

## My story, My First Deals...

**Dymphna:** During the break I was asked, how do you say your name? Well I'll tell you, it's Dympna, the 'h' is silent, so it's not Dymphna, it's Dympna. My joke is that I was named as the last of seven children and by the time my mother got around to me, she ran out of names. But the real story is, I was actually named after an author, an Australian author by the name of Dymphna Cusack who died in 1981 and she wrote about the injustices basically to Aboriginals in this country and they were novels, like she was a story teller but it was in and around how things were in early Australia, so it's kind of funny I guess that now I'm a published author on a number of different books. I guess mom didn't really realise that when she called me Dymphna.

Okay, what I'd like to do now is go through my story and the reason I want to do this is so that you can understand who I am and a little bit more about where I'm coming from but also so that, you can learn from these strategies. I've got students today who are out there doing exactly these strategies and, I mean let me just give you a little bit of my background.

I grew up in Central Queensland in the bush. I grew up on thousands of acres of cattle stations and my father, bless his heart, he bought these all of these cattle stations at a loss, all his life.

His grandfather made the money. His father maintained the money and my father progressively lost it all through his entire life. I'm the last of seven children and there's eight years between myself and my next sibling, so I'm a long way last. So most of the damage was done before I ever became kind of aware of any financial matters and all that kind of stuff but probably it makes you understand why I'm such a control freak around money.

In the bush it's a very different lifestyle. I had a great life but it's very different from probably what the lifestyle you guys had growing up. My best friend's were my horse, my gun and my dog and because I

had a relatively lonely kind of childhood, that was good because what it meant was that I a lot of time to think and that was a really good thing that has taught very well throughout life to be really a thinker.

Going through schooling, I got good grades. I was a smart kid with good grades. Coming out of schooling, according to my mother, who had fixed opinions about things, there were only two decent occupations for women and that was either to be a teacher or a nurse. Now I had two sisters teachers and two sisters nurses and the rest were sons (brothers to me) and, of course, maybe because I'm the youngest and the spoilt one, I didn't want to be either.

They were great professions but I didn't want to be either. I kind of laugh now though because my mother got her way in the end - in death mom won - I'm here talking to you, so there you go. So going through university, coming out of school, I said, "Okay, what I'm going to do? But I don't want to be a teacher or a nurse, what else can I do? And there's, "I'm going to be a vet. That's what I'll do. I'll be vet." Do we have vets in room? No? Okay, well I got to university - got the grades - enrolled in university and I found that I had to do six years of chemistry. I hated chemistry. So it's, "Oh I can't handle this," and then in the first week, they had female vet come talk to us and one of the things that she said was that realistically as a female vet, you are probably gong to have to have your hand up on cow's butt for the rest of your life. I'm thinking, "Charming, that's not quite what I signed up for here, " so I thought, "You know what, I don't want to be a vet." So I had an escape clause, I actually got offered a scholarship to go to Thailand.

Now you can imagine growing up on thousands of acres to go and live in downtown Bangkok. It's sort of like talk about a culture shock, but that's what I did. I went and I lived in Bangkok and I learned a lot; walk across 12 lanes of traffic one at the time, squeezing in between, tuk tuks and, oh my goodness, it was fabulous. But it was the best thing that ever happened to me because the family that I stayed with,

the woman in particular, she was very high up in business. She had a number of her own businesses as well as working for Shell Oil and she taught me a lot. I owe her a huge debt of gratitude and when I came back, I said, "That's it. I'm going to be an entrepreneur. I'm going to go into business. That's what I'm going to do."

So I did a double degree in economics and accounting and I sort of got out of there and I worked as both, but I went straight into chartered accounting. I went into Coopers and Lybrand here in Sydney actually, and for anyone who is in the accounting field, you'll understand what I mean when I say, "I did my time. I've served my sentence and I escaped,"

I got out and I was head hunted. I went out and I was the financial controller of a number of different organisations. I was a financial controller for stock broker firm, a merchant bank at one stage, I had a lot of experience. I was a financial controller of a lot of different companies in the mining industry actually.

I used to be sent out to fix things; I was the fixer. If things weren't going well or not profitable, or they had problems with staff – whatever - I'd get sent out to the mine site and I would typically stay there for anywhere between six months and two years and fix it. When it's all up and running profitably and everybody is happy and that kind of stuff, I'd leave, I get bored and moved on. I worked in the manufacturing industry. I was even a financial controller for a liquor distribution company at one stage and we had the best parties.

So it came as a bit of a shock when I got to my early 30s, found myself going through a very messy divorce and I walked out on that divorce with a grand total of \$40,000 in my back pocket. I was like, "Where did all the money go?" I earned a lot of money in those early years and it's like, "Where did it go?" Well, I know where it went, I spent it on my first husband but you live and learn. As long as you learn from these mistakes, it's okay.

I went into survival mode at that stage because I had a grand total of \$40,000, I was pregnant and I had baby in arms. I had given up my career to try and save the marriage, which obviously didn't work, and at that stage, I had decided.

I moved back to Queensland and I had all my tickets. The easiest thing for me to do was to setup an accountancy practice, so I could at least be at home with the kids because my corporate life meant that I was away a lot. That's what I did. I setup a practice on the Sunshine Coast in Queensland and you can imagine it, I'm six to eight months pregnant out there walking the streets and introducing myself to businesses. I was going in cold - didn't know anybody - so I'm out there, walking around, talking to businesses, and introducing myself. I'm looking charming in all my gloriness being huge and I don't know if they felt sorry for me and took pity on me and gave me their business or not, but my business grew.

Maybe they were just shocked that I'm an accountant that actually gets out and talked to somebody - so that's what I did. My business grew and actually it's a policy that I kept going for all of my accounting career; every week I would make a point of at least a morning or an afternoon, I would get out and just walked to my clients businesses to say, "Good day," and "How are things going?", "What you're up to? Can I help you with anything?"

No charge, or anything like that, and I would just hang and talk to people, and my business grew. It grew really well but I was juggling, sole parenting, and the business and all that kind of stuff, and it was hard. It was really hard and I was a lousy mom. I was working 40 to 60 hours a week.

I remember sitting in my office. I was watching the sun go down because I had this really big window that faced the western sun, which sounds lovely, but it means it is very hot in summer. I remember watching this sunset because there were spectacular

sunsets and I remember sitting there thinking, "I don't want this for the rest of my life."

I was doing everything right - everything that I could possibly do I had in place. I had perfect money management skills, I had my debtors under control. I had my creditors under control. I was really managing things really well. I had my money management right.

I made my \$40,000 stretch so I had house to live in which was a two-bedroom fibro shack which leaked when it rained and I had the office at which I worked and bought that as well. I was doing everything I possibly could.

There was nothing that I thought I could do any smarter to get a better result. So I thought, "Okay, what else can I do?" because I'm sitting there and clock watching. I don't know if any of you guys had kids in day care? I had to put my youngest at that stage into day care and she was six weeks old and that hurts. As a mother who put their child in full time day care, six weeks old, it hurts and I'm sitting there and I'm clock watching. I'm looking at the clock because if you don't pick your kids up at six o'clock, they charge you one dollar a minute per child, so I didn't want to be late.

I remember thinking my life sucked, but it didn't actually suck, it was just that it wasn't what I wanted for the next 20 or 30 years. The thing was, all of my professional training, all of my understanding as to how things work and how are you going to do things, was geared around this 20 to 30 year plan because that's all your taught. You get in there and you work hard and you save some money and you put a bit into shares, a bit into superannuation, you buy a negative cash flow property and then you buy another one, hopefully by the time you get to age 65, you paid enough off, so that you can kind of a little bit positive. You might sell one or two and pay down the debt and hopefully you have got enough to see you through age 85 because if you live longer than that we don't deserve to because you ran out of

money, but you got to work all the time to do it. I thought, "I don't want that," so what I realised is I don't want this for the rest of my life. What I thought was, "Okay, well what do I want?" You know that was next argument, okay if I don't want that, what do I want?

We as human beings have this innate, in-built mechanism that as soon as we are faced with a problem, every part of our being goes about fixing it and see this is where that thinking comes into play. Unless we pose ourselves a question, unless we pose ourselves a different way of thinking, we don't go about solving that for ourselves. Many of you today, would have been happily going about tomorrow buying negative cash flow properties - until this morning. Now you've got a situations of like, "Wow, we got a problem here, I need to be doing something different," so now you will go about solving that problem.

For me, what I came to is, "Okay, what do I want?" And it wasn't money, it wasn't wealth, it wasn't any of those things. What I wanted was time. I wanted time with my kids while they were little, not with my grandkids in 20 or 30 years' time, but the trouble was my business plan, was a 20 year or 30 year business plan. So it's like, how do I fast forward that and bring it back to now? As an accountant I was pretty lucky because I could see what other businesses were doing. Who is my client-base? Who's got the lifestyle that that I want, or the retirees? I didn't have the lifespan behind me or the savings and all that hard work and whatever to get this, it's like that's too far, I'm not doing that. So what else can I do? And then, I was like, "Hey, well let's have a look what else is there?" I look to a businesses, I even considered buying a hair dressing chain at one stage.

But I already had a business and at best I had about 10 to 15 year plan where I could cut back and bring it back to like three days a week, working in my business, not in that that I was leveraging up my stuff or doing everything right but at best that was 10 to 15 years and that was too far. It was too far out there. I looked at my traders, obviously

I've been a financial controller in the securities industry and sort of like, I know that market really well, it's probably why I've got jaded opinion of it but, I had property, I had CFDs, I had options traders, I had share traders, I had future traders, I had every kind of trader you could possibly imagine, currency, the whole lot. All of those people, and I'm going to generalise here (there's a professional gambler too), but they'll always tell you about their last big win and they don't tell you about their losses. The fact is, when you look at them over a period of time, I knew what they were really doing because I was lodging their tax returns and it wasn't as flash as the persona that was put out there. The risk was too high and honestly the thought of looking at little green lines going this way and little red line is going that way, bored me stupid, so that that's not for me.

I looked at multilevel marketing. I thought, "Fabulous, let's do this," so I joined Amway. The model works, the model absolutely works. All those multilevel marketing, they absolutely work. When you do the numbers, they work, but it didn't suit my personality. Sort of like, "No, this really isn't for me," so I thought, "Okay, what else can I do?"

The only other people that were my property people and I looked at them and I thought, "You know, they got it wrong too." I had my builders and my developers which were typically tradies and that come up through the ranks and they start to do speccies and then do a duplex and I do a little bit more - the model was inefficient. Their model was too hard and each time all of their money went into the next deal and there was efficiencies in there that I could see - I could do it better but I didn't have the money to go out, out, out, out, out before any money comes back in. Because I didn't have that money to do that and the risk profile was too high, it was like, "No, too out there," and then I said, "Okay, what else can I do?" and I looked at all the rest of them and they're all negative gearing. I had doctors, I had lawyers, I had nurses, I had teachers, I had everybody. They're all negative gearing. It's like I can't afford to buy a negative cash flow

property that I have got to work harder for but I can't work any harder, can't work any smarter. I can't afford a negative cash flow property.

So that well maybe there's another solution. Maybe if I just change the model a little bit and I buy something that's positive or just look after itself. That was all I was after, just look after itself, that's all I want, so it doesn't cost me anything, maybe that will get some growth in it and maybe that will fast track things for me. That was as far as I was thinking at that point in time.

I can tell you what, from the day I sat in that office, looking at that sunset going, "My life sucks, I have got to do something about this," it took me 18 months to change my life. I was stressed, working 40 to 60 hours a week, juggling sole-parenting and establishing my accountancy practice. To within 18 months, I'd totally replaced my accountancy income with passive real estate income and a portfolio of \$3.5 million. Out of all of that, I was worth \$1.55 million.

Technically I was millionaire - whoopee - means nothing. It's numbers on the page, it's a balance sheet. It doesn't change your life. You can't eat a balance sheet. What changed my life was that income replacement. Having that money coming in regardless of what I did whether I got out of the bed or not, that money came in. That gave me the time. I have the time now to either choose to go to work or choose to take the kids to the beach if I wanted to.

Now when I first started, from the day sitting in that office, looking at the sunset, the first six months, I did not buy a property. So the first six months, I was learning, I was planning, and I was doing feasibility studies, I was getting market ready. Part of getting market ready – first of all, have I got any builders in the room? Any builders? Okay, can I pick on you sir? Is your house completely finished?

**Audience :** No

**Dymphna:** Never. Got any painters? Any house painters? No? They normally have got the worst painted house in the street? Or are there any



plumbers? Got any leaky taps or toilet perhaps taps that haven't quite put in there? Yes, you got a few of them? Alright, the fact is, plumbers have got the leaky taps because they were too busy doing other things. Builders, they're out there doing things for everybody else. I'll let you know a secret. Accountants are always late with their tax returns. For me, I was two years behind on my tax returns, so part of that was getting market ready - I had to go and get my tax returns.

That was the easy stuff. What was hard was conquering what was going on in my head and what was going on up here was a lot of fear. I had to get over everything that I had ever been taught. I had to start to think differently. I had to start to think that something outside this professional box that is reality is actually possible and I'm not going to go bankrupt and it's not a get-rich-quick scheme and I'm not going to lose my kids and put them in foster care. You have all this mind chatter stuff that goes off in all sorts of directions about how horrible things can be and in self sabotage and for me, my fear was fear of failure, that fear of loss. Fear of losing what I already works so jolly hard to build up.

That fear of failure, and it's a very real fear, and most of us have it at some degree. In that first six months, I contracted on four properties and I didn't end up buying any of them except the last one because every single one of those, I did analysis paralysis until I talked myself out of the deal. I would wring the neck of the deal until I killed it because what I was trying to do, was trying to find fault all the time. There was nothing wrong with any of those properties, I could have bought any one, they were fine but no, I was trying to kill the deal.

Eventually I got to the fourth one and I thought, "You know what, I'm doing it again." It's like if I didn't go ahead with something - there was always going to be a risk no matter what I buy - but if I didn't go ahead with something, then I'm never going to do it and I may as well just accept my lot in life and I'll sit back here on the same chair for the next 25 years with these files around me doing tax returns, doing

what it was and not being at home. I thought that realisation of the pain and the fear that comes with it is a big thing.

For everybody there's a trigger. There's always a trigger where we take notice, we sit up, and move on to the next thing which is, "Okay, I'm prepared to change," because we get very comfortable where we're at. We get very comfortable in our little environment and if you want a different result, if you want more income, if you want more wealth, if you want more anything, you've got to do things differently because every decision you have ever made up to this point in time has put you exactly in your current financial position with your current assets and your current house, with your current investment property, you do what you don't have in the car, you don't drive, with the mates you do you don't have, in that lifestyle directly as result of every decision you've ever made.

Now some of you may not be comfortable with that and recognise that and go, "You know what, it was the wife who ripped me off, or it was the business partner, or it was the parents never taught me, or I never had the opportunities or whatever." You can make any excuse you like but while you're sitting here in your own little misery doing the blame game, you never going to move out of it, not ever. As soon as you, "You know what? Stuff happens." I start here today with exactly what I've got today. Whatever good, bad, or indifferent, this is what it is." What's my next move to get to there? What's my Peg in the Sand? Where is it? What is it? What do I want? And how am I going to get there? When you can put that Peg in the Sand and say, "That's what I'm after, the road to get there is actually the easy part." You may not see it that way but it is. That's just the process of applied education to put that into place. Now there are lots of roads to get there and some of them are direct and some of them are, a bit wavy and some of them go the really hard way. The more education and the more knowledge you have behind you, the faster that direct road can be but you have got to understand what that is and there will be

fear and there will be self sabotage and there will be all of these feelings of insecurity and not worthy and inability and fear of success. Fear of success is just as big as fear of failure. Mostly, "Oh that's not me, I'm the other one," I challenge that.

I'm going to do a little exercise with you. I want you to write down on your pieces of paper, your five best mates. You're having a barbecue tonight... you're inviting your five best mates over for dinner? Who are they? Now don't write your children and I'm only going to allow you to write down a brother or sister if they genuinely your mate, okay? Not just because they are your brother or your sister, so they're genuinely your mate, I'll give you that but everybody else, I want absolutely just mates. Who are they? And if it's a couple, that's one not two, okay? So write that down. Who are your five best mates? We're having a barbecue tonight, who is coming? Write their names down.

Who's having trouble getting past three?

Alright, now write down beside those names, how much you reckon they earn – ball park, I know you can't know exactly but give it a guess, how much do you think they earn? What's their income? Got it written down? Add it up. Round numbers is okay. If you only able to add up, to write down three names, well you only divided by three obviously. Five names, add them up - divided by five. You got five names; you've added up the total income then divided five. If you only had three names, divide it by three. Have a look at that figure? How close is that to your income? "Woo, it's pretty shocking, isn't it?"

You see, we hang with people that we're comfortable with. We hang with people who are in the same kind of life flow as us. We hang with people who resonate the same energy level as we do. If you want to change, you need to start resonating at a different level. Now that fear of success is more about those people you wrote down than anything else. Because what happens if you double your income,

triple your income, quadruple your income and you're like, "Hey, look I'm going up. I going out on the yacht and we're going to go and do this and they'll take a couple of days. Come with me, come with me. We're going on Tuesday" And they go, "I'm going to work, it's alright for you, I got to work." Or you go, "Let's go to movies. There's this great movie on and the only one you can get into is 2 o'clock on Thursday afternoon." They have got to work, can't go. What happens is of one of two things; one, they either go, "You know what, I got to get myself in their position. What do you do? Let me do it. Let me get out there and get educated and get out there make some stuff happen and they come with you," or they fade away. They're not comfortable around you anymore. You might still be the same person. You might have changed it all in your opinion but energetically you think different, you do things differently, your capabilities are different and they're not comfortable around you anymore because you resonate on a higher level.

I'm going to ask you a question now and get your pen and paper ready and I want you write down the very first thing that comes into your head, okay? Let me set the scene. You're on a barbecue. You walk in there and you got this guy over here and he's talking about a deal that he just did and he just made a million dollars on it and it was so cool and now it only took him three months to do and he's got a million dollars in the bank and he's going to spend the money and whatever else, what do you think?

You can't say it in public. You know what, feelings of jealousy, bragger, bastard, did I say that? I'm sorry. We as Australians have a very poor relationship with money and it's okay if somebody can get a little further and get a little bit of success but don't get too far, well you know, we're going to knock them down at the knees, we get pleasure in doing it, 'tall poppy syndrome'. Can't get let them get too far ahead of you.

I've spoken a number of different countries and Americans have a much better relationship to money than we do as Australians. They're very out there. They're wearing it on their sleeves. If this was an American audience, they'll be jumping up and down and making a hell of a noise and they have a much better relationship with money. They applaud success. They, generally they think, "Right, that's really good. Let me do it too," and they have a much more overt relationship with money, we don't. You think of our kids, little kids might say, "Wow, that's a nice car. You must be rich." You go, "Keep quiet. You don't say things like that," and knock them down, "Don't you ask them, how much money they earn."

It's like we get this drilled into us from little kids, but we talk about sex, we talked about religion, we talk about politics, all the taboo subjects. Heck of a lot more than we talk about money. Money is really swept under the carpet and why is that? Let's see the thing is, unless your relationship to money and being wealthy and doing things starts to grow and to develop and you get to a point where you're ready for it. That's when you going to get more wealth. That's when you are going to get more passive income when you're energetically ready to be able to receive it. It's why when people win the lotto, two or three years down the track, they've blow it all. They're going out and make crappy investments and they've lost it over here and I've done this and I've done that that basically subconsciously gone out and shed themselves of the responsibility of this money because up here, they weren't ready for it.

Now it is something that I worked on very very strongly and I'm bringing more and more with my students of that getting right up here. As you grow and you're able to accept that money, they'll be more of it that comes along, so for me in that six months, I have to get what was going on up here right. I have to get over this fear of failure. I have to get a better relationship around money and what was possible, and the fact that maybe I could actually replace my income,

my goodness, what a horrifying thought. That that was actually possible. Who believes that they can replace their income in the next 12 months? Bet you didn't this morning.

I'll share some stories of students this afternoon about exactly what they have done and what happened and I find that incredibly inspirational because what it does do, it says, "Oh God, if they can do it, I can do it," or, "I'm in the better position than them," or, "I might have to do few things to get there but hey, I can do that." And I don't care who you are and what your position you're starting from, you can do it. I better get you back to my story. Okay, so got over my fear of failure and I bought my first property. I haven't really got over but I'm working on it. This was starting position. I have two-bedroom fibre shack with an asbestos roof that leaked when it rained and a 74 square metre office where I ran the accountancy practice, so I'd been pretty good with my money management.

Now this is the first property that I bought. Let me explain what my criteria was. I decided, "Okay, I need a positive cash flow property and I need to be able to buy it with no money because I don't have any," so that was my criteria. That was what I'm looking for. Now, I sort of thought, "Okay, where am I going to find a section of the market that's got more ability for me to be able to get a cut a deal with that I can get into. So I thought, "Alright, well I could read all of the death notices in the paper. I can go and find out who's grandmother died and who the beneficiaries are and who's going to inherit and I can cut in this really really tight deal with them." That's not me. That's not my personality. I can go and read the divorce notices and deal with some highly emotional fighting people that I cut a deal in there. Well that's not me either. So alright, what is the section of the market, that is a big section of the market where they're under pressure. Where I could cut a deal that I could be helping them out and I would be getting what I needed as well. At the time, it was the time when we had a bit of a growth phase and a lot of builders and developers had

gone out there and they built a lot of stock and they were selling, it was okay, and then the market changed and then it was slow in sales, it was a flat market and the lending industry changed.

So the lending industry, they had a constriction of lending and I went lending as much anymore. It was hard to get money for builders and developers to get out there and do developments and a lot of these builders and developers have committed on properties and gone unconditional because the old terminology that have exchanged and they committed their modest spend - 2 to \$300,000 on DAs and getting things organised, all that kind of stuff and then the bank says, "Yes, yes, yes, yes, yes," and then bank says, "No. Sorry, we changed our minds. We're not going to actually lend you any money."

You are out there, forced into the selling of something and they got properties everywhere and see to a builder and developer, having a house is a stock item and when the bank says, "Well, you got to get rid some of your stock. If I'm going to lend you the money that comes out here, they've all of these properties that they have to get rid of."

So for me, I needed to find one of these guys that, under a bit of pressure where the banks have said yes and the banks had said no, which there's a lot of them around in Australia at the moment. So the circumstances are actually very similar, not everywhere but there are markets around Australia where that's exactly what's going on.

So I found this guy and there's plenty to pick from. I mean, this was not an isolated case; I could have picked any number of them. This guy was a guy who had committed to buying a shopping center. He'd spent hundreds of thousands of dollars on the DA and getting through that stage. He was committed to buy the property. The time frame to buy the property was coming up. The bank had said, "Yes, we'll fund him," they said, "Now, we won't not unless if you get rid to some of your stocks." So we put everything on the market including the shopping center block to see what would sell first. Now, I

targeted his cheapest property which were these two units. Now this was in a block of 16. He'd sold 14 and there were two units left. They're all two-bedroom townhouses. And I thought, "Okay, well that's the cheapest property. I'll see if I can cut a deal with them." So he was a builder and developer. Have I got any real estate agents in the room? Tell me, do you like your sellers and your buyers talking to each other? No, we don't do that. Don't be ridiculous. Of course we don't do that.

Well my guy didn't either, so I had this real estate agent and he's name is Bruce. Now I'm not trying to cut Bruce out of the deal, this is not my intention but I wanted to talk to the seller directly because I believe that I could do a better job of negotiating on my behalf than any third party but of course, Bruce in there and he's working for the seller and, that his job and that's okay, might be a sweet as pie to you but he is still working for the seller. So I thought okay, well I got to get to Bruce. How can I get directly to the owner of property? And I asked Bruce, "Look, can I talk to the owner of the property? I've got a lot of questions about the property and, with respect to you - I know you're great but I don't think you'll be able to answer all my questions. Of course, he says, "Well, just ask me. If I don't know the answer of the questions, I'll go and find out for you?" Now to buyers market, the market is flat, he had to deal with me. It wasn't a plethora of buyers out there, so he has to deal with me even if I'm the biggest pain in the neck and possible which what I was.

So I thought, "Okay, what question can I ask Bruce that he's not going to know the answer to," so I thought, "Okay, well look Bruce, one of these units. I'm probably going to have to live in that some stage, so I need a two-bedroom, I've got two kids, and on my own but I'm probably going to turn that garage into a liveable area at some point, , one of the kid's bedroom," so what they say is that apparently, the concrete for liveable area is thicker than a concrete in the garage. Now do you know what thickness concrete that got in that garage?



Now Bruce obviously didn't know, so he goes and he was like, "I don't know but I'll find out for you," so off he goes and comes with me, "Oh God, probably should you ask this before." Apparently we're doing a bit a reading on the internet that put steel in the concrete and the steel for liveable area is thicker than the steel that they put in the concrete for a non-liveable area like a garage. They call it a gauge. Did you know they call it a gauge? Do you know what size gauge steel they putting that slab in the concrete? And of course he doesn't know, he comes back and he said, "Why don't you ask me all the questions and then I can I get the answer all the questions you've got and then we'll be just be able to sit down and do the contract," I said, "That would be great Bruce. I really want to do that but I'm generally interested but I don't know what questions I've got until I know what answer comes back and I should talk to the owner." He said, "No, no, no. Just ask me." I went on, "How deep were the footings in the garage? What steel was in them? What termimesh was used? What chemicals were used?" Because I couldn't have my children being exposed to anything. "What size studs were used in the wall and how often you put them in with the noggings? Were they high? Were they whatever? Were they treated pine?" Because I can't have that treated pine around my children. I went on and on until eventually Bruce gave in and he said, "Look, why don't I setup an appointment with the other. You can ask the questions in there and then we go to contract. So I said, "What a fabulous idea. I wish I had thought of that myself."

So I get my day with my man. Now he's probably got totally jack of me as well, he's over there, "Who is this bloody woman? Just get her and I'll answer these stupid questions," so I'm sitting in front of this guy. Now I always like to arrive a little bit late, okay, I'm a little bit late, okay? So I'm little bit late because I want him to get here first because I want to see where he sits and I want to read his body language. I'm big on body language. I like to kind of feel but not him but the energy of what was going on. So I get there, now he is sitting there,

he is a big guy. He is sitting down and he's got a table in front of him. Okay, so obviously got an insecurity problem because he needs to see a protection thing in front of him and he's sitting back like this. He's got his arms crossed like this. He's got his shoulders slightly up, I'm sorry ladies, but he's thrusting his groin at me like this. He's out there going like this. So is this thing they're thrusting at me and I said, "Okay, well I know how to treat you."

And I thought, I asked a few more polite questions and then I said to him, "Okay, here's the thing," I said, "Look, I'm in business myself," I said, "I don't know about you but the bank, they're really tough." They can say, "Yes, yes, yes," and they'll say, "No, no, no," when you're half way through deal and they pull the funding on you. And they say, "You got to go and put everything on the market just to be able to survive." Now there's a little nerve up here beside the eye that twitches when you get nervous, that you think, "Okay, well she knows something that I probably shouldn't know and how did I know that about him, now didn't say it was him. I said, I have clients that were in that scenario. And then I said, "On a place like, you've built 16 of the and then you typically you make about 20 to 30% margin on them and you've already sold 14, so almost kind of figures you need. You could give me these two properties and you'd still be covering cost because these are sheer profit to you." And now he's confused, "Is this woman serious? She really thinks, I'm going to give her these properties." He's got this little frown line come down here in the middle.

I said "But you know what, I can offer you 70 cents in a dollar and you're huff n' puff' carry on and you come back at 90 cents in a dollar and then I'd come back, you know, would settle on 80 cents in a dollar and you'd be happy and I'd be happy. You'd forget about me on move on and reckon you got a good deal. You can do whatever you want to go and do. I got a good deal." Now the corner of the mouth here? Just slightly turning up, so I on the money with the

price, okay? And his shoulders start to come down. So he said, "Here is the thing, I'll sign the contract with you today," and he's starting to relax and say, "I'll sign the contract with you today for a 100% of list price," now which really confused. I've been talking about in giving them to me and then 80 cents in a dollar and now I'm going to sign the contract with list price. He thinks I'm a dizzy blonde. So like, "I'll sign the contract with you today for a 100% of list price," and his arms come down. He's no longer crossed. He's leaning on the table at me. I said, "But here's the thing, I can't give all the money on settlement date." Well he goes back like this and starts thrusting himself at me.

So I said, but hear me out, "Now I didn't burst into song but I did say, take a chance on me." I said, "Take a chance on me. Do it my way and I will pay you what you need. You would have said 80 cents in a dollar, on settlement day; you'll get 80 cents in a dollar. You'll absolutely get that, the bank will be happy, that release you the security, that all you would have settled on in anyway. You and I both know that you will get that money. I said, "Take a chance on me and I will pay you the other 20%. I know you don't know me from a bar of soap but I will pay you the other 20% when I can out of my business and it's tough immediate finance as well. Pay it to you out of my business as him if I cannot the next five years. Now if you were that builder and developer in that circumstance, would you like that deal? Absolutely, because you know what, he was getting what he wanted anyway. He was happy to have signed the contract at 80 cents in the dollar. He's going to get that money. He probably thinks, he'll never see the side of his other 20% but who cares, I know I'm going to pay him and I did.

Now what happened when I explained things that way, what was actually happening was he was lending me the deposit for the house, okay? I got it on an interest-free loan for five years. I wasn't going to pay him any interest on the money, I said, "I'd pay him that money as if when I could have in the next five years." He thought I was going to

pay in dribs and drabs. I have no intention in doing that all. I was going to wait four years 11 months and pay him the money and see at the four-year mark, I could either look at the property and say, "Alright, it's increased enough now, so I can revalue and pay him his 20% out of that or it has the increased, the market has been flat, so I'm going to sell and pay him the money out of the sales" Either way I've got time to make that happen, in the mean I've got four years of positive cash flow. To me it was a win-win situation for everybody.

So what I did was, I had a vendor who was prepared to vendor finance me the deposit. I had a motivated seller and I said to Bruce, "Listen, well the owner-vendor finance, he will say no," because he was trying to protect his seller and he probably wouldn't have understood it. The way I described it to the vendor, he was happy with that even though had I said to him, "Well you do to me 20% vendor finance and he would have said no, because he didn't understand it." Now I'm going to show you the exact figures that I paid on these properties. You're going to look at them and in particular, "I'm far of property at that anymore." Well maybe you can, maybe you can't but the fact is you can't rent them for this little either, so whilst the value of the properties might have come up. The rents have come up as well. Proportionately, the same deal can be done today and I have students doing exactly this kind of stuff to get going to day. I bought the duplex for \$130,000, so it's a \$65,000 aside and that I rented a \$135 a week. There are the figures on it, the positive cash flow is \$4,260 a year or \$82 a week. See that \$4,550, that was my stamp duty and my legals. Now I pay it for that on my credit card and I did pay for that out my business over the next year. When that deal had finished, I went back to him and said, "You've got any more?" Unfortunately, I've got a picture of it but the space he said I suppose you want vendor financing for that too, I said, "You got to be nice." So I did his next cheapest property which was a \$240,000 property and that was rented at \$195 a week each side, so same kind of thing, positive cash flow, \$3,840.

Then I found another deal with another guy. This was a guy who was going through divorce, same kind of deal, so I genuinely believe that I've got this property on the market value. I paid a \$175,000 for it, think at the time, it's probably worth about \$225,000 so I did really get a good deal on it. I think really in between the lines, he didn't his divorcing wife about the other 20% I was going to pay I think that kind of got washed on the carpet, rented at \$260, positive cash flow at \$1,920. Now you add all that up, that comes to \$10,000 a year or \$193 a week and you know what, that's not income replacement and it's not but at the same time, it's a jolly good start and coming from not having an extra \$10,000, you know, \$200 a week coming in that I didn't have to get out of bed for, it made a heck of little difference to me and I don't care how much you earned, given your \$10,000 today saying here's the pension for life that will be indexed with the rent increases for the rest of your life, I mean that's worth an enormous amount. Nobody here would refuse it I'm sure. So what next, okay by this stage I've been able to get my house and my office with a little bit of equity in it, so I could refinance and get some money out of that and I learned something from those previous deals and that was when I bought a multiple income stream property, they were more positively cash flowed than when I bought a single family house. So all I had to do then was like, "Okay, let's go and buy more multis, so I've caught up the bug, let's go and do that."

And the next deal I had to do on a normal deal okay, it was a bigger deal but I did it on a normal style deal, normal financing. So this is \$250,000 for block of five units, that's what it looked when I bought it and that's what it's looks like today, still got it. When I bought this property, I as talking to my lawyer and I said to him, "Tell me where I'm wrong. Tell me why I shouldn't buy this property," because I've still going through the whole fear thing. "Tell me where I'm wrong," and he looked at the figures and he looked up at me and looked at the figures again, he goes, "You're going to have to pay tax."

If I go in there and doing anything else in like 40 hours a week, I'm going to pay for tax? What's the difference? This property was \$27,000 a year positively cash flow; \$527 a week. Who believes that that doesn't exist in the market anymore? You're not game, you're gutless, thank you guys, thank you for putting up your hand, the rest of you are gutless because you came in here, I bet you won't bottom dollar you didn't think that exist and it does. I'm going to show you lots of examples this afternoon of properties that are lot more than that positively cash flow that students of mine have bought in the last 12 months. Okay, so where am I am now? I'm \$37,000 a year positive cash flow, \$720 a week. I get \$720 a week before I even get out of bed. Life is starting to become a lot easier but I've made a mistake and the mistake was that I've used every scrap of my equity to go into that last deal and I didn't have anything left, so I could go back and do more at no-money-down deals or I can create some equity because what I should have done was kept a little bit in reserves, so I could into another chunk deal, grab a chunk a money, so I could go and buy more cash cows.

But I realised that I was already sitting on a chunk deal and my chunk deal was my own home because I was living in a shoe box and every time I went in there and I renovated my home, I increased the value of the property that gave me more money to go and buy more cash cows, so it gave me a better lifestyle on my house. Now that's my house that I had. That's what it looked like when I bought it and this is what I turned it into and that's not one renovation, that's four renovations. And I've made a lot mistakes through that process. If I had my time again, I would never build that house, I mean who in their right mind puts timber casement windows in Queensland where you got to paint the things every six months and it and it rains and get mildew and it's terrible, don't ever do that. I wouldn't even build a house, what I would have done had I my time again, I actually would have build a triplex because that block can handle a triplex but, you have this female thing about wanting a nice house to live in and all of

that kind of stuff, so it served its purpose but I could have done better with it.

So that property, every time I increased the value of the property. I borrowed against it, I'm going to buy more cash cows, so every time my income went up and up and up but first renovation was this, gave me this property. This is a property that's \$250,000, it was \$9,800 a year positively cash flow. Who has a problem with having that property in their portfolio? Be honest. Okay, thank you, thank you for that, thank you for being honest because a lot of people here aren't obviously. A lot of people have problem with that, why? Look, it's ugly, it's fibro, it's up on stilts, it must flood. It must have a lot of maintenance that I get all the time, the fact is now. I've made more maintenance problems with this property that I have with any other one, it's not a high-maintenance property. There's a flood? No, it's not in a flood zone. The property itself has great potential because I can still do a lot with it. I'm probably put another triplex on a back of it when I get around it one day or I could knock it down and probably put a block of 12 or something on it. So it's got of potential, it's positive cash flow. Today that property is probably \$25,000 positive cash flow, \$30,000 something like that. I've still got it, every year it's gone up, the rents are gone up, still got it, taken along doing it's thing. I bought this property almost at the same time and my lady down here who said they had problem with the first one, are you happy with that one? Would you be happier with that one here? Yeah, okay. Can I insult you? You're an investment snob and a lot of - no I don't mean any harm but a lot of people in these audience are and lot of investors are because this property, its brick, but the other property actually produces more income, this property today is about \$15,000 - \$16,000 a year positive cash flow and still going up. I've renovated the units, there's nothing more I can do with it. The other property is actually got far more potential. You see we can get very snobby about what we prepared to do to own properties and I don't mean any offense by that all but, you know, we can but that property gives

us positive cash flows, so why not have it. Now that property actually this last one here actually replaced my income that when I add all that up, it comes up to about 54, \$55,000 and that was the income that I was living on at the time.

I was earning more but by the time I paid receptionist and licences and rent and mortgage and all that kind of stuff, what I was actually living on was between \$50,000–60,000 a year. Now I didn't make the same mistake again, I had enough leftover to go and buy this next property but I actually didn't finish this one in the 18 months. I thought I'd show it to you anyway. Oh come back, this property here was the worst house in Buderim where I lived on Sunshine Coast was actually just renovated from my other house, \$135,000, I paid for it, it was completely covered in lantana. It had 12-foot carpet snake that used to come down the drain pipe every morning, to its own little colony of rats in the kitchen, used to do its thing and then go back up in the roof. It was shocking, oh God it was awful. Spent \$45,000 on it to fix it up, turned it into this, it's not exactly the Taj Mahal. It's probably still the worst house in Buderim but I was at the stage when I can rent it out. It would be at least neutral, little bit positive. I've made great growth on it. I could borrow against it and go and buy more cash cows. So with that in mind, I was doing pretty well. One of my mates came round when I was finishing it off. He's name is Brett, he's an real estate agent and he said, "gees you have good job on this," I said, "Yeah, I reckon I have," he said, "I could sell it for you, you know," I said, "I'm sure, you could Brett but you don't need to because it's positive cash flow."

I said once you make yourself useful, get out there and find me my next cash cow deal. He goes, "Yeah, yeah, I'll do that. I'll do that." He said, "But it's such shame, I have in a contract in a in the car for \$280,000," he's like, "\$280,000, a \$100,000 profit. I don't have a \$100,000 in my hand for so long." So I signed the contract, signed the contract, sold it for \$280,000. Made over a \$100,000 profit and I



thought, "You know, I didn't need to see it and it was great lesson to learn early at least, it only took me one deal, not 35 years like Fred because it was positive cash flow. I didn't need to sell it. I've missed out in all the extra rent and the extra growth on this property. I could have borrowed against it. Now the thing is, what I would have borrowed to go in and go to my next deal was not that much less than I got by paying Brett's commission and paying tax. I didn't end up with much more of my hand anyway, so I would have been much better to keep it but it was a good lesson to learn early.