

## **It's all in the deal**

**Dymphna:** Welcome everybody, it's Dymphna here. Great to have you on another podcast for [iloverealestate.tv](http://iloverealestate.tv). Now if you haven't subscribed, please jump on the website, **[www.iloverealestate.tv](http://www.iloverealestate.tv)** and subscribe to iTunes so that you can have this downloaded to you automatically and there's a link there on the website, just up on the right hand corner, so follow those links, subscribe to the website and there's all sorts of good stuff there for you to have.

Now today, I want to talk about a situation that arose out of me talking to a gardener actually. He wasn't one of my students and he didn't know what I do or anything like that. I was sitting down chatting to him just about general stuff as I do. I talk to everybody regardless of whether I'm at the airport, or at the shopping center, or sitting and waiting for my daughter to come out of a shop - that was the case today. And I was chatting to this guy and he was talking about the government and change of politics and all of that kind of stuff and one of the things that came out of the whole process was real estate. I've seem to be able to manage to twist the conversation to real estate quite easily these days. I think I have a lot of practice but he was talking old prices of properties and he was talking about this deal that he had put on a contract on something and it didn't work and something else didn't work and no matter what I suggested or anything else, he had this attitude of, "It didn't work."

So I just wanted to talk to you today about that whole attitudinal process and it made me think about deals in the past where your initial reaction is an obstacle, your initial endeavor might be to offer a certain price or to do things a certain way and then the seller or the buyer, whichever side you're on, doesn't agree with that or it might not even be a real estate deal, it might a negotiation with a child, or it might be an interaction with a school teacher, or whoever and it astounds me that the initial reaction of most people who were not skilled I guess in the art of negotiation, who are not trained, who haven't gone through

any kind educational thought processes about the way things are done. That they have got this the defeatist attitude and it's about, "Well, I can't do it. No, it didn't work." The immediate reaction is the defeatist where in reality when I think back in my past and deals that I'm doing now and deals I've done in the past, your immediate responses are often no and it's then about, "Okay, how can I make this deal work? How can I get the desired result that I want? How can I create a real win-win situation?"

And that's what it is about. It's really about creating that win-win scenario for both parties. Now in order to do that, you've got to put yourself in the shoes of the other person and I want to go through some of the processes that I used to help with that and to get the desired outcome, whether it would be the right price or it's the sale of a property, whether it would be to buy at the right price, whether it would be trying to get your child to go and do something that you really want them to do. You know that you're going to come up with some obstacles in that regard or a spouse or whoever. So I want to talk through those processes because this is something that you can apply to any scenario whether it would be real estate or not. These tools that I'm going to go through now are very very important and they really give you the opportunity to cruise through life in 'how-can-I-make-this-happen' mode as opposed to the defeatist, negative and when you go through that negative mind frame of, "Ohh, I can't make it happen. This didn't work. They said no," then you get caught quite often in the blame game which is a very very detrimental to your health. It is very very detrimental to your persona and I can tell you now, it's very very detrimental to your success.

So to help me out with today's podcast, I thought I'd invite my old mate back again, Mr. Ian Ugarte, hey there, how are you?

**Ian:** Hi, old mate.

**Dymphna:** Yes, he happens to be younger than me but anyway we won't go into that. Hi Ian, how are you?

**Ian:** I'm good. How are you? Thank you for having me on again.

**Dymphna:** Very good Ian and great to have you here. Now the reason I've got you here Ian is because you are a master craftsman in unusual deals, let's say. I don't think you had a deal go in a straightforward manner ever have you?

**Ian:** No. For us, when we do deals, it's always something different. It's more about the situation where we are at, at that time? How much funds we have available or when we know that we've sold the property and these funds coming available, so that it means extended settlements and access price so we can do some renovation or permission to go to council before we actually own it. So there's a lot of things that we do and we bring into strategy when we're dealing with a possibility of doing a purchase.

**Dymphna:** Okay, what I'd like to do for the purpose of the podcast is teach all the listeners a little bit more about the structure behind a gaining a desired outcome and one of the things that I really want to start with, is research because the more you know about a particular situation, the more you can start put the pieces together of a true win-win scenario. So from a research perspective, from my side of things, research is paramount. Being prepared is another way of describing research knowing as much as you possibly can about every single win or their process for doing things. The reasons behind why they want to do this or that; the personality or what the buttons are.

Now something that I've found over the years, and this is really just comes from experience is that price is not always the determining factor and if price for most people, if you're on the other end of it, you think price is the be all and end all, where in reality, I've seen deals done over a lawn mower. I don't know about you Ian but there are certainly deals that are done over really strange objects or furniture or

a mirror on the wall or piece of stained glass window that that's what crunches the deal. I know you had one quite recently on some crystals I hear.

**Ian:** Yes, we did one deal that's happening where there were crystal caves all over the property and it just happened that my wife and his wife had something in common even more peculiar about another deal - the clinch of the deal was really the three cats that had passed away in the time that she lived there.

**Dymphna:** I had forgotten about that one.

**Ian:** Yes and that deal there, it wasn't about the money. It was actually about lack of money. She wanted to make sure that she didn't have too much money in the back account when she was finished because she didn't want to lose a pension, just really bit crazy but I was happy to deal with that. The real clinch was the fact was she three cats, that were her life and she had been there for 30 years. She had buried them in the front yard and I had to...

**Dymphna:** I hope they were dead at the time.

**Ian:** I'm not gonna give my comment on cats but what she wanted to do was she actually wanted the bones of the buried cats taken with her to the next property.

**Dymphna:** So you became a grave digger.

**Ian:** Yes, and it was a large undertaking, I have to say. I wasn't sure about how she was going to be when I was digging them up and the majority of the bones had decayed away but you could see the skulls and bits and pieces and I was expecting her to break down but for her, it was just physically taking them and there was no emotional breakdown or anything. She sat on the front step with a cup of tea and we dug it up, we put in a polystyrene box and I took it to the place and we put it out there and she was quite happy.

**Dymphna:** My goodness, well I think that tops the cake. I've had pool tables to make a deal. I've had ride-on mowers. I have a tractor make a deal but I've never had cat's bones.

**Ian:** I have.

**Dymphna:** Cat bones, okay. So let's talk a little bit about exploring that process because when you're talking to somebody, you really got to be on the lookout for what pushes their buttons and there's a number of ways that that can be done. I'm very much the face person. I like to see the person I'm talking to. I like to deal directly. I really don't like dealing through real estate agency if I can possibly help it because not that I'm trying to cut them out of the deal, they're very valuable people but I just want to feel the energy of the other person, I want to see their body language. I want to be there when they say something or they might hesitate at certain point, I want to be there so that I can pick up on that and then angle my questions a little bit differently to the way I would if that hadn't happened. Do you know what I mean?

**Ian:** Yes, and really when you are face to face, you can actually have the empathy to the other side and raise and deal. They've been trying to sell a property for a long time. We didn't want to buy the property outright because we would have to pay stamp duty on it and we just wanted to do a joint ventures with the owners and because I've been trying to sell it for such a long time, I had automatically picked up that she hated getting the house ready for open houses and I said, "Well, I can understand how difficult it is for you to have to clean the house for two hours before every time someone comes in," so I'll show empathy for the fact and by saying that to her, I was saying, "Let's cut that out. Let's make sure it's shortened up so that we can get a sale for you, so you're not to continue to do that." So yes, I'm making sure that they...

**Dymphna:** Picking up on those signals.

**Ian:** Yes and it was obvious that she hated doing it, so that's what we did. And structurally we also look at the structural reason behind the sale as

well. Doing the research, using the tools for the research to make sure that we can sort of put a picture together before we even sit down and talk to them face to face.

**Dymphna:** And what you mean by that is, when they bought it, how much they bought it for, whether they've done any extensions or DAs on it or how long it's been on the market or not, how much it's rented for in the past, if anything. So all that background, straight-out facts stuff, you put that into a bit of a file, so that you can start to formulate the picture before you even sit down and talk to the guy.

**Ian:** Yes well, we are currently looking for a new PPRs because we have sold house and...

**Dymphna:** Principal Place of Residence (PPR) for all of those who aren't up on the jargon.

**Ian:** I'm sorry. I'm Mr. Acronym.

In NSW, we call them 'TLA', 'Three-Letter Acronym'.

But, yes, we're looking for new home and we found one that we quite like, so we look, we started to do the research. We saw when they bought in 2003 and how much they paid for it and then we started to research the other properties that they bought. Now, they only have one other property and the other that they bought in 2007 or 2008, they obviously re-valued their current one...

**Dymphna:** To buy.

**Ian:** To buy the new house as a deposit and then put their house on the market, so since 2007, they've been trying to sell it and so the picture there is that we obviously understand whatever the value was in 2007, they're looking for 80% of that value because the area has dropped in price, so they're trying to get that loan paid out directly, so that they don't have to chip any money in, so that picture there gives us a starting point of how we can start negotiating.

**Dymphna:** That's very clever and it's something that comes with education. I mean gosh, how long have you been a student of mine? Four years or something?

**Ian:** Yes, four years.

**Dymphna:** Four years, okay, and prior to that, a lot of that due diligence perhaps would have been done certainly not in the same extent that you do it now but when you look at creating that pictures, simply knowing how to go in and do a search on somebody and find out every property that they own. When they bought it, how much they paid for it and that scenario you just set up there was very important because you can see when they bought another property and how they've paid for that, obviously they going to cross-securitise, as much as I hate it, but that's what they do. The one property uses security for the other, so you can basically paint the picture to how much they want the property because of how much deposit they would have needed for the other one and out of little clues that you can get along the way like if they had applied to put a building okay, where the money from that come from.

When you have the cost of the pool going in or they put an extension on the house, we can see how the big extension was - the square meters of the extension - and basically on the square meter basis, you can estimate how much that would have cost them. Barring great aunt Bertha dying and leaving them a swag of good money, it's probably come out of the equity in the house. So you can start to work out roughly how much they owe on that property and as you say, when they're in a precious situation like your scenario there, you can work out what the bottom line figure is and that's pretty crafty really.

**Ian:** Yes and we researched their history of trying to sell the properties since 2007.

**Dymphna:** Yes.

**Ian:** So where they started that. You can look at all the properties around that that have been selling that are similar and again, you can gauge the picture of what that property is actually really worth according to what they're trying to get out of the deal for.

**Dymphna:** Yes.

**Ian:** That all comes from learning as well because we've going up and in that situation before where I'm trying to get a price, set in my head according to my story and how that went along.

**Dymphna:** Yes, that's right. As opposed to what the market would really be.

**Ian:** Yes.

**Dymphna:** Okay, so you find out that, now that's all the practical-statistical type stuff that you can work out and you gauge your picture. We're now sitting down and talking to the guy either with or without the real estate agent in the middle. I don't mind the real estate agent being there but I prefer to be face to face because you pick up on all of that body language stuff. I know a friend of mine, she used to work in a legal office, and she's very articulate on paper and she likes to deal through letters and legal letters and handwritten letters when it's appropriate, but she writes exceptionally well I might add. It's not my thing, it's not my strength, and I think a lot of things can be perhaps misconstrued through the written word or you don't pick up on the feelings and the emotions behind it necessarily, or I certainly don't. I'm a face-to-face person, I prefer to see the little hesitation or the flutter in their voice or the little muscle in the side of the mouth that twitches or whatever. I'm very much into the body language side of things and that's not everybody. How do you stand on that one Ian?

**Ian:** I do like to sit down in front of people and talk to them but I also like to write a story and when we are putting an offer together, I normally bring the family into it and how we are looking forward to a new house because we've been transient for a while or we paint a story for



the real estate agent to be able to pass it on. I'm the same. I don't mind if the real estate agent is there but I always try to setup a face-to-face meeting, cup-of-coffee type stuff.

**Dymphna:** Yes.

**Ian:** I've knocked on a few vendors doors where we actually do knock on the door because the real estate agent is not working in their favour. I've done the deal with the vendor and then gone back to the agent and said, "I'm not cutting you out of the deal. I'm not sure that you'll be happy."

**Dymphna:** Just talk about that deal because that's a deal that I know which one you're talking about there. Just to explain how that deal went down and explain why the seller was selling his property?

**Ian:** Yes, it was a deal that we'd looked at twice and it was the agent who had taken us. It was very difficult to get in because of tenants, where there were two tenants in the property for three tenancy place. He undergraded the place the whole time we were there. Why would you buy this where you could buy two units and have the same return and we went backwards and forwards. So I actually then went to the email, told him, "You know, this is what we're looking forward to, having a house to live and whatever." And then, we put a deal together and asked him to put it the vendor. He came back to us pretty quickly and said no the vendor doesn't want that deal and it was an extended settlement because we had money coming in, so there was nothing, we couldn't do anything.

It sat on the market for three months and so eventually we took some advice, so went and knocked on the vendor's door, opened it up. It was an old Greek guy and on the front, I asked him whether the deal had been put to him and he said, "Not really, the agents said it wasn't worth looking at." So I told him the deal and we've been told that he didn't want the extended settlement, he actually told us that he preferred the extended settlement because he had tenants in there for

quite a long time and he wanted to make sure that they found a place quite easily, so that was great. So once we got the deal, I did the deal on the front porch went back to the agent and I said to him, "Look, you're not going to be happy with what I've just done but I just negotiated a deal with the vendor directly. I'm not cutting you out of the deal. This is deal. Can you please put a sales advice together because we're buying that property."

That agent is known for downgrading properties and possibly purchasing some himself and some of them do that. Or friends of theirs will do it, so not all agents are like that, the majority aren't like that but that one particular has been known for it. Anyway as the story goes, the more we found out about the vendor that he was given advice he needs to sell that property because it was going to affect his pension.

**Dymphna:** Because you can't just tell him to sell it because it's going to affect his pension.

**Ian:** Yes, and so he gave up. At the time and the place was being rented for \$430 together, so we gave up \$430 a week for a \$117 pension.

**Dymphna:** Unbelievable. And it astounds me that he could think that and that was the right thing to do but it astounds me even more that the accountant gave him that advice, I mean it's just ridiculous for any profession to say, "Give up \$430 and accept \$117," but you get the, what you call it, the...?

**Ian:** He gets pension card.

**Dymphna:** Pension card.

**Ian:** Yes, so he get to travel on the bus for free.

**Dymphna:** Whoopie.

**Ian:** And you get into, but the other part of that advice from the accountant was that he was going to give the money to his children which, I think you know better than I do but I'm not sure that he could have done that anyway.

**Dymphna:** No – you have got a five year cooling off period, basically for want of the better word, that if he had done that, then it would be counted as being his money anyway for further five years and it would be deemed to be invested at the deeming rate for pensions which I think is around about 5% of the loan.

**Ian:** So he wouldn't get his pension anyway.

**Dymphna:** No, it would have been deemed to have that money invested at 5% anyway.

**Ian:** Right.

**Dymphna:** They accountant wasn't really smart, I would say on that one?

**Ian:** No, he wasn't but we got a good deal, so it's good.

**Dymphna:** You did get a good deal, okay. So let's get back to what was supposed to talking about here.

**Ian:** Yes, yes, yes.

**Dymphna:** And that is preparation, I mean you cannot underestimate this. This is something I cannot emphasise enough, is that preparation is paramount when it comes to getting your desired outcome on a deal and finding out as much as you possibly can about the factual side behind the deal, either as a buyer or a seller as well as the personal issues behind the sale as well. I remember one deal I did, the couple had actually bought a Winnebago and were heading off around Australia and they just wanted to be done, finished, gone, get them out of here and I was actually able to negotiate a reduction in price because of the few things that needed fixing. Either there is rebate or

reduction in the purchase price because I said, well, you could fix them if you like but we'll have to delay the settlement or if we hold back this much money then I'll get the things fixed and we can settle on the actual day. Timing, in that issue was more important for them than the extra \$15,000 which is what they hold back was on the purchase price. So I got a \$15,000 reduction during the contract period because they wanted a quick sale. They just wanted to get out of there and start their road trip.

**Ian:** Yes, and that preparation is really important, making sure that you're setting yourself up at the beginning of the meeting - that you've got strategies that you're going to use to start with, but during the meeting, if they don't go the way you expect them to - you need some fall back plans. So I make sure, like Christine (my wife) and myself, we sit down before the meeting and we have the different strategies and we work really well together in meetings. I do most of the talking because I talk a lot but Christine is a very good in the background offering a little bit of extra to help with what I'm trying to say, to emphasise the points that we're trying to emphasise and it's about, again making sure that both parties are winning out of the deal. Sometimes I use different strategies, sometime I bombard them with a lot, but give a lot of information out about the deal that we're trying to do and other times I only trickle information out so that you can control the conversation in a way.

So when I'm comfortable in doing a fairly simplistic deal in normal terms or close to normal terms - I like to give them a whole lot of extra terms and then work our way backwards from that - so it actually gives a point of advantage to me to be able to say them, "Right, these are all the deals, look, I'm happy with the longer settlement," and then that way they feel that there's a compromise being made and we work back. If I'm trying to get extra things to happen then I try actually to get simple deal done by price and then I work on the extra bits from

there and add on as we go rather than hitting them all at the front and then maybe not doing the deal.

**Dymphna:** Yes. One of the things that I really want to talk about in this podcast is about that 'how-can-I' attitude and you really emphasise that there with talking about, "Okay, well we do our preparation you're going. You know what your benchmarks are. You know your pull-out prices; your pull out conditions are." And you got that bigger picture around the other person about what motivates them. Is it the price, is it terms, is it the ride-on mower? One of the things that really motivates that person and what are the things that are going to trigger points for them and really have them thinking, "Okay, how can I make his deal happen?" Now I remember negotiating on a property in the last 6 months where the outright answer was, "No, we're not doing this deal. No, we can't agree to your terms. No, the price is wrong." All the rest of it.

So I actually said to the guy, "Okay, well how can we do this deal?" What do we have to do? What are the figures? What are your benchmarks that I have to meet in order to do this deal today?" And he rattled off a few things, I said, "Alright, let's list them out," and we wrote it out. I said, "Okay, let's work around them, see what else can be done to make this happen and whether it be caveats or other security or all sorts of other things coming about, "Okay, well how can I keep you in a position that you're comfortable and still get what I want, or very close to what I want". It's having that attitude, the thing about the attitude is the biggest thing because if you can conquer the 'how-can-I' attitude as opposed to 'I wanna do it this way. It's my way or the highway,' or, "Oh no, he said no," and that's the end of it. And I deal with this a lot with the students where they'll say, "Okay, well this has happened and that's happened," and may not even a purchaser or seller.

I was talking one the other day. The town planner said that they can't build in underneath the particular house because the sewerage outlet was too high or something to that effect.

I said, "Okay, well that might be the case and the solution that he said was saying, you're going to have to raise the property, but that was going to cost \$40,000 and that's lots of money. How else can we do it cheaper?" And we sit down and brainstormed a little bit and by possibly putting, within a certain distance of the sewerage breather, (you know more about this Ian than I am because you're the plumber not me), you can call it storage then the rest is far enough away than it doesn't have to be. He hadn't thought of that's why I don't know whether that's right or wrong or what else she can do but there must be another way. It maybe even be cheaper to drop the sewerage line breather thing.

**Ian:** Yes.

**Dymphna:** I'm very technical Ian.

**Ian:** Yes, you've done good, so...

And so – I mean the other thing too is that I try never to leave a negotiation with 'no'. Keep the door open. I normally leave with, "Well look, let's have a think about it. I know you've not quite in the ball game at the moment or with words to that effect but how about – can I give you call in a couple of weeks and just we might be able to find out. I'll go away and have a think about things and you can think about things and, we might be able to work something out."

That happened to me recently. We were trying to get an option deal and it was flat out 'no' where, "No, I'm not interested. The family is not interested and we're gonna lose out and whatever," but I did leave the door open. By then of the conversation of saying to him, "Look, can I call you in a couple of weeks." That meant that the conversation continued and it went from him not wanting an option for us to

purchase his property. To him actually purchasing part of our property because that's what he wanted to do and since then I've also thought, "Well, I can purchase more of his property if he doesn't want sell the whole lot," and we could do boundary re-alignment. So all those things when you walk away start to pop in your head and think a little bit outside the square and other things come into your mind and for them possibly the same thing happens.

I've got one vendor JV going at the moment. We have a good discussion around the table and he goes away and thinks about it and that's dangerous, so we have another meeting and pull him back into the reality of what the situation is, but that's fine.

So I know in that situation there where he goes away and thinks about it and he's a financial guy, so he thinks about money, not about the actual circumstances. We have learned that it's important to make sure that we've got his wife at the table because she is the one that brings clarity into the relationship. He looks at numbers and she looks at logistics, so that something we've learned to again about that particular situation.

**Dymphna:** And something else that is vitally important is getting an understanding in writing as soon as possible.

**Ian:** Absolutely, I like to use a lot of technology when we are talking and so, I always have my iPad with me and I have downloaded an app that's called SoundNote, there's a free version called EverNote but essentially during the conversation before the conversation starts, I allowed them the privilege of knowing that I'm recording the conversation so...

**Dymphna:** I assume you ask.

**Ian:** That's right, I ask. I say, "Do you realise that I'm recording the conversation, so that I've got something to go back to and listen to in the future." If I don't ask them for the recordings, it means I can't use it in any way legally but the beauty of that application is that during the

conversation, I can write a word, so 20 minutes in the conversation if we are writing something about the cost of the subdivision, I can put 'cost of subdivision'. When I go to listen to it in the next couple of weeks, I can just hit the word, 'cost of subdivision' and the recording will automatically go that point. So then I don't have to listen to the last 20 minutes, I can just listen to that point there.

**Dymphna:** That's really cool.

**Ian:** It's a really good application and then at the end, what I normally I email those notes to the people that we're talking to or negotiating with. If we are doing an MOU, I will then do a...

**Dymphna:** Hang on, Mr. Acronym.

**Ian:** Sorry, TLA again, so when once we discuss them, we've got all the terms, I verbally confirm that the way – so I always say, the way that I understand what we just spoken about is this point, this point, this point because what I understand might be different to the person on the other side of table.

**Dymphna:** Agree.

**Ian:** Once that's clarified, I then write it down in SoundNote, so that we've got a Memorandum Of Understanding (MOU) between the two and if we got access to a print (I print out two copies there), and we both sign them just as, so that we both, I mean on the days handshakes, unfortunately for me, you can handshake all day if you want but unfortunately those handshake days are gone and so...

**Dymphna:** You're saying your handshake days are gone or generally.

**Ian:** Generally in the population, you can handshake with me all day but – so we get to sign it and make sure that both of us were on the same page literally and that we're moving forward in a positive direction with the agreement.



**Dymphna:** This is where the whole age thing really comes out in full force I'm afraid here because I'm not quite as techy as you are. You know what I do? I bring out a piece of paper, have you heard one of those, Ian? Piece of paper and a pen. A pen and I actually write, I hand write.

**Ian:** I see.

**Dymphna:** And at the top of the page, I put 'Memorandum Of Understanding.'

**Ian:** With the papyrus reed.

**Dymphna:** Not quite.

I write out what we said and I write out the next point and that in itself for me, I like it because it slows the process down. It really emphasises what we have agreed on and the guys who are sitting there, they're noting about, "Yes, make sure you put this in and I'll add," so it becomes a document that 'we' have put together which if you're dealing with anybody older than you - older than me particularly. The technology is great but it's not as meaningful as let's write this document together, handwritten and let's sign it and then we'll give it to buyers and I can write it up in a little legal jargon.

**Ian:** Yes, and just for the record, I have written things out before.

**Dymphna:** You know what a pen and a paper does?

**Ian:** Yes once. And so the other part of the negotiation too, we've actually negotiated and got to the point where we've realised that the person on other side of the table is going to be worse off and we've actually walked away from those deals.

I can give a situation where she was ill. She had terminal disease and her husband had an accident as well and they weren't in a good position. We were going to go in and do vendor JV, fix the place up and sell but essentially what was going to happen was that they would have to take out a personal loan because their property had dropped

in value and they would have had a personal loan and new home. So what we did was we said to them, "Look, you're going to be far worse off if we do this deal." We talked to them about what they could do to actually put their place, to put themselves in a better situations, so we change them from – we make sure that they will stop paying principal on the property and just paid the interest and then they had for the little bit of work that put a granny flat into the property then. They moved into the granny flat and went to their house and that why the house wasn't costing them on a weekly basis like it was because they weren't earning enough. They were eating into themselves basically, so in that deal there I won't do a deal with someone worse off, I'll walk away from it.

And the other thing we like to do is what I like to call the Red Herring where you put a large amount of emphasis on a part of a deal where you really don't care about that component of it but you show that you care. And so when you give that up again, it's a compromise. I remember what I was doing...

**Dymphna:** That's called acting, isn't it?

**Ian:** No it's not acting, it's just producing potential.

And so I remember when I was doing business at TAFE that the lecturer came out and one of the first thing she says was, "Compromise was the position that both parties are going to lose", and so for a long while I thought about that and I thought, "Well no, that's not how I'm going to think of them. I will make sure both parties win," so when I did do a negotiation, while I might throw in a Red Herring and strategies and bits and pieces, the end result is that people still get a win-win on both sides.

**Dymphna:** Yes, that's very important, I mean it really as testament to you and your character that you did walk away from that deal because I know in my past, there's plenty of deals that could be done and just because I could do the deal but it wouldn't be the right thing for the other

person. You end up sitting down, doing a little consult for them as to, "Well, you got to do this and then you should do that and this will make it better for you," and it is something that comes with knowledge. It's something that responsibility comes with the whole process of responsibility for the other person as well. It's all very well to have greater knowledge and greater ability and whatever else but if you're not creating a situation. If you really putting the other person to a detrimental situation, that's not a good idea and it's something that you should walk away from and help them out if you can.

**Ian:** The other thing that is very good in negotiation is time and there's been a couple of deals where the original approach was a year before we actually really got down to talk about the nitty gritty and then negotiation, so one deal we did, we put it forward as an option. We put it forward as – I don't think we talked about the vendor JV at the time. It was about possibly...

**Dymphna:** JV means Joint Venture.

**Ian:** Joint Venture, sorry, and eventually a year like, all I wanted to do was I put the forward and then he said, "No," then I started to do the research, find out the agent from the agent what was going. Agents will tell you a lot of information and so you can start to piece the picture together again. So did some research over the year and he just wouldn't refuse to sit down with me. He wanted to talk about money, so really the reason he wanted to talk about money was he was a financial stock market man and he worked numbers, so he didn't want to talk about the nitty-gritty. He wanted to make sure the price was talked about first and I never talk about price.

Sometimes in meetings I won't talk about the price until the second meeting. We try and get the deal at some other way to make sure we work forward. So we have put the picture together that he was finance man stock market, he was probably a little bit desperate to sell because at the time, the stock market had taken a big bounce, went

and did the titles, search on the property found that there was mortgage on the property even though it was an investment. He essentially wanted \$2.4million for his property. It was 6 blocks of land. It was just not pretty and there was a house on it that was going over 3 or the 6 blocks.

It wasn't appealing to any developer because there was a lot of work to be done and approvals and the market wasn't strong at that time. So a year later, we finally got to sit down with him and his wife and we started to talk about it. The first thing I said to him is, "What I'm about to tell you right now, you can take away and you can do it yourself." I knew that he couldn't because he was suffering from the stock market and the rest of it. He didn't have any cash available. We did have a little bit of cash available and so essentially what said I is, no one is going to pay \$2.4million for that 6 blocks together but they will buy individual blocks for a lot less; standard families that want to build a home. So what we'll do is we'll go in there and we'll put fences up. You couldn't access some of those blocks, so we had to create rights of carriage ways and easement which comes from the education component that we knew how to do that, it was experience from our learning in the boot camps and all the packages that get sent out that you work from, so that sort of stuff there started to mean that I was placing myself in a position of knowledge where they were confident, that we could do this together. With that deal there had we purchased the deal and sold the blocks individually, we would make no money because there was a \$120,000 in stamp duty alone.

**Dymphna:** Yes.

**Ian:** I said essentially, the profit that we would be getting out of the deal is going to be lost of stamp duty, we're better off to do a deal together where we do the work on the property and we individually sell off the blocks. You can pay me a project management fee - you can pay us percentage - as long as we get our money back plus a profit, it's a not a

problem and eventually he agreed. He's 79/80-year-old man and he was...

**Dymphna:** I didn't realise that he was that old.

**Ian:** He that's old, so we did the deal there. We have sold now 5 out of 6 properties. He's in line to get more than \$2.4million and we're getting our money on top of that. I probably spent all of 2 or 3 weeks on the deal working. The rest of that was just project management...

**Dymphna:** And money, you put money into the deal?

**Ian:** I put some money into it, so we got our money back.

We put about \$80,000 into the deal and looks like we'll probably get a little bit over a \$100,000 back which was a good deal. At the same while at the end of one of the meetings, he said just off the cuff, "I supposed you wouldn't want to do a deal and want to buy a house at Wooronga," and he said, "Well no but I'll have a look at it," and he said this online and same thing, I painted the picture. There was a whole history of him trying to sell it where they started from and all the rest of it. So it's same thing, we went back to them and said, "Look, I think we can do something." It was a corner block, massive amount of area that we could subdivide, so we put the subdivision through, so we made a deal on that one too. We put the subdivisions through and we just about to complete that, so that's all out of one deal and in that situation again with his own home, he couldn't sell, he wanted a certain figure.

**Dymphna:** Yes.

**Ian:** As long as we met the certain figure, he was quite happy, so we have the original conversation then in the second meeting, we said, "Look, if someone was to walk onto the property right now and offered you \$2million or \$2.1million, you would take it?" and he said, "Yes, I would," and I said, "Well that's our starting process," so you need to get your \$2million, let's do a deal there. I'll make sure you get the \$2million and

if anything go over that, we can get to keep or we split, and in this deal we're splitting.

**Dymphna:** Good. Yet, that's the thing, it's really – that education is what gives you the parameters to be able to work with. It's all very well, once we got the attitude. Okay, yes during the boot camps, the training that I do, we very much on attitude, but attitude alone is not going to do it. It's attitude plus the knowledge to be able to implement the attitude. Implement, "Okay, well what if we did this? And what if we did that? I can do it this way or that way," and really package it up which is drawing on so many things that come in from all angles of training and learning and discussions with other individuals and on-going learning. The day you stop learning is day you get in a box, so I assume. And it's really being to draw in on all that information to put it all together into one nice little neat package of win-win situation.

**Ian:** Yes and with the education, it's got me to a position where there's not a deal where I don't think I can do. I look at every deal now and I go, "Well knowing what I know and what I've learned then there's some way to do this deal." There is some way to be able to fund it whether I need to bring someone in or, we're always thinking laterally and so is Christine, making sure that we can find some ways to fund the deal. Only recently we found out that we couldn't get enough funding for a deal, so we're just thinking about different ways to do that. Who do we bring in? Who can help us out? We may not make the full profit ourselves but someone else. It's better than making no profit at all but bringing someone else in and sharing.

**Dymphna:** That's exactly right. When you start to compound what we've talked about so far with mates in the market, it really creates a strong force to be able to do whatever you want to go and do and just having mates who are equally educated, who are equally active and motivated and have the right attitude and all those sorts of things. It really is a tool, a very valuable situation and, just having the mates in the market doing

this is great. It's a social thing as much of learning and growing and working together.

**Ian:** It's quite often we send emails between the students and, has anyone ever done a vendor-finance deal or an options deal or, you know, I've got this negotiation and it's not working in my favor, what...

**Dymphna:** Do you have any ideas?

**Ian:** Any ideas and how we could get this over the line, and the experience and that helps so much, when you got people exactly that the mates in the market that have done it before and we haven't done everything and there's always some sort of experience somewhere that you can grab from someone else and use to your advantage.

**Dymphna:** All this stuff - you start up with smaller deals. I think my first deal was on milking cow. Can you top that one Ian?

**Ian:** No.

**Dymphna:** Okay, you topped me with bones and cats. It was my very first deal was a milking cow that my neighbour was going to send to the knackery, you know what knackery is? Is where they chop up animals and turn into pet food and I was horrified, I was only very little and I was horrified that - Blacky was her name - this milking cow that was 14 years old at that time was going to be sent off to be turned into pet food. I convinced the neighbour, in exchange for some jobs and whatever else - I don't think I ended up doing very many of them but anyway - I got Blacky, the milking cow, and I think she lived till she was over 16, so I kept her at least for another couple of years before she died of natural death. I think she had 3 more calves and those calves had calves and built up my herd and that was actually what paid for my university, was dear old Blacky.

**Ian:** It's fabulous.

**Dymphna:** Saved it from the knackery.

**Ian:** Yes.

**Dymphna:** So anyway, that training, that early training – whether it's Blacky, the milking cow, or whether it's on a deal, a small deal and negotiation of the right through to very large deals. And when you get into the bigger deals, the alternate funding and mezzanine funding and dealing with Superannuation Funds and private lenders and all of the outside the mainstream type funding, really starts to draw on these skills of thinking outside the box and putting together a package, "Okay, 'how-can' package. How can I make this happen? And still tickles the boxes that everybody needs ticked." It goes right through to the very top. The better you become at this, the more skilled you become at this, the better deals you do, the more deals you do and the more money you're going to make.

**Ian:** And you do more deals because you're more confident in making sure that it works and the negotiations is going to work, the numbers work, and you can talk to people, and the risks are only slightly higher but to most people the risk would be massive. But because you're educated, because you're confident, because you know how to negotiate and you're doing a risk mitigation on that.

**Dymphna:** And the solutions based as opposed to defeatist based.

**Ian:** Yes.

**Dymphna:** Well Ian, thank you so much for being on the podcast with me today. I know you're a wealth of information and a huge pillar of inspiration for all of my students and everyone listening to the podcast. It's great for you come on and share some of that knowledge with you and with my students and the listeners and to really see if people can step up to the mark and start to get out and make some of the kind of the profits that you've made over the last 4 years.

**Ian:** Thank you for having me here but for me, I do enjoy talking about these sort of things because if it means that someone else can go off



to think about something in a different way and being more positive and get more confidence and eventually replace income, like a few of us have now then that for me, is a good thing. I love to see people, like the stories, I get all emotional when people say that, I left work, I'm employed by myself, or as we like the term 'unemployable', so yes but thank you for having me along.

**Dymphna:** Thank you guys. Thank you for listening and don't forget to jump on [iloverealestate.tv](http://iloverealestate.tv) and subscribe to iTunes if you haven't and if you have been on the website, jump on there and subscribe to the other information and freebies and all of the rest of the stuff that I got on this, so thank you heaps guys, thank you Ian. A wealth of information again and I'll be back again to talk to you very soon about something completely different. Bye for now.