

Armchair investments

Property is the most amazing investment you can make. As Robert Kiyosaki said, if you just buy one property every year you'll be set up for your retirement. Take it to the next level and buy more than one property a year, say 6 or 12 and it'll become the most amazing business you will ever have. In fact with a little effort, determination, training, support and a realistic business plan it's a sure fire route to financial freedom in a very short space of time.

As Dolf De Roos said Look at it this way; if you invest £100,000 in the stock market what will you get? Well you will have £100,000 worth of shares. **If** the shares perform well and let's say you double your money over 10 years your investment will have given you a 100% return in 10 years, giving you a nice £200,000

You will however, need £100,000 starting capital for this method of investment.

If, however you invest £100,000 into property what will you get? If you buy wisely you can buy a property worth £130,000 for £100,000, so you have made £30,000 instantly. Over the next 10 years the property historically will double in value so you will have a property worth £260,000.

However....and this is the clever bit! With property you can borrow up to 90% of the purchase price from a bank. In this way you can leverage your money much further. This means that your £100,000 will allow you to buy 10 properties by putting £10,000 or 10% into each property. If you purchase well, each property will cost £100,000 but by buying below market value will actually be worth £130,000.

Now if each property then doubles in value over the next 10 years you will have 10 x £260,000 worth of properties which equals 2.6 million less the 10 x £90,000 you borrowed from the bank equals £1.5 million.

Banks are very keen to lend you money to invest in property. They see it as a very good investment and you can get all sorts of flexible loans on flexible criteria allowing you to buy a lot of

property. Try asking them to lend money to buy shares even for you to buy their own shares...you won't get the same kind of results. Property is seen as a good risk. Shares are seen as high risk.

Buying below market value, i.e. making your money as you buy rather than waiting to sell is what makes this even better!

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I have always told people that I don't sell fish I teach people how to fish however.....

I have generated a wonderful lead generation and close system that is allowing me to buy 6-8 properties every month including deals from Estate Agents. Problem is how many properties do I really want? My target was to buy 100 properties in three years. I achieved that number in just over 2 years. My portfolio now has a value of just under 20 million and generates me a monthly cash flow profit of over £20,000 per month.

I was talking to my accountant John Goodinson and mentioned I was about to retire and start playing more golf and that I was going to stop advertising and start turning down properties. He offered me £50,000 to buy him 5 properties over the next five years all generating a positive cash flow as long as I would manage them for him as well.

He said if they needed any money put in for deposits or refurb that I should put it in out of the £50,000 but if there was any cash back after re-mortgage that I could transfer it onto the next property. Any cash left after the 5th re-mortgage I could keep. If the property needing refurbishing then I would run that too using my team of builders. He also wanted me to find a tenant and manage the properties for a 10% of rental income monthly fee.

All this will result in John owning a portfolio with a value of around £750,000 generating a monthly cash flow profit for an initial investment of only £50,000. If capital appreciation continues as is historically proven these properties will double in value over 5 to 10 years.

So while I move forward and dabble in commercial property I thought why not do this for a few other people too, it seems a shame to let my beautiful lead generation system go to waste...and after all I can always retire next year!

How it will work – Your Way

If you were to do this yourself you would need to find a property to purchase, arrange an 85% buy to let mortgage, put down a 15% deposit, pay your £3-4k (approx) purchase fees. Sort out the refurb and find a tenant.

Using an example of property with a purchase price of £150,000 you would put down a £22,500 deposit, £1500 stamp duty, costs and fees of £3-4k and up to £10k refurb costs.

That's nearly 40k per property. So if you wanted to buy 5 properties you would need close to £200,000 starting capital.

It is also important that your mortgage payments should be lower than your rental income so that you don't end up with a liability rather than an asset at least for the short term.

Or - The Armchair Way

I can do this for you using my BMV purchasing techniques. It will work like this.

I will purchase a property for you in your name lets say with a value of £150,000 however, I specialise in buying below value so I will be able to find a property with this value at a purchase price of around £120,000. You buy it for cash using our bridging company and immediately re-mortgage for 85% of £150,000 which is £127,500. This ensures the re-mortgage value before commitment. I will then refurbish it for you for around £7500

Sometimes we will re-mortgage again after refurbishment

This comes to a total cash requirement of £3-4k which if multiplied by 5 is £15-20k

We will then find a tenant and manage your property for you for a 10% of rental income fee.

The fee

If you want me to buy you 5 properties you place with my solicitor £50k which comprises a £30k fee and £20k working capital. If I cannot buy 5 properties with the £20k working capital then I will use some of my fee money. If I buy better and end up not using the £20,000 I will keep it (for the next purchase). If I end up with more cash than I started with YOU will keep it.

You will end up with a portfolio of 5 properties with a value of £600,000 to £800,000 that will also generate a monthly profit.

If you are interested in this service please call me on 01908-423700 or 07768-594949 or you can email me at glenn@glennarmstrong.com