

MILLIONAIRE CONFIDENTIAL

Created by Jon Giaan

Discover in This Issue

Welcome the **Millionaire Confidential** newsletters. It's a great pleasure to have the opportunity to provide ongoing wealth education to you.

In our second issue, we feature Anthony Robbins, a man who has been honoured by Accenture as one of the top 50 business intellectuals in the world; by Harvard Business Press as one of the top 200 business gurus; by American Express as one of the top six business leaders in the world; by Forbes as a top 100 celebrity; by Justice Byron White as one of the world's outstanding humanitarians; and by the International Chamber of Commerce as one of the top 10 outstanding people of the world.

On the local front, we continue from last month with Australia's #1 educator of real estate, **Dymphna Boholt**. Dymphna has educated tens of thousands of students on how to accelerate the property investing process by actively participating in growing their portfolio fast.

This month, **Dymphna Boholt** talks specifically about the steps involved and specific real-life examples of how ordinary Australian's have been able to replace their day to day income with positive cash flow properties.



Anthony Robbins



Dymphna Boholt

The greatest investment you will ever make is in yourself. You can become rich beyond your wildest dreams, you can have everything you desire, you can create an incredible lifestyle - you just have to begin to believe that it's possible for you. *So let's begin!*



Janet Attwood: Our guest tonight described why we conduct these interviews when he said, "Passion is the genesis of genius." Tony Robbins is the living expression of both passion and genius. For the past three decades he has served as an advisor to top political, corporate and humanitarian leaders around the world. As a recognized authority on the psychology of leadership, negotiations, organizational turnaround and peak performance, Tony has been honoured consistently for his strategic intellect and humanitarian endeavours.

His non-profit, Anthony Robbins Foundation, provides assistance to inner-city youth, senior citizens and the homeless, and feeds more than two million people in 56 countries every year through its international holiday "Basket Brigade". Robbins has directly impacted the lives of more than 50 million people from over 100 countries with his bestselling books, multimedia and health products, public speaking engagements and live events.

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Tony, it's truly an honour and privilege to be with you today. Thank you for joining us.

Tony Robbins: Thank you, Janet. I was wondering who the heck you were describing after all that! I'm waiting for somebody to walk on water! I'm not walking on water, that's for sure! Thank you for your kindness, Janet.

Janet Attwood: I'm also thrilled to introduce our co-host for tonight's interview. Brendon Burchard is a bestselling author of *Life's Golden Ticket*, and one of the most brilliant speakers we've ever met. After a much-too-close brush with death, he dedicated his life to helping individuals, teams and organizations create massive changes. Some of his clients include, Accenture, Alcoa, JCPenney, eBay, Best Buy, Nordstrom, Levi's, Gateway, and Walgreens.

He's appeared on "ABC World News," "CBS-New York Early Show," NPR stations, "Oprah and Friends," and hundreds of other radio and TV programs. Brendon's books, newsletters, products and appearances now inspire nearly two million people a month. His events for authors and speakers, Experts Academy, and partnership seminars have helped thousands of up-and-coming experts build their businesses and share their messages with the world.

You can learn more about Brendon's remarkable programs by going to www.ExpertsAcademy.com. Brendon, thank you for being with us, and I'll turn it over to you now to conduct tonight's interview.

Brendon Burchard: Thank you so much for the introduction, Janet, and for the opportunity to be here with you and with Tony Robbins. It's like a dream come true. Thank you both for the honour. Tony, this is so great because I've been such a huge fan, as you know, and we get to do so many cool things together now.

You've had an incredible life and career. For over three decades, you've focused on studying what makes a difference in the quality of people's lives and you've trained tens of millions of people how to find their personal power. I'll bet some of our listeners and readers haven't heard your story yet so why don't you share your story

with us—how did you begin and what are you doing?

Tony Robbins:

First of all, Brendon, thank you for being on the line. You know how much I enjoy you and appreciate your heart and your work. My basic fundamental comes from what Janet's work is about, and yours as well. I think we have a common understanding that passion is the genesis of genius, and that hunger is what gets somebody to maximize their human spirit, their true capabilities, and what they're able to give.

I started as a young child, as they always say. I grew up in a very tough environment and what was interesting for me is that I wasn't willing to settle for that. In the beginning, I was frustrated that my family was constantly trying to figure out how to survive. There were days where we had literally no food. And there were other times, like when I met my fourth father, when I said to my mother, "I'm confused. What's the problem here?" I'm not exaggerating my situation either—I had a lot of pain, and I wanted to know why people's lives turned out so differently.

What was it that allowed some people to have extraordinary happiness in their family and their life, while other people were unhappy and frustrated? In the beginning, like most people, I thought: certain people are just born lucky, they have greater education, they've got more loving parents, or their parents love each other more. However, when you're honest with yourself and you start to look around, you see the truth.

You start to look around and see people who have been given everything. They've had a loving family, they've been given tremendous education, they have economic opportunities, and they spend their whole lives going in and out of rehab.

Then you see other people who've been through hell and back, who seem to be challenged by life at every level: physically, emotionally, financially, spiritually—you name it, they've been there. These same people very often become the people who give the most back to society and inspire us the most—the Oprahs of the world, if you will.

I became obsessed with wanting to know the answer to the question of what makes the difference in people's lives. I was just a kid, but I decided, "I don't have any role models around me," so I used books. I got so immersed in biographies and I started to realize that people who have succeeded at the highest level have gone through the same hell and the same challenges. They just dealt with it in a different way.

Then I took a speed-reading class and I set a goal to read a book a day--which I didn't do, but over seven years, I read about 700 books in the area of human development, psychology, physiology and anything else I thought could give me the ability to change my own life or to help somebody else. To be honest, I got to the point where I was a little bit jaded because everything seemed like a recap of everything else.

I found myself in a position where I first got excited. I applied what I learned and I became very successful in what I thought success was at that stage. I grew up in a poor family—while trying to figure out what to do, I figured success was economic success. As we all know, you can have total economic success and be a massive failure. I always tell people that success without contribution—success without fulfillment—is really failure.

If you've succeeded in economic terms, but you don't have a meaningful sense of your life, what your life is about, and that your life is about something more than yourself, then life is really dead inside. At that stage, I became successful financially in a very short period of time, and magazines and newspapers caught on and portrayed me as

this young entrepreneur, this young wonder boy. My ego exploded!

Then I got into that jaded part where I felt everything was the same stuff and I pretty much outran my vision. I was doing better than I ever dreamed of, and because of it, I started to sabotage myself. I don't know how many of your listeners have done this and whether or not they can relate but for most people, when things get even better than you expect—generously so—just like you get uncomfortable when things aren't good enough, you get uncomfortable when things are too good.

There used to be a VH1 TV show called Behind the Music. I don't know if any of your listeners have ever watched it, but it's always the same story: a band grows and becomes really successful, and then somebody drives too fast and one of the band members gets killed, they become drug addicts/alcoholics or the likes. It's like a formula, and yet it's almost the history of what happens to people who succeed really quickly.

I didn't do all those things, but food became my drug. I was overwhelmed by all the things that were going on, and I started to eat. I gained 38 pounds in about two-and-half-months. I always tell people that's not easy to do—that you have to eat tons of food and not move very much to pull that off.

If that wasn't enough, I started getting stressed all the time, and I started being harsh with people and I'm not a generally harsh person, so I'd feel badly about it, but then I'd go right back to the pattern.

Why? Because I was completely outside my comfort zone. I got to the point where I lost everything financially—I had buried my little companies into the ground. I was in a place where I lost my home and I moved into a little 400-square-foot bachelor apartment in a place called Venice, California—not Venice, Italy.

I was cooking on a little hotplate that was on top of my trashcan and I was washing my dishes in my bathtub. I was getting up each day feeling sorry for myself. Basically, I'd have goals like, "What am I going to eat today?" and "What is going to happen to Luke and Laura?" on the TV series General Hospital. I was there.

Brendon Burchard: I know it's bad if you're parked in front of the TV—and you're Tony Robbins—that's not where you're supposed to be in the world.

Tony Robbins: What happened next was a gentleman friend of mine who I hadn't seen in a while came to visit me. His first words: "What happened to you?" I had this beer belly on me, 38 pounds heavier, I'd grown this long beard—and and it wasn't because I thought it was cool—I was just drifting.

I was humiliated. I was humiliated by the fact that I couldn't pay my bills and a combination of things made me hit rock bottom. I thought, "Gosh! I read all these books. I've been to all these seminars and programs. What's the problem?" I realized that I knew what to do, but according to these friends, I wasn't doing what I knew—I wasn't following the process. I thought, "I've got to condition myself to follow through. I've got to turn this around because this is ridiculous."

I began to realize the pattern of going beyond your expectations creates as much uncertainty and pain in people as not doing as much as you expect. I began to make the shift and I got exposed to a series of things. I went to work and said, "What's the best way to get people to do these things?" We all know people who are lovers of personal growth and personal development are positive thinkers, but they don't do anything.

You have to bring muscle to it along with the intention and you've got to strategically follow through. I got exposed to neurolinguistic programming, or NLP. Many of your listeners have probably been exposed to it. It was in the early days of it when it was really just for therapists—businesspeople weren't really involved in it at that stage. It was for marriage and family counsellors, psychologists and people of that nature.

I was lucky enough to have gotten the opportunity to watch the co-founder of NLP make a presentation. His name was John Grinder --he was a linguist and a brilliant man. He took this person who had been in therapy for about four or five years if I remember correctly, and he wiped out this phobia in front of the room in 15 or 20 minutes. You could see the change.

I was blown away. I thought, I want to master this. I went up to him after his demonstration was over and said, "Look, Dr. Grinder, I really want to come learn this." He said, "Are you a therapist?" I was very young and I looked very young. I said, "No," and he said, "This is really for therapists." I said, "No, these therapists are making it too complex. I'm in the hall listening to them arguing that what you did is anecdotal, that it won't last. They're all trained and conditioned to think a certain way. I'm not like that. You guys are making this complex. I'm going to take this, learn it, and take it to hundreds of thousands of people." Back in those days, it wasn't million—my goal was hundreds of thousands. I was very, very playful with him, and finally he said, "Okay, let's see what you can do. Come here and we'll give it a shot."

I went through his course, and after the first four days we learned how to wipe out a phobia in less than an hour.

For anybody listening who doesn't know what a phobia is, it's an uncontrollable response to some stimulus. It's not just fear, which is what stops us from being great at anything: relationships, dealing with financial fears, dealing with any kind of challenge in your life. A phobia, literally, is when you're out of control. Traditionally, it can take five, six, or seven years to conquer, and sometimes you never get cured from it.

But we learned how to do it, so I turned to the therapists in the room who had become some of my friends and I said, "Let's go find some phobics and cure them!" They all looked at me like I was crazy.

Brendon Burchard: Let's hit the streets and find these people!

Tony Robbins: They looked at me like I was nuts. I'll never forget one of the guys who said, "It's obvious you're not an educated man." I said, "Maybe I'm not, but where I come from, I'm a businessperson and as a businessperson, you don't wait for someone to come to you." They said you have to go through a year of this, then you have to go through a certification process, and if you get certified, then you can work with people.

I said, "Look, where I come from, if you've got something of value, you take it to people—you don't wait for someone to certify you. I want to help somebody tonight." They were all just shaking their heads and looking at me laughing, and I thought, "It's 11:00 at night." We were staying at the Holiday Inn that was by the airport in Los Angeles, and I thought, "Where do you go at 11:00 at night to find somebody who needs help? Denny's!"

If you're at Denny's at 11:00 at night, you need help. If anyone is listening internationally, Denny's is very dodgy 24-hour restaurant we have in America. Denny's was two blocks away, which is why I thought of it in the first place. I walked

over to Denny's, and I'm in this peak state—I'm a young kid and I just over-the-top want to help somebody.

I walked up to one of the counters and found this old man sitting over his food, so I went up to him and said, "Hi! My name is Tony Robbins, I don't know what your challenge is, but I'm here to help you tonight. I don't care what it is—I've got the tools to make a difference."

The guy started cowering down over his food and gave me a look that made me realize this wasn't the best approach. Long story short, I went up to Canada—I had done some work up there with people in the health field and I used some of the relationships—I just had to get on the radio. When I got on the radio, I said, "I want to talk to you about health; I want to talk to you about what controls the force of your whole life, what stops us from really making our dreams a reality—and that's fear." I said, "I don't care what your fear is: failure, success, rejection, the unknown, pain—this is really what stops us, even when we know what to do. I don't care if you've got uncontrollable phobias. See me and I will rid you of them in less than an hour. I am the one-stop therapist."

Big claim! The radio lit up and people called in and asked, "Can you do this? Can you do that?" Whatever they asked, I told them I could do it. Many of those things I had never done before, but I believed I could do anything—I knew that if I committed to it, I'd have to find a way and that's kind of how I launched my career.

What really made my career was this one therapist who called in live on the radio show and started attacking me. He said, "Your interviewee, Mr. Robbins, doesn't know what he's talking about. I'm a therapist, and I've been doing this for years. It can take five, six, seven years to get rid of a phobia. He's a liar. He's a charlatan." He was very direct and very upset.

What do you do when somebody attacks you? My first thought was that fighting with him wasn't going to work—I needed to break his pattern and open him up, or at least open the audience up. The best way to do that, of course, is to ask somebody a good question, so I asked him, "Sir, have you ever met me?" He said, "No." So I asked him another question, "Have you ever met any of my clients?" He said, "No." I said, "You've never met me and you've never met any of my clients, but you're calling me a liar and charlatan." There was a pause, and I could see it broke his state a little bit.

I asked, "Are you a scientist?" He said, "Of course; I'm a physician." I said, "Great, because I know a scientist would never make an assumption," and I kind of emphasized the first part of that word. It really broke his state. I felt, "You want to play hardball? I'll play hardball. I'm here to make a difference and I'll do whatever it takes."

He said, "What are you saying?" And I said, "I'm saying if you've never met me, never met any of my clients, and you're calling me a charlatan and a liar on national radio, you've got to test your hypothesis if you're truly a scientist." He said, "Yes." So I said, "I'm doing a free guest event tomorrow at the Holiday Inn"—this was in Vancouver—"so why don't you come and prove I'm a charlatan in front of everybody? The easiest way, of course, would be to bring me one of your own patients. Bring me a patient you've never been able to cure. I'm sure you've got plenty of those." I figured if he was going to play hardball, I'd play hardball.

I was playful about it, but he wasn't terribly happy. He said, "We all have people who aren't ready to change yet," and I said, "That's funny, because I haven't found any!" Of course, at that time, I had done maybe three therapies in my entire life, but I knew

it was possible.

Brendon Burchard: That's part of passion sometimes; you just believe and you know you can do it.

Tony Robbins: Do you know what? Truthfully, I look back at what I did back then and I think, "These weren't very intelligent things to do." However, they came out of a passionate young man and they opened the door. I was truly committed to helping people.

Long story short, my career was made by that call. He had nowhere to go and he didn't agree, so I said, "Great. Bring me one of your patients."

He finally agreed to bring me a woman he'd worked on who had a phobia—it was a snake phobia. I asked, "How does it manifest?" He said, "She goes to sleep at night, and she has a dream where a snake comes and bites her on the face. The dream is so real." I don't know if you've ever had one of those where your heart starts beating and wakes you up. I asked him how often it happens to her and how long he's been treating her and he said four to seven times a week and he's been treating her for seven years—which was average at the time. I told him to bring her down and that it was only going to take me 15 to 20 minutes.

At that point, the guy is going crazy so the radio guy cuts him off and says, "See you tomorrow night at the Holiday Inn."

Brendon Burchard: The gauntlet's been passed.

Tony Robbins: Next day, I started the seminar. Sure enough, a guy comes in with this woman—he's not very nice, but I bring the woman on stage and demonstrate her phobia by saying, "I understand you have certain feelings about certain kinds of animals. How do you feel about snakes?" I get really intense and she starts shaking. If people have seen a phobic, you know I'm not exaggerating—it's very, very intense—it's an uncontrollable response.

I broke her pattern and at the end I wrapped the snake around her. When that happened, the whole crowd erupted. That became my signature—that's how I started to build my brand and show people what I did. I called it coaching—30 years ago, no one else was really coaching—I didn't want to be a motivator or a guru.

Think of coaches in sports—they might not always have been people who were better as an athlete than I was, but they could show me insight. I launched my coaching career, and that led to all the things you know about. All of a sudden, I started working with sports stars. Back in the '84 Olympics, Mike O'Brien was one of the first guys I helped. He made the team, he won the Gold and he gave me enormous credit. I went with Andre Agassi. I got to work with Nelson Mandela, Mother Teresa, and then President Clinton and Princess Diana.

It just grew and grew and eventually, I developed seminars because in the early days I was just doing individual work, and I wanted to reach more people. I started creating a format for seminars and that established all the different enterprises I'm now a part of.

Brendon Burchard: I know when people listen to your story, they recognize the name and they recognize the passion. If they're hearing you for the first time, they're saying, "Oh, my gosh! This guy is crazy! He's so impassioned!" Which is great because this series is called Passions of Real Life Legends. How did you find what your passion is?

I don't know if everybody on the line knows, but Tony has a mantra. At the end of everything, he always says, "Live with passion!" How do you find that passion, and

how do you live in it each day?

Tony Robbins:

Some will cross it sooner than others. At an early stage in my life, as corny as this may sound, I had visions about what I was here to do. I don't tell people what to believe religiously in any way, shape or form, and I don't preach to anybody spiritually because I see myself more as a Trojan Horse. My job is to get people to meet their needs—reach what they're after. Then, what I try to do is open them up to what I think everyone's ultimate passion is, which I believe is to make a difference.

In anybody's life, I believe you can achieve all the goals you've ever wanted in your life; but if it's all about you, you, you, the 'Me, Me, Me' song is a very lonely song. I always tell people that life is not about 'me'; it's about 'we'. This was part of what helped me find my passion. When I was eleven years old, we had a situation where my father had lost his job. We're at Thanksgiving and we've got no food and no money.

To be fair, we wouldn't have starved—we were always resourceful. We would have found a way, but we certainly wouldn't have had a Thanksgiving meal. I'm the oldest of three, and my mom and my dad were saying and yelling things at each other that once you say are hard to forget. I was trying to get my brother and sister not to hear the arguments, and then this knock happens—and this is something that really shifted my life.

I go to answer the door, and this tall guy is standing on the other side with a big box of food. On the ground right beside him, there was a big pot with an uncooked turkey in it. He asked me if my dad was home. I said, "Just one moment."

I was out of my mind—it was like a total gift from God. I go to tell my dad, and I thought, "I won't tell him there's some guy at the door." I kind of cajoled him to go because he wanted me to do it, just so I could see his face. And it wasn't a pleasant moment. My father was offended even though we were in a really tough spot!

He just looked at the man and said, "We don't take charity," and went to slam the door on the guy. The man was a big guy and put his foot where the door was so it just bounced off it without hurting anybody. He said, "Sir, I'm just a delivery guy. Somebody loves you, and somebody knows you deserve to have a great Thanksgiving. This is just a gift."

My dad went to close the door again, still not very happy, and then the guy was a little bit more direct. I thought my dad was going to punch him, but the man kept on talking, "Look, sir. Don't let your ego get in front of taking care of your family." I'm standing right there, and it's one of those moments you never forget. My father took the box of food, slammed it on the table and then closed the door without even saying thank you. Even to this day, it was one of the more emotional and important moments of a person's life.

I really believe it was guided, because up until that time, my father had taught me that nobody really cares—that strangers don't care. My father focused on the fact that, from his perspective, he had not done enough to take care of his family. And from there, I know he came up with, "I'm worthless." I know that because he made it verbally very clear that's what he felt. What he decided to do ultimately was to leave our family.

That was a tough situation, but my life turned out differently because I really believe life is a decision. My passions and my decisions about life come from what I decide to focus on. What do you decide things mean? What do you decide to do? To me,

that's the essence of what shapes a human being's destiny.

What are you focusing on right now? Some people will focus on my crazy voice, that I talk so fast, and that I'm nuts and passionate. Some people will be listening to the content, and somebody else will be thinking about what they're going to have for dinner. What you focus on, is what you feel.

Then you also have the meaning. Is this the end of something or is it the beginning? As an example, if you think it's the end of a relationship, you're going to treat that person so much differently than if you think it's the beginning of a relationship.

If you think God's punishing you right now because your economic situation is challenging versus God is challenging you, it's a different world. What you do comes from the meaning and the emotions you have. As soon as you come up with the meaning, it should feel a certain way. If you're angry, you're going to behave differently than if you're feeling appreciative, grateful, excited or challenged.

Looking back on that day, I've deciphered it now—and I've had plenty of time to look through all these things. My father has since passed, but I was able to reconnect with him even after he left. He was very proud of what happened in our lives, but we still talked about it. I focused on, "Wow! There's food!" What a concept—the meaning, though, changed me completely. The meaning I came up with that day is that strangers do care. If strangers care about me and my family, then I need to care about strangers.

It's in my soul anyway, but it was the deepest affirmation. I decided someday I would do the same. When I was 17, I went out to do that. I wasn't famous in any way, shape or form—I was just the guy in school who was known as Mr. Solution, because I'd read all the books. If you had a problem, I had the solution. Especially if you were a girl, I had special motivation to give you the solution.

Brendon Burchard: To help you? Sure!

Tony Robbins: Sure, but seriously, that's what I'm about. At 17, I went out and I decided I was going to feed two families just like I was fed. The experience was one of the most beautiful experiences of my life—it was truly a full-circle experience. The next year I fed four, and then eight. I didn't tell anybody what I was doing, but after the eighth family, I started saying, "Man! I could use some help." I wasn't looking for stars on my chart, but other people could help out.

I got some of my friends and said, "Instead of just having a Thanksgiving dinner, let's go create these baskets of food," so that it wasn't like my father—it was seen as a true gift and it was packaged beautifully. I learned a lot. I said, "Let's give these people a note so we're just the delivery people as far as they're concerned. We're not asking for acknowledgement." The note basically says, and we do it till this day, "This is a gift from a friend. We hope you have a magnificent Thanksgiving holiday."

We do it at Christmastime too, in different parts of the world. "Someone loves you and knows you deserve to have a great time, and so does your family. Please enjoy this. Someday, if possible, if you can do well enough, do this for one other family and pass on the gift."

What started with two people grew to eight. Then I got my businesses involved. Last year, we fed three million people in 56 countries—it's grown and grown. The passion comes from seeing the meaning, seeing the impact, and feeling it.

If your listeners and readers don't know what their passion is, one easy thing they

can go do is find a simple passion. If you're not passionate about your work, or you've been dislodged by the environment we're in right now where so much of our economy around the world has been impacted, this is a chance to retool and reevaluate. I tell people, "If you're trying to figure out the work you're going to love or the ultimate relationship to be in and you don't know the criteria, you don't know what you're going to value most."

Describe the job from hell and describe the relationship from hell, because most people have no trouble being negative. Negativity, done in a playful way, actually generates energy! It's counterintuitive. Write down the job you'd never want to do, the people you'd never want to be around, the type of activity you'd never want to be a part of, and the money you'd never want to earn for all that. Just write and write. You write all this down, and you'll find a newfound energy in you.

Describe the relationship you'd never want—and most people can describe that very clearly. They can't describe the kind of relationship they do want, but they'll tell you what they don't want. Describe the kind of person, the environment, what you wouldn't do with each other, etcetera. When you're all done, I'll say, "Write the opposite of that down and you'll have the job from heaven," or "You'll have the relationship from heaven." Sometimes, you can find your passion because of an event and sometimes you find your passion because you find its opposite.

A lot of times, people can identify with who they really are in their souls by defining who they're not first—it's counterintuitive, but it works most of the time. Sometimes it's in the environment where something has hit you so keep putting yourself in an environment where there are new people with new ideas, new passions, new views of life, asking new questions. That's what you get, and that's why I still do seminars. You go into those environments and there's a magic that happens in the momentum.

It's like if you went to the ballpark, and there were 12 people there. There's nothing wrong with that, but when you go to the ballpark with 50,000 people, there's a different momentum that's generated. You get into a different state—and you get different answers in a different state. I think that's where my passions originated—they come from your Creator; they come from your experiences, both pain and pleasure—and that's why I tell people to be at the events that people are going to right now.

It's difficult for a lot of people. If you're doing well sometimes, reach out and help those around you and find a gift in it. The ultimate gift in it is not just to be positive. The ultimate gift in it is a chance for us to relook at our lives and find out what's going to give us deeper meaning, what's going to give us greater fulfilment, and ultimately, what's the gift you're going to give?

I don't know if any of your listeners saw this, but the other night I was watching a documentary. I was watching "The War Tapes," a film that was made about the Clinton administration right before they were brought in. There was a scene of the night before the election—and it was a real scene; it wasn't planned or acted. The whole strategy team that worked their guts out to try to bring Bill Clinton to be president is there. One of the people got up—the gentleman who really organized the campaign—and he was very emotional. You could see him giving his soul, he said, "Other than our love, our labour is the most sacred thing we can give to this world."

If you can give something, give that. Here and now, it just moves me because that's what I feel in everything I do. My labour is my love. I live to see people light up. I

know a lot of people think, because I talk fast and with passion, “Boy, this guy’s not spiritual,” or “He’s just about business.” What I’ve learned is you have to meet people where they are.

What I want to do is not just preach to the choir of everybody who is already clearly spiritually oriented. I want to reach people to help them achieve what they want and open the door for them. How do you think we feed three million people? Of all the graduates of my programs, they came for one reason—they came because they wanted to make more money, they came because they wanted to take their crew to the next level, they came because they wanted to turn around a relationship, or they came because they wanted to lose 30 pounds.

Once you get people associated with the true meaning of their life, you don’t have to do anything to motivate people. I’ve never been a motivator; I believe in energy and I believe in inspiration. When people find their drive, when they find their purpose, when people are truly inspired—they don’t need motivating. There’s an inspired life and there’s a dead life. If you’re not inspired, if you’re not ‘in spirit’, which is where it comes from, what are you? You’re dead inside.

Now the good news is, the spiritual life can be turned on at any moment, and it doesn’t have to be driven by a preacher necessarily. It can be driven by the hungry side of you that says, “Life is not enough.” Then dig in to figure out not only what I’m going to get, but what I’m going to give. I think that’s where the deepest passion in human beings comes from.

Brendon Burchard: It is. You talk about something so profound and inspiring to me all the time, and that’s just your story. I’m writing notes down as you’re talking now—looking at this list, you talked about the difficulties in your family life growing up, you talked about the hardships you’ve had economically, and you talked about self-sabotage, being too young, and people challenging you.

You’ve had all these obstacles and all these challenges and you overcame them where some people would have really stopped there. I know you’ve spent so much of your career studying what that difference is. How come some people overcome obstacles and some people don’t? How did you overcome all of that, and what message do you have for the people on the line now for dealing with difficulties in their own lives?

Tony Robbins: That’s a really great question, Brendon, and that’s an area I’m very passionately focused on right now. Every day of my life, I’ve got people who come up to me—I’m not talking about seminars anymore; I’m talking about random strangers on the street—and tell me this incredible story and say, “You changed my life,” and I always remind them, “You did it, but I’m glad I got to play a role.” They tell me amazing stories.

Or, they say, “What do I do?” I’m talking about people in every walk of life. I’m talking about billionaire clients of mine. One of my clients who I’ve been working with for 17 years has made more money than anybody in a single day. He’s one of the most successful people in the history of the world, financially. Then I have the guy who’s my barber. From a billionaire to a barber, literally; never mind the phonetics there.

I look at the breadth of where people are and they’re all saying, “What do I do? What do I tell my wife? What do I tell my husband? What do I tell my son or daughter?” Here’s what I say if you’re facing it. I’ve faced it many times, and I think we’re all going to continue to face challenges because that’s part of life. To think that you get to some level and then there are no more challenges is the biggest lie in the

world. Here's life. If you're in business—if you're in life—you've got problems.

You may call them challenges, which is what I prefer, but there are things that show up from time to time, and they're part of what make us grow. The minute you get faced with a problem, what must you do? You have to come up with a solution. You can blame somebody, you can come up with an excuse, and maybe the blame is accurate because somebody really did something that's there, but that's not going to change anything.

Ultimately, you've got to come up with a solution, and no solution has any value unless you do something, which means you're going to have to change something. Here's what's ironic—the minute you come up with a problem, you face it, and you come up with a solution—so now you put a change into effect and you're going to create a new problem. That's how it works.

You're Apple computer and you come up with this idea for the iPod. It's the most brilliant idea ever and it solves the problem of the volume in your business. So you've got this great revenue stream, but now you don't have enough of them and everybody's complaining. They can't get them and you can't fulfil the expectation in the early days. To solve that problem, they go to China and make these cheap little covers, and now they're being sued by a bunch of customers saying, I won't buy it—it's a \$19 cover and it's scratched because it wasn't done properly—and I want \$300 million dollars.”

It's a new problem, but it's a better quality problem than not having any revenue at all. Do you know what I mean?

My wife Sage is the most important thing in my life and one of my most difficult times for me, and I've had several, was when I thought I was going to lose her because of a tumour. There was a point when a doctor came to me and said, “You've got a tumour in your brain.”

What do you do in those moments? In those moments, those three decisions I mentioned earlier are the most important things you've got to take control of, so I'll repeat them: they're the mantra of life. When all hell breaks loose, what's going to determine how you respond is the meaning you associate to this. If you think about destiny again; what shapes your destiny are your decisions more than anything else.

How else can you explain it when two people who go through hell on earth, and one person takes his own life and one doesn't? I'm sure you saw this billionaire in Germany a couple of weeks ago. The guy was, I think, the 35th richest guy in the world—he dropped to 68, and then in these last six months he dropped again to number 98.

The guy had \$12 billion dollars and he lost \$3 billion in a year. He's got \$9 billion left but he killed himself despite that—he just threw himself in front of a train. How do you do that?

Then you've got somebody who's been through hell and back, been through physical, sexual, emotional, psychological abuse, and they go out and spend their whole lives getting stronger, helping other people turn their lives around. It's not the events that are controlling us—it's the meaning.

The first decision you have is: What are you going to focus on? You have to take control of your focus, because whatever you focus on, you're going to feel. If you start picturing this as the end of your life, you're going to feel it and it's going to be real to you. I'm sure many of your listeners have had times in their lives when somebody

may have told them something like, “Brendon’s not your friend. He’s just here to take advantage of you.”

I think to myself, “I know Brendon. He’s my buddy. I’ve known Brendon for all these years. He’s the greatest guy!” However, if somebody keeps saying something over and over again, and then they say something else, you might, for a moment, think, “Wait a minute, is he really my friend? Could this person really be doing something behind my back?” The minute you ask that question, the minute you start to focus on it, you’ll start to have a certain emotion about it, even though it’s not true.

Somebody may have said, “Somebody said something about you,” and they tell you with such convincing nature that you buy into it. You get upset, you see this person, you confront them, and you say, “I can’t believe you said that.” They’re saying, “What are you talking about?” Then you find out he never said it—the other person misheard or misspoke, or has his own agenda.

Very often, we get upset about things because when we see them play out in our minds—when we feel them and think about them—we experience them as real. I’m sure many of your listeners have had something they thought was true and that they were upset about that turned out to be completely untrue and they felt like an idiot for believing it in the first place. Taking control of your focus is the most important thing. The second most important thing is that once you focus on it, you’ve got to give it that meaning.

What is the meaning? Is it the end or the beginning? Is this the worst thing on earth or is this the ultimate challenge? This is where disciplining your disappointment becomes critical. This is where we have to condition ourselves. And this is what I do for a living—it’s wonderful to know you should think positively, that you should have positive intention, or that you should have great strategy, but ultimately, you’ve got to train your body like a great athlete so it just happens, especially during the difficult times.

Then you have to decide what to do, and you need role models to do that. Ask yourself what do you really need to do? The first thing you’ve got to do in these tough situations is to absolutely feed your mind.

I was living in my car when I got kicked out of my house. Long story short, my dad got kicked out and my mom decided I was on his side. All of a sudden, I’m in my Volkswagen figuring out how to survive.

You’ve got to take control of focus. The way you do this is to feed your mind. Do the things people are doing right now. Get around other sources of information that are solution-oriented and not problem-oriented. Read the biographies of some of the most incredible human beings on earth who you respect so you’ll know what drove them. Feed your mind. I went to the library—there was no Internet in those days—and I’d read these books. I’d feed my mind, and I’d go out and hit it. You’ve got to feed your mind—that’s number-one above anything else. Number two, though, is to feed and condition your mind. I would do incantations—I would go outside for a beginning of a walk and then I’d start a jog, and I would write down these incantations.

I’d say, “God’s wealth is circulating in my life, His wealth flows to me in an avalanche of abundance. All my needs, desires and goals are met instantaneously by infinite intelligence and I’m one with God and God is everything.” I can say that so fast—I said it for years and years and years. I would do that for 20 or 30 minutes, and sometimes for as long as an hour.

I'm physically moving my body, and I'm conditioning my mind. The first thing is to feed your mind and condition it, and the second is to condition your body so the body and the mind are completely connected. If you look at somebody who's fearful, somebody who's angry, you have to use your body in a certain way to access that part of your brain. If somebody is depressed, where are their shoulders? You tell me, Brendon.

Brendon Burchard: They're hung down.

Tony Robbins: Where are they?

Brendon Burchard: They're sloped down.

Tony Robbins: Yes, they're slumped. Their head is down and their shoulders are down. Is their breathing full or shallow? What would you say?

Brendon Burchard: Completely shallow.

Tony Robbins: Without a doubt. Talking quietly or more loudly, would you guess?

Brendon Burchard: Quietly.

Tony Robbins: Fast or slow?

Brendon Burchard: Slow.

Tony Robbins: There's no question about it. When I got on the phone today, when you said, "Here's Tony Robbins," what if I had said, "Good morning. How are you guys?" There's nothing wrong with that at all, but it's a different personality. Some people can do that and not be depressed, and for some people, that's the edge of depression. That's the edge of where they are. Some people's idea of fast is probably one-tenth of the speed at which I speak, but that's still fast.

Anytime you engage your nervous system, anytime you go work out—go for a walk, go for a run, go lift some weights—where you're making a demand on the body, it causes the blood to flow and it changes the neurotransmitters. If you take that same person and you bring their shoulders back, you get them to breathe deeply and you put a smile on their face physically. Science has proven that you don't sing because you're happy—you're happy because you sing.

If you make the shift in your body first, the biochemistry changes and then your thoughts change. Trying to say, "I'm happy, I'm happy, I'm happy," when your brain is saying, "BS," is sometimes hard, but if you physically charge your body up, it's easy now to move into determined, strong, happy, or whatever the case may be.

Brendon Burchard: You teach that better than anybody else. I just want to tell our listeners a quick story—and I've never seen anything like it. Tony had this program called 'Unleash the Power Within', and it was the best three-day program I've been to in my entire life. I brought my wife to the program this last year. She's this very subtle, internal, almost introverted woman who is so kind and compassionate, but quiet.

So we went to Tony's event. He teaches people about being very congruent about your focus and your physical body. He gets my wife—my young, beautiful bride—so fired up at the end of the first day that she charges out of this convention centre. I'll never forget it—Tony had all these rows of burning hot coals outside. My wife walks up to those coals, muttering the whole way, "I'm not going to do this, I'm not going to do this."

The trainer out there said, "Get in state." She gets in state, learns to focus her mind

and activates her body so her state and her mind are focused. I remember turning around to the person behind me thinking, "This might take a while. Denise isn't going to go." Still looking at the person behind me I heard the trainer say, "Go!" I turned around, and Denise was halfway across the coals before I even saw her. She just took off. Tony, I've never seen anything like it.

It was the power of exactly what you're talking about: focusing your mind and putting your state in a place where you can do what you need to do and overcome the fear you need to overcome. You teach it like nobody else, and Denise to this day is thankful for that. She still activates those strategies you taught.

Tony Robbins: I appreciate that. She is a sweet, sweet soul. For anybody who's not met her, she's got a heart of gold. It's obvious why you guys connected. And you're right—it's all about state. In this environment, we have to control our state. Feeding your mind is one thing--conditioning your body so you're there when you need it is a whole different game. That's why I put people in immersion.

Why would you do a weekend? Most people would never sit for three hours in a movie someone spent \$100 million on but I go do a seminar with 12,000 people in London, and I've got Anthony Hopkins in the front row. Somebody dragged him there, and he's wondering why the heck he's there. "I can't even sit for two hours, so forget it. I'll sit for an hour, and then I'm leaving." He's there for all three days! It's 50 hours over the whole weekend, over three-and-a-half days. Now he doesn't even want to leave.

I've got four languages being translated simultaneously. I've got a soccer mom in the back, and I've got Anthony Hopkins—they're all totally immersed. Why? Because when you get in state, when you figure out and meet your deepest needs and how to help other people meet their needs, time disappears. It's like love. When you're in love, the first thing that happens is time disappears—you're not even conscious of it. When you love what you do, time disappears. What else disappears?

If you're really in love, you disappear—suddenly, it's not about you anymore and it's really about the person you love. It's about sharing this experience.

The other thing is you need nothing else. We create an experience that does that. The mind and the body and the spirit, without calling it that—again, what I try to do is make something that will open the door for everybody—and at the end; everybody gets what this is really about.

All of it opens up without someone telling you what to do. It's your natural ability you're tapping into. If you're in a challenging spot, feed your mind, feed it and condition it, and feed and condition your body. You've got to make sure that this thing is strong and resourceful and there are a million ways to do that.

The third thing you've got to do is to find yourself a great role model, somebody who's succeeding. Right now, there are businesses that are doing extremely well while most businesses are not. There are people out there who are prospering and you have to find out what they're doing. I'm always interviewing people because I believe success leaves clues. One of the things you and I share in common, Brandon, is that we're always looking for answers. I've been doing that for 30 years. When I looked at financial areas, I went and interviewed, right before he passed away this last fall, Sir John Templeton.

I've known Sir John for many years. He was one of the greatest investors in the history of the world. The reason I wanted to interview him was because here's a guy

who made all of his money—he grew up with nothing. He didn't have any great role models or examples, but he and his wife really wanted to make a difference for people and he believed economics provided him the ability to make a difference.

To this day, although he's passed away, he gives away more than the Nobel Foundation, for people to make a difference in people's lives spiritually through his foundation. That was true while he was alive, and it's still happening. He started out with nothing and he made all his money during a tough economic time like the one we're going through right now and even worse—it was during the Great Depression.

Brendon Burchard: People are so scared about the economy, so it's great we're having this conversation. What did he teach you? What did you find?

Tony Robbins: Two things. The first thing he said is, "You make all your money during times of maximum pessimism, when everyone thinks it's the absolutely worst time," and that's what he did. Back then, he made the most money. In 1939, when war broke out, he was still a young man and he went and borrowed \$10,000—which was a lot of money then—to buy all these Fortune 500 stocks that were \$1.00 and under, including ones that might go bankrupt but he thought they wouldn't.

He invested all of his money in these dollar stocks, and interestingly enough, what do you think happened? They didn't make much progress then, but after the war, these companies were still there—they were still strong. The turnaround made him \$1 billion. All he had was \$10,000, and even that he has borrowed. He did it again after the war—where would be the last place most people would ever want to invest or even think of investing at that time? Japan.

There's a country decimated, but that's where he invested his money. Guess what? He bought things for pennies that nobody wanted and, sure enough, 10 or 14 years later, he had the greatest economic return you could imagine. I knew him when he did that down in South America. You had inflation going up 300% to 400% and he went down there and did it. He did the same thing Warren Buffett talks about—when everybody else is scared, that's when you've got to get aggressive and strong.

I'm not suggesting people run out and invest right now, but I'll give you an example. There are stocks right now that were \$80 four months ago that are \$5.00 today—but I wouldn't say invest in them yet. History shows this approach—some of your listeners might be able to remember those days. You'll find some of these stocks that are \$5.00 today, are going to go down to \$1.00, and some are going to be 25 cents.

However, there will be a point, and the point will make a definitive change, where that 25cent stock won't go back \$80 in a week or a month. It may not do \$80 for five or ten years with the economy we have, but it will go from 25 cents to \$5.00—that's a 2,000% return for somebody, but you're never going to see that if you're not feeding your mind. You're never going to see that if you're not conditioning your body. You're never going to see that if you're not pursuing role models of people who have succeeded.

It was his whole process, and I'll give you an interview that you can listen to just to spread the word. He's passed away now and I want people to know about it.

Just a few weeks ago I also interviewed a guy who is 94 years old and still in the stock market. This is a guy who was a runner in 1929 working for Mr. Salomon of Salomon Brothers who owns his own firm today. He's had a 17% compounded return for five consecutive years. I asked him about it—I did a whole interview with him about what he sees in fact. Should we be in a total panic? What's going on? He

described all the differences. What you've got to do is find role models—you've got to find people who have succeeded. Don't listen to everybody else who's scared out of their minds. I'm a role model.

The fourth thing I'd say, once you've got that role model, is to put together your action plan. Then the fifth thing I'd say is get yourself either a coach or someone who can help you stay on target. We all get off target—I don't care how good you are—even Tiger Woods has coaches, and he counts on those coaches. And you Brendon, you've got a group here with Janet and Chris and the team.

I know you have many others you can go to who can coach you—there are many resources to do it. You need someone to help support and measure you, or you need to get around someone who's the best, who can show you the shortcuts on how to get from here to there. Those would be the five steps I'd give, off the top of my head here, to people who are facing something tough, or even if you're not facing something tough, but want to maximize your life.

Brendon Burchard: That's incredible. I want to repeat some of those for people who are listening or taking notes. Tony is really talking about the power of your focus, the power of what you give meaning to, who you model, and then creating an action plan. Make sure you have a team set up so you can go ahead and win.

You've done so much in your career and life, Tony. What's the vision for you? What can we expect from Tony Robbins in the next 10 or 20 years?

Tony Robbins: I think you're going to see a deeper side of me, and more of what my life has always been about. My core mission hasn't changed, and I don't ever expect it to change.

A big part of my life is to reach out to people who I think are forgotten by society. There are young kids forgotten in our society today, unfortunately. Everyone takes care of their own kids—we care about our children. Everybody talks about it, but today kids have access to things they never had access to. They've got the most choices and the most freedom, but the least guidance they've ever had in human history! What you can get into on the Web today is mind-boggling and if you think you're just going to put password controls out and that's going to make it happen, it doesn't work that way.

Kids have access to it on their phones, someone else's phone, or somewhere else. We need to step in and guide them in that area. The one thing that makes the biggest difference with kids is mentoring.

I got to work with a team of about 12 people who created the Presidential Summit many years ago—our goal was to create two million mentors by 2000, which we did do. I got a chance to work with extraordinary people, including all four of the living presidents—or five living presidents at that stage—who were there and helped make that project happen. I think mentoring is a huge factor, and I'm going to continue to be a part of that process.

There are other people who we forget. We've got more people in prison than most people have in their countries. I'm very passionate about that.

We're in 750 prisons around the world, and we have programs that help turn people around in that area. We can't forget them—they're all human beings and they have to be cared for if for no other reason than if these people get out and don't experience any transformation, it's just going to hurt you, your family and society again. Also, I think all of us at our core know everybody is a soul who deserves some kind of support. It may not be everybody's passion, but it's certainly a passion for me.

Our “Basket Brigade” is huge, but I want to take that to an even larger scale. In fact, anybody listening who would like to—at Christmas, Thanksgiving, or anytime—help by participating in one of these “Basket Brigades,” or create one yourself, can go to the Anthony Robbins Foundation. We can show you how to do it and make it happen. You don’t have to send us any money if you want to do it on your own—in fact, I encourage people to be the person who’s actually participating in this process.

That’s another thing that’s there for me. Right now, I’m working with NBC and—it will be announced pretty shortly—we’re going to do a primetime reality series. I haven’t wanted to do that because I don’t want to ‘vote people off the island’. That’s not my approach to life.

Brendon Burchard: You’re much more inclusive than those shows, which I love about you.

Tony Robbins: Usually in those shows, you see the worst sides of people, and people start to believe that’s how everybody is—that’s the backbiting side of things.

We’ve come up with a format and I don’t know if it will work or not yet—they’re excited about it, and I think we’ve got a really good shot at it. We have an option to expose people to what’s possible and to help people learn how to turn their own lives around and to do some of the things they think are impossible—to really live their dreams in reality. Hopefully, that will inspire people in this environment.

And I’m going to continue to work with therapists—I’m big on training therapists on these tools and techniques so more people can be helped. I’m always looking for larger ways to scale impact. I love my kids, I love my wife, and I love life. In the midst of all that, I want to balance some of my time in those areas, too.

Brendon Burchard: Let’s talk about that area. I was recently married and Denise has become such a central part of my life. I have a huge role model in Tony and Sage—Sage is Tony’s wife and an extraordinary person. Tell us about your relationship there.

So many people, when these economic crises hit, when they lose their jobs, or when crisis hits in their lives in some way or another, have very few people to lean on other than their significant other or their spouse. How do you manage that? In tougher times, how do you maintain the passion, the energy, the love and the openness in a relationship?

Tony Robbins: That’s a great set of questions. I’d say you’ve got to think about your significant other, not just as someone you can lean on, but somebody you care so much for that you will get out of your own stuff and be there as a rock for them. If you’re always going to your relationship to get something and not going to your relationship to give something, that creates an imbalance. That’s not to suggest you can’t lean on your partner...

We both lean on each other in all kinds of ways, but I think a lot of people look at a relationship as, “Am I getting what I want?” The truth of the matter is, a relationship is a place to go to give something, and if you’re constantly trying to give with each other, and if you’re privileged enough to have two people who come from that place, life is the most incredible gift—even during the challenging times. I can remember the opposite being true.

I remember being onstage—a vivid moment in my life, one of those defining moments—where I was doing a seminar in New York in a big stadium environment. It was the Continental Center, if I remember right and we had 12,000 to 13,000 people in the room. I was doing what I love—I was serving people. Anybody who’s been to an event like mine knows it’s like a rock concert—we just rock the house.

We all do—we participate and we're together. People never do anything like that, so people in audience are euphoric. People are incredibly generous when you've helped them to recapture what their life is about. So many people come up and hug me, and I love it when I'm connecting with people.

The same day this is happening, during one of the stretch breaks, one of my companies went public. When it went public that day, a guy came and whispered in my ear, "Here's what's happened." My personal stock was worth \$400 million instantaneously!

I don't say that to brag, but because the opposite was true. I'm incredibly grateful, but then I thought, "What's next?" I went back in there to serve, because that's what my life is about. I'm not belittling it or making it sound like I wasn't excited because I was, but it didn't change my life. By the way, thank God it didn't change my life, because it also changed later on. The stock market went down—it went through the floor and all kinds of things changed.

What really struck me was that I had a day when I should have supposedly been the happiest I could be because I was living my mission—that was alive—and my company had gone public. I went home to the relationship I was in—now there was nothing wrong with the person I was with, but to be in that relationship, I was constantly trying to please that person by trying to be something I wasn't.

When you first meet somebody, very often, people get attracted to what is their opposite. If somebody is really outgoing and you're more quiet, maybe you get attracted to that. Or, if they're really playful but you're kind of serious, maybe you're attracted to that.

I believe our Creator is always calling to us to remember that we are all these things. There is nobody who is just quiet. There is nobody who is just loud. There is nobody who is only outgoing. There is nobody who is only internal. Those are just belief systems we developed and because of those belief systems, we're not fully expressing all the life inside of us.

You always seem to attract something that is your opposite. In the beginning, we recognize it and it creates this energy with us. Have you ever been in a relationship where in the beginning what attracted you later on pissed you off?

In the beginning you think, "Wow! It's so great. This person is such a ball of energy," and later it's more, "Does this person ever stop?!" Or, "Wow! This person has so much passion," and then, "Damn, does the guy ever get quiet?" It's that kind of thing, the very thing you're attracted to, if you don't see it in yourself also. You don't realize that maybe your Creator has given you this partner in life for you to develop this part of yourself too. Since you admire it in this person and love it in this person, maybe you can start to find it in yourself and stop denying it's there.

You get it with your kids. Some people I've seen are overachievers, and one of their kids drives them crazy. Now I have four kids and one of my boys has the biggest heart in the world—he and his daddy couldn't be closer. However, the work ethic this boy has...

Brendon Burchard: It's not the same level as yours?

Tony Robbins: No! Not even close. I believe work is the expression of your love, but he has a different view of work. He'd rather go 'chill'. We tease him a lot about this, and it used to make me so frustrated. One day I thought, "Wait a second. I'm going to continue to have a charge about this until I get to the point where I realize there's a lesson here. I'm so

driven that I don't have to spend my life 'chilling', but maybe I do have to stop and breathe."

No matter what your strength is, if you overplay it, it hurts you. I can't stay the way I am the majority of time, all the time, which is how I used to be all the time. Right now, I'm in a state because I really want to serve, but I've also got to chill. I know how to stop now—you've seen me with my girl and my wife—I can stop it and turn off, but I didn't know how to do that before and that was a gift.

Instead of being frustrated, I had to own that this was an important gift in life. I might not want to do as much 'chilling' as this particular son of mine, and I might want to encourage him to have a little higher work ethic—and he's going to do that—but I used to have this charge about it and I used to get upset about it. I guess there was something about making it wrong.

There are a lot of people listening in right now I would guess who are spiritually driven. You're looking for answers, and that tends to drive you this way. Some people position spirituality and some people really live it. At a core level, anybody who has any form of seeking has a spiritual side to them. If you're looking for the spiritual side of things, if you make certain things more spiritual than others, and if you judge this part of life as wrong and this part of life as right, that duality is what makes us have so much stress in our lives.

If you're spiritually driven, you tend to be a giver. That's true of most people I know who are givers. I've been guilty of this myself—I want to give everything I can. That's part of why I do an event the way I do. This conversation, I want to give as much into it because you never know what's going to touch somebody. Who knows if you'll ever get to reach them again? When you're always giving, giving, giving, there are people out there who are takers. People always say, "Takers always find me."

No kidding! We look for the takers so we've got somebody to give to. I always had to be the giver—I'd take somebody to lunch, I was broke and I had no money, but I still had to pay for lunch. It was the nature of how I was as a human being. One time, a guy grabbed my hand and smacked it. He's a very successful guy and he literally hit my hand when I was reaching for the bill.

He stunned me. He said, "What are you doing?" I said, "Paying the bill." He said, "Are you going to rob me of the pleasure of taking you to lunch? Are you that selfish?" It was one of those moments where you think, "Wow!" No wonder people take advantage. I have to be the giver.

This happens in all relationships, so I'm trying to change back at that stage of my relationships because I realized, "We don't share the same values. It's one of the toughest decisions I've ever made, but I've got to make the right decision. I've got to find somebody I'm aligned with, but first, before I go throw my pendulum, what is there to learn here? Maybe there's some greater depth here."

Sage and I are so spiritually and emotionally aligned but we're different people. I'm the crazy, mofo, masculine energy of this piece, and she's the feminine of this piece. She's the smartest person I know, the person I respect most in this world.

She's someone I can pitch and catch with, not just pitch to and that's an incredibly refreshing experience in life, but our view is that love is life.

Your intimate relationships—like the relationships with your children—are so important and magnificent. However, your children won't learn what a great relationship is unless you have a model of an intimate relationship that's beautiful.

This means two people who love each other and who aren't just friends. They love each other at the core of their souls, two people who will do anything for each other.

If you asked me the greatest gift of my life, beside the mission I've had and what I've gotten to live in that area, there's no question it's my wife. I really believe the millions of people I've had the privilege of assisting or helping—however you want to language it—to help themselves, has created the karma that brought my girl to my life.

I say to anybody listening that if you don't have that person in your life, you've got to make the internal shift in your own beliefs, in your own fears, in your own pain. It isn't that all the good ones are gone—it's either you're not clear about what you really want, or you're putting this process off until someday when you're clearer or someday when you have your career worked out.

There is no someday when it comes to relationships—there is no greater spiritual path, in my belief. Going off and sitting in a cave is a wonderful thing. Going to church is a magnificent thing. That's easy compared to being in a relationship with a human being, one you love so much that if it doesn't look like they're loving you or it doesn't feel like they're connected to you, it creates this fear in everybody.

It's the fear I won't be loved, the fear that I might not be enough. That's what makes you grow spiritually, to face those fears, to go deeper, to get out of yourself and serve another human being at that level. I'm obviously pretty passionate about the subject because I think a relationship is the basis of everything.

For anybody listening, if you've got one, you've got to learn the tools. If you don't know, it's too late. It isn't just Men are from Mars, Women are from Venus. John Gray's a dear, dear friend of mine, and he's got some amazing distinctions that are incredibly valuable, but there are some elements about masculine and feminine energy. There are men who are more feminine and there are women who are more masculine, so it isn't just male-female stuff. If you don't understand it, you can have the best intent in the world and you'll mess your relationship up. I'm going way over on time here—sorry about that!

Brendon Burchard: That's okay! We'll wrap up a little bit, but to validate that, I've studied everybody, including John Gray, who's also a friend. Denise and I recently went to your 'Date with Destiny' program, and it opened us up to a whole new level of love and relationship that we could never have had without some guidance.

If you don't have that significant other yet, you have to set that intention that you're going to go out and find that person. I agree with the spiritual path—at Healthy Wealthy nWise, we believe really strongly in that power of intention, whether it's intention to find a relationship, intention to give back to the world, or intention to find a new job. We believe in it.

You've given us so much, Tony. What's the big, current project you have now, and what intention would you like our listeners to hold for you?

Tony Robbins: That's a wonderful offer and gift. I think that my life's work and mission continues to reach more people at a deeper level, whatever vehicle I use. Vehicles come and go; I'm not attached to the vehicle—I'm attached to the impact and the meaningfulness for people.

Regarding intention, I ought to mention my belief about intention. Some people

think that I am not supportive of or that I've 'dissed' "The Secret". There have been some things that have been taken out of context, but I do want to say what I do believe. I think the Law of Attraction is absolute, but I think you have to add to it. Some people, I don't think, took the full message of what I believe "The Secret" was about. I can't speak for it, because I'm not the person who created it, but I think the core intent of it is you have to have that intention.

Thoughts are things—there is the power of attraction, but that's not the only law of life. That's like saying the Law of Gravity is it and that's an oversimplification. It's the place you have to start, otherwise, you're going to beat yourself up at some point, "Boy, you're really thinking positively, and you've got all this intention. How come it still hasn't happened? What's wrong with me?" There's nothing wrong with you. The people who ended up in Auschwitz didn't just have bad thoughts—and life is not just about me.

Sometimes we're put through pain experiences we don't understand the meaning of at the time. It isn't that we're not thinking positively, because life is giving us—or God, infinite intelligence, or whatever language is appropriate for you—an experience that's designed to challenge or deepen us so we have a deeper gift to give.

Let's say you went to a movie, and the movie was about some man or woman who has a really great job, a really great family and a really great relationship—that's how the movie starts. As the movie goes by, he's still got a really great job, a really great relationship, he's still really happy, and his business is really great. The movie ends and all those things are still happy. How many people are going to show up for that? No one's going to show up.

Part of the beauty of life is the power and beauty of wintertime, the challenging times, the time when it seems so dark, the time when it seems so difficult. That's the time, normally, to be positive. However, I believe it takes three things, and we're going to oversimplify it here.

It takes the power of intention, but it also takes effective execution. If you're fully intending to see a sunset and you start running east—I don't care how positively you think, I don't care how positive your intention is, you have the wrong strategy, buddy, and it's not going to work.

The same thing is true in this economy. That's why so much of my work is both philosophy and strategy. If you have philosophy, you have a way to guide your life, you have something that gives meaning to your life, you have something that gives emotion to your life. However, if that's all you have, you're not going to be very effective.

I know a lot of people who are philosophically beautiful, but in their lives, they can't fight their way out of a paper bag. My life is about strategy too. What is the way you execute to get the greatest result in the shortest period of time? Ultimately, that gives you more to give others as well.

The second thing—you have to have pure, clear intention and absolute focus and clarity. You have to be consistent in that and only then will you have achieved the tools—you've modelled what works and you've got the strategy.

The third thing there is grace. There is a certain amount that is beyond us, that comes from something greater than ourselves. I don't think anybody who's intelligent can deny that. It's not that grace isn't there when we're going through a tough time because sometimes that is the grace.

A really good friend of mine said, “I listened to “The Secret” and I love simplifying it down to just having this intention. This morning I was on the way work, I hit all green lights. I was focusing on green lights and I got all green lights.”

I said, “Look, I understand completely what we’re talking about from a mathematical and physics perspective and all those things; however, part of what I think gives you more certainty and what makes something real is when you also have the right mechanics. If you’re leaving late, there’s going to be a time when you’re not going to get all green lights no matter how focused you are—that’s because life isn’t just about you—there are other people involved. There are other people who have a reason to be someplace at a certain time.”

It isn’t just you, so the bottom line is: What are you going to do when you get all red lights? Will you think, “I wasn’t thinking positively enough”? It’s the intention, it’s the execution and it’s grace. When we have those three things together, life is magical. When all of those three things are not together, we’ve got a lot of levels.

I appreciate the gift, and I’d say the gift is to wish for me and my wife and family the greatest health. I think without that energy, nothing else will be there, and that continuing ability to serve.

Brendon Burchard: I love it. We have about two minutes left, so I want to ask one more thing—so much of this call was just introducing people to you, but I want to give you a chance to talk about a single idea you would like to leave us with tonight.

Tony Robbins: There are so many ideas—so it’s so hard to say. I have two ideas. The first is that everybody knows this in their souls. As overly simplistic as it sounds, I can remember the day I experienced it. I was a young kid, driving my Volkswagen coming back from a really frustrating situation—I was struggling to figure out how to survive economically, and I was on the freeway. I literally pulled over—it was 12:30 or 1:00 in the morning—and I still have the journal of this day. I got the answer. What’s my problem? I wrote, “The secret to living is giving.” I remember sitting there with tears coming through me and saying, “This is what I’ve always been made for,” but sometimes we forget that when we get stressed—we forget that when we get fearful. We forget that when we’re facing huge challenges.

That’s what it’s about, and everybody has a gift to give. When you realize that and when you’re focused on giving your gifts, you’re abundant—you’re not in the place of the scarcity of what you’re going to do, how you’re going to survive, what’s going to happen, and all the things that make people crazy that we all face. In fact, I don’t know anybody who doesn’t face those at different times, so it’s not that it’s wrong, it’s just a place to come back to.

I think the other one is not the condition but your decisions that shape your destiny—it’s the choices we make. Think about it: success in anything—life, relationship, your kids, your body, your career, your economics, making a difference—all comes from taking action. To take action you’ve got to make a decision.

If you made an effective decision and you made the right choice, you’ve got good judgment. So much of success is good judgment, but think about it: where does good judgment come from? Usually, bad judgment or at the very least, it comes from experience. As a base, I tell people that success in life is good judgment, good judgment comes from experience, and experience often comes from bad judgment.

Instead of beating yourself up about your bad judgments, just make another choice. Remember, at any given moment, that’s the one gift our Creator has given us all, the

ability to choose—choose what to focus on, choose what things mean, choose what to feel and choose what to do.

What if it isn't the right choice? Just make a new one, and move yourself forward rather than living in the place of what happened in the past. Give other people the gift to be open and free to do that, as well.

Think about forgiveness—a lot of people don't forgive someone for a choice or decision they made. Some of us make a bad choice because we're in a bad state, some of us make a bad choice because we're just ignorant, and some of us make a bad choice because we just didn't know; we hadn't had a life experience and we didn't anticipate the consequences.

Forgiveness isn't really about giving someone this thing that you bestow upon them—no, it means for-giveness, like being for animal rights or for human rights—if you're for it then you've got to give it. If you can be for 'giveness'—if you can give this forgiveness to other people—it's so much easier to do it for yourself.

That's the place where most people, when they're so upset with someone else, know what's really going on—there's something underneath they're upset with themselves about. Give up the upset and just go for what you want to do now. What's the gift you can give now? What's the new choice you can make now? Life is not conditions—it's decisions.

Brendon Burchard: What a beautiful message. That's it—it's about focusing on giving and making a decision to give and to focus on those things. Thank you so much, Tony Robbins. Your message is always incredibly inspiring to me, as I know it is to hundreds of millions of others. You've made such an impact in my life, and in the lives of so many people who just heard your message tonight. Thank you for being on the line with us.

DYMPHNA BOHOLT



Dymphna is widely recognised as being one of Australia's most successful property investors, and leading real estate strategist and educator specialising in tax, asset protection and international investment, it's no wonder Dymphna Boholt is known by many professional and personal contacts as Dymphna the Dynamo!

She focused on properties that brought in more than they cost her. Within just one year she had accumulated a \$3.5 million property portfolio, boasting \$1.55 million in equity and totally replacing the income she was earning as an accountant working 40 to 60 hours per week. Through just one property purchase, she managed to generate a passive income greater than the average Australian wage.

The now happily married mother of three lives on the beautiful Sunshine Coast on her 32 acre piece of paradise, completely surrounded by rain forest, birds, creeks and other wild life.

Income Properties

What I would like to cover now is income; income properties or what I call cash cows. Predominantly, there are only two kinds of property. There are 'income properties' or what I call 'cash cows' or there are 'growth properties'.

Cash cows are a property that produces more income than they cost you. You buy them to create income; that is your purpose for doing it.

The other type of course is growth properties. I call them chunk deals. When I am talking about chunk deals, what I am talking about is having a property that you do something to. Now it might be as simple as shuffling paper, it might be doing some hard yards on it or it might be building something. Changing something, doing something, creating something, whatever. You are doing something to a piece of real estate to make it worth more. This is called a chunk deal because what you do is you create a chunk of money. You create that chunk of money in any economic climate.

Cash Cows

A cash cow is what I am going to cover now and why you would want a cash cow as part of your portfolio. Cash cows give you lifestyle. Cash cows are there to produce an income stream for you.

When I was going through my early years, cash cows were the things that made the difference in my portfolio. The first property that put \$2,000 a year positive cash flow in my pocket made an enormous difference to me. Then next one that put \$5,000 a year in my pocket made an enormous difference. That \$100 a week from that second property was \$100 a week that I did not have to work for, did not have to get out of bed for. It came in regardless of anything else that I did.

In my initial 18 months of property investing, 6 months was of training, learning, gaining experience, getting out there and doing as much as I possibly could to learn, as much as possibly could to try and cement in my head the strategy that was right for me. That meant that following 12 months I then starting investing and in that 12 months that was the time that it took to totally replace my accounting income. The income that I was working 40 to 60 hours a week for; 12 months worth of investing, 6 months worth of thinking and learning.

What I quickly realized was that what I wanted was income; I needed income coming to me regardless of what else I did. So that those little properties put \$20 a week extra in my pocket or \$100 extra in my pocket, I just figured that if I could just get out there and accumulate enough of them then I would have my income replaced.

Now I did not have a lot to start with so I had to be pretty creative or inventive to get out

there and start the ball rolling and make things happen. I am not saying it is impossible, what I am saying is it is hard work. If you are starting with any base at all it is going to be much easier for you.

I have had lots of students that have gone through with me, very similar to myself, that started with nothing. Absolutely nothing. Some of them started with less than nothing if you can have less than nothing. They began with negative but have done exceptionally well.

When you create that income, let us say, an extra \$100 a week, that is \$100 you do not have to work for. When you get enough of those that you have got your basic needs covered, then you have got lifestyle. Then you have got choices. Then you can choose what you want to do. The very first thing that you should be doing is working out how much exactly you need to cover your basic needs right here today in the lifestyle that you live right now.

How many people can honestly tell me that they are in that position; that they know how much income they need to cover their basic living expenses? Not many. You need to know this because that is your first peg in the sand.

This is your first point that you can aim for. Put your peg in the sand and say 'this is my level of income that I am shooting for first'. Because when you can do that, and say okay, this is what I am shooting for then when you get there and you see that you can achieve this and you see yourself accumulating that extra profit, it will make a huge difference on your lifestyle. Put the \$100 a week that you have created in your pocket or reduce a bit of debt meaning you have got more money available when you need it.

When you get to that point where you have got your basic needs covered, then life becomes a choice. If you hate doing what you are doing, effectively, you could stop working and still live the lifestyle that you live. You could choose to go and do anything you want, you could go in and work in a foreign mission. You could go and work part time. You could work full time on your real estate. Or you might love doing what you are doing. Creating that benchmark on the side means that if anything should ever happen, you

get an illness, a friend gets an illness, something happens, the job does not exist anymore, the company goes broke, whatever, you are still in a position of security because it does not affect your lifestyle. Anything that you do on the side is a bonus. You have got your basic needs covered. It may not be a grandiose kind of figure that covers 'I want to live here' and 'I want a trip over there' and 'I want this kind of car' and 'I want this kind of property' and whatever else. That can be a secondary issue. What you need to maintain your lifestyle as it is right now is passive income.

This should be your starting point, your shooting point that you are going to go for. This gives you lifestyle, this gives you choices. This gives you your freedom. It does not give you wealth.

What gives you wealth are growth properties, growth properties that continue to grow and expand and build into much bigger, greater portfolios the longer you have them. Creating chunk deals, creating equity, getting out there and manufacturing and making it happen. That is what gives you wealth. You need a combination of the two. Neither can happen in isolation. I do not care how big your pocket is right now, if you only focus on cash cows, you are going to run out of equity or the ability to continue to invest. If you only focus on growth deals, you are going to run out of cash flow. You are going to run out of the ability to continue to exist because if you only focus on growth deals, what you are doing is you are tying yourself to an alternate income stream to support it. Mostly, growth properties do not cash flow, not in the short term so it is that balancing act that you have to put into place.

The Rule of Two

Let us have a look at some income deals. A cash cow basically is all of your income less all of the expenses related to that property and if you end up with a positive amount, you have got yourself a cash cow. There are a few things you can do to assist in working out this process. I have a rule called the 'Rule of Two' and if you have not heard of it, it does not matter because I made it up. But this is how it works.

The Rule of Two says this; if you have the purchase price and you divide it by 1,000 (for those of you who are mathematically challenged, you take off three zeros and you are done). Then you multiply this figure by two. The figure that you are left with has to be equal to or greater than the weekly rate for that property to be positively cash flowed.

$$\text{Eg. } \frac{\text{Purchase Price}}{1,000} \times 2 = \text{Weekly Rent}$$

So if you buy at \$200,000 property, you have got \$200,000 divided by 1,000 is \$200 multiplied by two is \$400. You need to be getting \$400 a week or more from that property to make it positively cash flowed.

$$\text{Eg. } \frac{\$200,000}{1,000} \times 2 = \$400 \text{ p/w rent}$$

If you are looking at a property in a certain area and it does not meet the Rule of Two it does not mean you cannot buy one. This is just the rule of thumb. The final figure will vary depending on how much the rates are, how much you pay in management fees and a whole group of other things but it is a really handy guide when you are talking about the residential market to give you an indication of the ballpark figure you need to be thinking about to make this property positively cash flowed.

When I talk about the Rule of Two I am talking about pre-tax. If you are buying a property that has a large degree of depreciation deductions against it and if you are in a structure that you can claim these tax deductions against any other income then that Rule of Two ceases to be a Rule of Two. It will come in as a rule of about 1.6 to 1.7 because it takes into account the depreciation of the tax deduction, for not spending any money and being able to get a tax credit back on that.

The Rule of Two is also based on paying interest on 100% of the mortgage so if the mortgage is \$200,000, we are talking about paying interest on \$200,000. My philosophy is that unless you have got \$40,000 (in this case 20% of the property) sitting around in cash, you have paid off your house, you have no debts and you have got \$40,000 in savings, you will be borrowing

\$200,000. If you are taking your \$200,000 out of equity out of another property to go and buy this particular property, the \$40,000, you are still paying interest on 100%. \$160,000 of that will be secured on the property that you are buying and \$40,000 will be secured on your other property. Either way, it is still 100% borrowing. This is a rule of thumb only.

This is an ad that was in a newspaper a number of years ago when I was speaking up in central Queensland. I was speaking to an audience of 175 people on a Monday night. I come from central Queensland so I was up there visiting family and stuff and I read the little local paper which is called the Morning Bulletin. I did not get to read it until after lunch and this is one of the ads in the property section:

*House divided into four units.
All returning \$100 per week.
Urgent sale - \$135,000
Cash Positive \$11,400*

Does this make the rule of two? Yes, it does. Immediately you have now got a reference point to say I am in the money. I have got a cash cow in my hands.

On the Monday night, I spoke to the group and I pulled out the paper and read the ad and I said who saw this ad? About 75% of the room put their hand up. Fantastic, which one of you bought it? All the hands went down. They could have been like me. I did ring up about it but that was after lunch on a Saturday and they had already gone. Too slow.

I said who actually rang up about it? 10 people put up their hands. 10 out of the 75% that saw the ad. I said what happened to the rest of you why did you not ring up about it? It sounded too good to be true. I acknowledged the ones that rang up and were too slow. I was one of them. But those that did not even try were giving up a pension. A pension for life for as long as they wanted to own that property. An index pension because it will continue to increase in value because the rents will ultimately go up from \$11,400.

To buy an \$11,400 index pension not only for life but for generations ahead would cost you in

excess of half a million dollars. So those people who did not even try were giving up a lump sum benefit of half a million dollars. Why wouldn't you be excited about an \$11,400 pension. That would be the equivalent to you investing that money and getting that as a pension for life through the generations but with index?

It does not make sense to ignore an opportunity like this and the fact is that I reckon everybody in that room had the potential to buy that property - everybody. For some of them, it would just be shuffling paper, nothing more.

There are two types of cash cows. There is the 'direct cash cow' and there is the 'indirect cash cow'. When I say a direct cash cow, it is like the one I just explained. From the day you buy it, it puts money in your pocket. That is what a direct cash cow is.

Characteristics of Cash Cows

- Regional Areas
- Dual / Multiple Occupancy
- Multiple Streams of Income
- High Rental Demand
- Commercial
- Under market rental
- Lease/Sub-Leases
- Rent to Buy / Lease Options

There are certain characteristics to look for if you are looking for a direct cash cow but there are also indirect cash cows. These are the ones that are harder to see. They do not fit the Rule of Two. They are going to be muddled in amongst everything else and maybe it is your own ignorance that stops you from identifying the opportunity. Quite likely that will be the case. I have seen literally hundreds of these deals go by under people's noses. Properties that they have driven past everyday for the last 10 years on the way to work but never identified that it was a possibility. Never identified that it was a potential indirect cash cow.

One of the programs that I run is called a Platinum Program and one of the people in this

program admitted to driving past this particular property on their way to work every day for the last 10 years and never took any notice of it. The opportunity to buy it was there at any point in time but he never recognized this property as an indirect cash cow. Let me describe this deal to you.

When he first started to drive past that property, it was a very old, really ugly factory. It was more of an old shed; you could not really call it a factory. It was on a busy road and one day when he was driving past he saw a sign on it.

He thought it was interesting that anybody would want to buy what he thought was a piece of rubbish. A week or so went past and he saw a sold sign. Some idiot did, he thought. Then some three months later, he noticed that there was a sign on it again. He thought, he knew it was a piece of rubbish, they are selling it again. But this time it had an architectural designed picture on the sign and what it might look like if you built something there. It was sold again a week later.

Then about nine months later, after continuing to drive past this same building every day, that picture had now become a completed building with a for sale sign up again; there were now beautiful new commercial buildings.

The sign was up there and it said nine for sale and then eight remaining, five remaining, last one available and finally all sold.

What he drove past everyday was an opportunity at a number of levels. He had an opportunity to get in there and buy it initially and get what we call a DA on the property. A 'Development Approval' which is an approval to get a building or a type of building or possibly a zoning depending on what the zone is, but this is zoning to build a certain style. Getting that through the council to say that you can build that particular building there, increased the value of the property immediately. So that was a chunk deal.

The person who got the DA could have continued on with that but in this instance they actually took their money and ran at this point in time.

The next person who came in had the opportunity to manufacture a cash cow. He went in and he produced nine commercial premises. In this particular case, that person that sold all nine of premises but that person did have the opportunity to sell only seven or six and keep the remainder. By doing this they could take their profit from those properties, take the money that they made and pay down the debt that remained on the remaining premises that they decided to keep. If they did that, they could have had a piece of commercial real estate in a prime location that is worth more than it was when started so they have manufactured growth.

But they would also have created a passive income stream because the debt on that property would now be so low because they used the profit from the others to pay down the debt on the remaining premises.

This is a complicated structure and it is a little bit more advanced but this kind of deal could have been a little house. This kind of deal could be a subdivision. This could be anything and this is where the opportunity to make a cash cow is now. It might be buying something that is really old and ugly and run down and making it beautiful and then renting it out and now because it is beautiful, not only have you increased the value of the property but you have increased the rent and now it might be a cash cow.

These are the hidden ones that you would not necessarily pick up on unless you tune yourself into them. This is where I want you to start tuning yourself; in the indirect cash cow market, but first there are characteristics that you are going to have to start to look for. Let us have a look at some of these characteristics.

First of all, in some cases, a direct cash cow could be in a regional area. Some of you may not be comfortable with that. I get a lot of that particularly from people who live in the city. I grew up in a bush so I have no bias but I have some mates who have grown up in the city and live in the city and their attitude towards buying something not in their own suburb is very strong. They have the attitude that they

are good people so good people must live in the same suburbs that they do so it will be safe to own an investment property in their suburb.

Take that a step further, when you go out of your own suburb, just down the road, that will be okay too. It is safe to do that because you will have good tenants there as well and that is nice and safe from an investment perspective. But they have this idea that just because you might buy in a rural area, that you are going to get a rat bag tenant. Rat bag tenants live in rural areas, but they live right around the corner from you no matter where you live. You can get a rat bag tenant anywhere. The issue is not your tenant. The issue is your management agency.

You should be managing your management agency, not your tenants, in my opinion. The reason I say that is because when I see people who manage their own properties, typically, those properties are under market rental. Typically, they are not managed as well as they could be. Typically, particularly if the owner is a little bit soft like I am, I let the tenant get away with blue murder. I will not manage any of my properties. I always manage my properties through a property manager and I manage my managers. If you have got a rat bag tenant, you are not managing your manager efficiently. It is not a product of where that property is this can happen anywhere.

Regional areas generally do have a high yield. Some more so than others. What you have got to do when you look at any regional area, whether it be a mining area, a rural area or whatever, you have got to look at the fundamentals and this is where the economic model and the microeconomic model or a region really starts to become apparent. I think you have to be little economists because what you have to look at is what is going on at a micro economic level.

Is the town or suburb sustainable? Is it reliant on any one particular industry and if anything should ever happen to that industry, are we going to be in trouble? What drives the town, what drives employment in the town, what drives the wealth in the town? Where is it coming from and is it diverse enough and strong enough not to be totally reliant on any one thing

in particular?

I remember in my early days, I actually gave up a property. It was a property that I was offered which was a block of seven units and it was in a mining town that had one mine of a medium to small size and it was totally reliant on the nickel industry. This is pre-resource boom. It is also pre-me being very financially strong. At the time, that property had a positive cash flow of \$38,000 a year. Do you know how much difference that would have made to my life back then? Enormous. I refused to buy the property. The reason I refused to buy the property is because in my financial state at that point, I could not afford any lack of rent.

That property was for sale for \$320,000 and I could not afford if that property was not rented, to pay the repayment on that property and the property was supported by one small to medium industry. In previous years, I had known that town, when the nickel price was not so high, not to reduce the rent so that you get a tenant. It is a case of board up your windows and wait till the nickel price comes up and the mine reopens. That was the potential of this particular property. I could not withstand that and I said no. The property is worth a whole lot more now, probably a whole lot more income comes in from it, but I still maintain I made the right decision then because my financial situation at that point in time could not withstand anything to go wrong. I always look at risk profile when I am making a decision. You should to. Had that property come to me today, I could not sign the contract quick enough. I could not sign it quick enough now but back then it was too risky for me.

So that is where you have got to look to the fundamentals. Is it always going to be a town or have the potential to be a ghost town?

Multiple or dual occupancy or multiple incomes stream properties

The more income you have coming in from the one purchase, the more likelihood that the property is going to be a positively cash flowed property. I am talking about a duplex, a triplex, a fourplex or then you go to a six pack. Multiple income stream properties could be blocks of units and things in the residential market but

it could also be in the commercial market, strip of shops, etc. Strips of shops, is where you have two or three shops in a row so you have more income coming in from the one purchase.

You might be able to buy something that will you can turn into multiple income streams. Upstairs / downstairs rented out separately. Houses that you can turn into multiple flats; something that you can turn into a duplex or triplex or a fourplex etc. Something that you could put another residence on. Something that you could potentially strata title or subdivide or build some storage facilities or rent out the shed for parking.

One on my properties in America gets rented out for storage. The garage gets rented out for storage for \$100 a month. So have a look at how you can maximize your income streams. What else can you do to make this thing positively cash flowed?

You have got to start thinking outside the box. In the beginning my reality of how I thought things should be hindered my wealth, hindered my success, hindered my progress. Most of you will be thinking in traditional mindsets.

One of my students bought a block of four units in a pretty sizeable regional town supported by number different industries. It was a block of four for \$230,000 and each of the units was rented out for \$100 a week. It is not quite a cash cow but it is getting there. If my student shares the opportunity to renovate it and increase the rental on the property, then it could become a manufactured cash cow.

By renovating you will increase the value of a property. It becomes a bit of a chunk deal on the side and then you may have something that is positively cash flowed.

But this student did a bit more than that. As part of her renovation she took this little lean-to in the backyard and cleaned out all of the rubbish that was being stored in it. She then put a bit of a carpet down, a splash of paint, put in four washing machines, four dryers, a coke machine, a pinball machine, a chocolate machine and one of those space invader machines. In all she put in six slot machines.

The students who predominantly rented these units invited all of their mates around. They put in a lounge and a TV and this room became this little social Mecca where everyone used to hang out. While she increased the yield on the property for the traditional rental model that she had, on average, from those vending machines, she cleared an extra \$500 a week in coins!

Do not think that you have to think inside the box. Think of what else you can do to create income streams, multiple income streams. Always look for areas where there is a higher rental demand. Whilst most of you may be just thinking mining areas, and there is a high rental demand in mining areas at the moment, but what about in the suburbs that are close to universities? What about in suburbs that are close to shopping centers? What about in suburbs that are close to universities? What about in the surrounding areas of major transport hubs?

What about where you have got a transport hub, where they do what I call 'infill housing'. They are allowing multiple income stream properties so that you get most people living around where the transport hub. This is so that they can easily commute to town so that the local councils do not have a problem with cars and traffic and whatever else in the major city centers.

What makes people live in an area? Is it employment, is it transport, is it lifestyle, is it all of those things? Think about what markets you are targeting so know what you are targeting and think about what makes that economy tick. How secure is it, what is happening from fundamental perspective? That affects your yield. It affects your growth.

Commercial

Commercial is a little bit different. Remember how we talked about the Rule of Two. Commercial generally has a higher yield on it than residential so the Rule of Two does not apply to commercial. If you are talking about commercial throw the Rule of Two out the window. It does not apply.

I have got a new rule for you. It is called the

Percentage Point Split. In commercial, what happens is the tenant normally pays for all of the outgoings. They pay for the rates, they pay for the body corporate, they sometimes pay for the insurance. The lease has been set up and they pay for the maintenance and everything else on the property. They pay for all that stuff. What you end up paying for as the owner of the property is the interest on the mortgage. So if you look at the Percentage Point Split between the yield that you are getting on the property and the interest rate that you are paying on the property that is your positive cash flow or negative, as the case may be.

So if you have a property that has got a 10% yield on it, you are returning 10% on the commercial property and you are paying 8% interest, what is your Percentage Point Split? Two percent. So if the property was worth one million dollars, how much possible income have you got? \$20,000. Now, that is the rule that you should be thinking about when you are out in the field or on the internet, or talking to somebody on the phone when you are talking about commercial.

The other thing that affects our cash cows in the commercial market is the business environment. So you are not only thinking about the economic environment of the surrounding areas and all of those other factors that we are going to spend some more time on. But, you have got to think about your tenant. If your tenant is losing money, it is not their problem, it is your problem because you would not have that tenant for very long. They are going broke; they are going to go out of business. Now, you have got a vacant piece of real estate. So, you have got to pay a lot of attention to the well being of your tenant.

You can improve the well being of your tenant even if they do not seem to know what they are doing. You can help their business and thereby, strengthen the position of your tenant, strengthen your ability and be able to keep the market rentals, and have a more enduring positively cash flow property.

Under Market Rental

Under market rental, this is now. There are,

literally heaps of properties around at the moment that are under market rental. First let's look at the residential market. Primarily, they are going to be properties that have been owned by the one owner for a long period of time. Because, typically, what happens is, particularly if they are managing the property themselves, that is even worse.

For example: You have little Mr. Smith, he manages his property. He has been doing it for 20 years. He is got a number of properties, and he is got Derrick living in one of them and Derrick has hurt his arm. Derrick is out of work. He has hurt his arm, poor Derrick.

He will keep his rental at a \$100 a week which is what he has been paying for the last 10 years. Mr. Smith would not want to increase his rent because, he has been a good tenant and he looks after things and he does this and does that and whatever else. But, if Derrick went somewhere else, he would have to pay current market rentals.

I had a property that I bought with exactly this situation. It was a block of five units on the Sunshine Coast. I inherited one tenant, her name was Mona. It was so appropriate. Dear old Mona, she would wince at everything. Now, the current market rental at that time was about \$220 a week. Mona was paying a \$140. Mona had paid a \$140 since she moved into the block some six or more odd years ago. It was managed by an agency, but Mona had it all over this agent. No one in the agency was going to say 'wait a minute, how come she is getting to pay \$140 a week and everybody else is at the market rental?' It was because she is in this 'situation'...

Hang on a minute! I do not care what 'situation' she is in. Mona, if she goes somewhere else, has to pay \$220 for that unit somewhere else. So, if I am a charity, I want the choice to be able to give, in this case, \$80 a week, nearly \$4,000 a year to who I consider to be the most needy and to me Mona was not that person. So why would I let that situation continue? There were other more needy causes that I could choose to give my \$4,000 a year that I was not getting from Mona, than Mona.

Now, the agents did not want to go and see Mona and tell her this news so I did and I

bought it up to market rental. Mona moaned, and she carried on for so long. She started to pay the rental but would moan that she was going to leave, that she would find somewhere else, and that this was not fair at all etc. But Mona found it very difficult, not only to find a property that she could pay \$140 a week for, but a property of similar ilk that she could pay \$220 a week for, but she eventually moved on.

So bring things up to micro financial if the rents are lower than they should be. You are not a charity in that regard. If you want to be charitable and you want to give money, fantastic, go and do it. I absolutely support it, but choose where you put that money.

In the same way as residential, there are opportunities in the commercial market with under market rentals. In the commercial market it is more apparent because their leases may often be longer. Typically, commercial tenants may have a three or a five year lease or even a 10 year lease or longer and the clauses in that lease can vary greatly. Some of the clauses may be increases to market rental or have a review periodically to make sure they come up to market rental, but a lot do not. They may have a fixed 3% increases and over time you will end up with 3% not being enough to keep up with the actual market rental. Market rentals might have been going up at 6%. You compound that over a number of years and what you are doing is being a charity all over again. Have a look for these opportunities.

Have a look for when leases come up and how much the difference between current market rental on the leasing market and what they are being charged right now. There may be an opportunity to buy in because in the commercial market, commercial prices are set by the yield. It is a factor of yield, a factor of your rent. That is how the price is set, unlike in the residential market where it is set by comparable sales analysis and things like that. It is set on how much are you getting on the property. The cap rate in that area is x percentage therefore the value of that property is x.

Let us say you had the opportunity to buy a piece of commercial real estate for \$200,000

and it was being rented for \$20,000 a year at a 10% return. But what happens if that property really should have been bringing in \$30,000 - \$200 a week but they are just not paying because they are on to this long lease and whatever else? When the market review comes or rather, when the lease comes, you renegotiate the lease up to \$30,000. Guess what the property is worth now? \$300,000. You just made \$100,000 by doing nothing other than bring your rental up to market value and getting what the property is really worth. There are opportunities like that everywhere so look out for that in the commercial market.

Leases and Subleases

Leases and subleases is where you have a great opportunity to look at the leases. I will not go into this in a great detail because it is a little bit risky. It is where you have an opportunity to take out a master lease and then sublease the same property out. It is risky in that you are signing a contract where you will be liable for that lease and therefore responsible for it. It is a way in which you can get passive income quickly but it is a way in which you can also go broke very, very quickly.

Lease Options

Rent demise and lease options are your typical wrap deals. They come under the three different forms primarily and they each have right ways and wrong ways of doing them. This is not really a strategy that I personally use. The only way I will go into a wrap deal is with somebody else who wants to do the work. I have nothing against this strategy, absolutely works; it is just not for me.

My personal bias is that I want to own a property. I do not want to be leasing it up to somebody else. The rents go up and you end up paying more than you would have if you just rented the property in the first place.

If I am the owner then I am the keeper and this strategy requires a certain amount of personal interaction and my personality is such that I

am too soft. I am not tough enough to do it. So the only way I will use this strategy is with somebody else.

Example 1:

Block of 6x2 Bedroom Units

\$430,000

Currently returning \$57,500 per year.

Zero Vacancy

A block of six units at \$430,000. The income on the property is \$57,500 a year. It has 0 vacancies. Is this cash cow?

It is. This property puts about \$15,000 to \$20,000 a year into your pocket. They are ugly units but they are in an area that is a good, strong, solid little town. It has been supported predominantly by rural industry but they are always going to be rented, so does it really matter if it is in whoop, whoop? Probably not. Are you are going to get much growth out of it? Probably not. Does it matter? Absolutely not.

I once bought a property and it probably looked worst than this. It was in a mining town and that it was the ugliest thing you could possibly imagine. It was a block of five units but that property put \$27,500 a year into my pocket year after year after year. Did that property ever go up in value? Not a lot. I paid \$250,000 for it. It could have bought properties that would have quadrupled in value with the same money but did I care. I bought this property for cash flow.

Example 2:

\$945 plus per week represents 18.00% gross returns.

This is based on a \$290,000 purchase price and there are some left from \$265,000 so the yields would be even higher. The \$945 per week is based on \$180 per night with a 25% vacancy rate (the cheapest room rate is now \$200 per night and the Hotel is close to 100% occupancy until Christmas).

This property returns \$945 plus per week,

representing an 18% gross return (gross not net). Its purchase price was \$290,000. Over Christmas it has 100% occupancy. The figures are based on a 25% vacancy rate and \$180 a week. That does not mean that this is going to be what you get because there is a big chunk that is going to come out for the management of this property. To finance it you may need a little more equity because it is a more of a hotel style property but the type of property that it is does compromise its value or its potential value in the future.

Example 3:

Price: \$950,000

Rent (p/wk): \$110-\$120 p/wk per unit.

*20 UNIT ACCOMMODATION VILLAGE
KAWANA*

Features: A/C, Games room. Entertainment room and spare land on this block. Only 3 blocks away from Central Queensland University and set on 4834 m2 allotment in a quality residential location this modern 11 year old 4 unit blocks consisting of 20 rooms comes complete with a recreation room, covered entertainment-BBQ area. Laundry, secure fencing and a car-park for car accommodation. This investor's reality returns \$110-\$120 p/wk per unit.

This one here, is in a university campus 20 unit accommodation village. 20 units priced at \$950,000 all rented between \$110 and \$120 a week. Is that a cash cow? Yes it is. How much money would we need to buy this property?

How much equity will we have to have? 30% at least. That would be almost \$300,000 that you would need to look at in equity from somewhere else to be able to buy this property. But this property puts in excess of \$20,000 a year in its owner's pocket.

Do you think over time that rents probably go up? Do you think over time these rents go up and your positive cash flow increases? Yes. So sometimes you have to take the longer view. I mean in this one here it is positively cash flowed from day one but sometimes you have to take the longer view that it may not have positive

cash flow the day that you buy it.

I will tell you some more stories because many buyers will say to me 'but you are an accountant, you are an economist, you are different'. That is a lot of rubbish. All of those things made it harder for me because I had to desensitize myself to what was normal and acceptable. Someone without the kind of programming that I had will find it a lot easier.

Case Study:

Linda & Nick before they met Dymphna

I met a lady Linda through one of my coaching programs. Her situation was that she and her husband had credit card debts, a personal loan, a home loan; in total \$186,000 worth of debt. So they were in 0; they were minus \$186,000. This is what they did.

Credit cards

| | |
|-------------------|------------------|
| Bank of Qld Visa | \$ 15,000 |
| Commonwealth Visa | \$ 5,000 |
| ANZ Visa | \$ 10,000 |
| Myer Card | \$ 2,000 |
| AGC C/Card | \$ 5,000 |
| American Express | \$ 7,500 |
| Personal Loan | \$ 30,000 |
| Home Loan | \$112,000 |
| Total Debt | \$186,000 |

Now, this is where I am saying you can start with nothing or less than nothing but your road is not going to be ideal. You may have to do deals that you cannot do on your own that you have to share. You may have to do deals and cut deals with owners or where you bring in a joint venture or enlist strategies that make you gain a property in the first place.

Deal 1:

Profit \$ 78,000
Cash flow \$ 48/wk

| | |
|----------------------------|-----------------|
| Duplex 2x 2x1 - asking | \$98,000. |
| Current rent | \$85 /week x 2 |
| Contract for | \$78,000. |
| Rent immediately put up to | \$105 /week x 2 |
| Renovations undertaken. | \$22 000 |
| Company Setup Costs | \$7,000 |

TOTAL OUTLAY:

$$\$15,600 + \$22,000 + \$7,000 = \$44,600$$

TOTAL DEBT PROPERTY OWES:

$$\$78,000 + \$22,000 + \$7,000 = \$107,000$$

Rent post Renovation:

$$\$125 / \text{week} \times 2 = \$250 / \text{week}$$

Post Reno Estimates value \$185,000

The property involved in this deal was a duplex, a 2x1. The duplex was \$98,000 so they contracted it at \$78,000. So they had good negotiation skills to bring it down that far. The rent was immediately put up to \$105 a week from \$85 a week to the market rental. Linda did the renovation with a partner which cost \$22,000.

They set up their companies and other bits and pieces and after the renovation it was revalued at \$185,000 with a post renovation rental of \$250 a week. So the positive cash flow at the end of the day was \$48 a week and the profit was \$78,000 although the profit was shared.

Deal 2:

2 x 2 x 2 Duplex's

| | |
|---------------------|-------------------|
| Asking price | \$85,000 / duplex |
| Had been rented for | \$125 / unit (x4) |

Offered \$80,000 / duplex

He had to renovate the bathrooms to our specifications. He was to Vendor Finance 20% for 12 months, interest free.

He Agreed!!

Sold one duplex for \$120,000

Re-valued other to \$120,000

They still were not able to do a deal by themselves so did another joint venture this time with two duplexes. The asking price was \$85,000 and they were rented for \$125 a week per unit. They offered \$80,000 and asked to be financed for 12 months for 20%. He agreed.

So on that day when they settled on the property they only had to pay the owner 80% of the property and they paid him the following 20% in a year's time with an agreed interest rate. Okay, so that was the deal that was struck. One of the duplexes was sold within that time for \$120,000 which meant that the other one was then worth \$120,000 because that is how residential property is valued. It is by comparable sales. So what they did is they set a bench mark for the value of the other property. It was revalued \$120,000. This also meant that their equity had gone up, what was left over would have been positively cash flowed so that they can move on.

Deal 3:

House block- country town

Asking price - \$ 2,500

They bought it!

Bought a house for removal \$ 25,000

Removal costs \$ 37,000
 (Big learning curve)

Council, plumbing & electrical \$ 8,000

Renovation Costs \$ 10,000

TOTAL COSTS \$ 82,500

Rent appraisal \$180 / week

Valuation \$150,000
PROFIT \$ 67,500

With the next property they still had to do a joint venture. They still could not quite get out on their own because when they were making money they would reduce their debt. They were trying to get rid of some of that old debt because they were starting from \$186,000.00 behind. So the money they were making so far they were taking and paying down off their old debts and getting rid of what they had previously accumulated.

Their next purchase was a property in a little town in Queensland. The purchase was a residential block for \$2,500. Then they bought a removal house, which in my opinion they paid too much for; it was \$25,000 for the removal house and another \$37,000 for removal and set up and \$8,000 for hook up. There are a lot of strategies here that can be used to reduce these kinds of costs but all in all after an additional \$10,000 renovation the total cost of the house was \$82,500. It was rented for \$180 a week and revalued on completion at \$150,000. So they made \$67,000 profit. I believe that there was probably an additional \$20,000 to \$30,000 that they could have made if they had had a little more experience but it was still a great result.

Deal 4:

House block – Same small town

Asking price \$ 3,000

They bought it!

Move a 3 bedroom, 1 ½ bath for \$60 000 delivered and stumped

Small Reno \$ 10,000

Revalue \$ 175,000

Profit \$ 102,000

The next deal they still could not do on their own so they did another joint venture because they were just still paying off their debt. So they did a similar deal in the same town. They

purchased some land for \$3,000. They moved a three bedroom house for \$60,000, delivered on stumps. Sometimes you can also get the house rewired with new electrical in the price as that is often something that needs to be replaced. They completed a small renovation for \$10,000 and had the house revalued \$175,000 and that is \$102,000 profit on that property, thank you very much.

Deal 5:

Price \$155,000

Renovated & turned into 5 brm boarding house.

Reno costs \$15,000

Rent \$520 / week

Revalue (post reno) for \$250,000

Profit \$80,000

A similar one for \$155,000 was renovated into a five bedroom boarding house. Boarding houses can come with complications. It is much harder to get insurances and make sure you get all of the correct licensing in place. You must be very aware of the fire ratings, have fire alarms installed and all other fire requirements that are necessary. It is very important that these things are investigated thoroughly.

So they spent \$15,000 for the renovations on this one. It was revalued post renovation for \$250,000 with a rental return of \$27,040 per annum. It now had an additional value of \$80,000 as well as positive cash flow.

Deal 6:

Agreed to buy house (under market value) for \$125,000.

Lots of hiccups with this house. Had unconditional approval from non conforming lender - hours before an extremely delayed settlement, Lender Cancelled Settlement. Begged & borrowed – settled with cash.

Approached bank to finance within hours of settling. Between signing contract and bank

valuation another house 4 doors down sold for \$160,000.

Rent \$200 /w

Immediate Profit \$35,000

Another joint venture; they still could not do one on their own. They agreed to buy a house under market value for \$125,000, it was a great deal but they had a lot of hiccups. They could not get the finance by the settlement date as the bank backed out and did not approve their loan. They knew they could not ask the vendor for an extended settlement as by this time the vendor had realized that he was selling the property under market value. Just in time a friend came to the rescue and they did settle and it was immediately revalued at \$160,000 with the rent at \$200 a week. They made an immediate profit of \$35,000.

Deal 7:

Purchase Price - \$ 15,000

New Kitchen \$ 7,500

Legals \$ 1,500

Total Cost \$164,000

Re Valuation \$220,000

Profit \$ 56,000

Another joint venture. Purchase price was \$155,000. They put in a new kitchen for \$7,500 a few extras, total cost of \$164,000 and revalued it immediately at \$220,000, a profit \$56,000.

So it has started to become a little bit boring now because they are using similar kind of strategies but it is what has worked for them. It works for them because they could do the work. They did not have any money. They could do the work and make it happen. Like them, you can make it happen and you can make it happen surprisingly quickly, but it is not going to be easy.

Deal 8:

3 Bedroom, 1 Bathroom House on large corner

block

Asking Price \$ 67,000

Paid \$ 65,000

Desperately needed renovating.

New everything except bath tub & Toilet. Painted everything!

Reno Cost approx: \$ 22,000

Renovation took 3 ½ mths.

Rented for \$220 / week

Re-valued House \$130,000

Next they bought a three bedroom and one bathroom house on a large corner block. This was their first own deal. The asking price was \$67,000. They paid \$65,000. It desperately needed a renovation. They spent \$22,500 and renovated over 3 ½ months and then rented it at the end for \$220. It was revalued at \$130,000.

Deal 9:

Bought a 1 bedroom house for \$63 000

Agent estimated real value at \$75 000

Tenant in place for \$125 / week.

Profit \$12,000

The second place they bought on their own was a one bedroom house for \$63,000. The agent estimated the real value to be about \$75,000 so they put a tenant in place for \$125 as it already had a profit of \$12,000. It is not a lot but it means that there is a future. They did this all that in 12 months.

Joint Venture Summary

| Property | Profit | Cash Flow |
|----------|-----------|------------|
| JV 1 | \$ 78,000 | \$ 48 / wk |
| JV 2 | \$ 80,000 | \$ 80 / wk |
| JV 3 | \$ 67,500 | \$ 49 / wk |

| | | |
|--------------|------------------|-------------------|
| JV 4 | \$102,000 | \$ 61 / wk |
| JV 5 | \$ 80,000 | \$270 / wk |
| JV 6 | \$ 35,800 | \$ 11 / wk |
| JV 7 | \$ 56,000 | \$-42 / wk |
| JV 8 | \$ 47,000 | \$ 82 / wk |
| Own 1 | \$ 47,000 | \$ 82 / wk |
| Own 2 | \$ 12 000 | \$ 20 / wk |
| Total | \$557,500 | \$578 / wk |

Now, they are the JV's and obviously, that has to be shared but basically, they made over half a million dollars in profit and through that process accumulated \$578 a week passive income which is pretty good going considering where they started from.

Another one of my students did a no money down deal as well. I was talking about growth strategies at one of my workshop events spoke about how to actually do a development approval. How to actually submit the paperwork with all the councils, consultants and everything else you need to make a development approval work and there was this young girl in the audience who was about 19 years of age.

She came to me after the event and said that although she didn't have any money and it might sound silly but the strategy that she absolutely loved that she learned this weekend is the strategy of the development approval and she thought she had worked out how she can put it into place. She said her best friend's parents have a property on the outskirts of a small town in Victoria and all the developers have wanted it. They had been offering them as much as \$1.2 million to buy the property to develop it. She said that they wanted subdivide themselves but didn't know how to go about it so she thought that she could maybe do it for them. I said if she was prepared to stick her neck out and make that happen, to speak to me throughout the process and she ran into any difficulties, to let me know.

Anyway, she went to her friend's parents and

told them that she had put together a feasibility study as part of her program and that she had been doing a lot of extra training and that she was learning how to do what the developers actually wanted to do on that land. She said that she could do that work for them and that if she managed to obtain development approval on that land, it would be worth much more. She asked them to give her six months to try and get the development approval for them. The parents agreed and as part of the agreement she did it together with her friend, their daughter and through this process she would learn how to do this also.

Part of the deal also was that any profit, any extra money that was made over the \$1.2 million that they were being offered for their property; any increase in the value, that she could create by doing that development would be split 50/50. But her share would be split with the daughter, her friend so their daughter was getting a quota and learning the process.

She got them to sign a few forms that she put through to council but unfortunately she was a bit optimistic with the six month time frame and could not get it done in that time. It took her nine months to do, but she increased the value of the property by \$400,000. That meant that she got \$100,000 out of the deal - \$200,000 went to the parents and the remaining \$200,000 got split between her and her best friend. She and her best friend now had \$100,000 to start their own property portfolio to buy their very first homes. Would that not be a really good kick start to get into your first property at the age of 19?

Example:

Reginal, NSW Commercial Office for \$175,000

Current Rental: \$400/wk ROI 11.88%

2 Bedroom Unit Upstairs + Commercial Shop downstairs

Analysis:

Purchase \$175,000

Income \$ 20,800

| | | |
|---------------------------|-----------|--------------|
| Rates | \$ | 0 |
| Insurance | \$ | 650 |
| Interest (\$175,000@7.5%) | \$ | 13,125 |
| Mgt Fees (@ 8%) | \$ | 0 |
| Passive Income | \$ | 7,025 |

Another story starting with no money. In this instance they used applied knowledge to make it happen. When you start with commercial properties, it does not have to be with millions of dollars. This was a little commercial property in Reginald, New South Wales for \$175,000 that was rented for \$400 a week, ROI or Return on Investment of 11.88%. Upstairs was actually residential but it was all under a commercial lease and rented together.

If you are paying 8% at the bank, the percentage point split is 3.88%. 3.88% of \$175,000 is \$6790.

There was \$20,800 income coming in. In this case the tenants paid the rates but they did not pay the insurance and there was no body corporate. It was not management through any agency because the tenants paid it directly and it was on a negotiated contract so there was no getting out of the contract or whatever else. Everything was done through their solicitors.

The passive income on this particular property was just over \$7,000. \$7,025 passive income for a \$175,000 spend is not too bad but is it going to cost 30% equity because it is commercial.

Let us look at those figures. In this case, it would depend on whether the owner is actually registered for GST as to whether that is plus GST. It is \$20,000 worth of income but you do not have to be registered in the commercial market for GST and collect GST and pay GST etc, unless your income from your commercial property exceeds \$75,000 so in this instance you would not have to be registered for GST so it would not come into it.

This does not apply to residential property as

you do not have to be registered for GST in residential properties regardless of how much the income is worth over \$75,000 or not.

To work out the passive income on this property the ROI we are actually working out is based on paying interest on 100% of the mortgage. Your real return on investment is infinite because the entire amount was borrowed but what is important is your opportunity cost ROI.

This is a calculation that gives you the ability to be able to compare one investment with another. In this particular case we have got \$52,500 (30% of \$175,000) that is going to be required in equity or money from somewhere else, to be able buy this property. So \$52,500 is required plus approximately 5 % in estimated costs to cover other bits and pieces involved in the purchasing of the property. It is going to cost \$58,000 to get into this deal so that is \$58,000 that I am choosing to put into this deal that I could be putting somewhere else.

This is where your opportunity cost analysis starts to come in. How much return am I getting for the opportunity cost of investing in this deal versus this deal or what else could I be doing with my \$58,000 worth of equity?

Is this deal good enough? This deal might require \$58,000 but the next deal might require \$200,000. How do you compare two deals like that?

The answer is in the calculation of an opportunity cost analysis, opportunity cost ROI. It is 12%. How do I get 12%?

\$7,000 which is the passive income that we have got coming in for the opportunity cost of investing \$58,000 into this deal as opposed to another deal. So \$7,000 divided by \$58,000, gives you roughly 12%. So it is 12% return investment.

Since I have no money to invest, I am actually investing money through borrowing the lot. I need to ask myself if I could a 12% yield somewhere else because really if I am paying 7.5%, my real yield on this property is actually 12% plus 7.5%. I am actually getting a 19.5% yield. But 7.5% is going to pay the interest on

the money where I borrowed the \$58,000. So you need to think where else could I place that money and get about 19.5% return, 12% after paying interest on my money.

Analysis

| | |
|----------------------|------------|
| Purchase | \$175,000 |
| Passive Income | \$ 7,025 |
| ROI | Infinite?? |
| Opportunity Cost ROI | 12% |
| Deposit Required | \$ 52,500 |
| Costs @ 5% | \$ 5,900 |
| | \$ 58,400 |

The place you could get more return would be in another property deal. You are not going to get it anywhere else but I am biased.

There was a particular property that was one of those properties that I drove past for 10 years on the way to work. This particular property is a handkerchief sized piece of real estate on the corner of an industrial estate. This little handkerchief piece of real estate used to be just a hedge, but somebody that was thinking out of the box like I obviously wasn't decided that this piece of real estate could be something they could do something with.

So they went to the council that owned it and actually negotiated to buy the land free hold. In some instances, you might have been able to buy the lease hold on it but they bought the free hold on it on this handkerchief sized piece of land. Then what they did is they erected signs and went about and started selling signage to the local businesses. They sold enough signage so that in a few years' time, I saw an ad to sell their sign business and this little piece of land for \$300,000 plus GST promising a 10% return on your money.

UNIQUE INVESTMENT OPPORTUNITY

Sale by Negotiation

\$300,000.00 + GST

MAROOCHYDORE

Unique investment opportunity on a dedicated signage site located on the Sunshine Coast yielding 10% nett p.a. - \$30,050 Positioned at the entrance to a thriving retail/commercial estate. This is a rock solid investment that will continue to perform.

If you were offered a deal that had 10% return on your money, on something that was totally hands free and you did not really have to do very much with it at all, would you be interested? Yes. There it is: \$30,000 worth of income, \$300,000 purchase price and it cost you 7.5% or 8% let us say to pay the interest on your \$300,000. You would get 2.5% or 3% roughly on your \$300,000 return. Passive, not gross.

Now, the interesting thing with this one is that it is a business model. It is an opportunity that everybody including me drove past and missed and it is a cash cow in a high growth area. The person who bought this business, I know and he said I can get more out of this. There is nothing on the backs of those signs. People driving the other way can see those signs. I am going to sell signage on the other side particularly the front ones and he actually erected one on the other side.

He was able to increase the income on this property by a third, \$10,000 a year so it is now \$40,000 income coming in. Which now makes that property worth \$400,000 - \$510 a week return on a \$250,000 purchase This is the same amount of money as what it would cost to buy a four bedroom apartment in a university complex. Only in five years time, your property is going to be trashed and you will have to replace everything. You will have a downturn in your yield over the Christmas period and that property will be harder to finance and your management fees are also going to be very high.

The same argument can be applied to a retirement village with that of an equivalent value property in a neighboring suburb where anybody can buy and anybody can live in. The property in the neighbouring suburb will go up more than the retirement village property but I have a bit of bias to this style of investment.

Buying Sight Unseen

Always do you due diligence. I am not a great believer in buying a property that I have not seen. Or that somebody that I trust implicitly has not seen. This is a perfect example.

There was a lady in one of my mentoring programs who bought a property. She is a New Zealander and this property was actually in New Zealand. It was a block of four units that she could buy for \$176,000 and the rent on it was really good. It had positive cash flow and sounded fantastic.

In the contract she made sure she had a pest, building and finance clause in there. She went over to have a look at it and found that she was no longer that keen on the property for a number of reasons. This property and the other properties on the street had had a gang move in but not only that although at the moment the tenants appeared to be paying their rent but in the adjacent street one street over where the gang had previously resided, it was now burnt out. There had been little fire that burned out the street so naturally she wanted to get out of the contract. She wasn't overly concerned because she thought she could easily get out of the contract due to the finance clause. So she got her solicitor to write a letter saying that she was unable to complete the contract because she was unable to get the finance.

The vendor however said that this was not a problem and that he would provide the finance – at a 10% interest rate. Unfortunately her contract only said 'subject to finance' – it should have said 'subject to finance sufficient to complete to buyer's satisfaction'. It did not so she had no out. She had to legally accept his offer of the finance. There is a happy ending to this story in that she was able to get out of the contract but only because she cried her eyes out and he felt sorry for her. That is the only reason she got out of that contract so worse case scenario, if in doubt, try crying!

Example:

Here are some other scenarios. Previously I mentioned under market rentals and things

like that. A typical example is 100 km out of Brisbane, a property is for sale for \$550,000.

Advertisement

Block of 4 x 2 x 2

Price \$550,000

Brisbane: 105km (direct line)

"Perfect Investment"

Both sets are excellently maintained with one block undergoing a refurbishment in the last five years. Fully tenanted and showing excellent returns and located in a top class east side location. Unit blocks of this caliber rarely come on the market so act quickly. There is a total return of \$1150 per week potential to increase rents to \$1320 per week.

It is a 4x2x2 which means it is a complex comprised of two sets of four each with two bedrooms which are rented at the moment for \$1,150 a week and could probably be increased to \$1,320 a week. It does not sound like a lot but when we look at that, first of all, how much money do you think we would need to buy that property? What percentage are we going to have to put in to buy that property? How much are we talking about?

Normally it would be 20% for residential, but because it is eight units it is considered a commercial deal. Under six units is normally considered residential depending on which bank you are dealing with but complexes above six, you are definitely going to be paying a commercial rate which means you are going to have to put in 30% to buy that particular property under a commercial deal. However in this instance they did actually only put in 20% which means they have obtained finance as a residential property.

The reason for this is because there are two separate titles – two blocks of four units which means they were able to negotiate two contracts with two separate banks and able to have an 80% lend on those properties instead of 70%.

Analysis

| | |
|----------|-----------|
| Purchase | \$550,000 |
| Income | \$ 59,800 |

| | |
|---------------------------|-----------|
| Rates | \$ 3,500 |
| Insurance | \$ 900 |
| Interest (\$550,000@7.5%) | \$ 41,250 |
| Mgt Fees (@ 8%) | \$ 4,784 |
| Passive Income | \$ 9,366 |

This property was \$550,000 with the income just under \$60,000. Taking out the costs such as the interest rate, rates and management fees leaves \$9,366 as passive income. This is pretty good but the property was under market rental.

| | |
|----------------------|------------|
| Purchase | \$ 550,000 |
| Passive Income | \$ 9,366 |
| ROI | Infinite?? |
| Opportunity Cost ROI | 7.4% |
| Deposit Required | \$ 110,000 |
| Costs @ 5% | \$ 17,150 |
| | \$127,150 |

First of all, you need to work out what the opportunity cost ROI is. We are going to have to put in 20% plus our costs that we will round off at 5%. Our opportunity cost ROI, is the passive income, \$9366 divided by \$127,150 which is the equity that you have put in from somewhere else.

The opportunity costs of putting \$127,150 into this deal as opposed to using that equity somewhere else comes in at 7.4%. The fact that you are paying 7.5% somewhere else means you are going to get a return of around about 14.9% real return on the property. Remember that we have \$1,150 a week as the current rent and it could \$1,320 so that is \$170 a week extra.

Analysis reworked

| | |
|----------------|------------|
| Purchase | \$550,000 |
| Passive Income | \$ 17,499 |
| ROI | Infinite?? |

| | |
|----------------------|-----------|
| Opportunity Cost ROI | 13.76% |
| Deposit Required | \$110,000 |
| Costs @ 5% | \$ 17,150 |
| | \$127,150 |

It does not sound like a lot of money extra but if you do the figures again the same deal with more income now the opportunity cost ROI is 13.76% return. If you add the 7.5% interest you would be actually paying on the deal it makes the return on that property in excess of 20% return. Now it sounds even better and where else are you going to get that kind of yield? In my opinion there is nowhere else except in property.

Maximum Return

Look for maximum return on your property where ever possible. Consider putting in storage facilities and things like that, to maximize the income from any one property, whether it be a parking facility, a duplex, or by adding extra dwellings. All these things create more income, more cash cows.

Advertisement:

438 Creswick Road, Ballarat Central

*Two Road Frontage Close to Lake and CBD
\$125,000*

What a ripper! This two bedroom with study, weatherboard home in need of a bit of T.L.C is located in a prominent central location within walking distance of Lake Wendouree and the C.B.D. Set to the front of an approximately 825m2 block with two road frontage. Be quick.

Why would I be interested in this ad if it was among thousands I have seen on realestate.com or domain.com or any of the others that are out there? ‘Two road frontage’ absolutely peaks my attention. 800 square meter block; that means it is probably bigger depending on the council requirements in that area. That also gets my attention. Needs TLC (Tender loving care) – that means it is a renovators delight. It means that I can fix it up and compound my

return. By fixing it up, I can increase the value of the property and I can increase my yield on the property.

Because this property has a two lane frontage, the thing that needs to be checked is whether I can actually get across to both sides of the property where I can access the properties. Assuming I can, I can build another residence on the back, assuming that is fitting in with the council guidelines of an 825 square meter block. It may or may not, depending on the council. Alternatively, I might go and build some storage facilities on the land. I would probably fit four storage units on the back would probably return more than putting something on it because it is not going to cost as much. That is actually what happened with this block. This was a multiple use property.

Case study:

Ian & Helen

Age 40'ish, Married 3 Kids

Financial Position when they started with Dymphna

Helen working 6 days as hairdresser and a Ian, a Fireman

PPR value \$590,000

Mortgage \$380,000

Equity \$210,000

Survival Mode!

I would like to mention Helen and Ian. Helen was my hairdresser. She earned \$18 an hour when she came to one of my mentoring programs. \$18 an hour and that was their financial position at that point in time.

They had a \$590,000 property that they owned with a mortgage of \$380,000. The total equity at that point in time was \$210,000 and this was where they started with me, they were in their 40's. In their own words they were in survival mode.

Deal 1:

Purchase Price \$110,000

Good condition, good part of town, doesn't need repairs.

Currently rented \$230/wk

Est. market value \$240,000

They bought an \$110,000 property in good condition, in a regional area and rented it for \$230 a week. They fixed a few things up and brought the estimated market value up to \$240,000.

Deal 2:

Block of 4, 2 titles

List Price \$228,000

Purchase Price \$138,000!!!

Immediate Costs \$ 55,000

Rented at \$ 660/wk

Estimated value \$550,000

Then they bought an ugly block of four units that was on two titles. They had enough room to build another two units on the land but they got a bit slack and have not done this and therefore not maximized their return but that is beside the point. It was listed for \$228,000, but they purchased it for \$138,000, post negotiation. They had signed a contract at \$228,000 but because there was documentation that only came up in the searches after the contract had been signed that through a good solicitor showed that the council was demanding a retaining wall be put in on this property and that was going to cost a lot of money. So they got a quote to show the vendor how much that this was going to cost and through negotiation they were able to bring the price down to \$138,000 if they would fix it rather than the vendor. The vendor walked away from the problem because he did not want to do it. That was why he was selling.

The property was rented at \$660 a week. They

revalued the property after a few renovations and other bits and pieces and the retaining wall which cost \$55,000 and with the problem fixed it was now worth \$550,000 as well as being positively cash flowed.

Deal 3:

| | |
|-----------------------------|-----------|
| Land | \$83,000 |
| New residential subdivision | |
| Sold for | \$120,000 |
| Time Frame: | 8 mths |

Then they bought a block of land off the plan stage, one of an eight stage development which they sold within an eight month timeframe for \$120,000.

Helen & Ian – Post Dymphna

| Equity/Profit | Before | After |
|-------------------|--------------------|------------------|
| House | \$ 130,000 | |
| Units | \$ 367,000 | |
| Land | \$ 43,000 | |
| PPR | \$ 700,000 | \$210,000 |
| Total | \$1,240,000 | \$210,000 |
| Passive Income \$ | | \$318/wk |

Better lifestyle, Helen now works flexible hours in real estate and Ian can follow his dream of playing in a band!

After just 12 months with their initial \$210,000 worth of equity they were now in a situation where they owned their own home. In the process they actually sold their house and built another one, so they manufactured growth in their own home for \$700,000. They had \$43,000 profit on the land. The units they had increased by \$367,000 and they have been increased by \$130,000.

Helen is not longer a hairdresser. I am her only client that she continues to do hair for which we always do over a glass of wine and basically, her

passive income was \$318 a week or \$16,500 a year. That made an enormous difference to them because once they were continuing to do what they wanted, she fell in love with real estate and now works as a real estate agent part time and he had the ability to be able to follow his dream and he might be a fireman but he loves playing in a band so he now takes time off and does that. That \$16,500 has given them the freedom to be able to do that. They have got a clear path to be able to move forward.

Manufactured Cash Cows

- Under Market Rentals
- Improve for Higher Yield - Think Laterally
- Build it
- Create more Income Streams
- Reduce debt for higher yield
- Creative Management
- Equity Down and Discount Purchasing
- Selective selling

Under market rentals, improve for a higher yield, think laterally, build it, make it, create more income streams, reduce your debt for a higher yield. Creative management, think outside the box constantly!

Equity down, obviously, that is the slow method but basically if you are putting money in, it is going to be positively cash flowed and by selectively selling over a period of time it can help you to create more income.

This property here was a property that a gentleman on the Sunshine Coast owned. His daughter was going to university in Brisbane. He looked at the prices of sending his daughter to university and he found that they were exorbitant. So he decided to buy a property near the university. He paid \$265,000 for the house. It was a large house and he converted the garages into two more bedrooms. He did a lease with his daughter, a commercial lease. She took out the lease with the ability to be able to sublease out the other rooms. She then subleased all the other rooms for \$100 a week. So that property produced, after renting out the

other rooms a \$12,300 passive income per year. Plenty for the daughter to be able to have some spending money while at university.

Large 5 Br house, 3 Bathrooms, DLUG, Living area upstairs and down, close to Uni, train & shops

| | |
|---|-------------|
| Purchase Price | \$265,000 |
| Converted to 7 individually rented rooms after garage | |
| Conversion Costs | \$15,000 |
| Rented to Uni Students at | \$100/room |
| Positive cash flow | \$12,300/Yr |

This was cheaper than putting her into housing at the university and he has an asset that is increasing in value. She gets \$12,000 a year to live on while she is at university and it did not cost him anything, so he decided to throw in a car.

How do you get the real estate to ring you with that kind of deal. They don't; you have got to chase it. You have got to start to recognize those kinds of deals. Remember, previously I mentioned when a business not making any money, it is your problem. This is an example of a business that was not making very much money. Look at what it is needing. Is it on a busy road? Look at the entrance, does it have signage? Does it need better signage? Blue might be a pretty color that you like but go for a color that attracts attention and not gaudy rather than something that blends into the landscape. That is not what you want when you are looking for a commercial property. A new entrance, which may cost \$25,000, a repaint and some signage will mean that the property is worth more. It will increase the rents. It will increase the business. It will increase the profitability of the tenant in there. He loves you to pieces because of what has happened to his business and this is where caring for your commercial tenants really starts to come into play.

Equity Down Deals

This is where I was talking about paying down debt earlier, where you have a property where you might build eight units and you might sell six and keep two. You use the profit that you make on the other six to pay down the debt on the remaining two and keep them. That property could be in a growth area that is positively cash flowed.

Another mate of mine, he is a very successful developer. He has been doing this for years and years and his daughter did not want to have anything to do with this business. She wanted to go to university and she wanted to be a teacher. Right or wrong, from the day she was really little, it was her thing. She wanted to be a teacher so he said to her, that he had no problem with her being a teacher but he would like her to take 12 months off and spend it with him so that she has some other skills as well as being a teacher that she can rely on. She agreed. She took what we call a gap year before she went to university. He also said to her that he was not going to pay her any money for the next 12 months she was going to work but he was not going to pay her any money. Instead, he was going to do this project together. He would put in the money required to do the project but she was going to be the one to do the project. He wanted to teach how how to do this. Again, she agreed.

The project began and she negotiated on the land. She negotiated with the architects, the building and the DA through the council as well as the town planners and everybody else along the way. She had negotiated to buy a block of land that they could build 16 townhouses on which they did. They got it through council and built the townhouses and then she sold eleven of those townhouses and kept five. Of the five that she kept, she used the money from the sale of the eleven to pay down the debt, not completely but mostly down on the remaining five.

She went to university next year and became a teacher. That is what she wanted to do. But the difference between her and the kid that would have gone straight out of university and gone into teaching is that she went into teaching with a passive income of \$50,000. She went into teaching with a pension of \$50,000 that she

could live on. She did not have to worry about her income anymore. She had done it. But she went on and she became a teacher and I spoke to her father probably the end of the last year and he said, she is still a teacher and the property is going up in value and she has never done any more but she never has to worry about having to work again because the rents have gone up and the townhouses are paid down.

She has that bench mark that I spoke about in the beginning. She has her basic needs more than covered. She has got that done and dusted. So now, she can do what she loves because she wants to do it. She loves being a teacher teaching lower primary school children. She is doing it because she loves it, not because she has to. She has got that covered. Is that not something that you think you would like to strive for? That is what cash cows can do for you. That is why you have got to be balancing this portfolio.

Discount Buying

- Mortgagee in Possession
- Deceased Estates
- Forced Sales – Divorce, Moving, Illness, Old Age, Financial Pressure
- Rates Defaults
- Public and Perpetual Trustee
- Ill-informed Seller or Agent

When you are buying, you are looking for a deal. You are not just looking for an average kind of property; you are looking for a deal. You are looking for a mortgage in your possession. It may be an estate, a default mortgage, a divorce settlement, a moving, an illness, an old age, a financial pressure. You are looking for a rates defaulter a public or perpetual trustee kind of property, an ill informed seller or an agent.

Judy and Greg are a couple that are in my Platinum Program. They bought a property in 2000 for \$8,000. This is their principle place of residence. The current value of the property is about \$250,000. Since they joined a coaching program they have bought as a result of that program a duplex for \$90,000. The current value of that property is now about \$180,000.

The rent is \$120 each, passive income \$100 week just to give you an indication of how things can start to add up. Then there was a triplex. They paid \$120,000. The current value is \$240,000 and the rental on the property is \$360 a week, which produces \$170 a week passive income.

Everybody's trigger is different. Gwyneth did one of my programs, not for her, or for her lifestyle or any of those things. She did it because she wanted to motivate her lazy sons. She had twin sons in their late teens and she did one of my programs and then bought a block of four units in Heywood in Victoria. The units rented for \$340 a week.

Heywood, Victoria

| | |
|------------------------|-----------|
| Block of 4 units | \$160,000 |
| Rental Income | \$340/wk |
| Manufactured Growth of | \$ 90,000 |
| and increased rents to | \$ 440/wk |
| Profit | \$ 90,000 |
| Positive cash flow | \$ 8,155 |

She manufactured growth by making those two lazy sons go down and renovate them. The profit on the deal was \$90,000 which produced her a passive income of \$8,000.00. Her two lazy sons are now full time real estate investors. It worked.