



HOME

7 Mistakes to Avoid

MARKETERS... Don't succumb to the 'sizzle'.

These are specialised agents who are trained to make a property seem irresistible and sell you on a pretty **picture** of a house (an artist's render). Profit centres in house and land packages are usually made up of 25% to the developer, 15% to the builder and 10% to the marketer.

Beware - the more they sell it for, the more they earn!

INEFFECTIVE STRATEGIES... Don't buy a property without a clear strategy

Purchasing property without a clear idea of strategy, or long-term aims, is a disastrous recipe.

ATO Figures show 72-73% of people only ever own one investment property, just over 20% have 2 or more and .07 % own more than 6.

Mostly because when first buying, it's done without strategy, bought from a marketer, and once hurt, they get out of the game quick smart. Another reason is the money lost in negative gearing to claim tax back.

Don't go losing money on property. Make sure every step is going to increase your positive cash flow!

SECURITISATION ... Don't allow ONE bank to control ALL property loans

Securitisation is actually giving away control of what, and how, you own property.

Learn, the difference between good and bad debt. Banks try and tie up good debt and bad debt and control your outcomes.

Don't allow a lender to take all your loans and consolidate them for a small reduction in interest costs. PLEASE NEVER DO THIS! - make sure you choose multiple lenders for each deal.



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TRAIDING PROPERTY ... Don't be in it for the short term

This is when someone waits for the property value to go up, then sells, then buys the next one. Every time you purchase, you've got a whole lot of expenses like stamp duty, inspections, legals e.g structures and conveyancing, then on sale, you have to pay an agent, and your legals again.

Property can double in price in only 7-10 years, so, make sure you're increasing your wealth by keeping your properties for as long as you can, ensure you have positive gearing and cash flow.

ASSET PROTECTION ... Don't own investment properties in your own name

Asset protection covers you from losing what you own in your own name. The only property you should ever own in your own name is your Principal Place of Residence, because a PPR has the ability for capital gains tax exemptions

Make sure that you engage qualified financial advisors to guide you.

KICKBACKS ... Don't buy a property to get a tax deduction

If your main priority for buying property is just to get tax back (or try and get some money back), you are doing it wrong. Get educated and get professional advice about other ways to get Kickbacks from things like:

- Depreciation and Scrapping Schedules
- Being a Property Investor (vs Being in the Property Business)
- Capital Gains Tax
- Goods and Services Tax
- Beneficiary distributions
- Negative gearing - PLEASE NEVER DO THIS!

EDUCATION (lack of) ... DO get educated and stay informed

Lack of education is really, the number one, biggest mistake that people make. If you think for a moment that getting a little bit of information then going and buying something is going to put you in a better spot, you'll end up making more mistakes than what I've talked about here.

Education is number one. I love what I do. I love teaching and I love investing.