
Mayfair Real Estate Institute™

The Real Estate Entrepreneur Scrapbook



Perhaps the most important aspect of your investing journey is 'to start' investing; too often first time investors become overwhelmed and overloaded with due-diligence and suffer paralysis from analysis. I'm sure that in the past you've had the experience of having attended a seminar, read a book, or listened to a CD and felt all fired up with so many phenomenal ideas in your head...ready to change your life! But you soon found yourself overwhelmed to the point of being frozen - unable to put your new ideas to work, unsure of which direction to take.

Having a Mentor eliminates this frustration; if you have any questions they are answered. If you need a path illuminated, it will be done. If you need a good 'kick in the pants' to get motivated, you've got it!

The world's most successful athletes attribute much of their success to having a great Coach. you now tap into this 'secret' and start working with your own Mentor to help you reach your real estate investing goals?

What if the only thing preventing you from finally achieving your income, financial independence, and life goals, was simply NOT having a Coach or Mentor?

Building and structuring a multi-million-dollar property portfolio, that will eventually free you from work, is based

on a specific process much like a recipe for baking a cake.

When you want to bake a cake, you locate that special recipe you want to prepare. Then it's a simple matter of sourcing quality ingredients, adding them in the correct sequence, and following the rest of the directions until you arrive at the finished product.

The key is, to make sure that you get quality ingredients, in the correct order, or your cake will not be a success. Building wealth through property is basically the same.

The key is to conduct research, find out how other successful property investors have built and structured their property portfolios, who and what they have sourced, how they have made their money work for them, and for you to do the same.

Once you have found the winning recipe or plan that has worked for other successful investors, then it becomes a simple matter of repeating the process until you have built and structured your investment property portfolio correctly.

To fast track the process further still, you can leverage off the experience of a Coach or Mentor. Someone who has real life experience and someone who has personally accomplished what you are striving to accomplish. Someone who can keep you on track and keep you accountable!

By combining the two; **'a winning recipe'** for success, combined with 'personal one-on-one mentoring', your learning curve and results will be accelerated beyond belief!

DEVELOPING A 'WINNING GAME PLAN'



This is virtually the exact opposite of what the banks want you to have, and it's exactly the structure that is being utilised by successful property investors who build large property portfolios.

There are a number of insurance policies and approaches

that you can implement in

order to mitigate potential loss of assets in order to protect your property portfolio long term. First, the most

important aspect of risk management

is to recognize that during the building phase of your property portfolio, YOU and your ability to earn income is actually your number one asset, secondary to your actual properties. Therefore, taking out adequate income protection, TPD (total and permanent disability), Trauma insurance, and relevant life insurance, will mitigate any potential risk linked to you and your ability to earn income. The second aspect to

keep in mind is that no matter

how much background research, application screening, and due-diligence your property manager undertakes on your potential tenants, things can and do go wrong. So it is imperative to take out landlords insurance prior to the tenant moving into the property, thus eliminating the risk associated with malicious damage to the property, as well as the correct building insurance, depending on the type of property that you are investing in, i.e. house, townhouse or apartment.

The third aspect of risk management is to continuously review your insurance policies, making sure that you are getting the best 'bang for your buck', and that you always have the highest level of cover available at the best possible price in the market.

property portfolio?', and 'are these the best properties that I can be holding, given the current market conditions and circumstance?'

Many novice property investors hold the misguided belief that once they settle on an investment property, their job is done... but nothing can be further from the truth. The reality is that your job as a property investor has only just begun.

The reality is that if your goal is to build a large investment property portfolio you must always focus your energy on monitoring the suburb or postcode of your investment property, for two very important reasons. One, the moment a comparable property sells in the same suburb or postcode at a higher price point than your property portfolio, you should automatically request a new valuation from your lender, and increase the line of credit or redraw facility against your property, thus enabling you to buy more property sooner. And two, you need to monitor the area and suburb for any new infrastructure developments or changes that might adversely impact on the medium and long term capital growth potential of your investment property portfolio. This could include such things as a petrol station, power lines, drug rehabilitation centres, high density apartments, etc. In the event that these new projects are planned by the council or private developers you should consider selling your investment property and reinvesting your money in another property.

'I know that my business is in trouble if I walk into my boardroom and find that I am the smartest person in the room'.

As mentioned earlier, through observations and interactions with successful property investors and developers over the decades, many have come to the conclusion, that most successful property investors are themselves not 'experts' in every single field of property investing, rather they become *generalists*, relying on their Mastermind Team of Experts from whom they will draw expertise and knowledge.

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Review and maintain your portfolio:

The top two questions that every successful investor always keeps in the back of their mind is *'am I maximizing every aspect of my*

These include, but are not limited to the following:

1. Your Property Solicitor,
2. Your Mortgage Broker or Banker,
3. Your Property Accountant,
4. Your Quantity Surveyor,
5. Your Property Valuer,
6. Your Property Manager,
7. Your insurance Broker or Financial Planner, and
8. Your Property Mentor.

The key distinction to appreciate here, is that your success as a property investor will, to a large extent (especially from the practical execution of your property strategy), be based upon the skill, experience, and knowledge of your team.

As they say, ‘your *net* worth will be determined by your *network*’.

have written goals. Other studies have shown that many Australian adults do not read another book after leaving high school. The saddest part is that many are proud of this...

This lack of planning, and lack of focus on developing financial literacy, combined with a typical ‘scarcity mentality’ is the reason why according to the Australian Bureau of Statistics the vast majority of Australians retire at 65 virtually broke. Fortunately, the very fact that

you are reading this report already signifies that there is a good chance that you might end up in the 1% minority club of Australians who retire with more than \$100,000 per year passive income. The determining factor is what action you take as a result of the knowledge that you learn.

I honestly believe, that the only thing that we truly have control over is our decisions. And it is our decisions that will ultimately determine our destination. Jim Rohn, has a wonderful parable of each of us being in a little boat, in the middle of the ocean. And the same winds blow on all of us, the winds of opportunity, the winds of change, the winds of danger, the winds of disaster, but it is not the blowing of the wind that determines our destinations, it is the set of the sails. As an investor you must learn to reset your sail according to the blowing of the winds. You see, the person with the greatest ‘flexibility’ wins!

Learn to be flexible, and adaptable to the ever changing economic, market and financial circumstances, and continuously reset your sails.



One might ask, 'How does one reset one's sails?' You reset your sails by learning new specialized knowledge, by acquiring new distinctions, and letting go of old inefficient habits and beliefs of the past.

This is the one fundamental reason that I continuously read and educate myself in my chosen field of Residential Property Investing. I have made a long-term, life commitment to never ending, continuous refinement of knowledge, very similar to what the Japanese refer to as KAIZEN.

You see in life there is no such thing as status-quo; you are either growing or you are dying, you are either learning or you are regressing. Many academics believe that there is such a thing as a learned person, I believe this is a great fallacy, there is no such thing as a learned person - you are either learning or you are regressing! So, now that I have equipped you with the 7

essential

traits of successful property investors who build multi-million dollar property portfolios, and I sincerely hope I have added value to your knowledge base, what's the next step? Or more importantly, you might be wondering

how do

I take my knowledge and awareness to the next level?

And here is the answer...

Put simply, if you want to increase the level of your results - and I am making the assumption that you do based on the fact that you are reading this report - you need to increase your level of awareness.

In order to increase your level of awareness, you need to gain access and exposure to specialized knowledge, preferably coupled with mentoring, over a reasonable period of time.

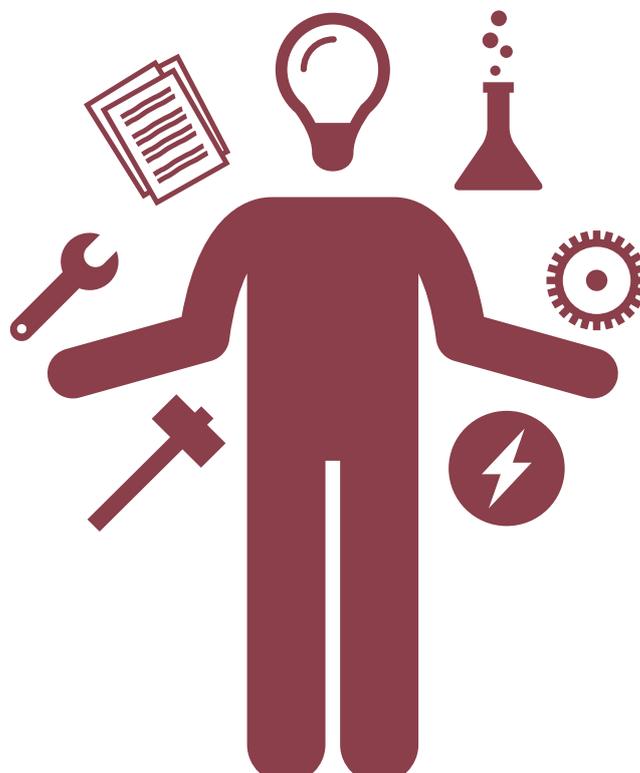
Now this is a very profound statement, so I will break it down further, and simplify it in point form.

1. Increase your level of awareness, which is achieved by;
2. Gaining access and exposure to specialized learning, together with;
3. Mentoring over a reasonable period of time.

Having said that, one of the most neglected aspects of education in Australia today is in the area of financial literacy, or more specifically, how to best build structure and automate a property portfolio from a finance perspective. **That's why I wrote the book 'Australian**

Property

Finance made Simple'... but that's another story.





those who do invest, 72.8 per cent end up with only one investment property.

Historical evidence proves that Australia's \$5.4 trillion dollar residential property market has outperformed all other asset classes over the last 100 years, based on average annual compounded growth.

Yet despite the extraordinary performance of the Australian residential property market, very few Australians have managed to grow substantial property portfolios.

The latest figures from the Australian Taxation Office

(ATO)

show that 72.8 per cent of Australian property investors own just 1 investment property, 18% of Australian property investors own exactly 2 investment properties, and less than 1 per cent of property investors in Australia own 6 investment properties or more.

So only 1 per cent of the entire pool of property investors own more than 6 investment properties...

It seems crazy? Doesn't it?

Many sophisticated investors and experts believe that the missing ingredient separating the 1 per cent from the rest is financial literacy.

The problem is, that no one is really teaching the topic of financial literacy specifically when it comes to residential property investing, and more specifically, no one is teaching the specific methods that are used by sophisticated property investors to build and structure their multi-million dollar property portfolios...

Until now...

So let me ask you something...

"Would you like to learn what only the 1 per cent of property investors in Australia know and practice?"

If your answer is an astounding 'Yes', then keep reading...

Fear to use other people's money, or **OPM**.

For example, they use the maximum Loan to Value Ratio, say 95% and are comfortable paying Lenders Mortgage Insurance (LMI) as they know that the most important aspect of investing is in assessing the Return on Equity (ROE) not Return on Asset (ROA). They also do not own any assets in their own name, that is, they use Trusts and Corporate Trustees to *control assets* rather than to *own assets*. This is a huge distinction that is incongruent with what the average Australian is conditioned to believe about property acquisition.

Finally, investors with the right *Investor Psychology* invest in their own personal development and network with like-minded individuals, who support their investing endeavors. They understand that the only risk in investing is them, not the market, and that the market, whether it's the property market or stock market, is simply a vehicle that transfers wealth from the uneducated to the educated. And it is by being educated that they gain *Specialized Knowledge* about investing that is the second component of the *Wealth Formula*. They also understand that time is the most precious commodity, and they know that investing in property is simply *buying time* in a market that has a proven history of growth with certain properties.

The *Specialized Knowledge* section of the *Wealth Formula* refers to the actual strategies which will allow one to secure properties, or build wealth through property. More specifically, it refers to the investor's financial literacy and depth of knowledge of their chosen area of property investing. Whether it's property options, property development, subdivisions, buy and hold, flipping or renovations, the ultimate success will lie in the investor's grasp of the technical aspects of their strategy, together with their due-diligence or feasibility studies leading up to the deal.



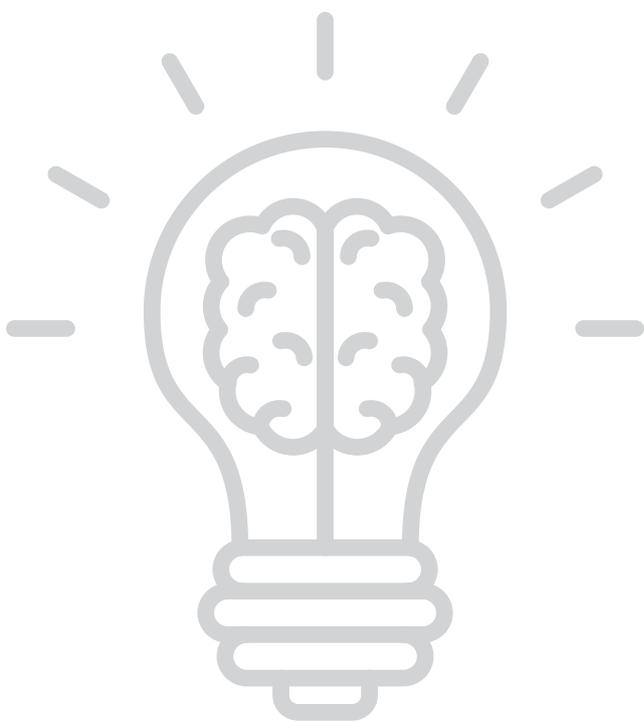
Specialized knowledge takes into consideration such things as cash-flow analysis, what kind of loan to choose (full doc, low doc), which lenders to approach, who the purchasing entity of the asset is, what kind of trust to use (discretionary, fixed unit, hybrid), depreciation schedules, negative/positive gearing etc. It is of great import that the investor becomes comfortable with the language and function of all of the aspects of their investment strategy.

An example of using *Specialized Knowledge* is that most informed investors tend to use an *Optimized Loan Structure*, which is one that allows the property investor to have maximum flexibility and control over every single property that they control or own, either via direct ownership or via a trust/company structure. So, each property is set up as a *Stand Alone facility*, that is, only one loan is taken against one property, and hence none of the properties are cross collateralized, all consisting of a variable *true* Line of Credit, with no mandatory repayments, and a self-capitalizing component built in with the loan, preferably with separate lenders.

To add to this structure, the Line of Credit facility (LOC) will have an offset facility attached to it, allowing the investor, and their partner to directly credit their salaries and rental incomes into their LOC, which in turn offsets the amount of interest that they pay on their Primary

Place

of Residence (PPR) if they have one. Their *Specialized Knowledge* is key to their ability to choose the most advantageous banking product, thus propelling their success forward. However, beyond having an intimate knowledge of all aspects of their chosen investment strategy and its components, the individual is still unable to implement his or her design without assistance from other specialists; this is, of course, undertaken by *The Mastermind Team*.





Most successful property investors are themselves not experts in every single field of property investing. Rather, they become *generalists*, relying on their *Mastermind Team of Experts*, and they leverage from their expertise and knowledge.

Such a team, may include, but is not limited to the following individuals:

1. A Property Solicitor,
2. A Mortgage Broker or Banker,
3. A Property Accountant,
4. A Quantity Surveyor,
5. A Property Valuer,
6. A Property Manager,
7. A Insurance Broker or Financial Planner, and
8. A Property Mentor.

The key to your success is to develop your level of *Specialized Knowledge* to such an extent, that you can:

1. Pre-qualify and shortlist your key *Mastermind Team* of industry experts;
2. Coordinate them in a manner that will enable them to implement the necessary steps and actions that will eventually lead to your desired outcome.

The difficulty with accurately identifying and pre-qualifying the relevant experts which will ultimately form part of your *Mastermind Team* lies with the investor's level of *specialized knowledge* in that particular field, and their ability to ask the right questions in order to pre-qualify and shortlist them.

Specifically, your accountant should be very familiar with setting up various types of trusts, (Hybrid, Unit, Family, etc.) and have firsthand experience with property settlements utilizing those structures, not to mention lending. Your mortgage broker or banker should also be comfortable with setting up loans via trusts and company trustees, and understand the various credit policy

restrictions that apply to buying properties via these.

Your solicitor should specialize in Property Law in your particular state, and be well versed in the latest legislation, sale of land act, etc. Ideally, your Solicitor,

Mortgage Broker, and specifically

Accountant should all be well versed in Property Law and they should be positioned as *niche* operators in that industry, resulting in the majority of their client base being property focused or working in property related industries.

To illustrate this example, a successful investor would have in his or her team, a Property Accountant, a Solicitor specialized only in Property Law and a Mortgage Broker who only looks after investors.

The importance of the *Mastermind Team* in the *Wealth Formula* cannot be underestimated; this is literally the key to your success. Sadly, so many Australians are being

given very average,

to bad, advice by accountants, financial planners and bank managers, and hence have average results, or worse, have lost, or are currently losing, substantial amounts of money both in their super funds and in personal wealth.

The problem, in virtually all cases, is that the client fails to correctly identify and assess their consultant's credentials and accurately assess their ability to give them the correct advice and guidance.

The credentials have nothing to do with the consultant's formal qualifications; they are a given, based on current legislation in financial planning, mortgage broking and banking.

The lacking credentials that are essentially missing in all such cases are that the selected 'professionals', i.e. the financial planners, accountants, and mortgage brokers chosen, are themselves not wealthy individuals, rather, they are selling their time, advice and services, or receiving a commission for the client taking up a recommended product. The most obvious commonality

between all successful

clients is that their consultants are themselves investors and wealthy individuals in their own right. The following

are two excellent pre-qualifying questions to approach prospective *Mastermind Team* members with:

'How many investment properties do you personally own or control?' And,
'How much money have you personally made from this recommendation?'

If they don't have a significant property portfolio themselves, then walk away!

The company's brand, the company's reputation, time in the industry and letters after your consultant's name are all virtually irrelevant - all that matters is their bank account and real results. *Harsh, but true.*

In summary, assembling your *Mastermind Team* or group of experts will take a long time, due to the scarcity of consultants in the various industries who not only hold the correct formal qualifications, e.g. Advanced Diploma of Financial Services (Financial Planning), or being a Chartered Practising Accountant, but also have a PHD in results. The key in finding them lies in your ability

~~to access other~~

successful investors, industry networks, and getting referrals from industry leaders. If you do assemble a

Mastermind Team of experts

who are themselves success stories, your wealth will skyrocket exponentially. Hence, the formula for Wealth is

Investor's Psychology,

multiplied by *Specialized Knowledge,* to the power of (Your) *Mastermind Team.*

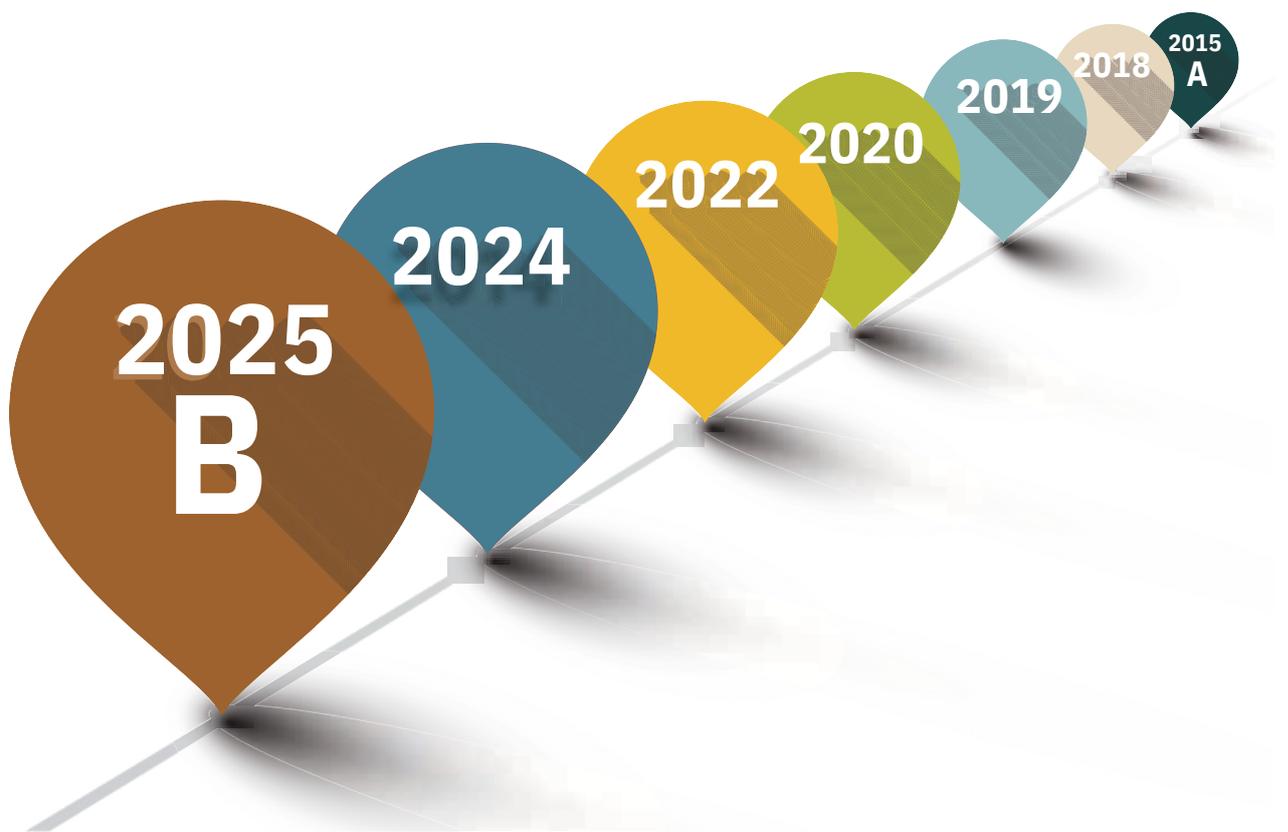
WE START WITH THE 'END OUTCOME' IN MIND FIRST

Then you need to formulate a 'Master Strategy', as well as 'Sub Strategies', in a logical sequence, in order to move from Point (A) to Point (B). Bearing in mind that every single person will have a completely different set of financial circumstances, investment timeline, and risk tolerance, so no two plans will ever be identical.



From a practical perspective, the one-on-one Mentoring process starts with an Initial 3 hour Personalized Strategy Session with your Mentor (Konrad Bobilak), where he will conduct a Financial Gap Analysis (to determine the ideal course to property acquisition), and then outline strategies and actions to be taken to bridge gaps and achieve your financial objectives. By undergoing this process, you will walk away with a clear personalized strategy and action plan that helps you achieve your financial goals through residential property.

During this Initial 3 hour Personalized Strategy Session you will learn the entire process of how to correctly build and structure a multi-million dollar property portfolio that will potentially enable you to create financial independence.



You will also gain a clear insight into the best boom areas for investment and how to take advantage of areas that have had proven historical growth of over 10% per year over the last 10 years.

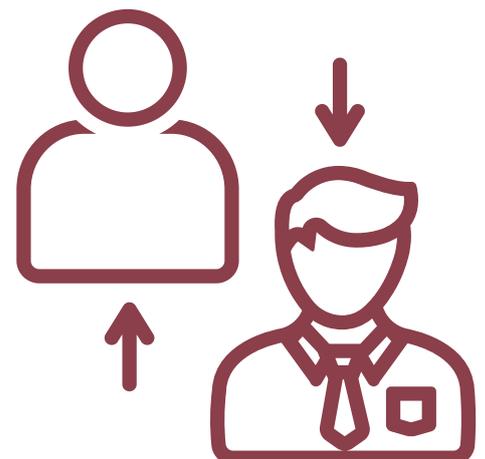
Once you develop and design a 'Master Strategy' and subsequently develop 'Sub Strategies', your Mentor will hold your hand through the entire process of the implementation phase and finally to measuring the outcomes.

WE ADD OUR PEOPLE TO THE EQUATION

Once you agree on your uniquely tailored 'Master Strategy' and 'Sub Strategies', you will be introduced to your exclusive private network of leading industry experts;

- Ø Expert mortgage brokers and financiers
(Correct finance structures)
- Ø Accountants specialising in property investing
(Tax minimization and asset protection)
- Ø Property solicitors, (Conveyancing services and property settlements)
- Ø Quantity surveyors, (Depreciation schedules)
- Ø Building inspectors (Building inspections)
- Ø Qualified valuers (Property valuations)
- Ø Risk insurance specialists (Life insurance, income protection, TPD)
- Ø Insurance brokers (Landlords insurance)
- Ø Property managers (Property leasing and management)

These specialists will become part of your *Mastermind Team* who will all work together with a common purpose to make you more successful. Your personal Mentor will coordinate your entire Mastermind Team of experts, ensuring that your first and subsequent property acquisitions are smooth and predictable, in-line with your overall investment strategy.



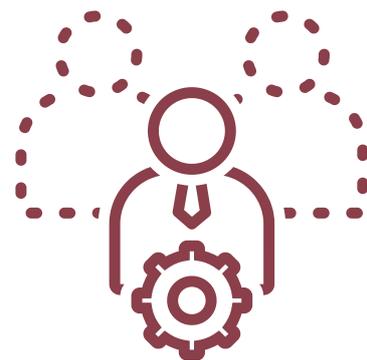
THE MENTORING PROCESS OVERVIEW



IMPLEMENTATION OF YOUR UNIQUELY TAILORED STRATEGY

Based on a personalized investment strategy, created specifically for you, Konrad will personally find and shortlist all the relevant investment properties for you and hold your hand through the entire process of selection, to settlement, to property management.

Konrad will personally coordinate your entire network of specialists; this includes your mortgage broker, your accountant, your solicitor, your financial planner, right down to your property managers and insurance brokers. Unlimited access to Konrad will be available via his personal email address and mobile, for the duration of the 3 year mentoring program during business hours, Monday to Friday, 9:00am to 5:00pm.



This is perhaps the most unique aspect of his mentoring service; that is, you will get to interact with him personally and not with one of his staff members. This will ensure that you are maximizing your ability to achieve your real estate investing objectives in the shortest possible time frame.

It's no surprise that as a result of our uniquely stringent assessment process, very few projects and developers are shortlisted from the hundreds that are scrutinized and reviewed.

This is by design.

Our reputation and interests are on the line, along with yours, so we insist on being as sure as we can that the selected developments we make available are going to deliver.

KNOWING THAT YOU ARE NOT GOING AT IT ALONE...

One of the hardest parts of property investing for novice members is to actually get started. Your first investment property will ultimately determine your long term success in the game, and it is critically important that your first property purchase is the correct one.

Time after time we come across stories of uninformed and uneducated property investors who buy holiday type properties, serviced apartments, or high density apartments in Queensland or Melbourne's Docklands, having found five years later that there has been virtually no capital growth and hence no equity in the property.

In many cases, these investors often sell their properties at a net loss, never re-entering the property market. Such scenarios can be avoided with the right education, access to a team of specialists, and one-on-one coaching.

ONE-ON-ONE MENTORING GIVES YOU CLARITY AND FOCUS.

The feedback from many past clients typically reflects the relief and sense of security felt in having a mentor helping to guide them through the process.

Beyond the live events and workshops, our clients continue to appreciate the learning process, describing it as smooth and effortless, exciting, and certainly profitable.

Not only does one-on-one mentoring reduce the anxiety usually associated with coordinating a property acquisition, it gives our clients peace of mind knowing they can contact their mentor freely with any questions regarding the process.

It's one of the main reasons why our clients keep returning to us.



ACCESS TO PROPERTY EXPERTS & SPECIALISTS



One of the secrets of becoming a successful property investor, and building a substantial property portfolio, is to realise that there is no such thing as a 'self-made' property millionaire.

Behind most *self-made-millionaires* and *successful property investors* you will find **a team of experts and professionals** who, in a *coordinated effort*, with a defined purpose, facilitated an environment that enabled that person to become successful and in some instances, a millionaire.

If your goal is to build wealth through property, in the shortest possible time frame, then you must do so establish a **team** of industry experts who will propel you to success and financial independence.

The concept of the Mastermind Group was formally introduced by Napoleon Hill in the early 1900's. In his timeless book, "Think and Grow Rich" he wrote about the Mastermind principle as:

"The coordination of knowledge and effort of two or more people, who work toward a definite purpose, in the spirit of harmony."

He continues...

"No two minds ever come together without thereby creating a third, invisible intangible force, which may be likened to a third mind."

Perhaps one of the single biggest advantages of having a personal mentor is their ability in coordinating your 'Master Team of Experts' in order to fast track your goals.

It's one thing to know that you need a team of property experts around you, but quite another to source them - especially if you have a limited property portfolio and are fairly inexperienced with property acquisition. Knowing which property to purchase, or knowing which accountant to go in order to implement the most effective tax structures, etc., can be quite daunting for the average investor.

Having someone assemble the team for you from the best in the business saves time, removes the uncertainty and saves unknown thousands of dollars in what could otherwise be costly mistakes.

In the event that you apply and are accepted into the Mentorship program, you will be able to obtain a one on one, personal consultation with these experts to help you structure your personal strategy.

You can design a plan for optimal results, before the actual purchase, thus avoiding very costly and often irreversible mistakes.

By leveraging off the unique experience and leadership of your personal Mentor, who happens to be a seasoned investor himself, you are leveraging off decades of real life industry experience, thus maximizing your chance of reaching your property investing goals.



Mayfair Real Estate Institute™