. _____	
4. _____	
5. _____	
Total Rental Property Income \$ _____	

Dividends & Interest

Source	Annual Amount
1. _____	
2. _____	
3. _____	
Total Real Estate Loans \$ _____	

Income from Business or Profession

Description	Annual Amount
1. _____	
2. _____	
Total Income From Business Or Profession \$ _____	

Other Income

Description	Annual Amount
1. _____	
2. _____	
3. _____	
4. _____	
Total Other Income \$ _____	

TOTAL ANNUAL INCOME \$ _____

Portfolio Analysis

Property Name	Income P/A	Property Expenses B	Interest Rate	Interest \$ C	Net Profit D	Est % Growth E	Est \$ Growth F	Value \$ G	Loan \$ H	Equity \$ I	% Roi Equity J
	A	B	Loan Interest Rate	Loan Interest Per Annum	A-B-C	5%	G * E	Current Value	Loan Amount	G-H	(D+F)/I X 100
EXAMPLE - 10 SMITH ST	\$ 31,200	\$ 2,000	6.99%	\$ 20,970	\$ 8,230		\$ 25,000	\$ 500,000	\$ 300,000	\$ 200,000	17%
TOTAL											

Personal Collateral Calculator – Based on Ability to Borrow

Example: \$450,000 Property with a mortgage of \$275,000

1. Property Value X **80%** = Maximum Loan
1. **\$450,000 X (0.80) = \$360,000**
2. Maximum Loan – Mortgage = Available Equity
2. **\$360,000 – \$275,000 = \$ 85,000**

Property Value; **\$450,000**
Max% Loan: **\$360,000**
Mortgage: **\$275,000**
Available Equity: **\$ 85,000**

What is my Taxable Income? \$ _____

What is my likely Loan Value Ratio (LVR) _____ %

(If you are unsure ask your WiZDOM Strategist)

Property 1

1. Property Value X ____% = Maximum Loan
1. _____ X ____ = \$ _____
2. Maximum Loan – Mortgage = Avail. Equity
2. _____ – ____ = \$ _____

Property Value: \$ _____
Max% Loan: \$ _____
Mortgage: \$ _____
Available Equity: \$ _____

Property 2

1. Property Value X ____% = Maximum Loan
1. _____ X ____ = \$ _____
2. Maximum Loan – Mortgage = Avail. Equity
2. _____ – ____ = \$ _____

Property Value: \$ _____
Max% Loan: \$ _____
Mortgage: \$ _____
Available Equity: \$ _____

Property 3

1. Property Value X ____% = Maximum Loan
1. _____ X ____ = \$ _____
2. Maximum Loan – Mortgage = Avail. Equity
2. _____ – ____ = \$ _____

Property Value: \$ _____
Max% Loan: \$ _____
Mortgage: \$ _____
Available Equity: \$ _____

Personal Collateral Calculator – Based on Ability to Borrow

Property 4

1. Property Value X ____% = Maximum Loan
 1. _____ X ____ = \$ _____
 2. Maximum Loan – Mortgage = Avail. Equity
 2. _____ – _____ = \$ _____

Property Value: \$ _____
 Max% Loan: \$ _____
 Mortgage: \$ _____
 Available Equity: \$ _____

Property 5

1. Property Value X ____% = Maximum Loan
 1. _____ X ____ = \$ _____
 2. Maximum Loan – Mortgage = Avail. Equity
 2. _____ – _____ = \$ _____

Property Value: \$ _____
 Max% Loan: \$ _____
 Mortgage: \$ _____
 Available Equity: \$ _____

Property 6

1. Property Value X ____% = Maximum Loan
 1. _____ X ____ = \$ _____
 2. Maximum Loan – Mortgage = Avail. Equity
 2. _____ – _____ = \$ _____

Property Value: \$ _____
 Max% Loan: \$ _____
 Mortgage: \$ _____
 Available Equity: \$ _____

Total Available Equity on all properties

\$ _____

Plus

+

Total Available “Cash and Cash Equivalents” (pg 1)

\$ _____

Less

-

Personal Safety Buffer

(How much do you need to be comfortable)

\$ _____

Equals

=

Total Available Working Equity (AWE) (Enter on pg 11)

\$ _____

5 Years

INCOME

High

EQUITY

High

Low

Low



Now

INCOME

High

EQUITY

High

Low

Low



Action Plan Calculator – Equity

Equity Now		\$ _____
Equity in 5 Years		\$ _____
Difference		\$ _____
Year	Month	
20 _____	_____	\$ _____
20 _____	_____	\$ _____
20 _____	_____	\$ _____
20 _____	_____	\$ _____
20 _____	_____	\$ _____
Total		\$ _____

How are you going to make it happen?

What is the maximum Purchase Price?

What is my intended strategy for my next property?

What can you afford?

Strategies:

Renovation	\$ _____
Strata	\$ _____
Subdivision	\$ _____
Council Applications	\$ _____
Reports (engineering, hydraulic etc.)	\$ _____
Removal House	\$ _____
Development Contributions* (major construction via construction loan)	\$ _____
Sub Total	\$ _____
10% overrun	\$ _____
Total	\$ _____

* Major construction would be dealt with via a construction loan however you may still need to contribute some funds depending on equity and end value.

STEP 1

$$\begin{array}{rclcl} \text{AWE} & - & \text{Strategy Costs} & = & \text{NAWE} \\ \$ \underline{\hspace{2cm}} & - & \$ \underline{\hspace{2cm}} & = & \$ \underline{\hspace{2cm}} \\ \text{(from pg 6)} & & & & \end{array}$$

STEP 2

$$\begin{array}{rclcl} \text{NAWE} & \div & (0.06^* + \text{reverse LVR}) & = & \text{Purchase Price} \\ \$ \underline{\hspace{2cm}} & \div & \$ \underline{\hspace{2cm}} & = & \$ \underline{\hspace{2cm}} \end{array}$$

Note:

- AWE = Available Working Equity
- NAWE = Nett Available Working Equity
- Reverse LVR is the difference between the % LVR the Finance Company will give lend you and 100%.

Examples:

LVR	Reverse LVR	As a decimal
90%	10%	0.10
80%	20%	0.20
70%	30%	0.30
60%	40%	0.40

*0.06 = 6% - This is the percentage of the purchase price that should be allowed for when purchasing a property to cover costs. These costs include stamp duty, legals, building and pest inspections, mortgage application costs etc.

Example:

Step 1

$$\$100,000 - \$30,000 \text{ (reno)} = \$70,000$$

Step 2

$$70,000 \div (0.06 + 0.20) = \$269,230$$

Now to Quantify Income Restrictions

1. What's your taxable income now? \$ _____

2. What is expected rental income from new purchase(s)? \$ _____
(N.B. annual rent, not passive)

3. How much is the bank likely to shadow this income? _____ %
(What is percentage of rental income the bank will accept?)

e.g. Adjusted income from new purchase(s) – \$ _____

$$(\$30,000 \times 80\%) = \$24,000$$

100

4. Total Income for Serviceability \$ _____

Plug this number into any one of the major banks borrowing capacity calculators on the internet and determine my serviceability limit based on this income.

How much could I borrow based on this income? \$ _____

What is my Equity Capacity Limit? \$ _____

What is my Income Capacity Limit? \$ _____

Which one is the lesser? \$ _____

Notes:

Which one is my weakness?

What type of deal do I need to do to strengthen this weakness?

Year One	January	February	March	April	May	June	July	August	September	October	November	December
Current Properties												

Year Two	January	February	March	April	May	June	July	August	September	October	November	December

Year One

How much passive income is required? \$ _____

How many properties will be required to achieve this income? _____

Where are these properties likely to be located?

How much equity do I need to create ? \$ _____

(Remember if you are using \$x to buy a cash cow you need to be at a minimum, replacing this amount through manufactured growth strategies to be able to continue to invest.)

How many properties does this equate to? _____

Where are those properties likely to be located?

Make it Happen!!

Year Two

How much passive income is required? \$ _____

How many properties will be required to achieve this income? _____

Where are these properties likely to be located?

How much equity do I need to create ? \$ _____

(Remember if you are using \$x to buy a cash cow you need to be at a minimum, replacing this amount through manufactured growth strategies to be able to continue to invest.)

How many properties does this equate to? _____

Where are those properties likely to be located?

Make it Happen!!

Strategies for No Equity / Cash (cont)

What types of Vendor Deals suit my personality and personal strengths?

What type of personal exertion strengths do I have that could be converted to % share of the profits?

What is my weekly allocation of time to commit to my property business?

DYMPHNA'S PROFESSIONAL NETWORK

Finance and Lending Experts – Wizdom Loans

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Email: loans@wizdom.com.au



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Email: info@pacificlaw.com.au



Investor Pacific Structures

Specialising in setting up companies, trusts and other legal structures for investing in, and developing, property.

Ph 1300 411 653

Email: info@investorpacificstructures.com.au



Real Estate Success 'Millionaire Makeover'

Your Name

First Name: _____ Surname: _____

Occupation: _____

Partner/Spouses name

First Name: _____ Surname: _____

Occupation: _____

Income:

Are you self-employed? Yes / No

Your Annual Income

\$ _____

Partner/Spouses Income

\$ _____

No of dependents: _____

Age of Dependants: 1. ____ 2. ____ 3. ____ 4. ____ 5. ____

Assets/Liabilities:

Property	Address	PPR/Investment	\$ Current Value	\$ Loan	Ownership (trust, self etc)

Other Assets: (I.e. Boat, vehicles, "Boys Toys", Antiques, Art etc)

Type:	\$ Value
_____	_____
_____	_____
_____	_____

Superannuation: Self-Managed? Yes/No

\$ _____

Insurances:	\$ Life	\$ Trauma	\$ Income
_____	_____	_____	_____

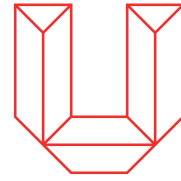
Your goals

12 months: _____

2 years: _____

5 years: _____

10 years: _____



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REAL ESTATE SUCCESS
COACHING PROGRAM



Welcome to the best training of your life.
You can seriously change your future
with the Ultimate Real Estate Success
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<http://ultimate.iloverealestate.tv>