

Apprentice Property Tycoon

Lesson 6

by

Malcolm Heath

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Welcome to the sixth lesson of **Apprentice Property Tycoon**.

Let me congratulate you on taking this next important step on your path to **total financial freedom**. As you have stuck with the course this far, you're proving that you have what it takes to be a successful property tycoon. Most people claim to want to be super rich, but when it comes to taking the required actions, they can't be bothered. It's nothing but talk.

They want someone else to do the work and then hand the money to them on a plate. And they want the money **RIGHT NOW** of course.

They expect to walk into top property deals with no insider knowledge, no prior experience, and without any understanding of the lingo.

Small wonder they get laughed out of the door by the lending institutions and other professionals!

Speaking of which, I was chatting to the manager of my health club the other day about how they calculated membership capacity and was startled by what he told me. He calculated that for every ten new members that sign up, four will never use the facility again after their first visit. These members don't bother to come back even after paying a hefty membership fee! They know that they should get some exercise but don't have the conviction to see it through. They use the simple act of signing up to ease their conscience.

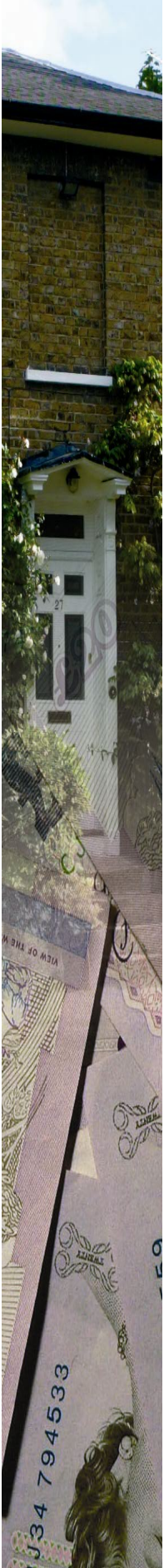
Okay, being kind, maybe they *intended* to exercise – one day real soon now!

What were your reasons for signing up for this course? Was it because you really did want to *do* something with your life, or was it simply to make yourself *feel better* about having not yet done anything? If you don't take action, you will be no different to those people that sign up for a gym but never do a work-out!

I'm now going to give you the next steps in achieving your dream of financial freedom through property. It is up to you whether you do them or not, of course.

Follow my advice and you're on your way to achieving financial freedom, continue to do nothing and you will continue to achieve... nothing. It's that simple.

You'll never be rich and enjoying the lifestyle of your dreams if you don't do these steps.



Goal-Setting

I want you to go out and buy a hardback notebook. This will be your Property Dealing Diary and a record of your concerted efforts towards becoming a property tycoon.

Write your main goal at the start of your notebook. You will create a new goal every time you reach it. Writing down goals is crucial to your success – **ALL successful people write down their goals and visualise them coming true.**

Setting goals is what distinguishes winners from losers.

Your goal will look something like this:

“I declare that by [date] I will have made £100,000 profit from property dealing.”

Goals only work if you are precise both with the date you want to have made the money by and the amount you want to have made.

The trouble with big goals like this is that the brain goes into overload and then shut-down; it hasn't a clue how to achieve it. This is why most people end up doing nothing – they don't know where to begin.

Here's a secret used by tycoons – you take a big goal like the one above and break it down into small, manageable chunks.

Successful writers know that if you write just *one* page of a story every day for a year, you will have finished a 365 page novel. This is the power of bite-sizing large projects.

I know several famous authors and all, without exception, set themselves a daily writing target. This is never, “I'm gong to write a novel today”; instead it's “I'm going to write a page of my novel today,” or, “I'm going to write one thousand words today.”

Sometimes the one thousand word target becomes two thousand words achieved, and the one page stretches into three. Great, they just finish it sooner. What matters most is that these authors have set themselves a bite-size manageable task, which is always driving them towards accomplishing the larger end goal (a novel)... and so they succeed.

Using this technique, you are going to become rich, step-by-step, and your notebook is for recording each property dealing step you take.

You need to start thinking about property dealing, planning property deals and then taking the necessary actions. Use your notebook to record what property-related activities you undertake each day.

Understanding The Market

Before you can spot a bargain property, you must be ‘au fait’ with the *local* market. The truth is that apart from foreign property, you will almost certainly buy the majority of your property in your local area. In order to get the very best price on a property you need to know what similar properties in the area are *really* selling for – there can be a big difference between the asking price and the sale price. Fortunately, the internet makes this easy for you.

www.nethouseprices.com will allow you to search by postcode all properties in England, Scotland and Wales, and tell you the sale price and date of all properties sold since 2000. Their information source is the Land Registry Office. This is a free service and you can do as many searches as you like.

Do a postcode search of a property you are interested in and see how many houses have recently been sold on that street. Make a note of the sale prices and street numbers and then go and take a look at all of those houses from the roadside. Obviously you won’t be able to go in any of them, but it’s amazing what you can tell about a property purely from an external observation. If there is a big difference in sale price between two houses, see if you can work out why. It may not be possible to tell just from the front of the house as it could be due to décor, modernisation being required or other internal factors.

Then have a look at the properties that are currently for sale on this street and compare the asking price with the sale price of other properties. Is there a big difference? Unless there are obvious reasons for the discrepancy, the lower the sale price compared to the asking price, the greater the bargaining power you’ll have.

This is all good training for you. Don’t skip this and think “Yeah, yeah – maybe I’ll do that if I have a moment.”

The services I have outlined are free to use and will give you pertinent information with respect to the type of tenant you are hoping to attract.

Knowing your market is key to successful property dealing.

Location, Location, Location

As you are buying the property either to rent out or to sell on, you need to bear in mind what important features your target group of buyers will be looking for. Your intended market will have some bearing on what is deemed a suitable location as we discussed last month. To remind you...





Single young professionals...

This group generally wants easy access to...

- Bars.
- Restaurants.
- Health clubs and sports facilities.
- Possibly good rail links if they commute to work on the train.

Families...

A parent at home with young children will count as essential...

- Good local schools.
- Close to shops.
- Parks and outside spaces and play areas.
- Good childcare facilities i.e. playgroups, kindergartens etc.

Seniors...

Will be looking for a place to live...

- More off the beaten track, quieter but maybe with access to a motorway nearby.
- Within easy reach to village/town shops, hospital facilities, doctors and dentists.
- Close to frequent public transport.

Like seeks like...

People want to live in locations populated by people of similar economic and social status to themselves. You can find information like this by doing a postcode search on www.upmystreet.com. For example, if you are looking to interest young, professional workers, they will want to live in an area with other professionals, who are well-educated up to degree level or beyond. They will not want to live in an area filled with working class or single parents.

Crime...

Naturally most people want to live in a low-crime area. Of course, crime statistics can change in the time between buying and selling your property, but that is something beyond your control (unless you are aware of plans that could significantly affect this status, such as a local authority housing estate being built nearby).



www.crimestatistics.org.uk will give you a comparison of the crime rates of the local authority compared to the national average of England and Wales. They won't, however, have details specifically of your chosen street.

TIP: If you want a more accurate representation, phone an insurance company and get a buildings and contents quote for that house!

If the quote is significantly higher than you would normally pay, then you know – before you buy – that there are additional risks involved in the property. There could be a high risk of burglary, subsidence or flooding.

The cost of car insurance is affected by your postcode and reflects the risk level of the area. However, whether it is parked in a locked garage, on the driveway, or outside the house is also taken into account. Older properties, particularly terraced ones will not have off-street parking. Newer properties probably will, but check anyway.

Off-street parking is a BIG priority for many homebuyers due to ease of parking, lower insurance costs and decreased vandalism.

Traffic...

To get a true picture of the level of traffic near a property, check the property in the morning and night – especially during 'rush hour' times. In semi-rural and rural areas, roads can be very quiet between the hours of 10am and 4pm but extremely busy from 6.30am – 10am and 4pm – 8pm.

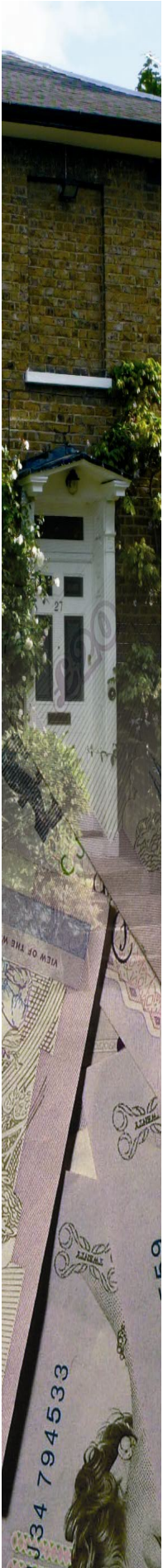
Especially check this, if the property is on a 'B' road that links to an 'A' road which leads to a motorway. Or a 'B' road that links a village to an 'A' road, that leads to a town or city.

Buying Property

I'm now going to tell you what property tycoons look for when buying a UK property – this is just one of the many winning strategies that will mark you out as a Tycoon.

The Right Property

- **Location.** You should aim to buy in a fairly *established* town - this way there will be some older properties that have renovation potential (= profit). There will also be established services and transport links.



- **The location is more important than the actual property.** You've heard the joke I'm sure. The three most important things to look for when buying property are... location, location and... location. A smaller property in a better area will have more profit potential than a larger property in a poorer area. The poverty gap is widening and people will pay a premium for the 'right' location.
- **Schools.** The standard of state schools varies widely from one area to another and as children are only allowed to go to those schools within their catchment area, this is a key selling point for you. If a family home is within the catchment area for a good school, it will both sell quickly and fetch a higher price.
- **Up and Coming Areas.** Trying to spot an up and coming area is too risky. If you get it wrong you could be out of pocket, so keep it safe and simple by sticking to good quality areas that are already established. This way there will also be more renovation potential. The area you chose MAY eventually come good, but can you afford to wait that long?
- **Tenants/Buyers.** Bear in mind the type of tenants or buyers you are trying to attract. People want to live in an area with those of a similar social and educational standing.
- **Get a Realistic Picture.** Visit the area/property at night, at the weekend and at a weekday to get a realistic picture - a street can become totally different during different times. Pubs, shops and good transport links should be reasonably close by.
- **Noise and Health Hazards.** If possible avoid properties close to railway lines, busy roads, pylons and telephone masts. People will be put off by the noise of trains and traffic on main roads, and electricity pylons have been linked to health scares – these scares are unlikely to go away.
- **Safety.** Families with young children do not want to live on a main road. I once bought a gorgeous six-bed house with a high-walled front and rear garden that was on a main road. I thought that because it was securely enclosed it was safer for young children to play than on the street, but parents only saw it as situated on a main road and this made it difficult to sell.



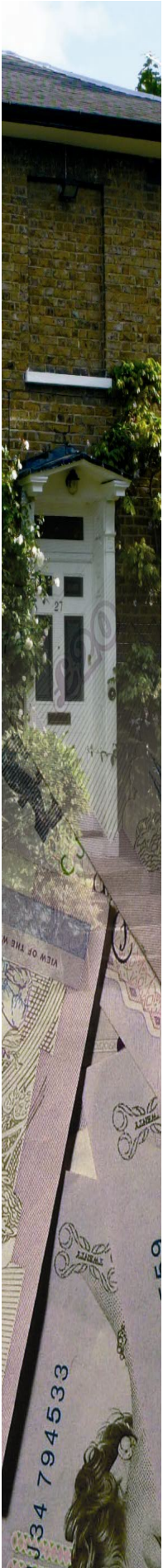
- **Properties to Avoid.** I'm not being a snob here, just telling you facts. Avoid ex-local authority properties and any areas that are a little untidy. Car wrecks on the driveway or up on blocks on the road, caravans left on the street and a **high presence of commercial vehicles parked up at night** are all indicators of properties that will not command a high profit premium.
- **Parking.** Some streets can be deceptive. It may appear that it is dominated by houses when in fact they are all converted into flats. This will result in parking problems because of the extra cars the road was not designed for. The trick here is to count the number of door bells on each property.
- **Special Features.** A little bonus that will serve you well is trying to get a property with just one special feature - particularly in an area where the houses are very similar. This gives the property a certain uniqueness that justifies a higher price than others in the area. A friend of mine put a large clock face on the high gable end of his house, renamed it **The Clock House** –and it was snapped up!!! (His was not as grand as the picture below – it was just a normal 3-story terrace.



Good Places to Buy

Hot Districts...

These are areas where properties are sold or let within days of coming on the market. This tells you there is a high demand for property.



As long as you buy carefully, your home should be in demand when you are ready to sell it on.

New Districts...

Any area where new roads make it more accessible will increase in popularity. A new rail link or airport also increases demand.

Brighton is a prime example. A few years back there was talk of more train services between Brighton and London – the house prices in Brighton increased dramatically as demand shot up.

Builder Districts...

A location with extensive renovation, conversion or building programmes is a clear indication the place is popular. Prices will rise.

Redevelopment Districts...

Property prices are set to rise in districts where local councils have an improvement scheme in progress or – better still – are planning one.

Outlying Districts...

If the property prices are too high in a desirable location, buy the next best thing – buy on the outskirts.

Over the next few years, extra building programmes may even link-up your property to the desirable location, making it part of it.

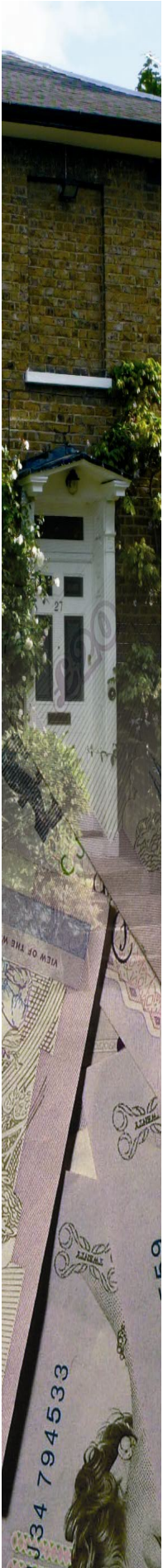
Heritage Sites...

Expect prices to rise in towns that will be, or have recently been, designated as World Heritage sites. See conservation districts below.

Properties undervalued...

This is a property within a row of houses or an estate that has a cheaper asking price than the value of its neighbouring properties.

There will be a reason. It may only need upgrading or extending for the property to assume the higher price of the surrounding area.



Bad Places to Buy

Oversold Districts...

An area that has a lot of For Sale signs does not always mean it's a good place to buy. It can signify a bad place – if the signs remain for long periods of time.

A glut of for sale signs with hardly a SOLD board in sight, tells you there are more people moving out than moving in.

If the properties do have a quick sale turn around, bear in mind that too much competition in the area can make it difficult to sell-on.

Extreme price-end properties...

Avoid areas with very cheap prices because the price appreciation is usually small, no matter how much you improve the house and garden over the years.

Again, properties in exclusive high-priced zones are hard to sell, because the buyers are few.

Depressed Districts...

Unless you are planning to spend at least the next ten years in your home, don't purchase in a depressed district, no matter how tempting the cheap property prices are.

It is still risky over the long term UNLESS you KNOW the government have plans to upgrade that area in five or ten year's time.

Reasons for a depressed area: high unemployment, closed or failing businesses or high crime rates.

If the area has a lot of property for sale with many empty or even boarded up – it's a depressed area.

Conservation Districts...

If you buy a property in a conservation area, it is very difficult to get planning permission if you want to make improvements to your home.

If the property is listed, there are even more restrictions.

The Easiest and Hardest Properties to sell...



If you are buying your property purely to do up and sell-on for a profit, then aim for a property that will appeal to *families*. This is the largest group of buyers. Studio flats and very small houses don't appeal to families.

Also any unusual and specialist properties are harder to sell.

Best bet...

A safe bet is a middle market property at a middle market price; a house that most people would buy and in a location that most people would like to live in.

For example, a good choice would be a semi-detached house in a cul-de-sac location situated in the suburbs of a popular town. Also, flats, semi-detached and detached houses in the suburbs with good shops and schools.

Checklist for a First Viewing

Once you've found suitable properties, take the following checklist with you to the first viewing. It will help you to pick a property that will be easy to sell and avoid any with nasty surprises. I suggest you create your own Word (or similar) version of this check list, with boxes to fill in the answers.

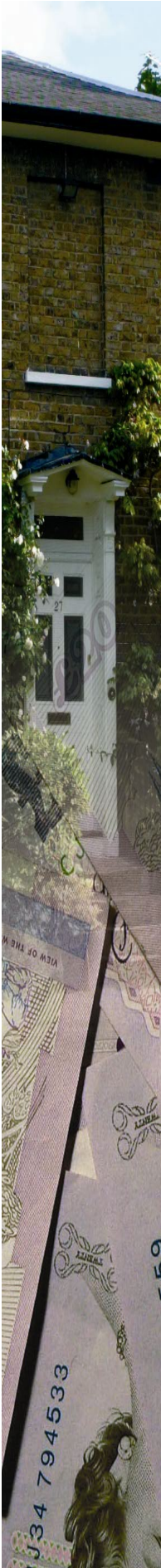
I know I'm sounding like a broken record, but remember you will always be thinking of selling the property before you consider buying it.

Living Rooms...

- How many living rooms are there?
- Do the rooms have big windows or patio doors?
- Is the outlook pleasing?
- Are the rooms south facing?
- Is there a fireplace?
- What are the size of the rooms and heights of ceilings?

Kitchen...

- What is the condition of the kitchen?
- How user-friendly is it?
- Is there ample storage space in the form of cupboards or a pantry?
- Are there decent work surfaces and enough of them?
- Is the room light and airy or small and cramped?
- Are there fitted appliances?
- Does the kitchen lead onto a utility room?



- Is there a door onto the back garden?
- Is there space for a table or breakfast bar?
- Does the room lead onto a dining room?

Bedrooms...

- How many double bedrooms are there?
- How many single bedrooms are there?
- Are there any fitted wardrobes?
- Are there any en-suite bathrooms?
- What is the décor like?

Bathrooms...

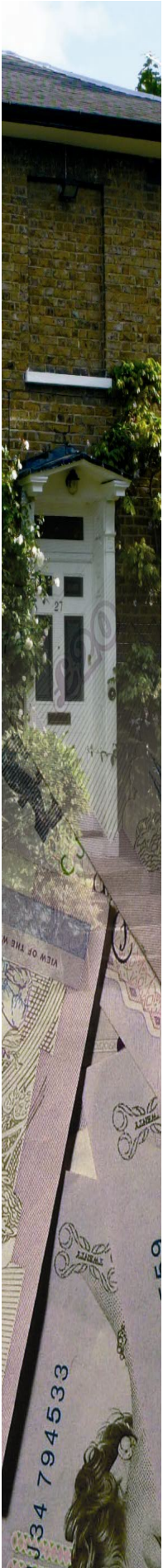
- How many bathrooms are there?
- Is there a bath?
- Is there a shower?
- Is the toilet in the bathroom or a separate room?
- What is the condition of the bathroom and suite?

The Accommodation...

- Is there a cloakroom downstairs?
- Are the stairs a good width?
- Is the accommodation suitable?
- Is the layout suitable?
- What is the condition of the structure?
- Is the house well decorated or tatty?
- Is there a garden and what size and state is it in?
- Is the garden low or high maintenance?
- Is there room for an extension?
- Are there any parking facilities – garage/off-road/on-road parking?
- What is the condition of the outside?
- Are all the windows double-glazed?
- Does the property have loft and cavity wall insulation?
- Are there signs of dry or damp rot such as a funny smell, mould or peeling wallpaper?
- Is there damp-proofing?

Services...

- What condition is the electric/water/drainage system in? (Don't forget the gutters.) Stop cock?
- Where are the telephone and TV connections?



- Is there gas central heating, and what condition is it in?
Electric storage heaters are a big no-no for many buyers.

General...

- Is the property in an area that suffers from flooding, subsidence or severe weather conditions?
- What are the neighbours and locals like?
- What services and leisure facilities does the area offer?
- What amenities are close-by?

Checklist for a Second Viewing

For any property you are seriously interested in, arrange an appointment for a second, more thorough, viewing. This checklist is a to-do list. Don't simply ask the vendors and rely on their answers – they may not be accurate.

Before continuing I must just pause and contrast this list and the one which follows, with the way people normally buy houses. They visit a few and then find one they 'like' (usually some gut feeling and usually felt by the woman). They will visit just once or twice more and then make an offer! Incredibly really, when you think about it.

On with the second viewing list... Any work that needs doing on these seemingly simple things could cost you a few thousand pounds. It's better to discover they need doing *before* you put in an offer. That way you have the choice to agree a price only if they carry out the work, or agree to accept a lower offer.

Plumbing...

- Do any of the taps drip?
- Is the water pressure good?
- Is the hot water system working?
- If there is a shower, check it works.
- Is there plumbing for a washing machine?

Electricity...

- Are there adequate electric points?
- Do they all work?
- Do all of the lights work? Especially important with concealed lighting.
- If there are electric gates, do they work? Is the company which installed them still in business? (You'd be surprised...)



Heating...

- If possible check that the heating system works.

Windows...

- Check there are no 'sticky' windows – especially in a house with sash windows.
- Are there security locks? And if so, are the keys available or have they been lost?

If the property is right, make an offer before leaving the viewing or at least tell the agent that you intend to put in an offer.

When to Buy

Does it matter WHEN you buy?

You bet it does!

Buy at the right time and you could knock up to £20,000 off the asking price.

Christmas and summer holiday times create a fluctuation on both supply and demand for property. This in turn affects the prices.

The following chart gives the best and worst times to buy property. The scoring system is one to ten. Ten is the best and zero is the worst month with a limited supply of properties and the prices at their highest. To give a full picture, I have included the scoring system for selling as well.

	For buying	For selling
Jan	8	2
Feb	10	0
Mar	4	7
Apr	2	10
May	1	10
June	5	6
July	8	1
Aug	9	1
Sep	4	9
Oct	5	7
Nov	9	4
Dec	10	0



This is a valuable guideline. If you want to get the best deal on a property, make an offer on a property within the three months period of December to February. This is the low ebb period of home-buying as people concentrate on Christmas and then recuperating. Notice a slight flurry of activity in January? This is because many couples realise they cannot stand the site of each other after being together over Christmas once again! Also, many people get ‘New Year Fever’ and want to change houses immediately after Christmas. Interestingly this activity all dies down again in February. As the spring kicks in, more people decide to buy. So, the market place gets busier and prices rise.

This does not always mean the prices of houses are lower, but that the sellers will accept a lower offer than the advertised or expected selling price, because there are fewer buyers.

TIP: Buy midweek – when there are not so many buyers around. Most people do their buying and viewing at the weekend, naturally.

Remember, property prices swing on demand and supply – it’s just the same with ANY market..

Buying Privately

I’m now going to turn to the process of finding suitable properties to buy without using an estate agent. Private adverts which YOU place are one good option. Here’s an example:

Property Urgently Required!

Probate, repossessions, scruffy properties needed. No chain, quick sale. We will view anything in any condition. Save agent’s fees and release the value of your asset.

Call 01234 567890

The best places to advertise are on property internet sites and the local newspapers. Don’t just stick to the local paper for your area; advertise in papers serving the surrounding areas too.

A great no-cost technique if you can pitch it correctly is to have a feature in the local paper. Local newspapers are usually desperate for content and so will gratefully publish a newsworthy item if it is print-ready. Simply write a friendly, interesting and informative article about how you are looking for properties that are in need of renovation. You have to be very careful about your pitch – you want to make it sound as though you are doing people a favour by taking hard-to-sell properties off their hands at an unfair price. Don’t come across as a property tycoon, you’ll put people off.



If you put an advert around enough, you can be prepared for some calls. Here are the questions you will need to ask people when they phone:

1. Is the property already listed with an agent?

The best ones are usually not listed, but if it is already listed, don't be put off - remember, the seller will be inclined to take a lower offer by saving on an agent's commission. Plus the fact that if the property is listed and the seller is phoning you, then he's getting desperate. Desperate = good for you as they will take a low offer.

2. Where is the property?

Get the full address. If you don't recognise it ask where it is. If the location is not a good one, don't let that rule a purchase out completely, you may be able to turn it around quickly. Other questions you require answers to are:

- What is the asking price?
- What is the condition?
- Is it listed on a website so I can see a picture and the details of it?
- Why are you selling?

It's unlikely that the seller will be prepared for the last question so you might catch them out and get an honest answer! You want to qualify each call thoroughly without scaring them away. Conclude the conversation by arranging to view the property if it interests you.

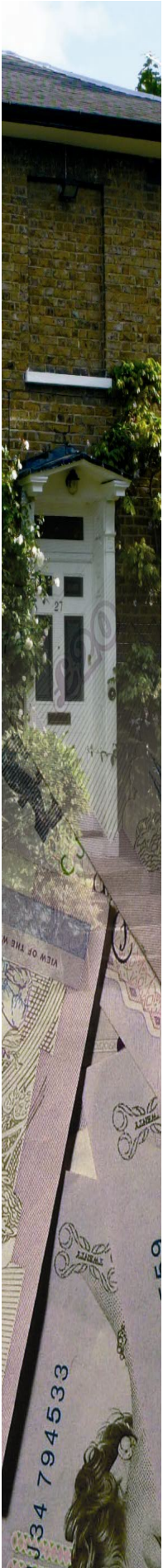
Buying or Selling Via the Internet

The internet is now the easy way of buying or selling property without incurring huge agency fees. With most sites there will be a small cost but this is tiny in comparison. Such sites include www.thelittlehousecompany.co.uk

It's a straightforward case of doing a search for the location you wish to buy in and seeing what properties are available. Read their 'advice to buyers' as this gives commonsense advice about buying properties advertised on their website. Obviously they won't have checked the property beforehand, so it's up to you to be extra vigilant when viewing the property.

Other Methods

- Keep a pocket tape machine or notepad in your car and as you drive around start to notice properties that are looking shabby. Put a leaflet through their door stating an interest in buying if



at any time in the future they were thinking of selling. If the property is in need of repair, the owners may be struggling to keep up mortgage repayments and so your leaflet may just prompt them into selling.

- Look to see if there are any houses that seem empty or are boarded-up and then find out through your local authority who owns them. It could be a probate property and the new owners may be keen to make a sale.
- Visit your local planning department and ask about condemned properties.
- Scan newspapers for people trying to sell property privately too if you like, but it is far more efficient to get out there and find the property for yourself. Why? If you find one, you're likely to be the only buyer.
- Get referrals. Whether people you come into contact with sell or buy or don't do either, tell them that you will pay £200 cash for introducing you to a buyer or seller that results in a deal payable upon exchange of contracts.

TIP: If you notice a property that keeps appearing in the local press for a few months running – that means it's not selling. Ring the agent and find out whether it is overpriced, or there is a problem that is putting people off.

Under The Hammer

Right, let's talk about auctions. Time to forget any preconceived ideas you have and learn the facts, because this can be an excellent way of sourcing development property - *if you know what you're doing.*

Why are the owners of a property so desperate that they have to resort to auction? There must be *something* wrong with it! Maybe. But not necessarily, so it pays to do a bit of simple detective work here. Many properties that come to auction have nothing wrong with them at all and are simply there because the owner wants the cash sooner rather than later. Here are some examples:

An Inheritance: Uncle Albert left the family more money than they expected. Any money they receive is a bonus because it wasn't their money in the first place, so why should they feel the need to mess about waiting for the best price, bother with estate agents and all that carry on? Also, as soon as most





people get the smallest whiff of some free cash, they want to get their greedy hands on it *right now* – usually, it has to be said, to spend on a load of consumer junk, not to invest wisely!

When property comes on to the market from the death of the owner it is called ‘probate’ and it usually represents some of the best development opportunities (they’re usually outdated, dirty, scruffy and smelly).

A Repossession: Most people that have a mortgage are under the impression that they own a property. Wrong! The bank that lent you the money owns it, they merely live in it! Don’t believe me? Read the small print on your mortgage agreement - the bank holds the deeds. Most people also mistakenly believe they have an asset – wrong again.

An asset is something (like a rented flat) which generates you a cash surplus each month, irrespective of how small an amount. What you have with a mortgage is a *liability* not an asset. Liabilities cause net cash *outflow* each month. **To be wealthy, you need to understand this basic difference.**

Obviously, if the mortgage payer can no longer make the repayments, the bank has the right to take the property back (aside: you don’t want to be there when the bailiff shows up believe me; it gets very interesting sometimes!). Very often, by the time the property is taken back they are completely trashed inside as a rebuke.

But why don’t the banks make some money by doing what we’re doing? Why don’t they fix-up all these properties themselves and make a killing?

Because banks are in the business of lending money not developing properties! It really is that simple.

They just want to get their money back so they can lend it to someone else and do what they do best; so auctions are a perfect outlet for them. Also, an auction represents the fairer option. You see, in the event of a repossession they are required by law to get the best *open-market* price (Note: NOT the best price) because the previous owner may have some equity at stake.

At auction, the property is widely publicised in advance and all interested parties have a decent crack so this is deemed as fair. There are occasionally auctions that are dedicated to repossessions alone and have a wide variety of cheap property.



Expediency Preferred: Sid is a pensioner. He's worked his whole life and has just completed on a nice little villa in Spain. He bought his UK property in the sixties and has since watched its value multiply many times. He's in his twilight years and so time is short - he doesn't want to get involved in a long and arduous property chain. Six months spent with all that nonsense could be six months sitting in the sun drinking sangria!

Again, an auction house represents the best solution. Another example may be a swift need for cash by a land owner like a farmer. In the recent foot and mouth crisis many farmers needed cash in a hurry and thus sold a dilapidated old barn or two at auction.

Aside: Why would you buy such a thing? Get planning permission to build a home out of it and you could make a killing! However, always approach conversions with caution – if it's not sold with planning permission you may be stuck with nothing more than a dilapidated old barn - because there's no hope of persuading the local authority into approving a conversion. Conversions may represent a nice project for you at an advanced stage when you have more cash and experience under your belt.

This last section is of paramount importance when using auction houses. You must develop a knack for putting yourself in the seller's shoes. There is a story behind every property and if you know what it is, you'll be in a better position when it comes to bidding.

Why? Two reasons:

- You need to be able to separate the bargains from the garbage.
- You need to try and gauge how desperate the seller is and guess the minimum price they would accept.

You'll need to do some detective work. Try and talk to the owner about how much they expect to get for it (it's worth a go!). If the place is vacant, or even if it isn't, talk to neighbours and/or local shopkeepers to do a bit of probing.

Many have heard of property auctions but few know how to use them properly and have had their fingers burnt as a result. They get struck down by 'auction fever' – get so carried away with bidding that they end up with a structural nightmare, go over-budget, or both.

Auction fever is the mark of an amateur and can be avoided by following two golden rules:



- **Always view the property *ahead* of the day.**
- **Set a limit price and stick to it – not a penny over.**

Sounds easy?

Just try it and you'll see just how difficult it is!

I don't care how much of a bargain something sounds, if you haven't seen it before the day, leave well alone. The price is such for a reason, so don't delude yourself about how cheap things are at auction. You *can* make some massive savings, but the auctioneers aren't stupid and neither are the dozens of other hard-nosed, experienced developers sitting alongside you.

You must have a clear idea of how much money you can make from the deal. It's for this reason that you must stick to your limit bid price - don't panic if you lose out on the property you wanted; there's plenty more where it came from.

The difference between a profitable deal and a loss-making one could be just a few bids. Stick to the rules!

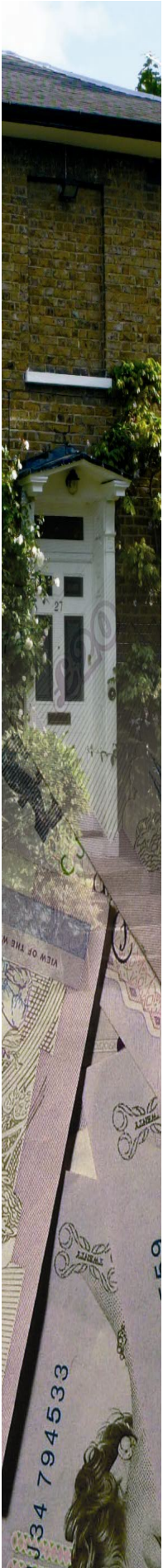
Bidding

You will need to get a catalogue in advance and on the day you must register and get a bidder number. You must have a solicitor, a full comprehensive survey ready to go and a 10% deposit in place along with a mortgage. Many people assume that you have to buy property for cash at auction because the contracts are exchanged there and then; not so. You can have a provisional mortgage offer in place and be ready to go.

Double check the catalogue number of the property you intend to bid for to make sure you don't buy something completely different. Don't laugh, it has happened!

Sit at the back of the room so you can watch all the other bidders. The bidding will start at a fast pace before slowing down at the end. Don't make the first bid or appear too enthusiastic. Slow down the pace of bidding wherever possible and don't let others distract you in any way whatsoever. There will be a 'reserve' price in place. This is set by the seller of the property and only they and the auctioneer know how much it is for obvious reasons. The property does not officially become for sale at auction until the bidding reaches that point.

Save your bid until the very end. This can be very intimidating to other bidders and can make them back off.



After all the homework you've put in, don't get despondent if you came away empty handed because you were outbid. It just means some sucker out there was stupid enough to pay too much for the property.

To buy property successfully at auction you'll need prior experience in dealing with property and have everything in place money-wise. I therefore strongly suggest that you use them at a later stage. For when that time comes, here are the names and numbers of the best known auction houses to get on their catalogue mailing lists:

Hambro Countrywide 01245 344143

FPD Saville Auctions 0115 934 8000

Allsop & Co 020 7584 6106

Auctionwatch 020 7720 5000

Andrews & Robertson 020 7703 2662

Barnard Marcus 020 8741 9990

Conrad Ritblatt 020 7935 4499

Edwin Evans 020 7228 5864

CWS 01705 820702

Winkworth 020 8649 7255

Strettons 020 8649 7255

Andrews & Robertson 02077082453

Austerberry 01782 594595

Countrywide 0870 240 1140

Clive Emson 01622 630033

Harman Healy 020 7833 5885

Royal & Sun Alliance 01332 361 308

You could also check out these websites: www.propertyauctions.com and www.allsop.co.uk

How to Buy a Property With Zero Cash

Right, now I want to tell you how to get on that first step of the ladder for nothing. Here's an ingenious way of buying a property with no cash at all - I've used it myself when I first started. These methods work for properties that you are buying to do up. They don't work for buy-to-let properties because you'll need a 20% deposit.



The first method is to get the seller to pay the deposit for you! Here's how it works:

1. Let's say the property is up for sale at £100,000. The deposit you would need is 5% as a first time buyer = £5,000.
2. You ask the seller if they would accept an offer of £95,000 which they may or may not accept.
3. If they agree, you tell them that you will offer the full price of £100,000 if they pay your deposit. Same difference and the solicitor can arrange the whole thing!
4. Many building societies offer to pay your legal fees and survey fees which are added to the mortgage, so you pay almost nothing!

If you aren't a first time buyer then the deposit will be higher - maybe 10%-15% but you will still be able to get a contribution of £5,000 for your cause.

The second method works best with properties in dire need of modernising, such as repossessed or probate properties - anywhere the owners are looking for a quick sale.

1. Get the vendor to pay an allowance for renovation/decorating on completion of contracts.
2. If the property is up for £100,000 but it needs a lot of work doing, say you will offer the full asking price on condition of a renovation allowance of £15,000 payable on completion.

Power Negotiating

Here is the essence of good negotiating and I'll use a real life example of my own to illustrate it. The property was up for £98,000. Amateurs wouldn't expect to get more than a few grand knocked off. I offered £89,000 knowing full well they wouldn't accept it. So why bother?

Because sellers expect to do some haggling and the point of meeting halfway has just been lowered!

Half way between £98,000 and £89,000 is £93,500. I ended up buying the property for £92,000 – that's £6,000 off the asking price. They'll probably blow their top when they first hear your offer, but you don't care, your haggling position is starting from a favourable position now and more importantly, **you have lowered their perception of the value of their**



property. This is why £89,000 has more effect than £90,000 – it deliberately sounds like a great deal lower than the asking price.

If the seller won't play ball ask them to justify their stance. Explain that there are properties around that are cheaper and that you have to spend a lot on renovation and work (or whatever) bringing it up to standard.

Re-iterate your attraction for them as a buyer – you're not tied-up in a chain, you have your mortgage already agreed, it'll be a quick sale, etc.

Put offers in writing and be sure to state 'Subject to Contract' on it.

If you end up involved in a 'Dutch Auction' and all interested parties are requested to submit their final offers, here's a neat trick that could get you the property. Most people will offer in round numbers like £310,000. Your offer should always end in 111 e.g. £310,111. That extra few pounds might just clinch it! The same principles apply to auctions. [I learned this lesson the hard way. On a Concorde flight one time, the pilot came over the intercom and said that they would like to invite interested passengers to bid in secret for the chance to come on to the flight deck for the landing at New York (this was *pre* 9/11) and the money raised would go to charity. Wow! What an opportunity! I scrawled £500 onto a piece of paper and handed it to the stewardess. You guessed it – the winning bid was £501. I was devastated!]

A wise seller will be trying not to look desperate even if they actually are. Look for clues in their conversation and around the house when you view the property. Ask probing questions. If there are signs of financial difficulty, divorce, job relocation, moving abroad, death of the owner etc. these are the ingredients for a knock down price.

Many years ago when I was a budding property tycoon, I viewed a property that was on the market for £85,000. By asking questions during the viewing, I learned some very pertinent facts. The owner had virtually paid off his mortgage, at least half the property's value was as equity, and most importantly, he was moving abroad so wanted a quick sale. This information allowed me to put in a cheeky offer of £65,000 - that's £20,000 less than the asking price! Did the owner refuse point blank? **No, he accepted without ANY haggling.** He was eager for a quick sale so that he could move abroad and because £20K less wouldn't result in negative equity for him, he was happy to accept.

Successful property tycoons use situations like these to their advantage!



Don't be afraid that you're cheating people - they don't have to agree to your offer! Property is only worth what the market is prepared to pay for it and not a penny more.

Even repossessions are not all traumatic eviction cases. Take this interesting fact: Only 10-20% of repossessions involve the owners being evicted from their homes! Many repossessions are because of fraud or money laundering, and a staggering 80% are due to the owners abandoning their property - simply walking away one day and never coming back!

If it's a 'hard luck' case, it wasn't your fault. You are not responsible for the mess and wreckage of other people's lives. *Someone's* going to make money from the situation so it may as well be you!

Traps for the Unwary

You need to be able to tell the difference between cosmetic distress and serious problems with a property and fortunately, with a little experience it's not that difficult.

If the place has had all the doors ripped off, the décor is non-existent, the floor is saturated with pet urine and the kitchen is encrusted with grease and the garden resembles the Amazon jungle that's absolutely perfect!

IF the price reflects it of course - for this you need to compare similar properties but in good condition as a guide for profit potential.

Some things to look out for are...


Sloping floors suggests a problem with the foundations. Long cracks in the outside walls are a warning sign for subsidence. A funny smell, mould and peeling wallpaper are all signs of dry or damp rot. Dry rot is particularly difficult to get rid of.

Profit Potential

Your aim is to make the best profit possible on property you buy-to-sell.

Before you buy a property find out:

1. What a property is worth in top condition, in that street.
2. How much it would cost to get the property into top condition.
3. Using the 20% margin principle, work out how much to offer for the property.



Never forget...if you can't achieve at least a 20% profit margin, walk away from the deal.

Perceived Value

TIP: You can increase the value of a property simply by improving the look and feel.

Harry, a close friend for many years uses the power of perceived value for car selling. When I asked him how he made such a good living from selling used cars, here's what he told me.

“Two people can have the same vehicle model, but the sale price-tag can differ by as much as £1,000 on an ordinary family car. How? Both cars start out in the same condition. Seller one, sells his car and pockets £4,000.

Seller two, has a full valet service on his car, replaces a missing hub-cap, gets a full service MOT, buys new six month car tax, and sells the vehicle for £5,000.”

As Harry went on to explain, he is seller two. He buys vehicles in the condition seller one sold his car for at rock bottom price. He cleans and improves the vehicle and sells it for top dollar.

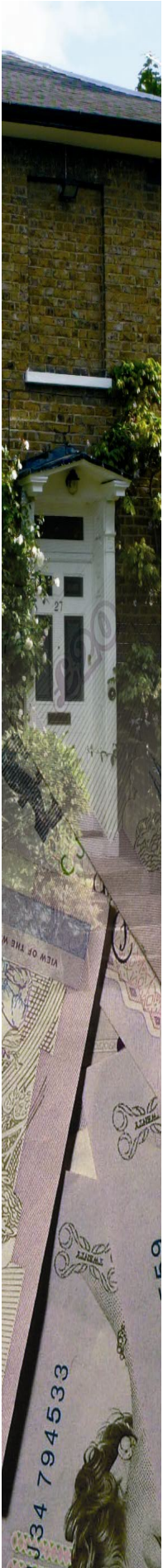
This same principle is used by property tycoons.

It works because most people buying property are searching for a home. They want to buy a property that looks and feels good, so they can move in immediately and feel 'at home'. This is perceived value.

Just as a 'poorly perceived' car (no tax or MOT, dirty, smelly, wing mirror hanging off) will fetch a rock bottom price, so will a house (dirty paintwork, peeling paint, junk in the garden, un-kept garden, scruffy front door, etc., and that's just the outside of the property!).

This is not the same as renovating, which I will tell you all about next month. Improving the look and feel of property doesn't always entail major refurbishment and spending a lot of money. Perceived value is literally taking a scruffy property with superficial (not major) faults that can be easily rectified.

There is an important rule to follow if you do this. Always do a good job and use quality materials – if there is something like tiling which you are not skilled in yourself, get a professional in. If the inside needs re-decorating,



choose good quality paint – it will cover better, be quicker and the finished result will be good. The expense is always well worth it – your returns will be a higher percentage than if you use cheap materials. The quality of the work increases the perceived value which in turn increases your profits.

Many years ago I viewed a house that a single parent had bought to do up and sell-on for a profit. Unfortunately the whole house needed re-plastering but instead of doing this necessary, expensive and messy job, she had tried to cut corners and had papered over the uneven walls. As a result, even though she'd only just redecorated when I viewed it, the wallpaper was hanging off because the plaster underneath was damp. She'd fitted the kitchen herself and there were gaps between the cabinets. The whole house just looked like a botched, amateur job. This is not a reflection on women's DIY abilities – I've seen far worse, and far more often from men.

Selling Property

On a buy-to-sell property you want to sell as quickly as possible. An empty property equals a loss of income.

Get as many viewers as possible and make prospective buyers aware there have been a number of people who have expressed an interest in the property. And if you have already turned down low offers, let this be known. Prospective buyers will realize you are prepared to wait for near the asking price. Your best bet is to get the right offer from someone who can buy quickly.

Time-spans

Some properties sell quicker than others. A large family house will attract buyers who are already house owners. This means they will be in the 'chain' situation. Often they cannot complete until their house is sold.

However, the prospective buyers for one or two-bedroom flats or starter homes are usually first-time buyers. This means you can negotiate a fast exchange and completion.

The best time to put a property onto the market will depend on your potential buyers.

For young professional buyers... They are often first-time buyers, but not always. However, they can move easily because timing is not usually important; they just book time off work.

Families... Families with schoolchildren are a different prospect altogether; timing can be crucial. In fact lots of families only consider moving in the



school holidays – July and August, and Easter. Families don't normally want to move over the Christmas period, so December can be discounted.

Retirees... When the last of their children have flown the nest and they reach retirement age, many couples consider moving to a smaller house that is easier to manage, and to free up some of the equity in their home. This group can be flexible about what time of the year they move. However, because they have to sell their house before they can do so, it's most likely that they'll sell to a family; meaning they'll be restricted to moving over the school holidays.

How to Sell Quickly

Bear in mind that a quick sale at a lower price could give you more profit than holding out for a higher one. However, this won't apply if you are living in a property while it's on the market. So, it is best to put the house on the market at a good price from a buyer's point of view.

How to price your property

- Ask three estate agents to view your property and quote what they think the sale price should be.
- Work out the average of the three prices (the midpoint).
- Adjust your selling price up or down to suit the different price brackets buyers are looking at.

Check this price against similar properties on www.nethouseprices.com to make sure they haven't under or over quoted you.

One of the first questions an estate agent asks potential buyers is, 'What is your price bracket?'

Normally people grade their purchasing power in specific leaps.

Example:

- Up to a £100,000
- £100,000 - £125,000
- Between £150,000 and £175,000 etc.

You get the picture. Prices will depend of course on the location. South East house prices are higher than the North of England for instance. But the principle of the price brackets remains.



What does this mean to you? If you price your property just slightly in the wrong bracket you could miss a stream of potential buyers.

For instance, if you put a property on the market for £195,000, all those searching for property in the £200,000 - £250,000 bracket wouldn't know about your house. That wouldn't matter if the kind of person willing to pay £250,000 would not find your property suitable. The best people to ask about break points and brackets are the local estate agents. They list and file their houses into these brackets and you can be sure they are right for the buyers of that area.

Once you know what these brackets are, apply it to your property. So, if you are selling a two-bedroom semi-detached property on a housing estate, ask yourself, "In what price bracket are buyers looking for two-bed semis on this estate?"

TIP: Don't be tempted to put your property with several agents simultaneously. The effect of several different agents' For Sale boards immediately creates the impression that the house is not selling.

It also means the estate agents will not be so keen to praise your property to potential buyers – after all they would be wasting their time if one of the other agents finds a buyer first. Time is money in any business – estate agents are no different.

A third reason against it, is that potential buyers trek from one estate agent to another to check out all the properties in the area that could suit them. If agents keep offering your property, it will put people off. They will think there must be something wrong with the property, as the seller seems desperate to offload it.

The most effective way to sell a property quickly is...

1. Choose the best agent in your area, for the type of property you are selling.
2. Offer them exclusive access to sell your property.
3. Give them sole rights for one month only.
4. Explain to this agent, that after 1 month if the property isn't sold, the agreement ends and you will make the same deal with their nearest rival.
5. Carry this out. If 4 weeks pass, without a sale, terminate the agreement and make the same with their nearest rival.



6. Repeat this process until your property is sold, rotating it between estate agents.

This is a sure-fire way to get an agent moving. As soon as you're out of the door, they'll be calling up all their suitable prospective buyers and arranging viewings!

Estate Agents

Here's a quick summary of how estate agents work. It will help you to assess which are the best ones in your location. It also pays to know how to get an agent fighting your corner.

At each estate agent it will be the office or branch manager you will deal with first. But it is the negotiators who will show viewers around your property and are responsible for making the sale.

This situation affects you because often an office or branch manager will value your property at a higher price than a negotiator believes he can sell your property for.

So, what do you do?...

- Listen for any differences of opinions about the value of your property.
- Find out the names of each negotiator. Make friends and ask what they think of your property and its worth. Value their opinions because they are closest to the market.

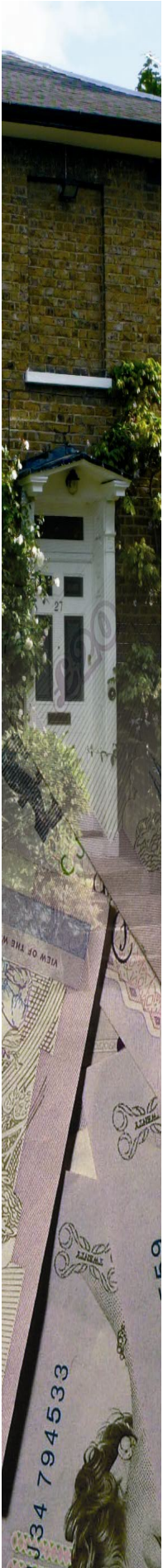
Hot Client List

Estate agents have a list of all the people currently looking for a property. This is known in the trade as a hot box or hot list.

As soon as you place your property with an agent, they contact everyone listed on their hot list looking to buy similar property and in the price bracket. This is why you should place your property with the estate agent who has the most properties similar to yours, as your first choice.

Ask the agent...

- How many people on their books are looking for a property in the same price range as yours?
- How recent are these enquiries?



Promoting and Publicising Your Property

The photograph of your property can bring a quick sale or put buyers off. Don't rely on an agent to take the photograph, it's too hit and miss – take the photograph yourself. Here's why: an estate agent will make an appointment. They turn up to snap a picture. It could be raining, the skies could be grey, but the agent doesn't have time to wait for good weather. But you do.

Take several pictures with the sunlight on the front of your property and blue skies behind. Using a digital camera allows you to take as many photographs as necessary until you get the best shots – ones that show your property in the most attractive light.

Take a picture of the garden in full sunlight and if any flowers or trees are in bloom, include these in the shot.

The price bracket of your property will determine how many photographs the estate agent will require. Estate agents produce one sheet with one picture of the house for cheaper property. For expensive houses, they create a brochure that contains one good shot of the house and any other buildings on the plot, plus several of the grounds and interior. (A drawing of the floor plan and a map showing the plot may also be included.)

If an agent doesn't explain their marketing strategies for your property, ask them. A good agent will have offers before advertisements hit the newsstands.

This should be their strategy...

- Call every suitable candidate on their hot list.
- Mail out the property details to all who expressed an interest.

TIP: Encourage the agent to advertise your property straight away – they only have four weeks to make a sale.

A Working Relationship

After you have placed your property with an estate agent, don't lose contact. Keep them on their toes. You want them to sell your property quickly.

Call your agent each day for the first week and then a few times during the second week – because by this time a good agent will be calling you with updates.

Ask your agent...



- About the number of suitable applicants from their hot list.
- The leaflet, pamphlet or brochure they have designed and when they will be mailed out.
- Which newspapers your property is advertised in and when the adverts appear.
- If an agent isn't enthusiastic enough to be pulling out all stops to sell your property, remind them you will be placing it with their nearest rival in so many days time.
- If you are not present at the viewings, ask your agent who has viewed and when. Keep a record.

Feedback is essential. Ask your agent to tell you what viewers comments were. For instance, if three viewers made the same comment of, 'not enough work surfaces in the kitchen,' you would know next time around this is important to buyers.

What Happens if Your Property Doesn't Sell?

The fault will not always lie with the estate agent.

If you have had daily contact with your agent, you will know the level of their activity. You will be able to decide whether the no-sale is down to their lack of interest or not.

Any one of the following factors in the selling equation could be responsible for a no-sale...

Re-check it. Is the price too high or too low? Question if the property market is in a particularly strong flux of change. Are there any outside influences? For example, mid-March to 5th April the impending Budget Day can affect buying habits. Has a business or factory just shutdown, making hundreds or thousands of workers unemployed in the same locality as your property?

Maybe the price is conceived to be too low. This makes buyers nervous. They are suspicious your property has a major fault. For instance, they may wonder if it was built on flood plains or over an old coal mine? Will it need a new roof? Are the foundations solid? They might suspect the neighbours are noisy or the area unsafe.



Discuss the possible reasons for a no-sale with your estate agent and decide on a strategy together. Still stick to the four week agreement term though.

TIP: Many estate agents get you to sign an agreement with a cancellation period of up to two months. Check for this and make the agreement on your terms of four weeks and then you withdraw the property from their books.

Incentives

You want the best from your estate agent, so treat them well. Talk to the manager first and let him/her know you are offering an incentive to the negotiator who makes the sale.

You can offer a box of a dozen bottles of wine or champagne. Or you can offer a percentage interest on the sale over and above the usual fee, but only if they achieve the asking price.

It will depend on the price of the property they are selling for you.

Be sure the incentive is only given when the property is truly sold – not just on the offer in case the buyer pulls out. Also make certain that you can decline an offer, if your buyer cannot complete the purchase quickly.

Secrets of Buying Property Abroad

By way of introduction to this fascinating area of making money in property, let me give you a few of the secrets I have learned over the years.

Buying a property abroad – whether for life-style, retirement, or investment purposes – has become increasingly popular amongst UK citizens. Currently, nearly 1.4 million Britons own a foreign property, and this number is expected to more than double over the next four years.

As attractive as the ownership of an overseas home may be, the actual process of purchasing a foreign property is not without its pitfalls, complications, and frustrations. This is why you **MUST** be trained property as my Apprentice before you even dip a toe in the water of overseas investment.

Secret One

The first step you need to take when considering purchasing a property overseas is to thoroughly research the country where you intend to buy.

- **What is the political situation like?**
- **How stable is the local legal environment?**
- **How strong is the economy?**



- **How robust is the local currency?**

You should know what sort of risks, if any, are associated with purchasing in your country of choice, and just as importantly, fully understand what legal restrictions surround foreigners purchasing homes, working and residing in their country of choice.

Northern Cyprus, for example, is one country where the residential property market has been booming, and as such has attracted many foreign property buyers. However, I have extensive experience with this (and many other) foreign property investment locations and I know that a large proportion of the cheaper property – the “best deals” – in fact suffered from disputed title (nobody is really sure who owns them), a fact that could have disastrous legal and financial ramifications down the road for any foreigner buyer.

Secret Two

After researching the country, you next need to research the specific location(s) where you intend to buy.

What’s the local housing market like?

If this is a ‘life-style purchase’ (your secret get-away), you should definitely take a holiday in the area to determine important factors such as sunshine and warm weather; the time it takes to reach the foreign home from the UK and the ability to speak the local language and so on.

If it’s an investment purchase, you’ll need to take a look at the ins and outs of the local housing market.

- **What’s been happening to housing prices in that area over the last several years?**
- **Where is the market heading?**
- **Is there a glut of new developments just over the horizon or is demand for property in that area going to continue to outstrip supply?**
- **Will rents cover the monthly mortgage payments?**
- **How many months of rental can be expected and how easy will it be to rent out the property?**

All prospective buyers – both life-style purchasers and investors - should examine the local infrastructure and acquaint themselves with the local vicinity to ensure they’re satisfied with the airports, public transport, road facilities, schools, shopping, and other amenities in the area.



Florida is one area where large numbers of Britons have purchased property in the past, and while there are many different locations to purchase in Florida, not all of them present as good an investment opportunity to the foreign owner. Right now prices are sagging a little but they will come good again because somewhere like Orlando ticks all the right boxes. Buyers can benefit from excellent transport infrastructure, top quality entertainment facilities, and strong holiday rental opportunities which the developments' proximity to Disneyworld provides. (This may have changed by the time you buy – but another HOT area will be opening up, of that I am sure).

Secret Three

Once you're confident on the country, and confident on the specific location, would-be buyers should make sure they understand the entire process of buying a property in the area: from making the bid through contract exchange and completion – **don't assume the process is the same as it is in the UK!**

Estate agents that list properties in the USA, for example, act solely on behalf of the seller's best interest – not yours (it's rather similar in the UK, of course). I have often found that in Spain, sometimes (not always) developers go ahead and build properties without all the necessary licenses and permissions in place – they 'hope' to get them in due course. **However the prospective buyer won't be able to arrange a mortgage on the same property without them.**

In order to get an understanding of the local property buying process, buyers can talk to others who've bought in their location and who'll be able to warn of any potential pitfalls and complications.

Meet with local dealers and ask them to talk through the whole process and provide an overview of the housing market. Talk with local authority offices to gain an understanding of local tax laws. **Don't expect local British businesses to be either reputable or in the know** just because they speak with an accent you're comfortable with! It is shark-infested out there!

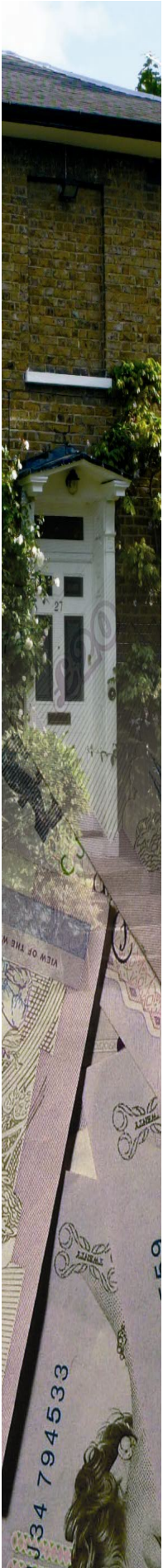
Secret Four

Buyers should perform due diligence on prices in the area.

An easy way to do this is to drive around and compare the prices of different properties.

Know what you can expect for your money and become an informed buyer. One of the main purposes of Apprentice Property Tycoon is to turn you into an informed buyer!

When I work with Apprentices to source property for them in a new location, I travel a lot to meet with developers all around the region to ensure we're getting



the best value for money. I will often be purchasing an entire development from that developer. If you don't do the legwork to find out what your money's worth, you're likely to end up an easy target for that "special" price reserved just for foreigners!

Apprentices usually get 20% or more OFF the price of the property (through me) – the naïve end up paying 10% MORE than the property is worth!

Secret Five

I always recommend when buying an existing property to have a survey done on the property. Also, when buying direct from a developer you should research the developer.

After contracts have been exchanged is not the time to be discovering that the foundations are weak and the roof needs replacing!

When buying direct from a developer, the developer can be researched through his records office and the local chamber of commerce, and buyers should consider visiting some of the developer's other completed properties.

There is no shortage of horror stories of developers going bust and taking their buyers' money with them. I always require developers insurance before doing business with them.

Secret Six

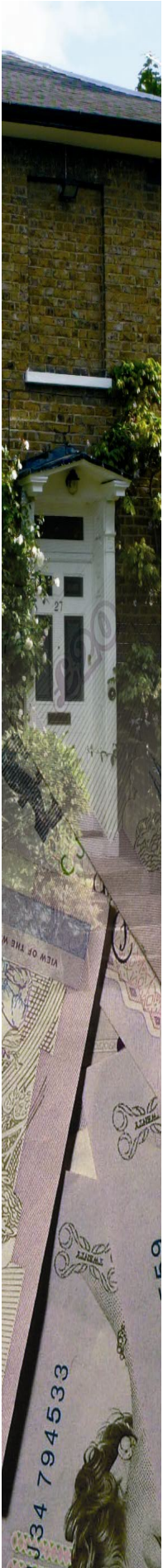
Overseas home buyers should hire a good independent local lawyer: someone who is fluent in English (so you can understand him or her!) and the native tongue (so you know they know what they're talking about!) to do all the necessary legal research.

The local lawyer is the crucial individual who will provide advice at all points during the purchase process and whose job it is to ascertain that the property has good title, has all the necessary licenses and permissions, and is free of debt.

He or she can also provide advice as to whose name the property should be registered under. Be aware though, a 'notary' in France or Spain is not the same as a solicitor here in the UK – they are public officials and won't necessarily be volunteering you advice.

Secret Seven

Buyers would be well-advised to sort out their finances in advance.



All prospective buyers should know how they are going to pay for the property and what they can (and cannot) afford.

Selling up in the UK and moving overseas may be an option for some, but for the majority of individuals, some element of re-mortgaging their existing homes and looking for rental incomes to help cover mortgage repayments may be needed to cover the initial and on-going costs of the new home.

A deposit in many foreign countries is typical as it is in the UK. In addition to the down payment and mortgage payments, there are also a number of other expenses you should keep in mind: taxes, maintenance and upkeep, and potentially a letting agent's fee if the property is to be rented out.

In countries like Spain, these fees can add up: Estate Agents can take up to 10-15% of the property price compared to the 2% common in the UK (that's why I and my Apprentices never deal through Estate Agents). Any prospective investor should make sure to draw up a financial plan allowing for changes in exchange rates and for periods of non-rental. Open a local bank account in the country of purchase and set up standing orders to meet bills and taxes (in some countries – including Spain, France, and Portugal - failure to pay taxes in may lead to court action and even seizure of your property).

Secret Eight

Understand the various mortgage options available to you. Shop around to see what sort of rates are being offered by lenders for international purchases and talk through with a mortgage adviser the advantages and disadvantages of a Sterling mortgage versus a local currency mortgage, as well as fixed versus floating rates.

After shopping around, when it comes time to do the deal, buyers are strongly advised to place their money with a reputable firm.

I have access to 100% solid finance for this type of purchase which I make available only to my Apprentices in order to secure the best UK and international rates from leading lenders. Getting a preliminary mortgage offer before going overseas to look at properties can also be extremely useful: it will help keep buyers mindful of their budget and with funding already lined up, buyers are ready to move on any properties they find appealing.

Buyers who've paid a deposit down on their dream home but subsequently been unable to raise the necessary financing, unless they've included an 'opt-out' clause in their original contract, have lost the full value of their deposit.



Secret Nine

Seek professional advice to ensure inheritance tax planning is optimal and draw up a local will. This will ensure the property and assets go to the people you want them to and not end up being divvied according to local legal custom.

French inheritance law is notorious in this area. For example, I discovered that in France, without a will, the surviving partner **gets no portion of the deceased's property**, and that the deceased's children might be locked-out as well as the property is split under French succession law between the deceased's siblings and parents! Even with a will, the portion available to the surviving spouse is limited (the best way to get around French inheritance restrictions, is for a couple to buy property jointly and to write a will, seeking professional advice every step of the way).

Secret Ten

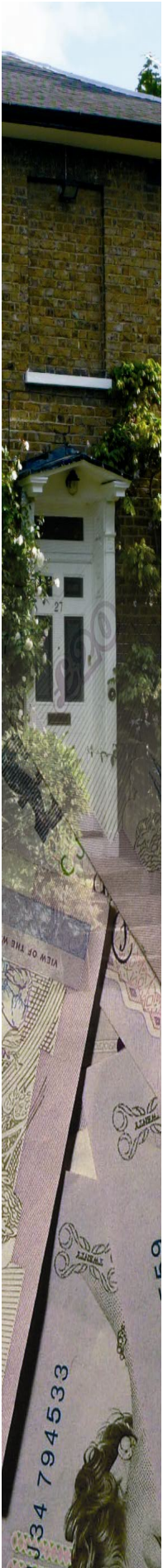
Finally, make certain to **insure the property for the use it is intended**. *General* insurance policies may not cover properties to be let out, or second-homes that are not occupied full-time. Seek professional advice and be prepared to shop around for the best insurance deals available. I am also able to point you in the direction of excellent insurance for your property.

*Whatever you do, **don't buy a property just because you like it**. Emotion must play no part. Think of a property investment as a box that produces money. The decision about which box to buy should be entirely rational, and you should look at the best opportunities across the UK and overseas.*

Now in case you're thinking "Gosh, this sounds like a lot of hassle." Let me say two things:

It is a fair bit of hassle for someone going it alone, but even this is worth it. Remember we're talking about a superb retirement nest-egg, and/or making a million or two in property. It always surprises me that people are willing to work 30 years and save 10% for their retirement (investing 3 solid years worth of work) but are unwilling to invest even a DAY, let alone a week in getting their investment purchase right.

I hope you've enjoyed this little introduction to buying overseas which brings me to the end of this six parts.

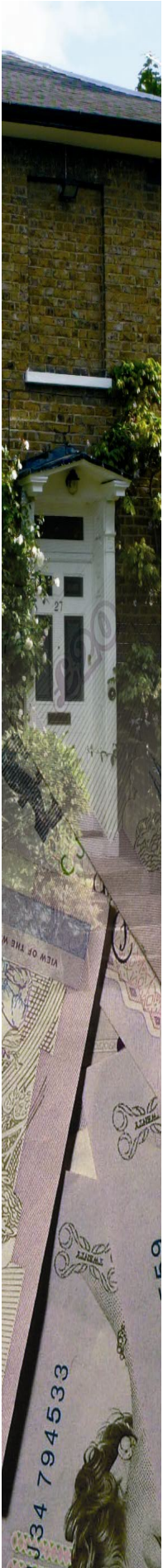


I'm hoping you will now spend a few moments congratulating yourself on what you have achieved. Very few people take the time and trouble to actually learn what property is all about. They honestly do expect to stroll into top deals and clean up without even knowing the basics of the business. Strange but true!

But not you. If you have really studied these modules I honestly believe you have passed *The Flake Test* and have what it takes to become a property multi-millionaire. Whilst not easy, it's not so hard either. I know dozens of such people and most of them have humble backgrounds. There's little in the way of educational achievements to mark them out as special. What they ALL have though is a sort of hunger – a strong desire to become wealthy men or women (not some limp-wristed, vague hope of becoming rich 'one day' – like most people.) Only you know if you have that hunger.

Now you must further your studies and – most importantly of all – try and get your feet wet in your first property deal. There is no substitute for 'in the trenches' experience.

I wish you heartfelt success in your endeavours.



Useful Names & Addresses

I have included a directory of useful names and addresses.

National Association of Conveyancers
2-4 Chichester Rents
Chancery Lane
London
WC2A 1EG
020 7405 8582

National Association of Estate Agents
Arbon House
21 Jury St
Warwick
CV34 4EH
01926 496800

Royal Institution of Chartered Surveyors
12 Great George St
Parliament Square
London
SW1 P3AD
020 7222 7000

Incorporated Society of Valuers & Auctioneers
3 Cadogan Gate
London
SW1 X01S
020 7235 2282

The Law Society
113 Chancery Lane
London
WC2A 1EL
020 7242 1222

Association of Residential Letting Agents
Maple House
Woodside
Amersham
HP6 6AA
01923 896555



Federation of Master Builders
14-15 Great James St
WC1N 3DP 020 7242 7583

Royal Town Planning Institute
179 Kings Cross Rd
London
WC1 9BZ
020 7837 2688

Royal Institute of British Architects
66 Portland Place
London
W1B 6AD
020 7580 5533

Institute of Structural Engineers
11 Upper Belgrave St
London
SW1X 8BH
020 7235 4535