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## PropertyInvesting.com 'Insider'

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

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Happy New Year!

Here's what's on offer in this month's information-packed Insider:

- [Part Two: No and Low Down Deals - are they really possible?](#)
- [How to evaluate a property deal with ease... in less than five minutes!](#)

As always, there's plenty to discuss - so let's get straight into it!

### **Part Two: No and Low Down Deals - Are They Really Possible?**

Many people are interested in property investing but are worried that they lack the necessary capital to either get started or keep buying.

The truth is that, as investors, we only have a finite amount of our own cash, and, for many, once it's gone then they stop thinking about expanding their real estate empires.

However, savvy investors don't let dwindling personal capital reserves stop them from maintaining their momentum because they understand that if the deal is good enough, then others will be interested in gaining a slice of the profit pie.

Unfortunately, it's a fact of investing life that you will need to use money when buying real estate. Yet no one ever said that it has to be entirely all your own hard earned cash!

Gaining access to other people's money (OPM) provides the mechanism that powers the possibility of a low or no money down deal, meaning you can purchase a property using little or maybe even none of your own money.

Last month's newsletter (accessible at <http://www.propertyinvesting.com/backissues>) outlined how you might be able to convince the vendor to leave some money in the deal. This month let's focus on techniques that use external financiers and/or money partners to fund the shortfall between your purchase price and what a first mortgage provider is willing to contribute.

#### **OPM Option 2 - External Financier/Money Partners**

It's critical to remember that there are plenty of time-poor yet money-rich folks out there who have idle cash looking for a high yielding home. Yep, they're just waiting for a great opportunity to jump up and present itself because they're simply too busy with work commitments to find the time to invest for themselves.

But, as I wrote in my second book, Problem + Solution = Profit. This means that if you can provide a solution to someone's idle money problem then you can potentially unlock a nice profit rather than having to wait until you have enough cash in your own right to keep buying.

##### *1. 100%+ Borrowing*

If you have enough existing equity in another asset, the easiest way to complete a nothing down deal is to borrow against this equity and use the funds to top up any shortfall.

For example, let's say you own your home outright and want to buy an investment property for \$200,000. Well, the ABC Bank may lend you \$160,000 (80% first mortgage finance), and then you can borrow the remaining \$40,000 plus closing costs using the equity in your home.

This example is commonly used by developers hawking off-the-plan property who advocate using a line of credit against an existing home to facilitate the 100% finance of a new investment property.

Be very careful though, with increased borrowings come higher interest costs and risk in general. Don't send yourself to the poorhouse for the sake of expanding a property empire that's doomed to fail!

If you don't have wads of equity, the following options are also available.

### *2. Private (Unsecured) Finance*

This form of private finance is the most straightforward, as the lender provides an agreed sum of money, for an agreed period of time, for either an agreed percentage interest rate or else a flat fee.

For example, a private financier may lend you \$50,000 now in return for \$65,000 in three years time (note: the interest rate in this transaction would equate to simple interest of 10% per annum).

There is no precedent for the particulars (i.e. interest, term, repayments etc.) of the loan, except to say that if those providing the funds are in the business of investing then they need to be mindful of consumer credit laws and other legislative requirements.

If you need private finance then the place to start is a phone call to your accountant or lawyer who should be able to set up a meeting with one of their high net-worth clients.

### *3. Second Mortgage Money*

Obtaining a second (or third etc.) mortgage from an established institution is another form of OPM. A few years ago now, second mortgages were commonly sourced from client money held on deposit at solicitors' offices. The opportunity is still available today, but usually only the larger firms offer this service and it does not come cheaply.

While solicitors' funds have become scarce, today second mortgages are routinely offered by non-conforming lenders - just make an appointment to see a mortgage broker to discuss your options or else submit an inquiry at <http://www.propertyinvesting.com/finance>.

### *4. Joint Venture Money Partner*

The final area of OPM that I want to briefly touch upon is the use of a joint venture money partner. In this case, in order to complete your transaction, if you have a deal but no cash, then look to join forces with a fellow investor who has money but lacks an opportunity to use it effectively.

The terms of this relationship is anything agreed to by both parties. Having said that, some general points that need to be discussed and fleshed out in writing include:

- Your purpose or goal in combining forces
- Duties and responsibilities of each party, including decisions pertaining to the management of the asset and the behind-the-scenes administration
- Split of profits and losses and how / when they will be distributed
- Length of the agreement
- What to do if a party wants to terminate the agreement
- Dispute resolution

Generally speaking, the industry norm is to share the profits on an equal basis, but this assumes that each party is contributing an equivalent resource.

If you want to find a money partner then the best place to start looking is at an investment seminar, such as one of my Master Class events (See: <http://www.propertyinvesting.com/sima/click.php?id=46>). Alternatively, you can attend local investment club functions or ask your accountant or solicitor if they know someone who might be interested.

The key to being able to access OPM is to maintain a broad network of contacts. Ultimately, there are people with surplus money looking for a place to park it in the short, medium and long term which means that if you can package up the right deal to the right network, then you'll soon see the money start flooding in.

The bottom line is that you shouldn't let a lack of capital stop or hinder your investing progress. Provided you have a good reputation for making money, as you shop the deal around with your established network of contacts you'll soon see that the money finds you (hence the phrase - money follows management)!

You are invited to post any questions or comments about this discussion topic at <http://www.propertyinvesting.com/forum/topic/14645.html>

### How to evaluate a property deal with ease... in less than five minutes!

I'm not easily excited, but at the moment I'm very enthusiastic about a great new product that's about to be released on PropertyInvesting.com

For quite some time now I have been most unimpressed by the grim pickings of available software when it comes to evaluating deals and also managing your property portfolio. And, depressingly, what seemingly useful software is available costs an arm and a leg to buy.

Well, I have some great news. After months of development that has seen me work closely with a professional programmer, I have created my own powerful and effective computer software that is easy to use and, best of all, very affordable!

It's called 'Investment Detective', and it offers you the ability to track an unlimited number of deals for an unlimited period of time. It's a perfect resource for those who just want to plug in the variables and have all the number crunching done for them behind the scenes, thereby allowing them to concentrate on finding profit making opportunities rather than being hamstrung by paperwork and chained to the computer.

You certainly don't need to be an accountant or maths professor to use Investment Detective. Provided you can use a mouse and type in numbers on a key pad, after a few minutes of familiarisation you'll confidently be able to put this software to work to track down your potential and existing property profits.

It's already proven to be very popular with those who were lucky enough to secure an advance copy. Here's a few of the comments we've received thus far:

"Investment Detective helped me to analyse a potential deal which looked too good to be true. Although I was very keen to buy my first positive cashflow investment property, the figures generated by Investment Detective ensured I made the right decision based on commonsense rather than emotion. I'm confident Investment Detective will help other investors make rational investment decisions; it's money well spent!!!"

- Raymond C.

"Investment Detective works for me! It's easy to use and has helped simplify the analysis and management of my property portfolio. Give it a go, you won't be disappointed."

- E. Ware

Investment Detective comes with the following features:

- **Quickly and conveniently monitor your overall property portfolio with a handy all-inclusive summary report**
- A very helpful wizard that allows you to easily input data so it will only take you a few minutes to perform a detailed evaluation on a potential property
- **Fantastic time saving features such as the automatic loan repayment, stamp duty and land tax calculators - just enter in the parameters and the answer is provided**
- Focus on both traditional and cashflow profit measures that allow for both cashflow and capital gains

outcomes

- **Very useful break even analysis that tells you how much interest rates can rise to before your cashflow is swallowed up**
- The flexibility to track an unlimited number of properties over an indefinite time frame
- **You can set your own date for the start of the year, making Investment Detective relevant to your situation**
- A tremendous 'What-if' feature that allows you to test the impact of a change in revenue, costs or loan interest without altering your actual data
- **The convenience of being able to keep track of key dates and also the contact details of your key advisers at the click of a mouse**
- Potential to save a significant amount of money by cutting down the time your accountant spends doing your tax return. Simply print off the summary report and send it to your adviser
- **And much, much more. See for yourself with the short video I've created that demonstrates this software. You can view it online at <http://www.propertyinvesting.com/sima/click.php?id=44> right now!**

The bottom line is that Investment Detective can potentially save you a significant amount of both time and money by releasing you from the burden of administration and manual number crunching.

I'm so confident that you'll be impressed by this product that, if you are in any way dissatisfied, then simply return it for a full refund of your after-postage purchase price.

How cost effective is Investment Detective? Well, its nearest rival starts at \$245, but we're a little more reasonable than that, which is why we've set the recommended retail price at just \$199.

However, for the duration of the launch special, we have sharpened our pencils considerably by slashing a further 50% off, meaning you can start to more effectively manage and control your property portfolio for just \$99.50 plus postage and handling.

Better yet, upon making your purchase, you'll be given a special web address where you can instantly download the software so you can benefit immediately. We'll also send you CD master in the mail too.

As mentioned, Investment Detective is covered by our 14 day money back guarantee meaning that you can trial the product, and, if you're not completely happy, simply return it for a full refund (ex-postage and handling).

I'd encourage you to ask yourself 'What do I have to lose?' I'm very confident that you'll find Investment Detective to be heaven-sent in assisting you to evaluate deals and manage your properties. If I'm wrong then you can get a refund!

Investment Detective is great software that you'll find is excellent value for money. Take advantage of the special offer currently available by placing your order online now at <http://www.propertyinvesting.com/sima/click.php?id=44> or, for \$10 extra, call 1800 660 630.

## Summary

Lack of finance really shouldn't be an excuse that prevents you from increasing your property portfolio.

There are low and no money down strategies that you can use to harness the power of either your own equity or other people's capital to help fund any cash shortage you may be facing.

The four ideas canvassed this month centre on the theme of using external financiers and money partner capital.

For example, if you have other investments with equity, you can borrow against that equity to finance 100%+ of

your purchase price. Alternatively, you could seek out an unsecured loan from a private source or look to a non-conforming lender for a second mortgage.

Also, don't forget about joint venture money partners. Yes, you'll have to share the profits, but 100% of nothing is nothing, so any idea that helps you to continue to build wealth should be seriously considered.

I'm confident that you'll find Investment Detective to be software that dramatically improves the way you analyse both potential and existing deals. It is very easy to use and has been purpose written by investors with the aim of freeing up your time to do what makes you the most amount of money.

The launch special of \$99.50 (plus postage and handling) really is an exceptional offer. Remember that your purchase is protected by our no-risk 14 day refund policy. Take advantage of this special price while the offer remains open by ordering online at <http://www.propertyinvesting.com/sima/click.php?id=44>.

Well - that's it for the January 2005 edition of Insider. It seems that we've only just got over Christmas and already Easter eggs are appearing on supermarket shelves! Oh well, resist the temptation as best you can, and, until next month, remember... success comes from doing things differently!

Sincerely,

Steve McKnight

P.S. Don't forget to check out the 'home movie' I've made outlining the features of Investment Detective. View it now at: <http://www.propertyinvesting.com/sima/click.php?id=44>.

P.P.S. The massive 50% off intro special won't last forever. Order now at <http://www.propertyinvesting.com/sima/click.php?id=44> while this great opportunity remains open.

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