



Home >> Insider Newsletter >>

PropertyInvesting.com 'Insider'

Discover proven tips, strategies and techniques to dramatically increase your property investing profits

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Hi, I hope you've had a great month and that you've been able to avoid the nasty flu that's going around at the moment. It's a real shocker, and nearly everyone I know seems to have been taken down in some form or another.

It's newsletter time again and this month I thought I'd share a really useful tip when submitting offers to buy real estate. It's something reasonably simple, which is probably why it's often overlooked.

August's quick-list topics are:

- [Update: What's The Latest News About The Mentoring Program?](#)
- [Revealed: A Great And Simple Way To Dramatically Improve Your Offers](#)
- [Forum Post Of The Month: How To Add Value To A House](#)
- [MasterClass Update: Seats Are Running Out Fast!](#)

Update: What's The Latest News About The Mentoring Program?

With well over 2,000 emails received, last month's announcement of the upcoming mentoring program has certainly generated a lot of interest. I've spent the past few weeks beavering away behind the scenes preparing a comprehensive plan. I expect the details to be finalised by mid-September, but at this point I can share that:

- The mentoring program is THE most exciting project I have EVER been involved with.
- Those who are able to secure a spot will benefit from:
 - The support needed to be your best through the personal assistance of a dedicated financial coach delivering telephone and email support
 - Access to the 'fast facts' needed to make informed and profitable investment decisions. This will be provided via regular videos and e-seminars, a dedicated forum board and a monthly information pack
 - A personal invitation to attend a quarterly MasterMind power session (full day) that will fine tune your investing. Entry to this event will be free, and only mentoring participants can attend.
 - And much, much more.
- There will be two types of mentoring offered: Standard and Premium. Premium spots will be strictly limited and will be reserved for those who are able to demonstrate outstanding dedication to achieving their goals. I'll be taking a particularly special interest in the progress of Premium mentoring program participants through a variety of means - including ongoing phone contact and by allocating personal one-on-one time at the premium member's bi-annual retreat.
- I'm keen to keep the price as affordable as possible, which is why the standard package will be around the daily cost of a nice cup of coffee. There will also be a monthly payment plan to allow for those on a budget.
- In the first instance, less than 10% of the people who have already applied can be accepted. This means that competition to secure a place will be strong, which is why I'll provide 48 hours advance notice prior to the mentoring program becoming available. Spots will then be offered on a first-come-first-served basis via online application and payment.
- Those who've pre-registered their interest will receive, in approximately two

weeks time, a detailed email outlining the nuts and bolts of the mentoring program. If you're interested but haven't yet registered then you haven't missed the boat quite yet, however I'd urge you to do so now online at <http://www.propertyinvesting.com/sima/click.php?id=77>.

- Once again, I'm very excited at the prospect of being able to profoundly impact peoples' lives in a very positive way. As such, I'm really looking forward to the launch of the mentoring program in only a matter of weeks.

Call to Action

- If you've already registered your interest then keep an eye out for an email which I'll be sending in the next two weeks.
- If you're interested but haven't registered then you can still do so at <http://www.propertyinvesting.com/sima/click.php?id=77>

Revealed: A Great And Simple Way To Dramatically Improve Your Offers

Making an offer to buy an investment property is a 'heart in your mouth' experience. I still vividly remember the offer process on our first investment property. Having just completed the inspection, Dave and I were standing on the nature strip across the road as nervous as kittens. The vendors were inside while the agent ferried offers and counter offers to and fro between us. Each time the agent disappeared inside, Dave and I would chat excitedly, speculating about what would happen next.

Given our lack of experience and ignorance about how to properly structure a property deal, it was a miracle that we didn't lose a small fortune.

There really is an art to making successful offers. Sadly though, many investors are preoccupied with submitting low-ball (i.e. well below asking or market price) offers that don't meet the needs of the vendor and therefore have next to no chance of being accepted.

After making hundreds of offers to buy investment property, I've discovered that there are five critical success factors that distinguish a good offer from a bad offer. While all five are outlined in Chapter Seven of BuyerBeware (see: <http://www.propertyinvesting.com/sima/click.php?id=81>), I thought I'd share with you the fifth factor, which is the requirement that all offers must contain a sunset clause.

One of the frustrations of making offers is that agent's are sometimes quite tardy in getting back to you with a timely response. This was particularly so during the recent boom when there were more buyers than sellers which allowed lazy agents to get away with sub-standard service.

While the market is now more competitive, sluggish agents still need to be prompted into action, and this can be nicely done through a sunset clause.

A sunset clause is a short statement that you include in the contract that specifies that your offer will lapse at an identified time on an identified date. For example, the wording I use is: "This offer, unless earlier withdrawn, will lapse at (time) on (date)."

Without such a clause you run the risk that your offer is open-ended, meaning that it remains current and valid until accepted or rejected by the vendor. This can be quite dangerous as you lose some degree of control over your offer, and if you are making multiple offers then the danger is compounded on the basis of potential insufficient funds should they all be accepted.

So, how much time should you allow in a sunset clause? Unless there are unusual circumstances (such as the vendor being overseas or otherwise hard to contact), I think an hour prior to the close of business on the second working day is sufficient. For example, if you make an offer at 11am on a Monday, then I'd have the sunset clause lapse at 4pm on Wednesday.

The only exception to this rule is that I generally don't like to leave my offers open over a weekend. This is because the weekend is the main time for potential homebuyers who tend to buy on emotion rather than price meaning that my offers may be vulnerable to being trumped by non-investors.

Therefore, for offers made on a Thursday or Friday, I would prefer to have the

deadline as 4:30pm on the Friday. This is not a hard and fast rule though and it is important to remember that the key to making successful offers is to meet the vendors need for selling. The sunset clause is designed to add pressure to the agent to submit the offer rather than making or breaking the actual deal.

Remember, you can always extend a sunset clause, however you want to use it as a way to motivate the agent to get busy with submitting your offer and providing feedback.

Finally, if the agent advises that the vendor has accepted my offer after the sunset clause has lapsed, then I will not agree to proceed. While it would be easy just to accept and move on, it is a matter of principle that you need to train the agent into understanding that your word is your word.

Therefore, I will counter offer again on slightly different terms. For example, I might ask for a few hundred dollars off, or else extend the settlement terms. Would I do this on every occasion? Yes, even if it seems to shoot me in the foot as the strength of your investing system will determine the strength of your investment portfolio.

There really is an art to making offers, and if you're not currently experiencing much success then I'd encourage you to change the way you're operating. I only ever make an offer if I believe it has the realistic chance of being accepted. Otherwise, my time is too valuable to be wasted on submitting low-ball offers.

Call to Action

- Make sure every offer you make has a sunset clause. It doesn't need to be anything fancy, however be sure to have the wording you use checked by your solicitor so that it's watertight.
- If you'd like to know more about how to write winning offers then I can thoroughly recommend BuyerBeware as an affordable and useful resource. See <http://www.propertyinvesting.com/sima/click.php?id=81>.

Forum Post Of The Month: How To Add Value To A House

This month's post <http://www.propertyinvesting.com/forum/topic/19207.html> comes from Gattaga who writes:

"I have read that cladding a fibro home could add \$30,000 in value to the house. Is this true? I would like to know what other people do to add value and how much."

The money-making making formula when renovating a property is to add more perceived value than actual cost, as the margin represents your profit.

While the list of possible ways to add value is as long as your arm, let's focus on cladding since it's the topic of your post. Cladding is an external 'shell' that is predominately used on weatherboard houses that are prone to deterioration after long-term exposure to weather. That is, weatherboards fade, chip, peel and rot and eventually need to be repainted and replaced which can be a costly exercise.

The material used to clad a weatherboard house is usually aluminium, although these days vinyl-wrap is also available as a cost effective synthetic substance. Generally, cladding is far cheaper than the cost of replacing and painting most of the weatherboards, however the whole house (rather than just a section) will need to be done.

More often than not, there is more emotional charm associated with a nicely presented weatherboard home than there is with a clad house, and given emotion drives prices, my inclination would be to allocate my budget to exterior painting (for looks) and interior functionality (as people live inside), rather than exterior functionality at the expense of interior improvements.

That is, I would go with short-term charm over long-term benefit given that I won't be the owner and that I'm trying to get the maximum price possible. Don't do a cheap and nasty job though!

I don't feel the same way about rendering. Rendering is applying a concrete film to the

exterior of a brick house which is then painted.

Rendering is a fantastic way to transform an old and dated orange-brick or cream house into a modern residence, and since the focus is on style rather than functionality, there is normally more value that is added than cost incurred.

Just remember that the name of the game with value adding is to enhance emotion. Functionality is great when it's your home, but is of limited value for an investment property as the cost usually outweighs the benefits.

Call to Action

- If you have a story to share about cladding or rendering then please post it at <http://www.propertyinvesting.com/forum/topic/19207.html>.
- Be sure to know the cost of the upgrade you're planning and focus on adding more perceived value than actual cost. Cladding to add functionality is unlikely to be cost-effective as it creates less emotion than a nicely presented weatherboard home.

MasterClass Update: Seats Are Running Out

MasterClass is PropertyInvesting.com's flagship seminar for investors looking to acquire practical and profitable information about how to make money in the current market. Time and time again we receive extraordinary feedback - not just about the event but also post-seminar from those who have been able to apply the information in a wealth building way.

The recent Melbourne MasterClass was no exception. Judging by the feedback forms, although suffering from the flu, a truckload of prayer and a handful of cold pills helped me deliver one of my best seminars ever.

"This seminar is a must if you are serious about taking the next step and if you want to start making real money." - Emma W.

I realise the seminar market is flooded by promises of quick riches. MasterClass is not such an event. It is a comprehensive full-day training that comes with detailed course notes and is delivered in a factual way that focuses on helping you see what's holding you back as well as identifying strategies you can use to improve your investing returns.

"Attending MasterClass has provided me with the courage to cease giving in to my self excuses. I now feel better about where I am, and have acquired the motivation and knowledge to move forward." - Sherrie L.

If you're serious about your investing then MasterClass is an event that will refocus your passion while also delivering practical strategies for both capital gains and cashflow investors.

"Even though we have made good progress in our investing strategy (29 properties in 18 months), attending MasterClass has helped accelerate our progress to the next level." - Tony L.

Due to a very busy 2006, I will be running a reduced number of MasterClass seminars. Therefore, even though some of these events may be quite some time in the future, I urge you to consider booking for three reasons:

1. Seats are limited and MasterClass seminars usually book out several weeks (and sometimes months) in advance; and
2. There's currently a \$100 'The Aussies Are About To Lose The Ashes' discount which will only be available until the 12th of September (the day the ashes series ends). Therefore, instead of paying \$695 per seat, if you act quickly then you will secure your spot at a great discount price.
3. I recently spent two weeks creating a vastly expanded 67 pages of comprehensive course notes. Needless to say that this will be an excellent post-seminar resource that will cement all the great new knowledge you'll glean.

The scheduled dates for upcoming MasterClasses are as follows:

- **Sydney:** October 23, 2005 (Only 14 Spots Left)
- **Brisbane:** February 26, 2006 (Seats Selling Fast, Only Brisbane MC in 2006)

- **Melbourne:** May 7, 2006 (Just Released)

"This seminar 'always' teaches you new things. It is a great networking opportunity. This is my second time and I wasn't disappointed!" - Tania A.

I urge you to avoid delay and book now by:

- Using our secure encrypted online server at <http://www.propertyinvesting.com/sima/click.php?id=80>, or else
- Calling 1800 660 630 (note: an additional \$10 phone charge applies)

Call to Action

- Don't miss out, secure your place now by booking online at <http://www.propertyinvesting.com/sima/click.php?id=80>
- Remember that your attendance is covered by our 100% satisfaction guarantee. This means you can stay until morning tea and, if you are in any way dissatisfied, then ask for and receive a full refund. You can even keep the comprehensive course notes as our gift.

Final Words

That's it for the August newsletter. Let's hope that the Aussies lift their game in the Ashes or else we're in for a few years of British sledging!

As always, thanks for your continued support and membership of PropertyInvesting.com. You're welcome to send this email to others; all I ask is that you remind them that they can join the mailing list for free by going to <http://www.propertyinvesting.com/register/newsletter.asp>

Until next month, remember that success comes from doing things differently.

Regards,

- Steve McKnight

P.S. Don't forget that I'd love to receive your feedback on any matter. Drop me an email at feedback@propertyinvesting.com

P.P.S. The web address to book your MasterClass seat is <http://www.propertyinvesting.com/sima/click.php?id=80>

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