



CHAPTER 1

WHO CAN HELP

Getting your team on board

Long before you even start looking at property porn (as we like to call it) online, you should make sure you have the right team of people in your corner.

Remember that you're probably about to spend hundreds of thousands of dollars on an income-producing asset that will help set you up for life! Why wouldn't you seek out the opinion of some professionals who do this sort of stuff every day of every week?

YOUR EXPERT TEAM

Skimping on paying for expert advice is one of the biggest mistakes investors can make — female or male — no matter how experienced they think they are.

Yes, you'll pay for their services in the short term, but their advice can save you megabucks over the long term, and can also save you from making even more costly mistakes in the future. If someone is offering you their 'advice' supposedly for free, you should run

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a country mile, because they are only interested in their wealth creation and not yours!

Here is an overview of who we think you may need on your expert team, depending on your individual requirements.

MORTGAGE BROKER

A mortgage broker is someone who liaises with you and the banks, or other lenders, to arrange a home loan for you.

Mortgage brokers are trained and qualified to provide you with mortgage-brokering advice. By law, they must act in your best interests when suggesting a loan and a loan structure for you. Generally, it doesn't cost you, the borrower, any money to consult with a mortgage broker and we believe the service they provide — and the headaches they can prevent — is often underrated.

All banks and lenders pay the broker a commission for 'selling' their products. Some brokers get paid a standard fee regardless of what loan they recommend. Other brokers get a higher fee for offering certain loans.

Sometimes a broker will charge you a fee directly — instead of, or as well as, the lender's commission. If you're not sure whether you're getting a good deal, ask around or look online to see what other brokers charge, if anything.

A good mortgage broker works with you to understand your needs and goals. They will:

- ◆ work out what you can afford to borrow
- ◆ find options to suit your situation
- ◆ talk to you about many different banks, lenders, and available loan products.

Conversely, if you go directly to the bank, that bank will only ever talk to you about their own loan products. Mortgage brokers are independent advisers, whereas the banks are not.

Getting a good recommendation is super important. Always check their qualifications and whether they belong to their industry body or association.

ACCOUNTANT

A great accountant will do a lot more than simply prepare your tax returns at the end of the financial year. Most people don't ask them enough questions before they do anything.

When you're buying investment properties, you'll need advice on:

- ◆ what ownership structures to buy your investment property in
- ◆ what marginal tax rate to apply to your cash-flow calcs
- ◆ what you can and cannot claim a tax deduction on.

You should talk to your accountant about tax planning, too— it's not just about the next six months, it's about the next five years and beyond. Are you about to get married? Are you about to go on maternity leave? Are you about to change jobs? The answers to all these questions will make a difference to your property ownership and the costs of holding the property.

Get their advice and input before you start buying. Don't present them with a property that you've bought, hoping for a retrospective solution, because a seemingly simple mistake can be costly to fix.

Ideally, your accountant should also be a property investment specialist. Again, check their qualifications and whether they

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belong to their industry body or association, including the Property Investment Professionals of Australia (PIPA).

FINANCIAL PLANNER/ADVISER

A financial planner or adviser will help you plan your financial goals.

They will:

- ◆ conduct a financial health check on you
- ◆ ask you about a million questions
- ◆ come up with a plan to make your goals a reality
- ◆ help you to understand what you need to put in place and what's involved in meeting your future goals

They can:

- ◆ help with your household budgeting
- ◆ set up a savings strategy
- ◆ compile a comprehensive investment plan to ensure you're heading in the right direction
- ◆ advise you on what types of insurance will protect you and your family.

They also have the capacity and licences to make investments for you, such as managed funds and superannuation advice.

At some stage, it's always advisable to engage with an independent, fee-for-service financial planner who can look at your situation holistically and advise you about estate and retirement planning.

Again, make sure you check their qualifications and whether they belong to their industry body or association. We can't stress enough how important this is!

BUYER'S AGENT

A buyer's agent is a licensed professional who works for you, the buyer, and acts on your behalf to search, evaluate and negotiate a property purchase. They don't sell real estate. They are engaged independently and paid by the buyer to independently act on their behalf.

The key difference between a selling agent and a buyer's agent is who they represent — by law, in Australia an agent cannot act for and accept a commission from both parties in the same property transaction. Some of the things that a buyer's agent can help with:

- ◆ search for a property for you
- ◆ evaluate and complete all the due diligence on the listings available for sale
- ◆ negotiate the property purchase price and terms
- ◆ oversee the contract of sale
- ◆ assist throughout the settlement process
- ◆ oversee and arrange due diligence such as building and pest inspections, and survey and engineering reports.

By using an experienced buyer's agent, you can:

- ◆ gain an edge by having your own advocate who is representing your interests 100 per cent

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- ◆ save time spent searching for and analysing property
- ◆ negotiate to obtain the best price and terms
- ◆ source the correct property in the right location with better prospects for capital growth and/or rental yield
- ◆ eliminate stress by having one representative looking after your needs, rather than dealing with several different selling agents.

If you're buying an investment property, then ideally you need a buyer's agent who is also a qualified property investment adviser and who has a thorough understanding of your investment goals, who can calculate cash flows for you, and assess your risks and needs. This is a critical part of the process. Again, check their bona fides before working with them.

QUALIFIED PROPERTY INVESTMENT ADVISER

A qualified property investment adviser (QPIA) performs a different role from that of a buyer's agent. Ideally, you want both of these skill sets rolled into one person.

Property is not an asset class recognised by the Australian Securities and Investments Commission, so, remarkably, the property investment industry remains unregulated in Australia. This means that anyone who feels like it can dish out property investment 'advice' with pretty much zero qualifications or repercussions if that advice is, ahem, 'dodgy'.

This sorry state of affairs has meant that the property investment space in Australia is riddled with spruikers who sell inferior property in underwhelming locations, with their only motivation being to line their own pockets, rather than work in the best interests of the people they're selling to.

All is not lost, though — you can seek out professionals who have gone to the trouble of getting themselves qualified, because they care about the financial outcomes and the financial futures of their clients, not just selling you a property on their books.

Go to the PIPA website and you'll find a growing list of QPIAs who have done just that. An ethical QPIA should take the time to:

- ◆ understand your situation
- ◆ conduct risk profiling on you
- ◆ recommend a strategy that suits you.

A growing number of mortgage brokers, accountants and even conveyancers are QPIAs, too.

SALES AGENT

These people get a bit of a bad rap, like used-car salespeople and journalists, and most of them really are decent and lovely people with a job to do. Are there some bad apples? Of course there are. Are some better than others? Sure, but you can say that about every industry.

When someone wants to sell a property that they own they will likely engage a selling agent to do that for them. A selling agent has a legal obligation to act in the best interests of the seller. This is called their fiduciary duty. The agent would generally:

- ◆ advise the seller on what price the property might sell for based on recent comparable sales
- ◆ advise on and then handle the sales and marketing strategy
- ◆ negotiate with potential buyers

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- ◆ often (but not always) handle some of the post-purchase process, such as issuing contracts of sale and liaising with the buyer's mortgage broker and conveyancer to ensure smooth settlement.

When buying property, we can't always choose the agent we work with. The agent is chosen by the seller, not the buyer. You're simply choosing the property you're interested in and will then have to deal with the agent assigned to that sale. However, that doesn't mean they're not useful to you. A good agent will know their area inside out, will know many owners and sellers of property, and may have access to listings that haven't come onto the open market yet.

If you have a good relationship with local agents, then they can tell you when new listings come their way — sometimes before they're publicly advertised. So it pays to be courteous and treat them with respect, because you never know when you may need to negotiate with them. You never know when you may need them to present you and your offer to their client, and if they don't like you, they may not do that in a way most beneficial to you. So be nice!

CONVEYANCER OR SOLICITOR

A professional and licensed conveyancer or solicitor will handle all the legalities of purchasing or selling a property for you.

Signing that contract of sale to purchase a property is really only the beginning of the process, and there's also good reason to engage with them before you sign on the dotted line. The conveyancer or solicitor will handle a range of legal matters to ensure your rights are protected and you meet all your legal obligations, so that the sale goes smoothly.

Keep in mind that the conveyancing process is different in each state in Australia, so you'll need someone who's licensed to operate in the state that you're buying in. You will need to enlist their service to help check over the contract of sale and other related contract-associated documents before you sign them. They can also help to advise you on the right clauses and special conditions you might want to add or take out, so, that you get the best possible contract terms to suit you.

A conveyancer's job is to:

- ◆ carry out all the relevant searches required
- ◆ prepare the settlement documents
- ◆ conduct title searches (to ensure the property belongs to the seller and confirm whether any debts or liabilities exist on the property)
- ◆ run local authority searches (to check whether there are any future plans to develop the area upon which the land lies, e.g. build a motorway or develop an apartment complex)
- ◆ perform strata searches (if you're buying an apartment then you'll want to find out whether the building is running on a deficit or is able to sustain the running of the complex)
- ◆ find out many more vital pieces of information and manage all the transfer documents
- ◆ liaise with your bank or broker to ensure the property is rightfully and legally transferred to your name, or from your name if selling, on time.

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A solicitor can also give you legal advice around ownership structures, which a conveyancer cannot. Check their quals before proceeding.

PROPERTY MANAGER

Property managers are the middle person between the owner of the property and the renter.

A property manager will generally:

- ◆ advertise the property for rent
- ◆ screen tenants
- ◆ process tenant applications
- ◆ manage rent paid
- ◆ maintain and repair property
- ◆ stay current with landlord-tenant laws
- ◆ keep property records
- ◆ keep accounts.

However, before you've even bought the property, they can assist you in these ways:

- ◆ evaluate potential listings
- ◆ inspect properties on your behalf
- ◆ advise on potential maintenance items
- ◆ provide you with a rent appraisal on each property you're considering making an offer on.

Property managers are an invaluable part of the process, and it pays to have them on board before you start your property search. There's way more on these fabulous people throughout this book!

QUANTITY SURVEYOR

Quantity surveyors document and assess each asset within a property and calculate the depreciable value to ensure that the investor maximises their tax deductions. This would include, for example:

- ◆ measuring rooms using a laser measurer
- ◆ recording an asset's brand or model number
- ◆ photographing improvements at the property.

The information they record from their inspection is used to prepare what's called a tax depreciation schedule, which outlines the depreciation deductions that can be claimed every year at tax time. It's a must-have for every property investor who owns property of a certain age and can make a difference to your cash flow—especially in the first few years of property investment ownership.

BUILDING AND PEST INSPECTOR

A building and pest inspection is a vital part of the property purchase process that you can, and should, have completed before or during the process of buying; again, depending on which state you're buying in. The report will list any signs of termite or pest infestation or damage, and will highlight any significant building defects or problems such as rising damp, movement in the walls (cracking), safety hazards, or a faulty roof.

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The inspectors will check and inspect things like:

- ◆ the interior and exterior of the building
- ◆ the roof space
- ◆ the under-floor space, if there is one
- ◆ the roof exterior
- ◆ the land on which the property has been constructed
- ◆ garages, sheds, drainage, retaining walls, fencing etc.

You can also ask for a particular item or part of the property to be inspected, such as visible signs of asbestos or operable smoke alarms.

Building and pest inspectors are an integral part of your buying process, so that you know what you're getting into. It's all about buying with your eyes wide open, and not getting any nasty shocks six months down the track. One last time — check their credentials before engaging them.

CASE STUDY: CLAIRE'S STORY

A lovely lady called Claire came to see Kate a couple of years ago. She's a more mature lady and she wanted to purchase an investment property to add to her portfolio.

What Kate thought was so amazing about Claire was that she already owned six (yes, you read that correctly) other investment properties. She still had debt on some of these properties, she owned some of them outright, and as they were also scattered across six different states in Australia, she had never actually visited any of them. They had been carefully selected, purchased, and held in her portfolio for the long term.

Claire's husband of 30 years had passed away fairly recently, so she'd gone through quite the process in terms of rearranging her finances and all the legalities. But here she was knocking on Kate's door raring to go with the next one. She knew what she wanted to achieve with her next property and had some specific criteria to follow in terms of purchase price and rent return.

There really is no limit to what women like Claire, who have a clear plan and know their own risk profiles, can achieve. It was a complete joy to bring Claire's dreams of real financial freedom one step closer to reality.



TO-DO LIST

- Start thinking about the experts who can help you.
 - Ask for recommendations from successful investors.
 - Make sure you check out their credentials before contacting them.
 - Ask for testimonials – if they hesitate, well, it's time to keep looking.
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