'LET THERE BE LIGHT' on Wealth Creation

Motivational success stories of ordinary people who turned their lives around

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Let There Be Light

on

Wealth Creation

By Coert Coetzee

Contents

Foreword

Many people choose not to buy property, because they feel that it is too complicated – so instead they take out endowment policies, because they see this as easy. What a misconception!

Property investment is the easiest thing on earth. Of course, it can also be the hardest, if you try to do everything yourself. It is easy because we make use of other people to do the complicated work for us. We use estate agents, bond originators and attorneys – it is their job to study the markets and to do the difficult things for us. This is one of the principles that I would like to teach you in this book: OPT, which stands for Other People's Time. If you know how to apply OPT in your life, everything will become possible, and even easy. Please forgive me for not going into the finer details of my methods here; it is simply because I don't believe that you are meant to know them. You are only meant to know that it is possible and easy!

In this book I'm going to teach you to make money from the negative things in life. I make money from debt and losses: the bigger the debt and the bigger the losses, the better things are going. The things that work for me are all the things that everybody always tries to avoid. I promise you though that I am quite sane, so please don't put the book down!

Introduction

Since 2002 I have been presenting investment seminars and teaching people how to invest in property successfully. In this time I have met literally thousands of people, from all levels of society, including professors, doctors, clerks, artisans, investors, students, housewives and even a butler or two!

The last few years have probably been the most interesting period of my life. I’ve heard opinions, I’ve received information, and I've learnt a whole lot. Thousands of people have been to my seminars and I've taught them; but I always wonder whether they will ever realise just how much I’ve learnt from them. My knowledge, particularly of human nature, has expanded tremendously. Apart from the variety of occupations I’ve encountered, I’ve come across an even greater variety of personalities. I have met some of the friendliest people around, as well as some of the most ill-mannered ones. Fortunately the second group is very small. I have met positive people and negative people. And while I have been teaching them my investment methods, I have also been studying them!

I have learnt what makes people tick and what doesn’t make them tick. I now have a very good understanding of what motivates people. I continually apply this knowledge at my seminars, and so people who attended my seminars three years ago and then come and attend again this year will agree that, although my methods and presentation are still essentially the same, the message is so much more powerful and more effective than it was three years ago. I think I should add that it isn't just me that has changed over the last few years – my students change extremely fast themselves. It is astonishing what a bit of planning, goal orientation and motivation can do for someone's personality. Shy, reserved people who attended my seminar three years ago are now self-assured and goal-orientated when I meet them at investors’ functions.

Success breeds success! The more successful people become, the more self-assured they become, and self-assurance in turn brings more success. Of course, it’s all bound together by knowledge – even if you are the most self-assured person in the world, if you don't have knowledge, you won’t be successful. And that’s what the seminars are about – equipping people with the necessary knowledge to live out their new-found self-confidence.

Chapter 1

What motivates people?

Most people are motivated by the same things, but some things don’t motivate everyone to the same degree. Let’s take a look at a few of the big motivators in modern life.

Money

A lot of people will do anything for money; the world is full of such tales. Sometimes money isn’t presented as the direct motivator, but when you investigate more closely, you find that the money god was in fact the big motivator after all. Murder is committed every second of every day over money, robberies are executed and break-ins carried out. People are prepared to sacrifice their freedom, and even their lives, for money. Crime statistics bear silent witness to the fact that money could be the biggest motivator of all – anything that motivates someone to commit murder must be huge. Fortunately though, only a small portion of the population is motivated by money in this criminal way.

Countries are invaded over money. I am convinced that the invasion of Iraq was driven by the country’s oil-riches. The excuse of the supposed threat of "weapons of mass destruction" that was presented was just an excuse to attack Iraq's wealth. And what a price has been exacted in terms of lives and credibility!

Although money is a big motivator for most people, I think that those who accumulate the most money are not in fact motivated by money. For me, money is instead the spin-off of something else. In this book I would like to look at what that something else could be.

We know it must be something "else", because if you ask financially successful people to explain what it is that they ascribe their success to, you'll never be told that it’s thanks to their pursuit of money. No, you’ll always hear stories like, "I have a passion for helping other people," or something along those lines. It’s simply a "coincidence" that they became so rich in the process. Maybe this is sometimes true, but I have a feeling that for the most part it’s just nonsense. Their passion is making money.

Of course, it is true that some people are passionate about helping other people and have become very wealthy in the process. I think the best example of a case like this is Mother Teresa. I read somewhere that she had an estate of several million at the time of her death, and that everything went straight to charity. She certainly did not pursue money for her own gain, and her life was a testimony to this.

However, very few of us are of Mother Teresa's calibre, and I think we have to admit that we are motivated by money. And I don't think this is something to be ashamed of. However, if money becomes your god, then you should be ashamed. Money is not everything in life, but life certainly is a lot more comfortable with money. If your other passion is charity, you will find it so much easier to live it out if you have money.

Status

If you think that money makes people wicked, then you should see what chasing status does to them. I think that the greatest tragedies in our world have been as a result of the pursuit of status. I'm not a historian, but I think that it's safe to assume that the Second World War was driven by Hitler's conceit; and I think Napoleon had problems with this too. Today, just over the border, we have Mugabe – who has destroyed his country's economy over this.

I grew up in a small Northern Cape town, Olifantshoek, where the headmaster, minister, lawyer, police sergeant, magistrate and doctor were seen as the absolute epitome of success. Everyone looked up to them and everyone wanted to be like them. I remember one day when I was in standard eight the teacher asked us what we wanted to be one day when we grew up. The answers came: lawyer, doctor, teacher, and so on. Listening to the answers you would have realised that everyone aspired to be one of the town's prominent people. I was the only one who said that I wanted to be a businessman. I can still remember how the other children laughed at me, and how disparagingly the teacher, Mr Dwyer, asked me "What sort of a thing is a businessman?!" I think his world was just too small to understand the concept of a businessman. The people of that era, and particularly in a small town like Olifantshoek, could only understand it if you wanted to become something that they knew. Most of my friends in fact did become what they said they would that day. Teachers, doctors, ministers, lawyers...

I also became what I said I would – a businessman. I've had many businesses, and I still have many more. All of my businesses are always successful, because I'm a businessman! I'm not a teacher or a doctor or a whatever, trying to do business. I'm a businessman doing business! My father wanted me to become a minister "or something", and so I just became a something. After all, my teacher did ask me "What sort of a 'thing' is a businessman?!"

I don't do it for the money; I do it because it's my job, and I enjoy my job every moment of the day. Clinching the deal is my life and my passion. If you're good at what you do, then no matter what it is, you will be successful. Of course, it's a bonus if you can also enjoy what you're doing, as I do. This wasn't always the case for me, though. At one time I was solely driven by money. I made millions, and I hated every moment of it.

As a young man, I ended up in the short-term insurance industry quite by chance. I worked for many years in the industry, before advancing to senior management level at a big national insurer. In 1990 I established my own brokerage. Within four years it was one of the biggest independent brokerages in the country. I made lots of money and had plenty of status; journalists regularly approached me for my opinions on the market and I was even on national television a few times. And I hated every moment.

After I sold my insurance interests in 1998, I concentrated my attention full-time on property. I enjoyed every moment, and now I don't want to do anything else. Of course, in presenting the seminars I also get a good dose of status, but it’s different to before, and this time around I’m finding that I enjoy the status. I help people to help themselves, and if the recognition that I get for doing that is comparable to status, then I can say unequivocally that I enjoy the status.

Love

What a motivator! Love may well be the greatest motivator of all time. It can carry you to the highest heights and also pull you down to the lowest of all lows. After money and status, love is probably responsible for the greatest number of success stories, and also for the most cases of murder! Love can make you or break you.

People who love each other believe in one another, trust one another and support one another. I compare this to the links in a chain. A chain can be the strongest on this earth, or it can be worth nothing. And this is the problem with love: there is no middle road. It’s either there or it isn't. If one of the links is weak, then at some point the chain will break and everything that was hanging from it will collapse.

I’m not a love consultant and so I can’t provide counselling; but I am loved by someone and love someone myself, and so I can speak from experience. First, I want to explain to you how the wrong relationship, and thereafter the right relationship, has influenced my life.

I was married to my first wife for 13 years. It was a marriage that should never have taken place. We went to school together and were good friends. On one occasion she admitted to me that she had married me for security and not for love. If I look back today, with the wisdom that age brings, I can read a few things into the events of those days. She never wanted to allow me to start my own business – because of course she was afraid that she would lose the security that came with my fixed employment. I could have been successful in business if I only got the chance, but because she didn’t love me, that absolute trust and support was absent. Remember what I said: people who love each other believe in one another, trust one another and support one another. The best decision that I made in all the years that I was married to her, was the decision to divorce her.

Then 17 years ago I met someone who changed my life. I discovered the power of love. I discovered a chain with links that are very, very strong. Vanessa walked into my life when I was at the peak of my career as senior manager of a national insurer. I was extremely successful, but extremely frustrated. She shared my dream of running my own business, and she supported me, because people who love each other believe in one another, trust one another and support one another. Today I am living proof that it works. My personal life, spiritual life and business all attest to this. The love that she heaps upon me motivates me every day and brings out the best in me.

With Vanessa, life is a joy. This is quite possibly the longest honeymoon on earth, and it’s still only the beginning!

Responsibility

I have been blessed – or perhaps punished – with the most responsible father you could imagine. My father is the absolute epitome of responsibility. All his life he worked for the government, and I don’t think he was absent for even a day. I know that he gave far more than was expected of him.

My father is also an example of the fact that responsibility alone does not necessarily bring financial success. He belonged to the state pension fund, and after more than 40 years of contributions, today it is just enough to keep them alive. With his pension, they are not in a position to maintain the lifestyle they had before retirement. To do this they need contributions from their children, and for a proud man like my father this is a bitter pill.

He served his employers with great responsibility, loyalty and devotion throughout the years, but this didn't benefit him financially at all. He also cared for his family with great responsibility though, and at least he is reaping the rewards of that today.

I'm not trying to say that you should handle your work irresponsibly. No, all that I'm saying is that you should decide whether the thing you are being responsible about is worthwhile. Don't allow responsibility to blind you to opportunity.

I inherited a good measure of responsibility from my father, and it plays a very important role in my success. One should be able to direct it properly and use it to one’s advantage. I often hear about people allowing good opportunities to pass by because they don't want to give up the security of their current employment. They may, for example, be too dependent on the security that their current job’s pension and medical funds provide. As a young man, my father had the opportunity to start a business as a partner together with someone else, but his sense of responsibility stood in his way. His friend went ahead on his own and was very successful. My father won’t admit it, but I know that he has regretted that decision many times in his life. Opportunity might knock on your door just once.

Religion

Once again this is a motivator with great potential, yet it's also the one that can be responsible for the greatest misery. Religion and love are pretty close to one another. They can uplift you or they can drag you down. Any religious faith that drags you down is, in my opinion, not a faith.

From the earliest times, religion has played an important role in our lives; this is a good thing, but as soon as the role of religion becomes overbearing, the misery begins. The greatest misdeeds against humanity have been carried out in the name of religion – some people want to force their faith on others, and they are prepared to murder and steal in the process.

The greatest example of this must be the actions taken by the Roman Catholic Church in previous centuries against so-called heretics – with the excuse of stamping out blasphemy. The Huguenots in Africa were just a small example of the result of those practices. The destruction of the Twin Towers in New York is an example of present-day fanatical religious convictions, and in the Middle East they have been killing one another for centuries over religion.

The Bible says that it will be as hard for a rich man to enter heaven as it is for a camel to go through the eye of a needle. So essentially it is impossible for a rich man to get into heaven. Many churches, and particularly the Pentecostal churches, use this as an excuse to convince you to give all your money to the church. I've read many times of people who have given all their money to the church in order to gain salvation. The churches and pastors become filthy rich in the process. Apparently the Roman Catholic Church is the biggest landowner and richest institution in the world. I hear that Rhema isn't doing too badly either.

Bill Gates recently amended his will so that approximately 95% of his riches will go to charity one day. Apparently Warren Buffett has also done this. It looks to me as if these men are busy booking their places in heaven! It's funny how religion begins to dominate your life at a certain age. By the way, they say heaven is the place that everyone wants to go to, but no one wants to go to now!

My belief is that God is spirit, and flesh and blood cannot inherit eternal life. As far as I am concerned, the riches of which the Bible speaks are a metaphor for knowledge. God is not concerned about your earthly riches, but about your spiritual riches. Why do you read the Bible and go to church? To receive knowledge, not to receive money. A rich person is someone who accumulates lots of money and keeps it, and similarly a spiritually rich person is someone who accumulates spiritual knowledge and keeps it. And that is a sin! If you possess knowledge that could change someone's life and you keep it for yourself you will never see heaven; you are the rich man of whom the Bible speaks. You must share your knowledge with everyone, and you must always be hungry for knowledge. Then you are as poor as Lazarus – and we know where he ended up.

I don't want to write too much about religion in this book, but I do have opinions about faith that I would like to share one day in a future book. All that I'm trying to get across is that earthly wealth is not sinful. According to the Scriptures, our ancestor Abraham was himself a very rich man.

For me, religion is one of the biggest motivators to success. I find it very satisfying to give one-tenth of my income to the church or to charity every month. This is an amount that grows and grows every month – the more you give, the more you will receive. Go ahead and try it!

Thought-patterns

You are what you think. If you think you are struggling, you will continue to struggle, and if you think you are successful you will be successful.

Changing or manipulating people’s thought-patterns seems to be big business and carries large rewards. The marketing industry is focused on this. They want to convince you to use their products, and to do that they have to manipulate your thoughts. Very little advertising is aimed at improving your life, although of course, this is the message. They tell you how good it will be for your health or finances or whatever if you make use of their products. But of course in most cases the company offering the product is the only one that will really benefit if you buy it.

I see it in the seminar industry as well. For example, people say they offer investment seminars because they are passionate about helping people. People who make claims like this are not to be trusted. It may be true to a degree of course, but the main goal is making money. I present seminars myself, and I do it for the money – I sell my experience at my seminars. I find it extremely satisfying if I can change people's lives, but unfortunately satisfaction alone doesn’t put food on the table. It is a bonus though, and I do attach great value to this bonus.

I was recently chatting to a lawyer friend of mine after she had attended a motivational seminar in America. On the seminar they teach you to believe in yourself, and show you how to improve your life. It is supposed to substantially improve your personal life as well as your business. Afterwards, my friend was highly motivated, and she acquired the sole rights to present this motivational material and seminar in South Africa. She wanted to hear my opinion. My opinion was that it wasn’t a good seminar. She was shocked, because of course I was not at the seminar myself, and so how could I make such a statement? I explained to her that if the seminar motivated her to present motivational courses then it surely didn't succeed in its goal. The goal was to improve her own life and not to mimic the presenter or to market his products. Or could that perhaps have been the goal?

If someone comes to my property investment seminar and afterwards begins to present similar seminars, then it means that I didn’t succeed in my goal of teaching him to become an investor. I’ve presented my seminar to thousands of people already, and as far as I know I have as yet created only two copycats, but I have created thousands of new property investors. This is the proof that my seminar works. One of the copycats who began presenting seminars after attending my seminar, even uses my proverbial cow – which you will read about later in the book – as a logo, and my seminar saying "sell the milk, not the cow" as his slogan. It's clear that I made a big impression on him, but I feel that in his case I failed miserably. I would rather have created a successful property investor than a successful seminar presenter.

Let's return to the idea of thought-patterns as motivator. The basic message that you hear at motivational courses and talks is that you must believe in yourself. Positive thoughts breed positive results. I believe in this and apply it in my life every day. In fact, I don't think that there is a more positive person on the earth than me. Being positive causes one to stay continually and automatically motivated.

Fear

Years ago I heard the following story:

A chap had been hanging out at the pub a little late one night, and on his way home he took a shortcut through the cemetery. As he was walking along, he fell into a freshly-dug grave. It was raining that night, and every time he tried to climb out of the hole he would slip back in because of the mud. Eventually he gave up and decided to sit in the corner and wait for the sun to come up. Not long after that, another chap, who had also been out a little late that night, came staggering along the same route and fell into the same grave. He too tried to climb out straight away, but also kept slipping back. The chap in the corner watched him for a while and then said suddenly, out of the dark corner, "You're trying in vain, there's no way you're going to get out of here." The other chap then leapt – in a single jump and without using his hands – straight out of the grave!

It illustrates how fear can motivate us, but this is one type of motivation that we don't need. If you're motivated by fear, you're heading for an unhappy ending. In my short-term insurance business we encountered this a lot. Our contracts with underwriters were based on the claims/premium relationship. If a client's claims were lower than his premiums, then it was profitable for the insurers, but if his claims got too high the insurer would begin losing money and could even cancel the contract. This hung like a sword over our heads and so we were constantly motivated to keep claims as low as possible. The continuous pressure certainly motivated me, since I operate very well under pressure, but it took its toll on my health. In 1993, at the age of 38, I had my first and only heart attack.

Fear is one motivator that you do not need.

Knowledge

Knowledge is power, and I find that it motivates me immensely. When I read a business book, I become so motivated by the information I discover in it, that I can’t wait to start applying it. I always say that the biggest advantage of getting old is the knowledge and experience that comes with age. I enjoy this wisdom tremendously these days. When I was young, nothing was impossible for me because I wasn’t afraid of anything, and now that I'm older, I'm even more fearless because I know that I don’t need to be afraid of anything. I know a lot! And it’s fantastic. But I don't yet know enough, and I know that I’ll never know enough.

People at my seminars sometimes ask me why I do the seminars if I am as successful with property as I make out to be. My standard answer is that I enjoy sharing my knowledge, and that I learn something new every time myself. I meet so many interesting people through my seminars, and they add so much value to my life, methods and techniques.

I'm a very active reader, and although a good novel from time to time is great, I prefer to read books that can teach me something. I really like property books, motivational books, history, geography, religion and autobiographies. The problem with business books is that they take a long time to finish reading: I read a page, get an idea and then I first have to try it out or test it before I can carry on reading!

The fact of the matter is that knowledge motivates you, even if it is just to improve yourself. At the seminars we give away knowledge for around eight hours, and then after that you keep receiving knowledge at follow-up sessions and on my web site; so you are literally bombarded with knowledge. This book too is going to give you a bunch of knowledge. Of course, knowledge can also be dangerous – especially if it is knowledge about revolutionary investment methods like mine.

Chapter 2

My knowledge

I developed a method for making money from something that most people have, and that most people are very afraid of. I call it the DLR method: DEBT, LOSSES and REFINANCING.

Most people have debt, or have had debt at some point in their lives, and most people don't like it. Debt can completely ruin you financially, and it can also destroy your health. It can destroy friendships and relationships, and can even indirectly bring about your death.

Our parents taught us to avoid debt, and so everyone's aim is usually to pay their debt off as quickly as possible, and to have no debt upon retirement. Debt is dangerous, but I believe that anything that is dangerous also has the potential to be beneficial if you can turn its tremendous negative energy into positive. Take fire, for example. It can burn you if you don't use it correctly, but it can cook your food if you know how to control it.

Out-of-control fire is destructive, and in the same way out-of-control debt is destructive. I learnt years ago to subdue and control the infinite power of debt, and now I can utilise it positively to the maximum, and to my advantage.

There are two types of debt: bad debt and good debt. Bad debt is when you borrow money to buy something that decreases in value, and that may later even have no value, or when you borrow to invest in something that does not deliver an income. A good example of this is buying a car on credit. As soon as the purchase transaction has been concluded the car's value is less than you paid for it, and it delivers no income. Debt like this should be avoided as far as possible. If you have it, get rid of it!

Good debt, however, is when you borrow money to buy something that increases in value or that generates income; but then the increase in value or the income must be greater than the interest on the debt. Property is a perfect example of this good type of debt. This kind of debt you can take on without limit if you use my methods.

Years ago I learnt a very important lesson with my first business's first set of financial statements. This business showed a paper profit of more than R100,000 in the first book year. The auditors congratulated me on this exceptional achievement, but I wasn't convinced that it was that good because I couldn't see the money reflected on the bank statements. I had to scrimp and save to get enough money together for the tax that was payable on the "profit". I couldn't understand it: you make a profit, the bank statements don't reflect it, and then on top of that you have to borrow money to pay the tax!

There and then I decided that in the future I would make money rather than profit. I learnt that a paper loss is worth far more than a paper profit. It is not the profit on the financial statements that buys the whisky, it is the cashflow on the bank statements that buys the whisky. Losses can be deducted from taxable income, and refinancing is tax-free. The result is that tax is not even an issue any more. My method is tax-free!

Some people will warn you that refinancing is dangerous. This is true, but only if you don't know what you're doing. They will say that refinancing increases your debt burden and can lead to your downfall. A well-known seminar presenter in South Africa, even warns people in his newspaper advertisements against refinancing. That was the best advertising for my methods that anyone has ever done; people wanted to know more about this dangerous concept that could apparently make so many millions.

I teach people how to control the dangerous DLR and utilise it for their own spectacular success. I'm so sure of my methods in fact, that I am prepared to give the following declaration and guarantee here in this book, in writing:

"If you use my methods correctly, you will make millions, and will not lose a single cent. You will have no personal risk, and your assets will never be at risk."

I therefore guarantee my methods and my methods alone. There are thousands of people using my methods and making millions, but I have yet to hear of someone who has lost a single cent with them. It's easy and straighforward, but there is only one way, and that is the Treoc Way.

Transfer of knowledge

As I have already said, knowledge can be dangerous. Many so-called gurus assert their knowledge in books and at seminars, but some of this knowledge is so unrealistic and impractical that it very quickly becomes clear to the hearer that their goal is simply to make money. They build up enormous business wealth and draw thousands to their seminars, courses and conferences. They are eloquent and say all the right things, and they motivate you almost to the point of a trance. Afterwards you are like a racehorse that cannot wait to get started. You tell all your friends and acquaintances about this wonderful experience, and so they also go to the guru's sessions. Eventually the guru has a whole entourage that follows him everywhere, singing his praises. He makes buckets of money, and a few months or perhaps even years later, when you take another look, you find that you have nothing and the guru just keeps on getting richer.

These things are happening every day in those typical rah-rah sessions where they mess with your mind and make you believe that everything is going well with you, while everyone else can see you are busy going under. Your family tries to convince you to see reality, but you don't want to believe anyone. You think they are simply jealous of you because you're going to become so rich...

Please remember that there is no such thing as thinking yourself rich. It is simply nonsense. Faith alone isn’t worth a thing. The Bible says that "faith without works" is worth nothing. Faith must be followed by action. At my seminars I try first to cultivate a faith in property and after that faith in my methods. And then I make an entire network available to help you add action to your faith, and the results are guaranteed.

I'm going to give a lot of information in this book, but I want to warn you that it isn’t a manual. I will write in brief about various aspects of my methods, but you must understand that success does not lie in the theoretical knowledge of these methods, but rather in their practical application. If this book motivates you, I hope it motivates you to want to know more. The only way that you can receive the correct information is by following the Treoc Way, which can be found on my web site. There are no shortcuts and there is no other method.

Success stories

I have also learnt that success stories motivate people. My own life is a success story, and I have found that sharing my experiences with other people is highly motivating for them. It isn’t only motivating for the listener, though; I get enormous positive energy from sharing my experiences with people, especially later, when I see how it has changed their lives. Of course, the manner in which personal experiences are shared with others is important, because there is a fine line between boastfulness and being open. Nothing puts people off more than bragging. It can cause a potential success story to become a negative experience for the listener.

I recently asked Treoc Investors to share their stories with us, and I received a number of interesting anecdotes. I think it could be motivating for my readers to see how other people have achieved success with property, and for that reason I'm publishing some of the stories here. Where necessary I will comment on the investor’s actions and methods, and so I hope reading this book will be both motivating and educational. If this book can bring just one person to a new understanding regarding his own financial future, then it will have been worthwhile.

For me, giving someone new insight is like making a blind man see, and that’s why the title of this book is "Let There Be Light". But of course there are none so blind as those who will not see. Everyone can "see" if they want to, so I'd like to ask you to try. Even if you are already a high-calibre property investor, or even an attorney or accountant, you will still learn something, just as we always learn something from one another; and who knows, perhaps you will see the light. Learned people usually have more difficulty "seeing" than ordinary people, but once these learned people have seen the light, they are usually able to see it more clearly than others.

I’m publishing the stories here just as I received them. I have even left the thank-yous and "expressions of praise" as they are. Perhaps they will be just as inspirational to you as they were to me. At the end of each story I quote the sections of the story on which I'd like to comment, and then give my thoughts. My comments aren’t always just about the writer’s own action around that specific point; I also make use of the opportunity to comment on the topic in general. Perhaps in this way you will learn something more in the process.

Chapter 3

It isn't just "rookie" investors who come to my seminars. The seminars are regularly attended by experienced investors as well, and the first contribution I want to present to you is from Caj van Zyl, a successful investor in his own right. Caj's methods are mostly not what I would do, but they work for him, and therefore I believe that they will work for a few other people with similar personalities. Almost all the other contributions are from people using my methods, and I'd like to invite you to see whether you can pick up the differences in Caj's methods as you advance through the book. Always remember that we learn from one another.

A Property Investment Journey
by Caj van Zyl

Foreword

I have always understood that the only way to true wealth is through acquiring assets that grow in value over time. As a young person I started planning my life, and had concrete goals as to when I would have my own house, when to get married, when to retire. I was under the impression, as most South Africans are, that I had to have a couple of endowment policies that would, in time, give me the capital required to acquire a house, car, etc.

Once these policies matured, I was rudely awakened to the fact that I had placed my trust and life in the hands of the insurance industry. Not only did I receive back less than I had invested, but I had also wasted a considerable amount of time on a dead-end. Luckily for me I still had time on my hands, and so I started to follow my own gut and experiences.

Enter property! In my wildest dreams I could not have imagined owning a multitude of properties and being retired (what is retirement anyway?) before the age of 30.

I now work for the thrill of the deal and the joy of growing my business.

Introduction

My foray into the property world started while I was still a schoolboy in Johannesburg. I observed, with utter dismay, the poor management skills that my father employed with his rental property. I had to witness his passive approach towards receiving rental payments, *dealing with maintenance issues and constant vacancies of our family investment property.*

I believed that if you were in the privileged position of owning two houses, you had to be wealthy. Seeing him not looking after this wealth bothered me immensely and planted the seed for my future success.

The first property

The house was situated in Johannesburg Westdene (I still manage it 16 years later), a block away from Rand Afrikaans University (now University of Johannesburg). It used to be a typical 3-bedroom house with lounge, dining room and maid's quarters. With some slight tweaking the property was modified to accommodate students.

Being a student at RAU I soon realised the importance of being within the immediate radius of the campus action, and that people flocked to find a private residence within walking distance of the campus.

I had a revelation: "Make your father an offer to manage the house on his behalf." So I offered him a market-related rental and also offered to take over all management and maintenance duties with regards to the property.

The house was turned into a student commune – effectively doubling the rental and affording me ample pocket money to have an active student life.

A business is born

I never once considered that this transaction would result in a full-time business, offering wealth of tremendous proportions.

The year was 1998. I had just completed my first degree and was actively wondering what direction to follow with my life. I had no solid credit record with any bank.

I realised that I had some time on my hands and I had to make a couple of smart investment decisions at that age to secure a comfortable retirement. Interest rates were at a peak, but cashflow on my student commune was good. If I bought at the right price, I would comfortably be able to pay back a bond and have reserve cash after costs.

The strategy was a pure cashflow strategy – purchase a house within the vicinity of the university, place the correct tenants, and wait. Waiting meant 30 years plus, sell the properties and then retire. I would still need to have some or other profession to keep me busy in this time.

The plan was to purchase an additional house as soon as there were enough reserves to afford a deposit on the new purchase.

Finding a partner

I realised that since I was a young person with no track record of a constant monthly salary I would have to partner with somebody that was young, had a similar vision and a sound credit history. I had the strategy and the experience within the industry, and required somebody with the financial track record.

I had to look no further than my own family – my now brother-in-law had a solid work and track record within the financial services sector.

My partner brought strong financial skills and enthusiasm to the party. It is much more fun to share your experiences, failures and successes with somebody than it is to go it alone. It can get very lonely if you don't have the right infrastructure and support!

The structure

We decided on a 3-tier approach to our company structure. At the top would be two family trusts owning 100% of the company below them (the holding company). This company in turn would own as many companies as required below it, the effective owners of the properties.

This structure was efficient in those days, as no transfer duty was levied on the sale of a property held in a company. We could effectively charge a higher selling price if we were to sell any of the properties. This law eventually changed, making this structure redundant.

I would say that this is the biggest flaw in our structure today, as we are faced with enormous auditing and administration bills. On the plus side, our income and expenses are spread over an array of entities, affording us relative anonymity and effectively creating duplicates of ourselves and our income.

Coert's advice on trust structures would have been handy when we started in 1999.

The properties

Once we embarked on the buying process we couldn't stop. It was as if the streets of Johannesburg were lined with gold – every deal was good. We bought 6 properties in our first year of business. The current property boom was in its infancy at that stage (2000).

We soon reached saturation point with our current bankers and realised that we had to expand the scope of our financing activities. Interest rates were declining rapidly and property values were starting to rocket.

I woke up one morning and realised I was a nett millionaire – this was within the first two years after starting the business.

This caused me to want to grow the business more aggressively and we started to investigate our current strategy and bankers.

Change of strategy

The tremendous growth of the industry made us realise that there was also capital growth taking place in our company, and that our strategy was automatically becoming a 2–tier approach – cashflow and capital. The capital growth was seen as a bonus.

We have always purchased properties that are cashflow-positive from day 1, and the ever-increasing equity in the current portfolio afforded us the opportunity to refinance and to grow the company at a faster pace.

Refinancing has become a major part of our strategy. The right partner within the banking industry has also become apparent. We now have relationships with all of the major banks.

Management

During the early days, with just a few properties, I had time to manage the portfolio. Management included the placement and screening of tenants, collections and maintenance-related issues.

The company rapidly advanced to a point where I could no longer afford to be burdened with the day-to-day activities, as I needed the time to focus on growing the business.

We appointed a dedicated letting agent in our market segment, and so my time was freed up to focus on the bigger picture. This strategy worked fine for a couple of years, but I soon realised that I had one company in charge of my entire cashflow and that made me feel that I lacked control.

We decided to establish our own letting agency, and took back direct control of half of the portfolio and ultimately the cashflow. My wife is the managing director of this company.

The new letting company has afforded us the opportunity to keep our fingers on the pulse with regards to student accommodation trends and demands. We have also created an additional source of revenue by offering these services to other investors in the area.

I firmly believe that if you want to be a specialist within your market you need to understand all of the dynamics that prevail within that segment. Outsourcing of services such as letting is fine if you do not want to be a hands-on type of manager. I prefer to have a combination of my own input and outsourced services.

Alternative properties

I am always looking for new challenges within the property sector. We have subsequently started to move out of the exclusive realm of student accommodation to focus on investment properties that offer additional/alternative sources of revenue.

These include mixed-use residential buildings (office and residence), guesthouses, industrial developments (warehouses) and other unique buildings. One of these buildings is my personal favourite, a mixed-use guesthouse and commercial building situated in the heart of Dullstroom, Mpumalanga. I wanted the building so much that I had to also take the restaurant in the building (the combination of restaurant, guesthouse and other retail tenants made this deal, in the current climate, very attractive). The seller was not interested in just selling the block, so by default I have now also become a restaurateur.

I am happy to report that this is the most exclusive (and profitable) restaurant in Dullstroom, and provides us with free cashflow to pursue additional property investments.

My passion is property investment. I am constantly looking for a balanced mix of cashflow and capital growth. At the end of the day, every property in our portfolio needs to add value to the group. I will not subsidise a dog property, but I get a tremendous kick out of sourcing the cash cows.

My tips for becoming a successful property investor

- *Passion and enthusiasm: Without these two you have nothing. Do not expect other people to make your bed. You live your own life and create your own destiny.*
- *Partners: If you have to partner with somebody to get into the market, do it. Just as long as you get going! Make sure that this person is emotionally and financially stable and have your partnership agreements in place before you make the millions.*
- *Banks: All banks are the same. Understand what the bank sees as a credit risk, and minimise these items. Don't incur bad debt, pay your bills on time, and remember that your banker is your best friend. Without them you will get nowhere.*
- *Accountants: Establish a relationship with your accountant in the early days. You will constantly require documentation from them – they are the mouthpiece of your company when it comes to negotiating with the banks, so keep them happy.*
- *Become a specialist: Specialise in an area or segment within the property market. My exclusive focus for several years was on students within walking distance of the University. Like Coert, you could focus on townhouses. You need to understand what the properties in your segment cost and what type of rental to expect.*
- *Cashflow: Always keep control of your cashflow and its management. This is what pays the bond and your other expenses – without it you do not have a business. I subscribe to having a balance of monthly rental income and refinancing income.*
- *Education: Always stay informed of trends within the industry. Subscribe to a couple of online newsletters – there are several. Attend seminars of property enthusiasts such as Coert. You are never educated enough!*

- *Networking: It is vital to have a network of people who understand what you do. This includes your friends, family, estate agents and bankers. These are the people who refer deals to you and make sure that you are the first person to know about a property before the market gets to know about it.*
- *Market: Cater to the breadwinners – stay away from the high-end properties. The bulk of my tenant market has always been young professionals and students.*
- *Perseverance: Your first three property purchases will be the hardest and slowest. You won't see fantastic results for the first 24 months. This is the time that you must stay enthusiastic and try and see the bigger picture.*

My CV

I was born and raised in Johannesburg. I matriculated at Hoërskool Linden in Johannesburg, and received a B.Comm (Marketing) from RAU and an MBA from UOFS.

I am newly married and reside with my wife Chantal and Labrador Ralph in Johannesburg.

My passion is property, and I can be regarded as a serial property investor. I made my first million rand from property before age 27, and I've made a couple more in the subsequent years. The number of properties I own will remain my secret… Good luck with your property endeavours, and remember: without common sense, perseverance and enthusiasm you stand no chance of succeeding at anything!

"My passion is property, and I can be regarded as a serial property investor."

This is good enough for me, and it is my own "problem" too – I am also a "serial property investor". Caj and I speak the same language, but we use two different dialects. One could also say that we are climbing the same mountain, but using different routes.

I am not going to comment on Caj's methods here, because the whole of the rest of the book touches on this – you will learn what my methods are and why I believe that it is simpler, faster and safer to follow my route.

Chapter 4

I still remember clearly the day that Bettina attended my seminar in Bellville, and I recall how enthusiastic she was about property. But let her tell us her exceptional story herself, beginning in beautiful Austria.

Property Investor By Accident
by Bettina Horvath

My first experience with property as an investment goes back to my twenties. When I decided that it was time for me to leave the nest, my father made a lump-sum available to me. This was a fund that he had been building ever since I was born, with regular monthly deposits. He was earning well, so he was able to put aside almost the equivalent of a month's rent on a small property at the time. There was only one catch: for me to get my hands on the money, I had to agree to use it only for transport, accommodation or education. The choice was mine, but this was the criterion.

I was living in Vienna, Austria at the time. Hardly anyone there owned property, as it was extremely expensive. Even though my father had owned his own little house (my parents were divorced) he didn't advise me to use the money as a down-payment for my own property, but instead went along to help me find rental accommodation. I found a nice 60m2 one-bedroom flat, and used most of the money to refurbish it. Yes, that's what I did: refurbished another person's property with my own money! The thought of it now makes my stomach turn. But neither my father nor I knew better at the time.

I had been living in the flat for nearly 10 years when I decided to relocate to South Africa. And it was at exactly that moment that the first light bulb went on in my head regarding property investment. I was lucky to receive a little money for the kitchen I had put in, but that was about it. The rest of the money, as well as 10 years' worth of rent, was gone. I realised then that had I used the money to buy my own flat I would have been in a completely different position, because then I would have had a profit from the sale of the property and thus more funds to finance my new adventure. I made the decision that from then on I would work towards living in my own property as soon as I possibly could and never again waste money on renting.

About 4 years later, in 2002, after living around beautiful Cape Town in various rented rooms and flats, I again received a little lump-sum, this time from a business venture. It *was just enough for the deposit and purchase costs for a little flat in town, and so I decided that this was what I was going to do with it.*

In retrospect I can honestly say this was one of the wisest decisions I've ever made! I found a lovely one-bedroom flat in Tamboerskloof, for what was a bargain even in those days. I got it for R245,000, and after all costs had been paid I still had enough to renovate the bathroom.

What an elevating feeling to live in your own place! A few months later I met a man from Somerset West and moved in with him. But fortunately I made another wise decision – not to sell but to let.

Two years after I had bought, property prices were soaring and I needed a little cash. So I thought I'd ask the bank if they would give me a higher bond, since by that time the value of the property had increased to R500,000! Still not knowing anything about refinancing methods and such things, I just did exactly that. Of course, the bank gave me the increase without any hassle at all, and so suddenly I realised, "Wow, this is actually not a bad idea; imagine I had ten properties like this!"

This is why I say that I stumbled into refinancing by accident, not really knowing what I was doing, but doing it anyway – of course I don't believe in chance, but that's another story.

When my father passed away, he left me his house in Vienna. I decided to sell it, because it needed to be renovated and I didn't have the money for this; in any case, somehow it was all too far away. In the meantime I was studying the world of investing, because for the first time in my life I would now have a substantial lump-sum available, and I wanted to make sure I didn't waste it.

Then I came across Dolf de Roos's book in the Rich Dad, Poor Dad advisor series, and realised that refinancing was in fact a "proper" form of investing in property. I was hooked right away, since I had already seen that it worked. I just wished I could find someone in South Africa who was doing this, and from whom I could learn it all in the context of our local laws.

In the meantime, the money from my inheritance became available and I bought a lovely townhouse and renovated it with the best materials. The relationship I was in had become a bit rocky by that time, and I wanted a place that I could stay in. I knew I was overcapitalising, but this wasn't going to be a flipping or letting property, it was to be my own safe haven, a perfect lock-up-and-go with style. As the saying goes: life is what happens while you are busy making other plans.

But first I came across Coert's web site somehow – unfortunately I can't even remember how – and I signed up for the newsletter. Around the same time I fell pregnant, and so I put everything else on hold, except for reading the newsletters and growing more and more excited. I knew I had found the expert I was looking for.

Attending the seminar was the next logical step; it had to wait just a little though, as my priority was, of course, the arrival of my son. As things turned out, I was a single mom from day one. My mission of being able to invest in property and make money this way was becoming more important. I wanted to be able to provide for my child, and not have to work but rather spend time with him.

I also own a business overseas, which provides me with just enough of a monthly income to get by, but I knew I needed more disposable income. My son was only 2 months old when I learnt of a new development which had a children's playground, swimming pool, crèche, football fields, and so on, and I liked it. I signed an offer to purchase on an unbelievably small flat for an enormous amount of money. In retrospect I would say my mind was still clouded by my emotions, and of course I hadn't been to Coert's seminar yet.

Finally, a few months later, I was able to attend Coert's seminar. Wow – it blew me away, I knew that this was exactly what I was going to do, one step at a time. So I first set up my trust structure and moved the flat in Tamboerskloof into the trust. Towards the end of last year I – or rather my property trust - bought my second investment property, in a new development that fit the "Coert-criteria" perfectly.

In my mind, this is dedicated to my child's education. This thought really excites me! How many single moms are there out there, who know for sure that their child's education will not be a problem at all? By the time we need the funds, the property will have provided for them.

Right now I am busy selling my townhouse, and it's proving to be difficult because of my overcapitalisation – a lesson well learnt. I had to move out because it was totally unsuitable for a little toddler. I decided to rent somewhere for a little while, sell the property – as it does not fit the "Coert-criteria" at all – and use the money to buy more investment properties. I'm also going to sell the upmarket apartment I wanted to live in, as it also turned out to not be suitable for us, and besides, it's a lot of money locked into a place that won't offer much of a return.

My goal is to buy two properties a year and slowly but surely build a solid portfolio. I am absolutely thrilled about this method, and most importantly about Coert sharing his experience. It goes a long way to ensuring that I won't have to work for my money, but will rather have my money working for me, and will thus have time to spend with my precious little one. I'm looking ahead to a bright future, where I at least don't have the financial worries that so many other single moms do.

Thank you, Coert!

"This was a fund that he had been building ever since I was born, with regular monthly deposits."

Every week at functions I meet older people who share with me that their endowment policies didn't work. Often, they are paid out less than they've paid in. If those monthly premiums had rather been channelled into bond payments, they would be much, much better off today. Unfortunately in those days we didn't know any better, and we simply believed the promises of the insurance companies. We took out endowment policies, retirement plans, savings plans and pension plans, all to no avail. Today the insurance companies own enormous office blocks, shopping centres and investment portfolios, but yet there isn't enough money to pay their clients out. What nonsense!

People may get the idea that I'm against these insurance products – and they would be entirely correct, but I'm against them only if you know better. If you don't know any better, then rather take out these products, which don't require too much knowledge, than having nothing. I did it too, just like millions of other people right across the world. But, once you've seen the light, you will never buy a product like this in your life again.

I see that Bettina's father, without knowing better, also did something similar, and Bettina was able to use the proceeds to furnish her first little rental place. So there is the proof that it is better to have something like this, than to have nothing. You won't have excuses – or products like this – if you become a Treoc Investor, though!

"Hardly anyone there owned property, as it was extremely expensive."

How true this is. "Property is too expensive." "I cannot afford it." "How can an ordinary property investor afford expensive houses?" These are questions and remarks that I hear all the time.

It is possible for anyone to get as many bonds as they would like, but even if you only buy just one house to rent out and provide for your pension, you are immediately better off than someone with an endowment policy, for example. Ordinary people are quite prepared to spend a huge sum of money on an insurance policy, but they find it inconceivable to put that same money into a house that they rent out. Why?

If you buy a small entry-level two-bedroom unit with a 100% bond and put a tenant into it, you may find that, with the current high property prices, the rental is not enough to cover the bond, and so you will have to pay the difference out of your own pocket. But if you do the calculations you will quite likely find that the amount is less than you're paying every month on those foolish endowment policies.

Property investors don't buy only when property is cheap. We buy all the time, even when it is expensive. Expensive houses are proof that property works as an investment. If Bettina had rather bought that first flat, she would not have lost the money she spent on refurbishing it. But she didn't consider this option, because she and her father didn't know any better and believed property to be expensive. Property is not expensive if you buy with other people's money. This is where I want to introduce you to OPM - Other People's Money. We work with Other People's Money, by buying with the bank's money and getting the tenant to pay the bank. Jealous friends may suggest that the house belongs to the bank. So what? The capital growth is mine and within a few years it will exceed the bond by far.

I always say, "I don't buy houses, I buy capital growth." Expensive houses are proof that capital growth works.

"But fortunately I made another wise decision – not to sell but to let."

Very wise indeed! We don't speculate with property. People who think they are making money by speculating are entertaining an illusion.

Let's suppose that all houses look exactly the same, are exactly the same size, and cost exactly the same. You pay R500,000 for one of these houses. Due to growth in demand, the value of the house rises to R600,000 and you decide to sell. You make a gross profit of R100,000. Fantastic! So you decide to buy another one. Of course you now pay R600,000 for it. A year later it is worth R700,000 and you sell. You once again make R100,000 gross profit. You decide that this is just the business for you, and so you buy another one. This time it costs you R700,000. Are you making money? NO!

You are simply rolling the profit; you only made money on the first one. It's easy to see this if all things are equal, but in real life it isn't as apparent. In real life, houses, prices and appearances differ. Because of these differences and with the purchase and sale dates being so far from one another, it's very easy to believe that you are making money. This is just an illusion though; the principle stays the same.

I always compare my property portfolio to a herd of dairy cows. If you ask a dairy farmer whether he regularly sells his best cows, the answer will certainly be, "No, never, I only sell the cows that are not producing anymore." This is my philosophy too: I sell the sick cows, or the properties that can no longer produce enough capital growth on a profitable basis. The speculator, however, always sells the houses that make the most profit, in other words the good cows.

"Two years after I had bought, property prices were soaring and I needed a little cash. So I thought I'd ask the bank if they would give me a higher bond, since by that time the value of the property had increased to R500,000!"

Bettina's property grew in value by R255,000 in just two years. That's 104%! I don't even know of a pyramid scheme that can give that. Believe me when I say that nothing can compare to property when it comes to return on investment. The clever market analysts always speak of the rental income as the return on investment; they forget about the capital growth, because they don't know how to realise it. Treoc Investors know, though. We call it refinancing. We take out a second bond and use a portion of the refinanced money, approximately 40%, to carry the increased costs; the rest goes into our pockets, and what's more, it’s tax-free. So we don't sell the cow like the speculator, we keep the cows and milk them regularly!

“So I first set up my trust structure”

This was the first thing that Bettina did after she attended my seminar. Without proper structures in place you shouldn’t even consider refinancing; it is too risky. But with proper structures, such as my double-trust structure, it’s the safest and easiest thing on earth.

Over the years I have designed special trusts, together with some of South Africa's best trust attorneys, Jose Delgado and Rob Velosa. We pride ourselves on the fact that our trust deeds have stood the test of successful refinancing, and will keep on standing in the future. Of course, we adapt them continually to changing legislation. The biggest danger at the moment for property investors is trusts with incorrect or old outdated trust wording.

Using structures and special wording, we separate our assets completely from our risks, so putting ourselves in a position where we can lose nothing. We become completely fearless, because when you cannot lose anything there is nothing to be afraid of. You will be amazed at how easily you recognise opportunities and jump at them once you have shaken off the emotional baggage of fear.

In one trust we put our paid-up assets like furniture and vehicles, as well as any cash. In the other trust we place our refinancing properties. I like to refer to this second trust as the money-making machine, because it continuously makes money with capital growth. This money is then kept in the other trust, where it is completely safe from creditors. If the trust deeds have been set up correctly, this is the safest and most tax-friendly structure imaginable. You are then in a position where you cannot be sequestrated in a personal capacity, despite the fact that you stand surety for all the bonds.

“My goal is to buy two properties a year…… I’m looking ahead to a bright future”

Without goals, you are like a ship without a rudder. You just drift around and go ashore here and there wherever the wind may blow you. Bettina wants to buy just two properties per year – this is an easily achievable goal and I know it will change over the years. In a few years she will probably be buying two properties per month and not per year. A bright future indeed!

Chapter 5

Peter Pyburn is my kind of financial planner. Most financial planners don't like me because I'm very critical of the type of advice that they give to their clients. But Peter is a planner who includes property as part of his advice, just like my own personal financial planner, Neels Stander. And of course this is why they are so successful!

Success!
by Peter J Pyburn

As a successful financial advisor of some 15 years now, it is my desire to try to assist and motivate my clients in building and keeping their wealth.

Prior to attending a seminar, I was (to a degree) brainwashed by the insurance industry as to vehicles for building wealth. I think this is a general malaise within my industry! I knew of the theoretical builders of wealth, property, equities, gilts and cash, but only concentrated on the last three. Property always seemed too risky and fraught with problems like tenancy, CGT and how to own it.

In 2003 I tried my first property venture of my own – motivated primarily by Coert's success – in spite of being "warned" that property investment gurus were a risk! I bought a 2-bedroom, 2-bathroom sectional title unit for R295,000 with an existing tenant. The rent covered my bond and levies even though it was a 100% bond. Since then current value has grown to R700,000, and I have NEVER paid a cent! In fact, the tax advantages reduce my current income tax liability.

I have had three tenants (the last giving a great deal of hassle), but I will never regret my decision, in spite of this. I lie...my greatest regret is that I never bought other units at the time. And that I never protected the property in a trust. And that I never approached Coert to work with him!

Now, property investment is a major part of my advice. Even to the extent that my wife is doing the estate agents' exam to finally offer a full property investment service – sourcing and securing the property for clients. At this time, I am holding off actually buying, unless I find a truly motivated seller. So presently my advice is given free (as I recommend not buying just yet). I will await the imminent interest rate increase and the sure-to-be flood of buy-to-rent properties I trust will come onto the market.

Then both myself and my clients will definitely be in the market! And we will use the most valuable benefits that Treoc offers.

Thanks Coert, for removing the misconceptions I was fed for all those years.

"…building and keeping their wealth"

According to the saying, it's easy to make a million, but hard to keep it. This is why investors shouldn't even consider buying property in their own name, and particularly not the home in which they live themselves. I'm a great proponent of the fact that your own property should not be in the money-making machine trust, but in a separate property trust. This is the bond that you must pay off over the years. Continual refinancing does not work with the house you live in yourself, because you don't have a tenant and so have to pay the bond yourself. As far as I'm concerned, any financing where you cannot use OPM is bad debt. OPM, Other People's Money, is not only where we use the bank's money, but also where we use the tenant's money to pay the bank.

If your paid-up assets, such as your own home, furniture, cars and so on, are separated from the money-making machine, then you are in a position to be "building and keeping wealth", because no one can take it away from you. This is why the double-trust structure is so important.

"In fact, the tax advantages reduce my current income tax liability."

Refinancing correctly with the correct trust structures is more advantageous tax-wise than any other form of business or property investment I know of. The money that's made with refinancing is completely free of any form of taxation. The interest that accumulates is not always deductible from taxable income, though; it is only deductible if the proceeds of the refinancing are utilised in the trust's property portfolio. But this is merely academic, because it is unlikely that you will have any taxable income if you plan correctly. So if there is no taxable income, what difference does it make whether there are any deductions or not?

This business is the only one I know of that makes money out of debt and losses. Our goal is to generate losses – and then we make lots of money. All the things that people are afraid of are applied here to make money, and it works like a dream. For all practical purposes, I can say that my method is tax-free and will even relieve existing tax, as in Peter's case.

"At this time, I am holding off actually buying, unless I find a truly motivated seller."

There are different ways of getting bargains, but one way is to find motivated sellers. Motivated sellers are people who have to sell their houses, because for example, they have already bought somewhere else, or they are busy getting divorced or moving to another city, and so on. The more motivated the person is to sell, the greater the bargain.

If you speculate with property, finding bargains is absolutely imperative, but if you follow my method of buy-and-hold, then the importance of this is minimal. I always say jokingly that I can close my eyes and put my finger anywhere on a list of available houses and buy. With my long-term strategy the price isn’t important, as long as it is market-related. This takes a lot of pressure off the investor, because searching for bargains can be gruelling. If I pay R25,000 too much for a R500,000 house, and the growth rate is 10%, the mistake is corrected within six months. Of course I wouldn't want to pay too much every time, and for this reason I use purpose-built software that takes the guesswork out of it and helps me to calculate the correct market-related price. All market-related properties perform, and the bargains that I find from time to time are merely a bonus.

Peter should perhaps take another look at the Treoc Investor software. By waiting for bargains he may be losing more money than he would lose buying the next best house!

Chapter 6

The next contribution is from one of our most loyal supporters in Bloemfontein. Maresa recently started the local Treoc Investors' Club in Bloemfontein as well, where she now helps other people to achieve the same successes. A club like this is very necessary, because being a property investor can be awfully lonely at times.

It Is Never Too Late
by Maresa Pretorius

Herewith my story. It's not big, and there aren't a lot of details about our properties and so forth, but I felt that I had to write this, because maybe it can inspire other ordinary, average people to become extraordinary, special people. We did not have any extra money when we started, and I still get a knot in my stomach every time we sign a deal, not knowing when the banks will actually tell me we are now over-exposed; but as long as the banks will lend me money, I will buy property. I am sending both my daughters and their boyfriends to the next seminar in Bloemfontein. They are still young, and have a lifetime ahead of them. If only we had this knowledge 5 or 10 years back! But, as we have found out, it is never too late, or too early, to start.

"We did not have any extra money when we started"

I still remember the day I met Maresa for the first time. She was very scared and very excited, all at the same time. I knew that day that she would be successful, and the short story that she has written is a personal triumph for me.

My method is not for people with money; in fact, it is for people who don't have money. If you have money it's a bonus, but it certainly isn't a requirement – remember, my method is about using OPM. To be able to get your hands on the bank's money, you must at least be creditworthy and a monthly-income earner. If you are not one of the two, then we will need to make another plan.

If you are not creditworthy, then firstly you need to start working on this. Determine exactly why it is that you are not creditworthy; establish why your name appears on the blacklist. You'll be surprised at how easy it can be sometimes to rectify the problem; at other times it may be a long process, though. Whatever the case, it's worth the trouble of immediately getting to work on it. If you don't work on it now, the problem will still be there in a year or two; people very easily accept that they are not good enough, and so instead of taking action they sit in a corner and feel sorry for themselves.

Lots of people sit with cash in the bank, and yet they still cannot qualify for a bond because they don't earn a monthly income. This is the easiest problem to solve. With the trust structures that we use, it’s possible to create an income where there was previously none. The trust can be an employer, just like any other company or organisation you may work for. Make sure you get professional help with this though, since it can easily be seen as fraud or misrepresentation if you do it incorrectly, and this can do serious damage to your name.

“... as long as the banks will lend me money”

How long will it take for the banks to decide that you’ve had enough? People worry about this tremendously; some people that I meet simply have the attitude that "the banks will not lend me money", and so they don't even try.

It reminds me of the following story. A man was driving along a deserted road late one night, when his car tyre went flat. He stopped to take out the spare wheel, but discovered to his horror that he had no jack. In the distance, he could see a light burning at a farmhouse, and so he decided to go and find out if he could borrow a jack. As he was walking along, he began thinking to himself that it was actually rather late to be knocking on someone's door. He thought to himself that the farmer would quite likely be rude to him and would probably reprimand him for bothering him so late. Perhaps the farmer would even set his dogs on him on top of that. As he walked along he got himself more and more worked up. Eventually he arrived at the house and knocked on the door, and when the farmer opened it, he yelled, "Well you can just stick your stupid jack where the sun doesn't shine!"

This is how we sometimes feel about the banks, and so we don't even try. Maybe you already have two bonds, and you “know” you won’t qualify for another one. You don’t know anything! Just try and you may be surprised.

Getting bonds, especially if you work with professional bond originators, is easy; but remember that you must be able to afford them – this is different to qualifying. Qualifying may be irrelevant, but affordability is a hard reality. It’s easy to get past the banks, but don't try to bluff yourself. Make sure that you know what you're letting yourself in for, and that you can afford what you are doing. Once again, with the correct software and help you'll probably be able to afford more than you initially thought. Use the OPT principle: other people’s time – in this case, professional people.

“... it is never too late, or too early, to start.”

This is very true. It is never too early or too late, and there isn’t a good time or a bad time to get involved in property investment. My children and many of my members’ children have property, because we buy in trusts, and trusts have no age-related problems. One of my members was 74 years old when he began in 2003 and today, three years later, he doesn't regret it one bit.

When your children buy in a trust, you will naturally have to assist them, as the parent, to qualify for bonds, since people younger than 21 may not be trustees of a trust. They will be beneficiaries though. Believe me when I say that an investment like this for your children beats any "study policy" by far. People over the age of 62 will sometimes struggle to get 20-year bonds; they can then be assisted by their adult children. This is the ideal family business!

Start today. Start slowly if you want to, but start. Otherwise I guarantee you that you will always regret it.

Chapter 7

Dale started slowly. In fact, she started *very* slowly, and I think it was because her husband was not entirely convinced about all this. But early 2006 Dale attended my seminar in Durban again, and now she is flying!

Flying With Property
by Dale Oberholzer

In about June 2003, after reading an advert for Coert's property seminar in the newspaper, I attended his Durban seminar. In those days, he did the whole seminar himself and it was the first time I had heard of buying multiple properties in the name of a trust. Coert did not have his wonderful network of professionals to make our path to riches easier at that stage.

I went out and looked at a few flats. Prices were starting to rise and being a very cautious investor, I decided that this type of investment was not really for me. My husband and I bought a piece of land at Westbrook on the Dolphin Coast in January 2004 instead. I am pleased to say that it has tripled in value in just over two years.

Then halfway through 2005, I decided that I had enough spare cash to invest in a flat to rent out. At the same time my sister, who is an estate agent in Johannesburg, told me about a couple who worked with her and did Coert's seminar. They were doing everything exactly as he recommended, and were "flying" with all the properties they were buying.

I then decided to become a Treoc Platinum member, met with Shiniade Kenworthy from Treoc Trust Company in October 2005 to set up my trusts (which were eventually registered in December and documentation sent to me in January 2006 – Pietermaritzburg Deeds Office is a little slow!), put in offers on two flats (both were accepted) and did Coert's seminar again in January 2006. What a difference compared to the first seminar I attended! I thoroughly enjoyed the day – lots of information and laughter. It was a great bunch of people that attended. Neels made me stand up while he told the whole roomful of people how it took me two-and-a-half years to finally do my first deal!

All this time my husband was totally against my new business venture. All he could see was the money I was paying out (the seminar, the Platinum membership, and the trusts) *and nothing happening with the properties. I tried to explain that I had to get everything set up properly before I could start buying and even offered to send him on Coert's seminar. Nothing would make him change his mind, so I had very little support to start with.*

In the last three months I have bought four more flats and have two more offers that have been accepted. My husband has totally "converted" since he has seen how many and how quickly we can buy flats. He told me the other day that he is very proud of me – I believed in what Coert had taught us and am succeeding in my property investment business. And this is just the beginning. I too want to own at least 100 properties. My sons are totally hooked on this property investment. My eldest is nearly 15 and I will be sending him on the seminar when he turns 18. He actually can't wait to do it.

Coert, thank you for imparting your knowledge and experience, for putting together your team of professionals to assist us, and for giving so many people such a wonderful opportunity to become rich!

"…his wonderful network of professionals…"

In the beginning I tried to teach people to do everything themselves. I taught people to establish their own support teams, and some people got it right, but many didn't. This resulted in fewer people being successful. I quickly realised that the success of my methods lay in the support team, and things were so easy for me only because I had a wonderful team of my own who helped me with everything. I had agents helping me to find the right properties, bond originators helping me to get the right bonds, attorneys helping me to develop and register the right trusts, bookkeepers helping me to do the complicated trust bookkeeping, and letting agents who took the headache of tenants away from me.

It took me years to put together the right team, and here I was expecting people to spend time on this first, when they were champing at the bit to get started! I would have to make a plan. My service providers were initially very willing to help, but after the first seminar they became panicky and I had to withdraw them again. They simply couldn't handle the volumes, and so we first had to work on the infrastructure. This cost time and money, but today they are able to do everything for the members that they did for me.

Even though I am making my network available to you, you have to work on your own network as well. Networking is about establishing business relationships. In addition to the service providers I will introduce to you, you will meet people yourself who can make a contribution, and your relationships with these new contacts are what will make the difference.

Over the years I have learnt that the most successful property investors are the people who establish a wide and extensive network, and then work this network, just as a farmer would work his land. If you want to be successful in property you need to start growing your network as soon as possible. This isn't necessary if you are someone who wants to buy a home for your own personal use; I'm talking here about someone who wants to buy many houses on a regular basis in order to rent them out. And though you may not believe it, you don't need to be a millionaire to be able to be an investor like this. After all, you'll be working with the bank's money, not your own. All that you need in order to be successful in property is a lot of initiative, and a network. Not money! Of course, it will help if you have money (money always helps!), but with a well-established network you will be able to get hold of properties that don't require any cash outlay from your side.

The first person in your network – and a very important one – is a good trust attorney. I firmly believe that you shouldn't buy property in any vehicle other than a trust. The advantages of a trust are too numerous to mention in this book, but the most important of them is that trusts are not subject to estate duty. That aside, trusts offer many other unique tax advantages.

The second link in your network is a personal financial planner who understands property. Be careful of planners who have goals other than risk protection. A good planner may be able to double your risk cover while halving your premium, which releases more money for property investment.

The third link in your network is a good bond originator who understands the principle of building a portfolio. All bond originators can help you to get a limited number of bonds, but only a few know how to get multiple bonds. It is therefore absolutely essential that you look for and find the *right* bond originator. If not, the banks will soon be telling you that you are over-exposed.

The next link in your network is estate agents. If you read about a bargain property in the newspaper, then it's already too late. You simply don't find bargains in the newspapers. If you didn't hear about the property before it hit the newspapers, you can forget about it. But if your network is functioning well, these properties will regularly fall into your lap; so you need a network of estate agents who will call you first as soon as they hear of a bargain that would suit your requirements.

The last but most important link in your network is a property manager, because all the good work will come to nothing if your portfolio is not managed properly. A property manager will handle everything related to the letting process for you, and they will do it well because they have more experience than you. For example, we need to know whether we can increase our rental or not, and if so, when and by how much. If you are letting a property yourself, it's always difficult to get these answers. Rental agents handle these issues on a large scale every day. They earn commission on the rental income, so it's in their interest to get the rental as high as possible as quickly as possible. They know when to raise rental, and by how much, and this benefits us.

Unfortunately, good letting agents are as scarce as the proverbial hen's teeth. I've noticed on our Redlist under the Consumer Complaints link on the Treoc.com web site that it can sometimes be a nightmare working with these people. By all means pay a visit to the Redlist; just don't let the "horror stories" there put you off property. Once again it's a case of choosing and investigating your letting agent properly, in the same way as people who do their own letting have to spend a lot of time screening potential tenants.

On my own portfolios I work only with letting agents; I can really recommend this strategy, because handling one's own letting isn't pleasant. Let us take a look at the process of selecting a good letting agent. There is really only one way, and that is to only appoint agents based on REFERRAL. In other words, if the agent hasn't been recommended to you by a satisfied client, you're running a risk. Some agents will pass the most stringent screening test, but have no ethical and moral codes and principles; and when these are missing, the best procedures and documentation will be useless.

You may find that some of the people recommended to you are too "nice" to be effective – particularly when the tenant doesn't pay. I like upright and honest letting agents who apply a dash of unorthodoxy in a respectable manner. Last year I met an agent like this. Someone had recommended him highly, and so I had an interview with him. His bona fides were in order, as is usually the case with someone who comes recommended, but this agent also had that streak of unorthodoxy.

I always ask new agents what their procedure would be if the rent has still not been paid by the seventh of the month. Usually the standard answer is that they would commence on the eighth with a legal process to collect the rent or evict the tenant. This answer doesn't impress me, because in my experience the legal process is very expensive and takes a long time. But this agent's answer was, "If the tenant hasn't paid the rent by the seventh of the month, I send my truck around on the eighth to load up his furniture and take it to my store-rooms." I was shocked, and immediately asked whether that was legal. He answered that he didn't know because it had never yet led to a court case, but it was very effective. I was very impressed! He then taught me something that I'd like to pass on to you, for what it's worth. All his rental agreements contain a clause stating that the contents of the house are part of the rental deposit. So, as far as he's concerned, he therefore has the right to keep the contents in safekeeping or in trust if he wants to. Whether that will stand up in court I don't know, but as he said, it's certainly effective.

He said that when he takes this route the tenants usually pay the rent in on the same day. I asked him what he does then, and he said that he immediately takes the furniture back, because he doesn't want unhappy tenants. I liked this answer most of all, because I also believe very strongly that one should always keep one's tenants happy. For example, if a tenant complains that the stove is not working or the pipes are leaking, then repair them immediately. Keep your tenants happy, and don't ever give them reason to withhold the rent because you didn't fulfil your responsibilities.

I then asked him whether there are any tenants who take legal action when he loads up their furniture. He said yes, a small percentage take steps against him. Within a day or two he receives an attorney's letter, telling him that it was illegal to load up their furniture, and that if he doesn't return it within 24 hours they will lay a charge of theft against him. I asked him what he does in a case like this, and his answer was once again astonishing. He takes the furniture back the next day, and removes all the outside doors and gates and takes them away to be serviced. I was dumbfounded, but it probably goes without saying that I appointed him, and my rent collection ratio with this agent is 100%!

It’s very easy to build a big property network. The only thing to do – as with all networks – is to make contacts. A network is nothing but a list of reliable contacts. You should meet as many people as possible, and if you meet someone you think can add value, then keep in touch. You will also meet many people who are not able to help you, but to encounter that one contact who can open many doors for you you must ‘work through the numbers’. In other words, perhaps every tenth agent you meet is worthwhile keeping in contact with, and you want to have three agents in your network, so you should in theory get to meet and evaluate thirty agents as soon as possible.

Once you meet that one special person, the art of course is to keep in contact without becoming an irritation. So for example, you could call the person once a week to find out if he has perhaps found ‘your kind of property’. Of course you need to make sure he understands what ‘your kind of property’ means, and how much you are willing to pay. Regular contact and repetition are the best ways of establishing yourself.

It would be good to get hold of strategic personal information, such as birthdays or the fact that his child excels at sport. If you show an active interest in the person, and wish him a happy birthday or congratulate him on his child’s weekend sporting achievement, he will probably remember you. Your position in his list of contacts will improve – maybe even to the number one position – and then the bargains he finds will become your bargains!

It might be worthwhile to read a book or two on the subject of networking, or even to attend a seminar. Remember, what you put in is what you get out.

“…a piece of land … has tripled in value in just over two years.”

This is what happened with property during the period 2003 to 2005. It doubled in value, and in some cases even tripled, as with Dale’s piece of land. In my opinion, a piece of land is not the best investment to make. Without calling Dale's choice and judgement into question, I think that with this piece of land they entered the market at exactly the right time. But it could have just as easily all gone wrong.

I was talking to someone recently and she was telling me about a big piece of land that she bought near Port Elizabeth 14 years ago for around R40,000. Ever since then she has been trying to sell it, at times for even less than she paid for it. No one has ever been interested. Then two years ago developers suddenly became interested, but by then she didn't want to sell anymore. The land was recently valued at R7 million and and she still has people who are very interested in buying it. It just proves once again that over time you will always make money with land, but also that you have to be very patient.

I’m not such a patient investor though, and I prefer to buy property that increases in value faster; I also prefer a property where I receive rental while I wait for the value to grow. To me the answer is lettable entry-level properties – they have been growing in value for as long as I can remember. In a market like the one we had from 2003 to 2005, almost anything will grow, but not everything grows when times are tough. When interest rates go up and the growth rates come down, you should have property that can still perform.

“All this time my husband was totally against my new business venture.”

Property investment is the ideal family business, but it’s also the kind of business that needs to be understood by both spouses, because it first takes money before it makes money. Of course, as soon as it starts to make money, everyone is in favour of it. But the problem is that many people who are highly motivated to invest in property can have their enthusiasm totally dampened by negative spouses.

I often see this phenomenon in our investors’ club. My method of making money from debt and losses is not one that uninformed people can easily accept. I often see someone coming to my seminar and being highly motivated afterwards to get started, then two or three years later I meet them again at an investors’ function and am shocked to hear that this person who was once so motivated has still not bought property. When I question them I usually find out that it’s because they don’t have the support of their spouse.

In contrast, couples who both attend the seminar are almost without exception always successful. Single people are also more successful than married people who cannot work together. I can understand that couples who are not both motivated will battle, because it isn’t a simple method that we’re following. Or let me rather say, it is simple, but only if you change your mindset. Two people who don’t have the same mindset are heading for confrontation.

I suggest that couples do research together if they decide upon property as an investment method. Read the same books and attend the same seminars. If your partner doesn’t even want to do this with you, then I suggest you keep quiet and do it on your own.

Years ago I cut negativity out of my life and the biggest and best decision I made was to get divorced from my negative spouse. My life turned around completely after that.

“ …to get everything set up properly before I could start buying…”

It is so important to do it right. It may cost money to set up a watertight trust structure, but this is the most important thing of all, and is just a once-off expense. We work with specialised trusts that have stood the test of time with regard to asset protection as well as tax benefits. If you have the correct trust structure and establish your assets correctly within the structure you will reach the point where you can lose nothing, because everything is so well protected. We separate the risk – for example, bonds – completely from your assets, such as furniture, cars and cash. If you cannot lose anything, you will not be scared of anything, and you'll be surprised at how much more successful you become when you are fearless. Fear is the greatest demotivator that there is. Cut it out of your life successfully and effective decision-making will be the order of the day. But if your structures are not correct, fear will always be in the background, and fear can paralyse you completely.

The structure that I recommend is the double-trust structure.

Double-trust structure

We've mentioned the double-trust structure a lot lately, and judging by the queries I get, I realise that a lot of people don't quite understand it. I'd like to explain it with reference to the following question that I received.

"Dear Coert

I attended your seminar and I'm very excited about your methods. The seminar was a day full of exciting new methods that I can't wait to implement. I would like more clarity regarding the double-trust structure and how it can fit into my existing situation.

Our primary residence is paid off, and we also own two other properties that are paid off and that we are currently renting out. I wanted to sell them to generate a profit, but after the seminar I now know that that would be very foolish. We are rather going to buy more using your unique refinancing concept. How should we handle the existing assets and new properties within the trust structure?

Regards
Ben"

I get a lot of questions like this, more or less along the same lines. For the above-mentioned, my answer would be as follows:

The double-trust structure means that we have a safe trust and a risk trust. On the seminar I usually refer to them as the cash trust and the property trust. It isn't so much about two trusts, but rather about two levels: on the top, safe level there can be a number of trusts, and so also on the bottom level.

In the top structure you would keep all your assets such as paid-off properties, policies, furniture, jewellery, and so on. It should be entirely free of creditors. The bottom level is the business, or as I always say, "the money-making machine". This is where the financed properties are bought and refinanced.

To get back to Ben's letter: I think you will agree with me that his paid-off house belongs in the cash trust and that he should buy the new properties in the property trust. In this way, he will have separated his assets from the future risks associated with the property trust. If you carry out this separation properly, with the help of my Treoc.com service providers, then you will be in the position where you personally own nothing. If you own nothing, then you have nothing to lose, and it is then that you will become truly fearless. Fearlessness is essential for large-scale property investment.

We have not yet looked at Ben's two existing paid-off rental properties. For them I have an entirely different plan. I would set up a third trust on the top, safe level and transfer them into there. After that I would refinance them partially. I would ensure that the interest repayments to the bank are the same as the rental income, and in this way effectively cut out tax. Then I would move the refinanced money over into the property trust to subsidise shortfalls on new purchases.

The properties should, of course, be transferred using the usufruct method. After my recent article about usufructs, I received a response from a trust attorney in JHB, who has been "practising in trust law for years". He pointed out to me that our method is not correct and that the effective saving on transfer costs is far less than the 85% I mentioned in the article. We just smiled and said thank-you for the input. My attorneys have already transferred hundreds of houses to trusts and never has the saving been less than 85%! As they say, the proof of the pudding is in the eating, and we have plenty proof! This also goes to show that few people really have the necessary knowledge – not everyone who says they are an expert is what they or you may think they are. It may be a good idea to have my trust attorneys (you will find them on Treoc.com) take a good look at those existing trusts that were set up by your bookkeeper or lawyer-friend.

The double-trust structure and usufruct method are but two of the many fantastic advantages of trusts. The tax benefits particularly are enormous.

"And this is just the beginning. I too want to own at least 100 properties."

Dale, I believe you will reach your goal. Anyone who strives to reach their goal with such a sense of purpose will achieve success. There is no doubt about this, and I also believe that women have a better sense for property than men do.

The property industry is one of the few industries where women comprise the majority of professionals. By far the greatest percentage of estate agents is female; add to that that the most successful estate agents are women too, and we have proof that women have a special intuition and passion for property. About 80% of the properties that I buy are sold to me by women. In fact, I actually prefer working with women, as I find that they are more thorough and professional than their male counterparts. I have also found without fail that women work a lot harder to keep the customer satisfied. In order to achieve this, they have to have a thorough knowledge of their stock, as well as of the needs of their clients. In short, women are extremely successful in property sales.

The question now arises: if women are so active and successful in property sales, why are so few of them involved in property investment? I don't doubt that women have a unique feel for residential property, yet they don't utilise it fully to their own advantage.

At my investment seminars fewer than a quarter of the participants are women, but afterwards they often make the most successful property investors; even though there are more men, more women are successful. Apart from their feel for property, I have also found that women are more receptive to new ideas. Men are far more conservative when it comes to money matters. For example, the refinancing method – where you buy property with the bank's money and not your own – is grasped and accepted more rapidly by women.

The revolutionary refinancing method – which has the whole country talking – is about completely changing the way you see property. After that, it's guaranteed that property (and your life) will never be the same. Everyone who grasps this philosophy can become a formidable property investor within a short time, well on their way to great wealth and riches. Every day this method changes ordinary people into millionaires. It's about buying property with little or no money of your own, and never selling the properties, but rather refinancing in a responsible way and with the right software. In this way you can buy more properties, and eventually provide for yourself very well.

The greatest disadvantage that women may have when it comes to property investment is that they tend to get emotionally involved. They prefer to buy houses that they would like to live in themselves, and sometimes they want to change the interior (carpets, paint) to suit their own preferences. The biggest problem though, is that they get too involved with their tenants. These women would generally buy fewer than ten properties, and those ten would keep them so busy that they wouldn't have time to handle any more. However, once women learn how to handle property investment like a business, and look at it in a cold and clinical way, they are generally more successful than most male investors.

The career of a property investor is ideal for the professional woman as well as for the housewife. Your time remains absolutely your own, and you can organise it as it suits you. Since most estate agents are dynamic women, the dynamic female property investor will regularly be in contact with kindred spirits. Strong friendships often develop from mutually beneficial business contacts. In other words, property investment is an avenue where women can truly flourish in a very profitable career requiring little time and effort.

The greatest advantage is that property makes you financially independent. Of course, here I'm talking from the point of view of the investor, and not the agent. Estate agents will have to work forever, regardless of how successful they are. As soon as they stop working the money will stop flowing in. Investors gradually work less and less until they can stop altogether. At that point the money will still be streaming in, and even increasing, as property values and rent both continue to grow!

If you take into consideration how hard it is to be a successful agent, and how easy it is to be a successful investor, I am amazed that the majority of women in property choose to be agents. Of course, that's because they're not aware of my simple methods. Perhaps they should have a talk with me; their lives will never be the same!

Chapter 8

Wayne's ambition was to beat his pension fund with property; well, he didn't just beat it, he humiliated it!

Endowments And Annuities
by Wayne Bruyns

Here is my story. It starts while I was employed by a national telecoms company; I was running a small sideline at the time – an alarm installation company – to supplement my income. I was concerned about my future and did the conventionally wise thing – invested in endowments, annuities and unit trusts to the tune of R3,500 per month! I did alarm installations for affluent customers in the Southern Suburbs of Cape Town; a lot of the installations were in new houses in new developments and I was always astounded at how the vacant land prices in these developments had skyrocketed from the original purchase price by the time I arrived to install. One particular estate increased from R395,000 to R800,000 in just six months!

The answer was clear: the policies had to go and the money had to be invested in property. I was lucky enough to receive a request to quote on an alarm for a customer retiring to Simon's Town – a beautiful coastal holiday spot, the last suburb on the Cape's Southern Suburbs railway line. The area is also home to the S.A. Naval dockyard, and despite its charm, history, stunning beaches, and sea and mountain views, it never really became fashionable and expensive like Camps Bay and Clifton, the jewels of Cape Town.

I enquired from my potential customer as to the purchase price of his land. He had bought for R145,000, but these plots had appreciated to R195,000 within six months. I found a piece of land in a different part of Simon's Town, with stunning views of False Bay from Muizenberg to Gordon's Bay, for R230,000; my logic and gut told me that this land had to appreciate, and I wasn't too concerned with its past performance. I cancelled every single endowment policy, annuity and unit trust, and received the princely sum of R60,000 for my 10 years of investing. I purchased the stand on 8 October 2002 for R225,000, with the seller having accepted the lower offer I made. He had been asking R195,000 a month prior to this, and I sold on 20 September 2005 for R1,050,000. I outperformed my well-respected company pension fund – of which I was a member for 24 years and to which the employer made a contribution equivalent to the employee's – by 20% within a much shorter time period.

What really irks me is that some people still want to make an issue of the Capital Gains Tax. Let's look at this: pre-tax profit = R766,000, the CGT was R75,000, so nett profit after tax = R691,000. I paid more than double this amount on my smaller pension fund payout!

I am now a full-time property investor and a Platinum Treoc member with many properties all over the country. Treoc has provided me with the expertise and tools to expand by utilising as little of my own money (cashflow) as possible – an investor's most valuable tool.

"… endowments, annuities and unit trusts to the tune of R3,500 per month!"
"I cancelled every single endowment policy, annuity and unit trust, and received the princely sum of R60,000 for my 10 years of investing."

Just like Wayne, we've all fallen into the hole dug for us by the insurance companies. And thousands more people fall into this trap every day. We go to school and learn how to do sums, but for some or other reason we don't use our knowledge of doing sums to see how we are being conned. Isn't it amazing that we are able to trust other people so easily with so much? For example, take that reliable family friend who has handled the family's financial planning through the years. When Dad retires and the policies don't pay out what the family friend promised, of course it isn't his fault; it's because the markets didn't perform. Dad now begins to struggle a little and becomes dependent on his children, but can you believe it, Dad invites the family friend to do his children's "financial planning" as well! This kind of loyalty makes me sick, and I meet people with stories like this on a weekly basis. Are we that stupid?

No, we're not stupid! We merely feel we have no other options – we don't know what else to do. We all know that we need to make provision for our old age, and this is the only way that we know how. And the family friend isn't a crook either; his intentions are honourable and he really believes that he is helping us. We are all brainwashed by the insurance companies. Those spectacular ads that cost billions of rands, and the beautiful office blocks, also costing billions, blind us and we are tremendously impressed. So we buy these nonsense products offered by our upright and learned family friends.

In 2005 I incurred the wrath of the entire insurance industry when I put the following letter from one of our members on my web site:

Coert

Attached please find my letter to SANLAM and their answer. If you wish, you may use this as an example during your seminars of poor investments with life insurance companies.

Daan Viljoen

……………………………………………………………….

From: Viljoen, Daan (IMPUNZI - XCSA)
Sent: 14 July 2005 09:39 AM
To: 'life@sanlam.co.za'
Subject: Policy Number 040024418x2

The General Manager
Sanlam Life Insurance

Dear Sir,
An amount of R67,002.04 was paid into my bank account on 13 July 2005, in respect of the above-mentioned policy.

The total Capital paid by me during the last 5 years amounts to:

Year 1	*R1,000 per month*	*R12,000 for the year*
Year 2	*R1,100*	*R13,200*
Year 3	*R1,210*	*R14,520*
Year 4	*R1,331*	*R15,972*
Year 5	*R1,464*	*R17,568*
TOTAL		*R73,260*

The way I understand it now is that I invested R73,260 over a five-year period with SANLAM for a return of R67,002.

Minus R6,258.

Based on a conservative estimate of 2% growth after tax, my investment should have been +-R78,000.

If the above is true, then nobody in their right mind should invest with SANLAM.

Please advise soonest.

Daan Viljoen

…………………………………………………….

Sanlam's reaction to Daan's letter:

1 August 2005

Policy Number 040024418x2

Service request number 1-5B31NO

Dear Mr Viljoen

Thank you for your enquiry with regards to the above-mentioned policy.

The policy fees, as well as the fund performance of the investment fund, have an influence on the maturity value of your policy.

The contributions for this policy were invested in the Offshore Equity Fund. An investment in the Offshore Equity Fund shares in the full growth of the assets in this fund. The Offshore Equity Fund consists mainly of investments in foreign equities. The value of the policy investment in this fund will increase, or decrease, as the market value of the assets in this fund, expressed in South African currency, fluctuates.

The average rate of return for the Offshore Equity Fund from 1 July 2000 up to 6 July 2005 was -0.9% (negative growth) effective per year.

There are many other Stratus funds that showed good returns over the same period. However, I am not registered or qualified to provide you with any advice in this regard. Please contact your advisor for any information with regards to the investment funds.

We can understand that you are under the impression that we have been mismanaging your investment. The fact that this portfolio performed negatively does not necessarily imply that the fund was mismanaged. Unfortunately the volatility of offshore equity markets and the strength of the rand have caused most offshore portfolios to perform negatively – even though we may be outperforming our benchmark.

One should also bear in mind that a fund manager invests according to a mandate. In this case, the mandate required that this portfolio be invested in offshore equities. Even if a fund manager may hold the opinion that domestic equities will outperform offshore equities, he still needs to invest in accordance with the mandate of this fund.

We do hope that the matter is clear to you in light of our explanation.

We have your language preference recorded as Afrikaans. You wrote to us in English. Please inform us which language you would prefer so that we can arrange for all correspondence to be sent to you in the language of your choice.

If you require any further information or service, you are welcome to send us an e-mail or contact the Sanlam Life Client Contact Centre at the number stated below. Please quote the service request number at all times.

Yours sincerely
Danelle Vlok

……………………………………………………………

The comments that I published with the letter, and which made the whole insurance industry angry, were as follows:

This is a disgrace! It is what I have been telling people for years. Some people are young enough and still have time to do something else, like investing in property, before retirement, but some just discover it too late! When I see elderly people begging at traffic lights, I cannot help wondering whether they also discovered it too late.

I know many insurance people are going to roast me again like they did last month when I dared to criticise them. Guys, before you do, think about this and tell me that it isn't wrong, terribly wrong!

Imagine how much money Daan would have made if he had used those monthly investments to rather subsidise the shortfall on a property. Our Gold and Platinum members will agree that with R73,000 over the previous five-year period and using my methods, with a very, very conservative calculation the return would have been more than a million rand!

As expected, the response to Daan Viljoen's insurance letters was tremendous. Most of the responses came from insurance brokers and financial planners; again, it was a case of the messenger – poor me – being slaughtered by the people. But some of the responses were from people thanking me, and that was very satisfying!

The major trend of the insurance industry response was that it is the responsibility of the client to make sure he is investing in the correct fund.

A few questions now arise:

Who makes these unprofitable investment funds available to the public?

Why don't the insurance companies warn people to stay away from these bad funds?

Are the insurance companies training their brokers and agents to advise people on the best available products?

If the recommended product does not perform as expected, why don't they give new advice and change the investment product, instead of waiting for the client to receive the bad news after five years?

Is the reason not perhaps the fact that the broker and the insurance company had already taken their commissions and fees in the beginning, and so there is no benefit for them in "saving" the client afterwards?

Just asking…

Being a financial planner today must be very hard. Normally testimonials will bring in more business; just imagine the power of a testimonial like this:

"My name is Joe Soap. I took out an investment policy no. 345623784 with XYZ Insurance Company in 1985. My total premiums on that policy amounted to R350,000. My policy today paid out an amount of R1,500,000. I wish to thank XYZ for making this difference in my life, and for making it possible for me to enjoy my retirement."

Why don't insurance companies have testimonials like this?

In conclusion: insurance is for covering risks like death, disability, and medical events, not for investment. I have read a lot about insurance, and have even visited the offices of Lloyd's of London myself. Nowhere could I find any justification for the marriage of insurance and investment. Perhaps insurance companies should stick to what they are supposed to be doing – risk insurance; this is the advice you will receive from Neels Stander, my personal financial planner. Neels doesn't have any clients with experiences like Daan Viljoen's, and Neels has won several top awards in his career. Makes you think, doesn't it?

With this, we will close the debate for now. It seems to me this is something that we will see a lot of in future, because each day more and more people are receiving bad news like Daan, and more and more insurance people will blame the market or someone else (even the client!) for the non-performance of their advice and products.

It was a good debate and I'll gladly publish a few excerpts here for you. If you're interested you can read the complete letters on my web site www.treoc.com. I have decided not to publish the insurance brokers' responses in the book, because most of them were extremely insulting and in fact unpublishable, but some of the less offensive ones are indeed available on the web site. Here are some snippets from my supporters:

"Three years ago I took out two policies, and with annual increases I am now paying a total of R5,260 in premiums per month. I recently set out to start a new business, and requested them to decrease my premiums for a few months in order to keep my initial costs down. The response: I would have to pay a penalty of R848.48 on the one policy, and an astounding R33,097.96 on the other. Note that I did not wish to cancel the policies; merely reduce the premiums for a couple of months."

"Well done on your article about Daan versus Sanlam! It's very clear that if you throw a rock into the bush and hear the dogs yelp, then you know you've hit something!"

"I have also fallen foul of this scenario… invested R400,000 in May 1999 (before I joined PGP, just for the record!), and it is now worth R380,000! Whilst I accept responsibility for having made the decision in the first place, what really bugs me is that the admin fee is charged annually – in fact, had it not been for this fee, at least I would have been in the black!"

"I'm so surprised that some people who call themselves 'brokers' don't understand the purpose of insurance companies, which is, as you correctly said it, to manage risk."

"I agree fully with your conclusion at the end… insurers are insurers, and not investor managers."

"I also worked for an insurance company and it was compulsory to belong to their provident fund... I had a balanced portfolio, and at the end of two and a half years of working there, my nett return before taxation was -20%... yes, I got back 20% less than the capital that I was forced to invest."

"What the other investors do not understand is that with the other investment products you have to use your disposable hard-earned income to play the investment game; with property ANYBODY can become wealthy and you use very little of your own money!"

"Although you have taken some abuse here, I thank you for raising this. The issue is that most people do not have "financial advisors", and most "financial advisors" are "here today gone tomorrow"; normal people do not have the expertise to analyse their own portfolios. There is also a trust issue with financial advisors. Many people do not trust them."

"Dear Coert, I have followed your last two e-mails with a lot of interest and would like to say the following: KEEP IT UP AND PAY NO HEED TO WHAT THE INSURANCE COMPANIES SAY. The most important aspect is that it makes us all think and take greater responsibility for our financial affairs. Many of us lack financial literacy and your newsletters are always useful and much appreciated."

"After reading the whole debate on the insurance issue, I would like to add that I think you are a very brave individual."

“The most important thing I have learnt is to invest in yourself before investing in real estate or any other investment vehicles. Attend seminars and read as many books as you can on the subject. Risk is not knowing what you’re doing.”

“For those that still have to make up their minds I’d like to leave you with this thought. You can’t score if you are not in the property game – if you stand on the sideline, you will see and hear about all those people making the big bucks, but your bank balance won’t show it.”

“Financial advisors and brokers need to get off their self-righteous little pedestals and put themselves into their client’s shoes. Insurance is not the way to go!”

“As a certified commercial and financial accountant in practice I see many people in business or working or investing who have no clue as to what they are doing all this work for. They just seem to think that if they own a business, have a good job, or "squirrel" money away somewhere that they will be able to retire. They don't have a clue where they are wanting to go in life. It is my opinion that if more people took an active role in, firstly, deciding this or making sure that they get the best advice to assist in this decision, then many more people would also do their homework on deciding which INVESTMENT PROFILE will get them there. With no goals you can't plan the journey.”

“After I had paid in for 8 years I enquired about the value of the policy and found it was exactly the same as I had paid in. I would have been better off putting the money in the bank.”

“My real reason for writing is just to say that you can't blame someone else for your losses, unless fraud or theft was involved.”

“It is shocking news to hear that the so-called professionals cannot be held responsible for not managing these funds because it is the investor’s responsibility to do that. If I was aware of this when I invested my money then I would have made a responsible decision at that time. Why must this fund manager and/or broker earn commission for something I must manage and monitor myself? Isn’t it a sick comment from these people?”

“If I buy property then I can see what I am buying and I can see when it needs attention, because it is visible. The maintenance is then my responsibility and I must manage that property. I can touch it, appreciate it, live in it, enjoy it, entertain my family and friends when I want to, or just rent it out and earn something from the rent. When necessary, I can sell it or obtain an additional bond to pay for other things. The beauty of this is that I am in control of my investment, and if I make the wrong decision then I can blame myself because there is no other party involved.”

“I think these companies should be had up for fraud. At least if you left your money in the bank, the numerical rand value would not decrease.”

Chapter 9

The following letter comes from a man who says that he cannot write. It really doesn't matter, as long as he can count; and if I look at his track record of success, then it seems to me that he has no problems with that.

The Sun Over All Of Us
by Andre Steyn

On 23 January 1979 I got my first hiding from my Grade 1 teacher, because I could not write my name.

You can only imagine what an impact this had on my school career. What is with the "e" at the end of "Andre" to start with? I was just six years old and the teacher had decided of her own that I was not worth much. I was moved to the back of the class, and from there it was just a struggle; and today I still can't spell or read properly.

I started working, and when I changed companies after 10 years, I learnt with shock that my pension payout for that period was a meagre R24,000. Apparently two aeroplanes in New York had something to do with the poor pay-out – at least this is what I was told. The financial mess that my pensioner parents were in also made me realise that I had to do something for the future, so I bought myself a house and renovated it. "Everyone has to buy a house," I thought, "my father has one." And for this I am very thankful today.

I had only read one book in my whole school career (Kringe in 'n Bos) – if I hadn't read it I would not have been able to pass Matric. My second book was Rich Dad, Poor Dad, which took me seven weeks to read. The English wasn't easy, but I was so interested in what I was reading that I couldn't stop.

I read the second book in the Rich Dad, Poor Dad series, and my vision expanded so much that I secured a plot on a golf estate in the Cape, with a 10% deposit that I financed by taking a second bond on my R170,000 house. The plot already has more than R1 million equity and transfer is only in 2007. I was very lucky to be able to secure a plot before the official launch. Already my mindset was starting to change into that of an investor, even before I was able to take the actual step of gearing and investing.

I was very excited, because now my payslip was working harder than I was. I bought and read almost all of Robert Kiyosaki's books, which were very good, but something was *still missing. I found out what it was after I did Coert Coetzee's course: you must have a plan that protects your assets and that works. In the last year I've bought another three houses and a plot to fill up my trust. I took my life policy out of my estate, and I'm busy structuring all my other possessions in my trust. I also established a family trust with five of my eight siblings, so that we can help get my parents to look past their paid-up house and also begin living again financially. Our joint buying power is about R2.5 million, and with R500,000 cash from their paid-up house's equity and Coert's methods I'm looking forward to the future.*

I'm also busy buying a plot on which I would like to build 10 townhouses, which will be split between my, my family's and my sister-in-law's trusts. The Treoc web site is a must for anyone who wants to invest in property; if I need any information it is only as far away as my computer.

I want to say thank you very much to Coert for sharing his knowledge with others. I'm only sorry that not everyone can grasp it and use it. I would also like to say thank you to my wife, who assists me with filling in documents and writing letters.

To everyone who thinks that they are not clever enough to create wealth, go and sit quietly and decide what you want, because this could be the beginning of a very enriching life. This is a fantastic method for success. Remember: you cannot reap the fruit unless you first plant the tree, and water and maintain it yourself. Coert has already prepared the ground. Thank you.

" ... and today I still can't spell or read properly."

I think this letter is very well-written for someone who "can't spell or read"!

There are two huge mistakes that stand between poverty and success these days: many people think that you have to have money to make money, and many think that you have to be highly-educated to be successful. Both are untrue. Andre is proof that being educated has nothing to do with success: success is the result of positive thinking. An educated negative person is exactly that: educated and negative. He will never be successful. If in fact there are people like this who are successful, then I have yet to meet them.

I am probably the most positive person I know, and my success is the result of that. I have no higher education, but this has never made me negative. I do believe though that a positive person who is also educated could be more successful than I am, and therefore I encourage my children to study. Robert Kiyosaki alludes to the fact that you should not waste your time going to school. That's nonsense, you must go to school! I do think though that schools could offer more practical subjects to prepare children for real life, and especially to encourage entrepreneurship.

Despite the fact that I believe it is good to acquire higher education, I want to emphasise that education alone will by no means make you a better property investor. Property investment works on gut-feeling, and for that you don't even need to be able to read or write. As long as you just know someone else who can read and write! Andre my friend, with your intuition and your wife's assistance, you're going to reach great heights.

One day, years ago, I met an elderly Zulu man at an auction. I had watched him regularly at previous auctions, and he had bought many properties in Tembisa, one of Gauteng's largest black towns. After I met him, I asked him a little bit about himself, and he shared with me that he had only progressed to Standard Three at school. Today he is quite likely one of the biggest property owners in the country.

"I took my life policy out of my estate, and I'm busy structuring all my other possessions in my trust."

Andre understands the principle of making yourself fearless. All your possessions, even your life policies, must be in your trust. Let us look at how possessions are placed into a trust. (Rob Velosa, my personal trust advisor, handles this aspect very thoroughly in his presentation at my seminars.)

Firstly, you must understand that assets are not protected immediately after they have been transferred to a trust. If you are solvent, the assets will be protected against creditors six months after you have transferred them, and if you are insolvent, they will only be protected after two years. So it is of the utmost importance that you do it immediately, and don't wait until trouble knocks on your door.

The easiest way to get movable assets such as furniture, vehicles, jewellery, crockery, linen, and so on, into your trust is with what we call a "book entry sale". You will set up a complete inventory of everything that you own, and then you'll ask your bookkeeper to enter it in the trust's books.

Life policies are different. If your health allows, you will take out a new policy with the trust as owner, payer and beneficiary, and yourself as the insured life.

Property, however, cannot be transferred with a "book entry sale", but rather with the usufruct method, or it will be too expensive. Jose Delgado, CEO of the Treoc Group, provided the following contribution about the usufruct method:

Sometime back we discussed the concept of a usufruct. We believe that it is critical that we again raise this issue, as it is a very important one and a concept that we need to implement; we believe that time is running out for us to utilise this method as a way of very cost-effectively moving your property into the correct structure.

The main reason for sending out this article is to bring to our members' attention the fact that our very astute and busy Minister of Finance has got usufructs in his sight. It is naturally the intention of the government to collect as much tax as possible, so when they *uncover a method which is reducing their collection of taxes they will move to stop these methods. Transfer duty is really just a property tax, so when we save, the Government will move to curb it.*

Before we take our discussion any further, I think we should examine why we would even consider moving the properties we have in our name.

1. *We clearly want to protect our properties; the residence you and your family live in should always be secure from all creditors, and that is why it should be safeguarded.*

2. *Your rental properties should in turn be secured from any of your personal mishaps.*

3. *We need to protect your estate from having to pay any estate duties on death. Once the property has been moved, there will not be any estate duty payable by your estate. The rate is currently 20% on any assets in excess of R1.5 million, and clearly your properties will be worth more than that sum. So if you keep the property in your name, there will be hefty taxes to pay on your death.*

4. *Upon your death your estate is subject to Capital Gains Tax. The Act says that your death is a deemed event which triggers the tax. The result is that any assets in your name which have increased in value up to the date of your death will be taxed at a maximum rate of 10%. The unfortunate scenario is that there is no money flowing from any sale of the property, as it is just a deemed event; this is going to result in an illiquid position, if not an insolvent situation. By moving the properties into a trust this nasty scenario can be avoided.*

5. *Upon your death, an executor is appointed to wind up your estate; this executor/executrix will receive a payment of 3.5% plus VAT (the equivalent of just under 4%) of the* ***GROSS*** *value of your estate. Imagine what your properties will be worth then! By placing assets in trust, this can be avoided.*

6. *Upon your death your assets are frozen, which means that your spouse and dependants and children cannot access your assets. By having the properties in trust, this can be avoided, as the assets, rentals, and use of the property is immediately accessible.*

7. *As you are all aware, the main reason for setting up your property machine is to live from it comfortably. You should therefore protect this source of income and earnings. I would imagine that you would also want to pass these benefits on to the next generations; if the property is in your own name, this will not happen, as you cannot die with debt. All your properties will be sold to pay off the bonds, and there goes all your hard effort in having established your property portfolio. Furthermore, if you only have a few properties and the gearing is very low, the cost of moving those properties from your estate to your heirs will be very high.*

If any of the above reasons appeal to you, you should move your property yesterday! Of course, the costs will seem prohibitive, as transfer duty is normally 8% of the market value when transferring the property from your name to the trust. However, if we utilise the usufruct, the costs will be minuscule and therefore very affordable. The transfer duty with the usufruct will be between 0.5% and 2%, depending on various factors such as age, value of property, etc. Please note that there are other costs as well, such as bond cancellation and bond registration costs, but the costs are still extremely low and affordable.

So, to bring us back to the urgency of this letter, Mr Manuel is clearly not happy that we are able to move our properties into the correct structure so cheaply, so he has proposed and mentioned in the national budget this year that they will be looking to prevent us from using this wonderful tool in the future. This is a reminder that time is running out, and we could possibly lose out on the opportunity to benefit from the current state of affairs.

On that note, it has come to our attention that many people are buying property into their own names and then moving the property into their trusts using the usufruct method. This may appear to be a saving on the transfer duty, but it is also one of the reasons that the Government is looking to stop the use of usufruct transfers as a method to minimise transfer duty. We must caution that although it might appear to be a saving, it will in fact catch up with you upon your death. The value of all the usufructs is calculated and added to your estate, and you will end up paying 20% estate duty on any usufructs in excess of R1.5 million that are registered in your name. We therefore suggest that the usufruct only be used for properties that you currently own and that you wish to protect.

We will close off with a hot potato topic… Many advisors, accountants and attorneys will advise you not to move your current personal residence via usufruct, or buy your new home into a trust, as you will lose the Capital Gains Tax exemption of R1 million; but before you listen to such advice you should note the following;

1. *Are you planning to sell your house? If not, you will not be gaining from the exemption; you will however be exposing the home to creditors and huge taxes and costs upon your death.*

2. *Once we really examine the issues we can expose the red herring: you will realise that it's just a huge carrot sold to us by SARS. Individuals pay Capital Gains Tax at a maximum rate of 10%; this means that if you sell your house, the exemption would result in a maximum saving of 10% of R1 million, which is R100,000. Are you prepared to expose your home for this supposed benefit, which erodes each year as inflation creeps in and as property prices continue to increase? Consider the estate duty that will be payable, which is 20% on the nett value of the property; the Capital Gains Tax on any growth in excess of R1 million – and the growth will certainly exceed that over the years; also the executor's fees of just*

> *under 4% on the* ***GROSS*** *value of the property; and finally, all the disadvantages that go with holding property in your name.*

Don't be fooled: we don't sell property, so buy right the first time around and do the right thing."

"...a plot on a golf estate..."

Excellent investment! This is not the kind of property that I would use for the money-making machine, but it is the type of property that I would buy with the money I make *from* the money-making machine.

As you probably know, the government has put a moratorium on all new golf course developments. This means that supply is limited, but the demand is still climbing. This is the recipe for capital growth!

Chapter 10

Ben is someone you don't forget. I meet thousands of people every year, and it's impossible to remember everyone. Fortunately people understand this and are very patient with me when we bump into one another at an airport or somewhere else. They patiently introduce themselves to me, and usually tell me which seminar they attended and how they are progressing with their property portfolio.

A lot of people want to arrange meetings or mentor sessions with me, but it's physically impossible to do this due to the numbers and the lack of time. This is why I have a network of service providers in place who stand in for me.

But Ben is one of those that I remembered, as he had made an impression on me, and when he asked me for a personal interview I broke my rule of not granting interviews and met him for a chat. If I remember correctly, this was about six months after he had attended the seminar, and I could see then already that big things were on the horizon, because the positivity and energy that radiated from Ben that day could have provided the whole of Johannesburg with electricity for a year.

How To Become Wealthy
by Ben Pietersen

Coert, I've wanted to thank you and tell you our success story for a while now, but time just runs out every day before I can get to write this letter. Your request for our success stories has given me the perfect opportunity and excuse to write this letter to you now.

In an attempt to give you as much detail as possible without boring you to tears, I'm going to start at the very beginning and try to keep this as short as possible; if you want more detail on anything please let me know.

My father came from a time and family where they believed you needed to get an education and land a job with a big company or with the state, in order to secure your future and build up your pension for as long as possible before retirement.

As a result, my father was in the military for 20 years, and upon retiring from the military in 1995 he received his pension in a single payout of a massive R64,000… He went on to *start his own business, a wonderful little yogurt ice-cream store that went belly-up after a few months of extremely hard labour, horrible hours and a near-divorce.*

Three months of tension and angst went by, as we lived off of my father's pension money. Thanks to many prayers and my father's unrelenting search for a solution, he found a new opportunity in the form of a cashloan franchise, which he bought for R20,000. This left him with R40,000 to lend out to clients he didn't know. This year that company is 11 years old and has given us everything we needed to survive and even to put my sister through university.

I only truly entered this story in 2000 when I finished matric and enrolled in Damelin to study computers (for which I have always had a passion). All my friends went to university, and although that was my original plan, I only passed matric by the seat of my pants, so it wasn't an option for me (today I'm glad because I'm miles ahead of my friends who only finished last year). After studying, I got a job through family of our pastor in Pretoria and I started there. I don't want to go into all that, but let me just say that I was thrown in at the deep end. That company went under with the Saambou saga and I got a job with Damelin in Johannesburg. While I was there my father spoke with a friend of his from the army who was now part of a large firm creating software for the mining industry. I started with them about two months into my Damelin job, and worked there for two years doing software support, software training and rollouts of enhancements.

My mother has always done Dictaphone typing for a company in Bloemfontein, and she had over 20 years of experience in the industry. My father decided to take a chance and tender for the North West province, and by a miracle he received the tender. My parents hired typists and tried to cope with the massive numbers of court cases coming their way. They had a lot of problems coping with and managing this business.

I was visiting them one weekend and they were telling me of all the problems they were experiencing, and I jokingly said that they should make me an offer to come and sort things out. When I finished saying that I waited for the laughter, but it never came; instead I saw that they had already thought about it. I resigned that month and two months later I was back at home learning everything I could about the transcription business as fast as I could. I systematically replaced all the charity typists that my mother's soft heart had hired with experienced typists who could do the job quickly and effectively.

It took about a year to get the company to a point where all the fires had been put out and things were running smoothly. We have been running that business for three years now and we have expanded into private transcription work and recordings.

All of these businesses were great and a success story in themselves, but we were paying for them in stress and uncertainty, as everything was directly connected to the economy and legislation regarding micro-finance (which changes as often as you change *underwear). And the transcription work had to be re-tendered for every two years, which meant we could lose it at any stage, thereby putting myself and our typists out of work.*

How we came upon property was simply a miracle. My father went on vacation in October 2004, and while he was browsing through a bookshop he came upon the book Real Estate Riches by Dolf de Roos which he bought as some reading material for the beach.

When my father came back from vacation he told me that he had found the answer and that I should read this book. I started reading the first chapter and knew that we had found the answer, but I understood very little of it and it was all based on the American economy and housing situation. That very same evening I happened to browse through the YOU magazine – something I never do – and I came upon an entire page where Coert had a question-and-answer article on his way of property investing.

It sounded exactly like the book I had just begun reading, and I knew we had found someone in South Africa who could help us and teach us. Best of all, he had seminars that we could attend! I tore the page out of the YOU and couldn't wait to show my father what had landed in my lap. My father couldn't believe it either, and the next day we signed up for Coert's course.

Attending Coert's course changed our lives and opened our eyes to a world of financial freedom we could only imagine before that day. We left there with a feeling of relief and freedom in the knowledge that we had just gained – freedom from the stress of business and relief that there was a way we just couldn't see before and believed only the wealthy had the keys to.

I got qualified as an estate agent to gain even more knowledge in this field – in truth I was afraid of being taken for a ride by agents, so I wanted to know what they knew.

We started buying property in November 2004, and by November 2005 we were millionaires! Today is the 8th of May 2006 and we have bought 29 properties to date, which averages to 1.7 properties per month and puts our nett worth at roughly R12,500,000 where our properties alone are concerned.

The only regret we have now is that we didn't buy all the options we had when we were just starting, because there were a few gems we let go in the beginning because of fear and doubt. Today that's something of the past, and we are working on an even greater success story. These days we can't speak to anyone without sharing our awesome experiences with property, and telling them what they could achieve with it. Strangely, very few people actually grab hold of this like we have.

We are currently working on getting our gearing right, and when that is done and we have a fully sustainable portfolio with equity available for investments, we want to start a school teaching young South Africans how to become wealthy starting with nothing at all – because all you need to become truly wealthy is an intense desire to do so.

That is our success story in short, or rather it is the beginning of our success story – because our success story will span over many generations of our family, since this success is vested in trusts and can never die.

My children will come from a time when all you need to make it in anything you want to achieve is the will to succeed and the passion to continue through thick and thin. We praise our Lord Jesus Christ every day for showing us the way.

Coert, my father and I would like to thank you from the bottom of our hearts for the difference that you have made in our lives and for the difference that you have made for our future generations. This is worth more than all the money in the world!

"He went on to start his own business, a wonderful little yogurt ice-cream store that went belly-up after a few months of extremely hard labour, horrible hours and a near-divorce."

So often I hear about people who have been paid off and have taken a "package" – this is usually the pension money they've been paying in for many years, as well as redundancy compensation of approximately 6 months' salary. Usually these people use the money to start a business. This business may be something that they are doing entirely on their own, or it may be a franchise.

An acquaintance of mine – my colleague years ago when, as a young man, I was still working for a large company – walked this road. When I heard from a friend about this acquaintance's intentions, I contacted him and invited him to my seminar. Although he was very excited about my ideas, I later heard from the mutual friend that he had nevertheless invested his money in a tyre or exhaust system franchise and had already lost almost everything. Alas, if only he had rather put it into property!

Most businesses fail in the first year, and the rest before the fifth. Successful businesses are few and far between, and struggling businesses abound. The businesses that are successful come at a price too though, albeit a different kind of price, as Ben puts it: **"*…but we were paying for them in stress and uncertainty, as everything was directly connected to the economy…"***. Property investment, in contrast, is one of the few types of business that have the potential to be successful and stress-free from day one; but you still have to know what you're doing. It is just so much easier to learn to invest in property than, for example, it is for an ex-personnel officer to learn how to install exhaust pipes.

Ben says that they found the answer on my seminar. This is how he puts it: ***"…freedom from the stress of business and relief that there was a way we just couldn't see before and believed only the wealthy had the keys to…"***

The well-known writer Robert Kiyosaki mentions often in his book *Rich Dad, Poor Dad* that there are different sets of rules for the rich and the poor. This is a fact. But it doesn't have to be this way. The rules are available for everyone. I would like to define the "rich and poor" as people who are rich in knowledge and information, versus those who are poor in knowledge and information because they don't try to acquire it. As Ben says, he found the keys to riches on my seminar. And so you will find it in books or even on other seminars as well. Enrich yourself with knowledge, and the money will come of its own if you apply that knowledge correctly.

Many people accumulate knowledge but don't ever use it. I'm sorry, but they are still playing according to the rules of the poor and will never enjoy the advantages of the rich.

What are these so-called rules? It is rather a case of the rich making use of entities that are unknown to ordinary people – that is, trusts. If you use the correct trust structures with your property investments and even your businesses, you probably won't pay too much tax, if any at all. Your wealth will also be protected for future generations. I will write more about trusts later, but let's accept at this stage that there are definitely two sets of rules.

"We started buying property in November 2004, and by November 2005 we were millionaires!"

When I tell people that the Treoc Group has made more millionaires in the past years than all the casinos and lotteries put together people may think I'm being arrogant, but it is a fact, and I thank Ben for making the point for me. In a period of 18 months they created a nett asset value of R12.5 million out of almost nothing! That's fantastic. And you know what? I receive reports like this every day from our members. Everyone is successful and everyone is making money – some a little more and some a little less, but everyone is making money. This is especially significant if one takes into consideration that these millions are being made with almost no capital input. I have yet to meet the person who has lost money or made nothing with our methods!

Lots of people get the message but not everyone understands it or applies it. As Ben says, ***"Strangely, very few people actually grab hold of this like we have."*** This is very important; it will determine how successful you are going to be. It makes me think of what the Bible says: "Many are called, but few are chosen." Maybe it simply isn't everyone's lot to understand these simple principles. In fact, the biggest problem with my methods is that they are too simple; people tend to think that they have to be complicated to make money. What a myth!

Gearing is very important. Ben says: ***"We are currently working on getting our gearing right, and when that is done and we have a fully sustainable portfolio …"***

Gearing Ratio is the bond expressed as a percentage of the value. For example, if we buy with a 100% bond, the property is geared at 100%. Gearing of 70% or less is more desirable than staying at 100%. There's no problem with initially gearing at 100%, because the gearing comes down very quickly by itself – not because we necessarily pay the bond off, but rather because the value of the property grows continuously. So the property grows into a safe gearing ratio.

As I said, gearing of less than 70% is more desirable. If you can afford to buy with a 30% deposit, then your gearing is immediately acceptable. But the problem here is that your return on investment is drastically reduced if you try to decrease the gearing ratio by means of a deposit. Remember, our business works with the principle of OPM (Other People's Money). That’s the petrol of this money-making machine. Reduce the petrol intake and you influence the performance of the machine.

Instead of trying to make just one property look good by putting down a deposit, I would rather utilise the capital intended for the deposit, for the subsidisation of shortfalls. The subsidising of shortfalls is the best investment I know of for any funds, provided of course that it’s done on my type of property and according to my methods. A return on investment of more than 100% per year is the order of the day. This is precisely what we are doing with OPM: by making use of OPM , we can gear the return from poor capital growth to a phenomenal 100%-plus return. The higher the gearing ratio, the higher the geared return, but the higher the risk. This is why an acceptable gearing ratio differs from person to person. If the goal is simply maximum return, then the gearing must be high. For example, this would be the requirement for the first three years with people who are starting out fresh and need to build a portfolio. In established portfolios like mine, it’s more desirable to work with lower gearing ratios. It doesn’t cost me anything and doesn’t influence returns, since the lower gearing ratio is attained through capital growth instead of capital itself (as in the deposit method).

A gearing ratio of less than 70% puts you in a position to absorb market fluctuations more easily.

Chapter 11

Gordon and I are both of the same generation. He has probably attended more seminars than any other person, and by this I don't mean just my seminar – which he has been to quite a few times – but also seminars by other investors. Gordon is also the most wonderful supporter you could imagine, because he has sent a great number of people to my seminar – not just because he supports me, but because he cares for his friends and wants them to learn these methods so that they can become successful as well. Gordon's character, life and achievements are an inspiration for all of us. I'm honoured to call him my friend.

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100 Properties In One Year
by Gordon Mackay

I was born in Johannesburg on 3 August 1950. I lived in Berea and went to school at King Edward VII. I come from a humble background, and fortunately I was taught how to save at a very young age by my parents.

I lost my father when I was twelve years old, and had to take on certain responsibilities from a young age. During my school holidays I was always doing something to earn extra money.

After I matriculated, I went to Wits University to study B.Comm. I failed my first year because I didn't know how to study. While at University, I used to work for a bookmaker on Wednesday and Saturday afternoons, earning R20 a shift. Out of that money I paid my mother rent of R40 per month, as well as my other expenses, and I still managed to save. My mother used to rent out rooms in our house to make ends meet.

I bought my first property at the age of 20 – a piece of land in an area which is now called Centurion. After a few years I stopped the monthly payments of R39, as I thought it would never get developed.

In 1973, when I was 22, my cousin invited me to go into partnership and open a restaurant in Umhlanga Rocks in KwaZulu-Natal. Fortunately I had saved R2,000, which was what I needed for my 50% share. I left university in my final year – with four credits *to go until I got my degree – to open the restaurant. I thought I would always be able to get my degree at another time, but not an opportunity like this.*

After six weeks in the restaurant game I had learnt more about business than in the 3½ years at university. Unfortunately, our partnership only lasted two months. I agreed to buy his half share and pay him off over the months ahead.

It was very tough during the first six months. However, I persevered, as I had to make it work. I couldn't go back to Johannesburg and tell my friends that I didn't make it – especially after they had said I was crazy to leave University when I was so close to getting my degree. I can remember going out after work late at night and putting pamphlets on cars in Durban. I needed to get people to come to my restaurant in Umhlanga Rocks, which was just a little village then – nothing like it is today. The restaurant was then called "Prawn Peri Peri". After the first December season, things began to come right and the restaurant started doing well.

I bought my next property at the age of 24 – a three-bedroom flat in Umhlanga, for R26,000. As the years went on, I used to buy properties and rent them out as a way of forced saving. The rental never covered the bond and levies.

I worked very hard in my restaurant and it turned out to be a great success. A few years later, people saw how well I was doing, and subsequently another restaurant opened up about half a kilometre from mine and tried to copy my concept. Their name was very similar to mine and the menu was almost identical. I changed the name of my restaurant to Gordon's Prawn & Steakhouse, and I improved my menu and added other items. A few months down the line, my turnover increased substantially – so the competition was good, it got me out of my comfort zone.

My landlord also noticed how well I was doing and told me that he would not be renewing my lease the following year, as he and his wife were going to run their own restaurant. I decided to buy a commercial building around the corner from my restaurant with the intention of moving the restaurant there. I put signs all over the restaurant letting my customers know I was moving, with a map of how to get there. My landlord obviously then realised that I would take my customers with me, so he renewed my lease. Through a problem I created an opportunity, and now had a commercial building which I could rent out.

I also opened several other restaurants. I owned the "Bonus Bond Gazette", and had a very successful mail-order business; I even published a magazine.

In 1985 I managed to buy the property my restaurant was on. By 1988 I had accumulated over 40 properties.

That same year I got involved in the stock market, with a special computer program called "Low Risk Strategy". I thought I could do the same thing on the stock market as I *had done in property. I bought shares with "borrowed" money. I had sold all my other businesses except for Gordon's Prawn, and put this money into the stock market.*

The first few months I did alright, and then the market crashed in a single day on 16 October 1989. My system threw out a buy signal, so I bought R200,000 worth of gold shares on overdraft that same day. The stockbroker said I was making a mistake, as the institutions were all selling, but I stuck to the system and kept buying. The market started to move up again, and within about two months I had made over a million rand "on paper". I thought, "This is so easy." Later on, Old Mutual and Standard brought out their own gold funds. I thought they had to know what they were doing, so I decided to borrow R5 million on overdraft and put it into gold. Over the next eight months I reached my target of R5 million on overdraft, which is probably the equivalent of R15 million today (2006).

I broke one of the golden rules of investing in the stock market, by using "borrowed" money to buy shares. Gold went the wrong way, and by March 1991 my portfolio had halved from R6 million to less than R3 million.

This was the start of my worst nightmare. Once the banks realised I was in trouble they wanted their money back. I went through hell for three years and even contemplated committing suicide, because the pressure was too much. Sometime in 1991 I made a decision that "I will get out of this mess". Believe me, the odds were totally against me.

Instead of cutting my losses and selling the shares, I held on, "thinking" they would come right. I started selling my properties (big mistake); I sold some of the properties just to pay the interest. To give you an idea of how bad my situation was: my interest payments were over R100,000 a month, and I was earning only R10,000 from the restaurant – so I had a shortfall of R90,000 per month.

Things got worse, and by January 1993 my portfolio was worth R600,000.

In May 1993, gold shares had a run and I sold everything and managed to pay one bank back. I was now managing to reduce my other overdrafts. Through good communication and honesty, the banks became my friends and gave me the time to put things right.

Over those three years I had lost nearly everything I had accumulated over 17 years. I was determined not to lose the property my restaurant was on. After eight years of hard work, discipline and perseverance, with the first three years being really tough, I managed to pay all the banks back.

In 1998 I sold my restaurant business, which I had had for a total of 25 years. I kept the property and leased it out, living off the rental income.

I was now renting a one-bedroom flat in Umhlanga for about R1,500 per month, and a 2-bedroom flat in Cape Town for R2,750. I was spending six months in Umhlanga and six *months in Cape Town. I kept my living expenses very low, and started to buy property again – I bought two properties in Cape Town.*

Looking back, it was the greatest learning curve I could have experienced. No university or book could have taught me what I know today. Thank goodness gold did not do then what it is doing today, otherwise I would not have gained all this experience. I learnt one big lesson: we can be, do and have anything we want, if we want it badly enough.

For the next four years, I devoted myself to self-improvement and helping others. I learnt another big lesson after spending lots of time and money trying to help others. You can only help people if they really want help and are willing to change and take responsibility for their own lives.

Sometime in 2002 I set myself a financial goal. I was in a comfort zone and needed a game. I started reading books on investing, and started attending seminars. I was in Cape Town at the time, and I bought another property there after a seminar I attended.

It's a funny thing: once you make a decision, the opportunities start presenting themselves and miracles start happening. In February 2004 I had moved permanently to Durban and attended Coert's Seminar at the Blue Waters Hotel. This was a big turning point in my life.

As I sat listening to Coert, I got so excited because I realised that I had been doing something similar from an early age. Everything he said made total sense. One of the things that stuck with me was that "property is very forgiving". At the end of the seminar Coert said, "Just go out and BUY." Being a good student, I listened and started buying immediately. I bought 100 properties in a year and am still managing to buy cashflow-positive properties, with no money – everything borrowed.

My first few properties were on the expensive side, as the prices here in Natal were half of those in Cape Town. It also took an adjustment to buy properties that I wouldn't live in myself. I wasn't thinking like a tenant – especially an entry-level tenant. I also had a problem borrowing in the beginning, because the banks weren't happy with rental income being my only source of income. I persevered and eventually got what I wanted.

I also remember a statement someone made when I was in my twenties: "What is expensive today will be cheap tomorrow."

I buy properties in my own name as I have huge tax losses from the past and don't have children.

I am 56 years old and very excited about life. I treat life as a game and have such fun working. I work because I want to, not because I have to. Although I work hard, I still lead a balanced life.

Apart from Coert, I owe a lot of thanks to all the people who have assisted me in reaching my goals. I have a great team of estate agents, letting agents, attorneys, accountants, bond originators, handymen, and very importantly, the banks in South Africa. I also owe thanks to my mentors, who are helping me take my game to the next level.

The biggest thank-you goes to my partner Liz, who has been such an inspiration and has taught me to have "no limits" and that I can have anything I want – she is just The Best!

I would like to dedicate this story to the banks and all my wonderful tenants who have made all this possible.

Thank you, Coert, for making such a difference in my life and the lives of many other people.

"Fortunately I had saved R2,000…"

Let's talk a little about the pros and cons of saving. I want to say firstly that it's astounding how many people planning for the future automatically think that saving might be one of the answers.

A number of years ago a large financial institution in South Africa, Saambou, closed its doors due to financial problems, which included, amongst other things, allegations of fraud. We all followed the events on television in shock and disbelief. Long queues of people gathered in front of Saambou's doors to get access to their savings. When I saw the crowds I was astounded, because I'd never realised that so many people believed in saving. Particularly older people were standing in the queue; some had brought along their chairs and umbrellas. It was to take days before the doors opened again and people could get limited access to their money.

Most of these poor people, especially the pensioners, were completely dependent on the little bit of interest that they were receiving from the bank. I call it a "little", because how much can one really receive on a fixed deposit? Maybe 7% per annum if you are lucky. This isn't a lot, but South Africa's interest rates are of the highest in the world; just think how little it is in countries like Australia or America!

This tiny bit of interest is then still taxable on top of that, and you will have to reinvest a portion of it to make provision for the effect of inflation on your capital, otherwise after a few years you will sit with money in the bank that's worth nothing. So if you take tax and reinvestment into account, your nett interest income will be approximately 3% per annum. This is not even comparable with property, which grows at an average of 12% per annum, and on top of that can be geared to 100%-plus.

If the return on saving is so poor, why do people do it? As Gordon says, experience taught him "... fortunately I was taught how to save at a very young age by my parents."

I'm sure they meant well, because they were not aware of the other set of rules used by the rich – I have yet to hear of someone who has saved himself rich. But, what we can also see here is that Gordon would not have been able to start with his business activities if it weren't for his savings. The lesson that we can learn from this is that saving is good if you don't know any other way of wealth creation; and also that the savings money can be handy when opportunities arise. So the goal of saving is to make use of opportunities, and not to get rich. In this case I cannot find fault with it, but still, if you have the knowledge then rather save your money the way Gordon suggests: ***"As the years went on, I used to buy properties and rent them out as a way of forced saving."***

I hope that you don't get me wrong about saving. From time to time everyone has extra money that they want to keep somewhere until they need it for an opportunity, as Gordon did. In this case, I say park the money in a bond. If the interest rate on the bond is 11.5%, then the interest rate on a fixed deposit will generally be around about 7%. So it's logical that you will make much more by parking the money in the bond. On the bond you are saving 11.5% interest, against the 7% that you would have earned on the savings account; the 11.5% is tax-free while the 7% is taxable. Most banks allow you to register access bonds, and I recommend that you always use this option. With Internet banking, it's very easy to put money in and take money out.

"After six weeks in the restaurant game I had learnt more about business than in the 3½ years at university."

Isn't this the truth! There is no better school than real life. Theoretical knowledge means nothing without practical experience. *Rich Dad, Poor Dad* says you don't even need to go to school, but I wouldn't take it quite that far!

Due to circumstances beyond my control, I didn't have the opportunity to study further after school. I started working, and by the time my schoolfriends who had studied first started working, I was already far ahead of them. I'm still far ahead of them, but it has nothing to do with education or qualifications. I would have been far ahead in any case, whether I had studied or not and whether they had studied not. Success in life has nothing to do with qualifications, but rather with your mindset. As Gordon says: "I learnt one big lesson: we can be, do and have anything we want, if we want it badly enough."

So success has nothing to do with being educated; but the degree of success does indeed have a lot to do with that. I always say if you're successful without further education, just think how much more successful you could have been with education. Students should just be careful though, that education does not change their mindset. In 2004 I presented a seminar in the Blue Waters Hotel in Durban and during lunch a delegate asked me whether I had any post-school qualifications. When I answered no the person said, "Then that's why your methods are unorthodox and in contradiction with all other methods!" This person then affirmed that he was a graduate, and that his biggest problem with education was the fact that at university they teach and condition you, for years, to think and do as they think and do. You are being taught by academics with no practical experience. According to the person I spoke to, they teach you the "track" of your course and how to run along that track. If you do well in your course, then you may be able to be the fastest runner on the track. But the problem is that you don't know how to run outside of the track. They cannot teach you, because they follow theory, and according to the theory you should not be going outside of the track. But real life is very different and you will often land outside the track. When this happens you have to think on your feet and you will learn more in a short time than you learnt at university. In fact, you will learn things that you didn't learn at university at all – streetwise things, which make the difference between success and failure!

If they could just bring in more practical training at university, the problem would be solved; I still believe that an educated successful person has the potential to be more successful than an uneducated successful person. Personally, I don't know the track, because I've been running outside the track my whole life. I run in an area that few people know and where there is little competition, and that's the reason I'm so successful. Maybe I would have been more successful if I had known the track as well. Then again, maybe not!

"…my cousin invited me to go into partnership… Unfortunately, our partnership only lasted two months."

Very few partnerships last longer than a few months, and almost no partnerships last forever. Just one thing lasts forever, and that is family. Family members may not always be friends, but family ties mean that they will stand together through thick and thin. Family members are more inclined to iron out underlying problems than non-related partners, and when non-related partnerships break, it's permanent and usually at a great cost to the business.

I don't like doing business with extended family, but with immediate family it is different. Things can work very well with your immediate family; the world is full of successful family businesses. Property investment, using my methods of family trusts and underlying property trusts, is the ideal family business, but I don't suggest that people do it with any family other than parents and children. In later decades of course, it will be brothers and sisters, and later cousins, who are in control. This is why it's necessary to have proper trust deeds that spell out the future control and management of the family business.

"I broke one of the golden rules of investing in the stock market, by using 'borrowed' money to buy shares."

What Gordon is saying here is very important. Buying shares on the stock market with borrowed money is suicide. One of the reasons that the OPM principle works with properties and not on the stock market is because the stock market is too volatile. Property usually just keeps growing in value gradually over the years, while the stock exchange can lose more than 10% of its value in a single day. There have been cases, with big crashes, where the stock exchange lost more than two-thirds of its value on one single day. And then it may take two decades to recover again.

The worst that has ever happened with residential property in South Africa, was when houses lost approximately 6% of their average value over an 18-month period in the early 80s. If a drop in value of 6% is the worst that can happen with property, then that is exactly the reason that I would rather invest in property than in shares. Shares usually lose their value without warning and sometimes without any obvious reason. In contrast, property does not lose its value overnight and without warning. Property is like a big ship, and when it turns, it turns slowly enough for us to be able to adjust to its new direction. This is why it works so well with borrowed money.

"Over those three years I had lost nearly everything I had accumulated over 17 years."

As the old millionaire saying goes, it's easy to make a million, but hard to keep it. Many successful business people have experienced this, when they lost everything or nearly everything. Donald Trump and Robert Allen even brag about it in their books, so Gordon finds himself in good company!

If it happens to you once in your lifetime, then it's not a disgrace, it's something that happened because you were ignorant or perhaps even because you received the wrong advice; but if it happens to you a second time, then it's unnecessary. People who don't make mistakes are people who don't try, but people who make the same mistake twice are people who don't learn and there is no excuse for that.

Gordon was an industrious entrepreneur, and at the age of 37 he already had 40 properties. He lost all this wealth, and as he says, he learnt a lot – but he didn't learn the most important lesson. I gather that he learnt how to stand up quickly after falling down, and for that I have a lot of respect. To fall is not a disgrace, but to stay lying down is indeed; Gordon certainly didn't stay lying down. He also learnt not to repeat most of the same mistakes. Unfortunately though, he didn't learn that there may be problems that we cannot foresee, problems that we have not yet experienced and so cannot even imagine. These are problems that may be more serious than those that previously knocked him down, and that he couldn't have imagined as a young man either. There's only one way to protect yourself against this, and Gordon knows how, because he has attended many of my seminars. Gordon says:

"I buy properties in my own name as I have huge tax losses from the past and don't have children."

This is the only time that I'm going to criticise Gordon. We don't buy in trusts just because we have children. No, the main reason is protection.

No tax-loss advantages can make up for the loss of everything that you own! If his business folds, as has already happened previously with Gordon – and as has happened with many cleverer and richer people than Gordon – he will once again lose everything, even those recovered tax losses! The benefits of buying with my unique double-trust structures do not just include 100% protection, but also exceptional tax advantages. The tax advantages will quickly make any tax-loss recovery of Gordon's look like small change. In fact, the tax relief on 100 properties kept in a trust is enormous.

There is only one way to buy property in South Africa, and that is with a double-trust structure. This kind of structure puts you in a position of owning nothing, but controlling millions without allowing the assets that you control to ever land in danger. Investment property has risk. Although the risk is very low, there is still risk, and we must protect our other assets like cash, vehicles, furniture, our own residence, and so on, against the risk of investment property. With the right structure – where you do not own anything directly – you can lose nothing, and that brings a whole new dimension to your life: fearlessness. You will be amazed at how your life changes when you become fearless, and how easily you take decisions when you know that the decision holds no risk for your assets. Decisions that are taken free of pressure are usually better than decisions taken in fear and under pressure.

I recently read in an article that the richest man in the world is not Bill Gates. The writer said that the richest man in the world is the Duke of Westminster. No one knows exactly how rich the Duke is, but they said in the article that he is at least 100 times richer than Bill Gates. Well, that is rich, that’s very rich! Anyone can determine how rich Bill is, because you only have to count his Microsoft shares and multiply this by the share price. The reason no one can determine the Duke's wealth, is because his wealth is in property. The article said that just about every second property along the Thames River in London belongs to the Duke's family, and these properties have been in trust for centuries already. Trusts are the best thing that the English ever introduced to the world.

Trusts originated in the Middle Ages. The Crusaders, who mostly came from the more affluent part of English society, went to Palestine for years on end to fight against the non-Christians. When they then returned to England after decades, other people had taken their belongings, because they thought that they had died in the Holy Land. The Crusaders protested heavily to the king and said that they were not prepared to go to Palestine on behalf of England if they stood the risk of losing their belongings. So the King decided to keep the Crusaders’ belongings in trust for them, and should they die these would go to their descendants or to the organisation nominated by them.

A trust is an independent legal entity that exists for as long as the trustees want it to exist. Theoretically, it can exist forever. Trusts do not belong to anyone, but are controlled by trustees who manage the trust assets on behalf of the beneficiaries. Only the beneficiaries – for example, you, your spouse and children – can receive any benefit from the trust assets. If you have founded a trust, you are naturally a trustee as well as a beneficiary.

The reason no-one can seize the trust assets is because they do not belong to the trustees. And they don't belong to the beneficiaries either, until they have been allocated to them. They are not allocated to the beneficiaries as long as the trust exists, although the benefits may be distributed by the trustees to the beneficiaries when they choose and for whatever reason they choose. So you own nothing, but you control everything. To make everything legal, it is obligatory for one of the trustees to be entirely independent. He may not be a family member or friend, and most important of all, he may not be a beneficiary. I recommend that the independent trustee be a legal person who is well-versed in trust law, so that he can also act in an advisory capacity. No two trusts necessarily look the same. The value of the trust is in the wording of the trust deed. This differs from person to person and especially from law firm to law firm. Anyone can set up a trust, even bookkeepers, but these trusts are usually not worth much, and the unique tax advantages allowed by the law cannot be applied to them. I believe that a trust should be set up by a trust specialist and not by an attorney or bookkeeper who just does it as a sideline. Treoc.com's trust attorneys are, as far as I'm concerned, the best in the country. They are specialists in trust law and trust taxation.

Most bookkeepers and auditors will immediately discourage you from using a trust, because the tax rate for trusts is 40%. This shows their ignorance. What they don't take into account is that my method is completely tax-free if you do it with a trust, and secondly, should a taxable income arise for any reason whatsoever, the trust has another unique method for getting rid of that, called the conduit principle. The trust has the right to distribute anything in the trust to its beneficiaries; so the trust can distribute the taxable income, along with its tax liability, to its beneficiaries, where it is then taxed in their hands and at their tax rate. But that's not all; the law states that the distribution can also be split. Let's imagine that the trust has a taxable profit of R120,000. The trust would then be able to distribute the profit as follows, for example:

Yourself	R30 000
Spouse	R30 000
First child	R30 000
Second child	R30 000
Total	R120 000

The trust would normally have paid R48,000 in tax. According to the current personal tax scales the first R40,000 in the hands of an individual is tax-free. So in my example there is no tax payable if this is the only "income" the individual has. I have used spouses and children in my example, but please bear in mind that the beneficiaries can be anyone. They don't only have to be family – it could be your life partner, as in Gordon's case, where Liz could be a beneficiary. Please also bear in mind that beneficiaries have no claim on trust assets. These do not belong to them and they have no right to them. It is for the trustees to decide whether the beneficiaries receive anything. If your trust deed has been set up correctly, then they do not even have the right to examine the financial statements or documentation. In fact, they don't even need to know that they are beneficiaries, unless of course you are making use of their tax scale.

This method of distribution and splitting of taxable income is not available in your own name, or in a company or close corporation. It is only available in a trust. This method can be used to relieve any form of taxation, including, for example, Capital Gains Tax. The biggest tax advantage of a trust is the fact that no estate duties are involved upon your death, as the trust cannot die. Due to estate duty, most bequests not in a trust are completely wiped out upon death, and so every generation has to start over from scratch. Together, the various forms of estate duty total approximately one-third of your estate. This amount is payable only in cash, and so possessions always have to be sold to generate enough money. Executors will sell your assets without emotion, and sometimes at ridiculous prices, as long as they just generate enough cash for the tax and for their fees. Few estates survive this process. With a trust, there is no form of estate duty, and no executor.

Upon your death, your estate is frozen. This includes your bank accounts, and means that no one can draw money, not even your dependants. Trusts are not affected by this. Everything goes on as normal after your death, and your dependants can maintain their lifestyle.

Of course, another big advantage is that your personal creditors cannot touch the trust assets. Remember, we divide the assets between at least two trusts with a double-trust structure: personal – and preferably debt-free – assets like your private residence, vehicles, furniture, cash, and so on, in one trust, and debt such as rental properties in the other trust. The creditors of one trust have no claim on the assets of the other trust. If Gordon had had this at the time, he would not have had the following experience:

"This was the start of my worst nightmare. Once the banks realised I was in trouble they wanted their money back. I went through hell for three years and even contemplated committing suicide, because the pressure was too much."

With a property portfolio like Gordon's, you will live very well; but for me it isn't just about living well – I'd like to sleep well too! I never want to have a nightmare like the one Gordon had.

"I bought 100 properties in a year and am still managing to buy cashflow-positive properties, with no money – everything borrowed."

Gordon, my friend, thank you very much for your letter. I wonder if you realise how many people you have already inspired in South Africa? Your "100 properties in one year" story is becoming a legend; I tell it to people on each and every seminar, and it also appears amongst the testimonials on my web site. Well, dear readers, now you know for sure that it's not just a made-up story, but the solemn truth. It may take an extraordinary person like Gordon to manage it, but the good news is that all of us can be Gordon Mackays if we choose.

Chapter 12

From out of a family crisis, and by holding out a helping hand, Theuns's life took a new, exciting direction. As it says in Ecclesiastes: "Cast your bread upon the water..." Let us do good whenever we get the opportunity, and the results may be astonishing.

My Incredible Property Story
by Theuns Bredenkamp

During December 2000, family of ours were forced to look for another place to stay.

I suggested that we buy a flat in my wife's name, but with one request: the family members would pay both the monthly bond repayment and the levy. The rent would fluctuate as the interest rate varied. In other words, the flat should not cost us a cent in expenses, because there was no way that our cashflow at that stage would allow us to contribute towards the bond repayments and other expenses of the flat.

In March 2001, we bought a one-bedroom flat east of Pretoria, with a full bond of R125,000, transfer costs included.

Little did we know what this "forced" investment would mean for us:
- *The growth in the value of the property has not cost us a single cent*
- *Now that our family is going to move soon, we can still keep letting the flat out*
- *It could be a future home for our children, during their studies at the University*
- *The flat can be refinanced, either to buy another investment property or to help pay for the children's studies. We are going to refinance soon, definitely to make more property investments!*

For us there is no doubt that this was the best investment we have ever made. The current market value of the property is R480,000. The capital growth to May 2006 was R355,000 on the initial purchase price, thus over a period of just over five years. Measured against expenses out of our pockets? Immeasurable growth with zero expenses! This investment had been made before I met Coert Coetzee.

It's ironic that I studied a B.Comm. through Unisa (1989-94), with Real Estate as one of my main subjects, but never clicked what wealth was hidden in property. If only I'd *realised it at the time! Now that I've seen it, I suddenly notice the quiet and rich businessmen in my home town, because they own property!*

Unfortunately you tend to take notice of your "consultants" (friends) around the braai-fire, who discourage you from buying properties as investments. They are just too eager to point out the negative aspects – bad, non-paying tenants who destroy your property, and so on. Of course there are bad tenants! And in any other business there are bad clients along with bad debt, staff problems, theft, and so on. Any businessman has to simply manage all these problems in order to limit his risk. The same goes for property investments.

After my introduction to Coert Coetzee, and after I did his course, we invested in another seven properties (since 2003), with a total purchase price of R2.2 million. The capital growth on these was approximately R600,000 (26.5%) up to May 2006. These units are currently being built and will be ready for letting shortly – and of course, also for refinancing! Thanks to the Treoc Group and their team of specialist consultants who advised me and helped me to establish my property business, we are going to succeed in creating wealth for ourselves and our descendants. At 48 years of age it is still not too late. Donald Trump, beware!

With this I would like to express my deepest thanks to Coert. His refinancing program has put me in a position to buy more properties than would otherwise have been possible, and with the advice of his group all the properties are being bought into the right entity – a trust.

Apart from your network in the Treoc Group, my network is expanding to include other estate agents who share your vision. I bought a house about a month ago through an agent in Potchefstroom, to be converted into a student residence (rental factor is 0.85%). I'm currently buying a flat (rental factor is 1%) in Arcadia through another agent. The potential in capital growth in both cases is above average, and these agents are focused on informing me and other property investors of good investments.

In closing: even on my (Research Technician at the ARC) and my wife's (teacher) ordinary salary income, it is possible for anyone to invest in property. So, join Treoc.com and just get started!

"They are just too eager to point out the negative aspects – bad, non-paying tenants who destroy your property, and so on."

So the prophets of doom are not just to be found in the media, they are even around the braai-fire! We're regularly bombarded with negative things like this: at work, at home, at church, everywhere.

I have a good friend in a senior position at Sanlam. He doesn't like my attitude towards certain insurance products and the things I write about them at all, and that's entirely understandable. He has also never attended one of my seminars – probably too proud! He thrives on any negative news about the property market, and usually can't wait to rub my nose in it. I usually just change the subject, because he's an educated man and I know that he knows it's nonsense. I believe he is in a state of denial. He doesn't want to admit that he was wrong years ago, when we met and I told him about my methods, and he didn't jump at them immediately. In the meantime, brilliant opportunities have passed him by, while other mutual friends in our circle are making millions. The longer this continues the more bitter he becomes, and the more vehement the attacks. It may well one day cause our friendship to die. This is a perfect example of "there is none so blind as he who will not see".

"I bought a house about a month ago through an agent in Potchefstroom, to be converted into a student residence..."

I'm a conservative person and I stick to my own type of properties, namely entry-level properties in security complexes. This property is a deviation from that, but it's one of the few deviations that I like. Properties like this do very well, and they provide essential cashflow that in turn ensures more bonds.

Chapter 13

Nico’s story is a classic tale of plan, act and enjoy. If you have made a decision, stick with it and make the best of it – sometimes it’s better to just jump in and learn to swim once you’re in the water. You can’t learn to swim on the dry ground anyway! But Nico got a handle on the basic theory of swimming first, and then started learning in the shallow water, and today he can swim anywhere!

My Story
by Nico van der Merwe

In 2003 I set goals for myself to achieve by 28 February 2006, and I chose property as the vehicle I would use to achieve my financial goals. At that stage in my life the only property that I owned was the house I was living in. I didn’t have the foggiest idea of how to go about getting involved in property, and decided to read whatever I could lay my hands on. I bought every book I found in the shops and online, spent hours on the Internet, subscribed to numerous newsletters and joined property forums. I read every article in the local newspapers, and attended every single seminar on the subject.

After about 10 months of researching and learning whatever I could on the subject, I decided to take a radical step in my life. I lived in a beautiful spacious house in an upmarket neighborhood and decided to put the house in the market. The idea of taking this step came to me early one morning and I instinctively knew that it was the right thing to do. The idea was to sell my house, use some of the money to buy myself a cheaper house, and use the balance of the money to invest in property. By that time I still had no idea of how I was going to invest in property; I just focused on my goals and believed that something would make it happen for me. My house was sold within two months.

After reading a lot and learning a lot about property investing I was now ready to tackle my first property deal and start negotiating. I decided to buy an old fixer-upper downtown that had been on the market for quite a while. I put in my offer at R100,000 below the advertised price and said to myself that if this deal was for me the offer would be accepted. To my surprise, the offer was accepted. I just couldn’t believe it and I said to myself, “I am going to apply for a 100% loan, and if that is approved, the deal is definitely for me.” Well, needless to say, the application was approved, and I bought the property. Now I have an additional amount of R100,000 that I can use to improve the property and increase the market value. This first deal turned out to be my best property deal ever, and the property has become the best milking cow in my "herd of cattle". To *me this was proof that anything was possible, and I was fired up. It all happened so easily and effortlessly, that it seemed too good to be true. I spent some money, and a lot of time, renovating the house and increasing the market value.*

After my first deal I was now ready for my second, and I bought another house which I divided into four two-bedroom flats. With this deal I also learnt a lot and came to know about things like rezoning – which can be a nightmare on its own. I was really enjoying all this negotiating and the fact that one can structure a deal in many ways to suit both the seller and the buyer. As Coert once said, "Property is very forgiving." You can't really go wrong unless you do something terribly unwise.

Early in 2004 I saw an advert in the local newspaper about a property seminar by Coert Coetzee. As usual, I booked and attended the seminar without any expectations. What I experienced on that day was what I had been waiting for to make a breakthrough in my life. What I heard made perfect sense to me, and what really made me excited was the fact that it was approved by the banks and totally above-board. I can still remember driving home that afternoon after the seminar. My mind was extremely busy, and I was in world of my own. That night I just couldn't sleep; my mind would not rest. I had now changed my whole strategy and was learning a completely new way of buying property. A way that would allow me to achieve the goals I had set for myself a year ago. All of a sudden everything seemed possible and I was filled with new drive and enthusiasm.

Soon after that seminar I bought another two properties using Coert's methods. I entered the first stage, which is just buying property, and I went out shopping. It was great fun and I just loved it. After months I entered the second stage, which is taking possession of the properties I had bought and filling them with tenants. Through all the various stages I learnt a lot. Not everything went perfectly, and sometimes there were problems with getting bonds approved and getting tenants and everything that goes with it. I have now finally reached the stage where, after three years, I can go for the cherry on top – and that's the really nice part of it all, the refinancing of the property. I am now buying property on a regular basis and am still having great fun. I have since introduced a lot of my friends to Coert's methods of buying property, and all of them are successful and grateful for this wonderful opportunity to become financially free.

The really great part for me is that I have achieved all of the goals I set for myself in 2003, and this has all been made possible through investing in property, and in particular, using Coert's method. I have met a lot of wonderful people and made a lot of friends, and business deals and partnerships were born from this, which further enriched my life. My days are now filled with focusing on "Let the sun shine on all of us" and introducing as many people as possible to this wonderful and great opportunity. Thanks Coert, you made all the difference in my life!

"In 2003 I set goals for myself to achieve by 28 February 2006, and I chose property as the vehicle I would use to achieve my financial goals."

This was a good choice of course, but more importantly it was absolutely the right time to make this choice, because the big property boom of 2004 – where property grew at 32% per annum – was at hand! Of course Nico didn't know that at that stage. It wasn't possible to read about it either, because most economists and investment advisors don't like property and so they continually write and predict negative things about property. I call them the prophets of doom, because aside from the fact that they don't specifically like property, I get the feeling that they don't like prosperity in general. Every time I read that doctor so-and-so, chief economist of bank such-and-such, is predicting that property is going to grow negatively in the next few years, I want to be ill. They've been doing it for as long as I can remember, and the "next few years" of which they speak never arrive. That newspaper editors can be so naive as to believe such nonsense and to publish it, is even more astounding.

One big mistake that economists make is focusing too much on technical analyses. They have statistics on hand dating back to Noah, and if the graphs and moving averages show certain curves they check what curves followed these ones last time. Then they forecast like crazy, and the newspapers sell like hotcakes. Joe Soap gets scared to death and immediately sells his only two investment properties at a lower than normal price. He even considers selling his own house, because the bearded economist, doctor so-and-so, said that it is better to rent than to own a house. There should be a law against these negative people, who rob the public of a reasonable chance in life with their horror stories that never come to pass.

Middle class

Right around the world, entry-level property always does better than middle-class property, and South Africa is no exception. Just to give you an idea of how much better entry-level can be: according to ABSA Bank, entry-level property on the East Rand (my favourite investment area) had grown by 23.3% to 30 June 2006, compared to the rest of the residential market that grew by just 7.7% in the same period. In 2004 the average growth for all residential property was 32%. So you will see that the party is going on a little longer for entry-level property than for other types of property.

This continuous above-average growth can be ascribed to the fact that almost all of us pass through entry-level property at some point in our lives. As a young man I lived in one- and two-bedroom flats, and this is the case with most school leavers and young people entering the job market. So we have a sustainable continuous demand for entry-level property, and this is the reason that entry-level always performs better than other property classes in any country in the world. And then South Africa has another unique advantage on top of that: our middle class is growing faster than any other place in the world, thanks to democracy, black empowerment, and affirmative action. Anyone can see that this spells opportunity and growth with capital letters... Oops, apparently not everyone can see it. The prophets of doom cannot see it, because when they were at university there was no democracy yet, there was just economics, and economics works with statistics!

I recently read a report stating that the Bureau of Research in South Africa has found in an investigation that South Africa's middle-class will grow by 2.3 million people between 2006 and 2016. The Treoc Investors' Club is waiting for them, because most of them will, at one time or another, move through our entry-level properties.

Crime

Crime is probably the biggest reason that our club makes so much money. Not because we steal money, but because, thanks to crime, we have security complexes, and we buy all our entry-level properties only in security complexes.

Crime is an international problem, but I think anyone would agree with me when I say that South Africa may be just a little bit ahead of the world here. I hear the Australians reckon that their crime levels are about 15 years behind South Africa's. So if we can't beat them in rugby and cricket, at least we can beat them with crime!

Every time someone we know is hijacked in his driveway and perhaps even shot, the need and demand for security complexes grows. In other words, the need is growing every day! We make money from this demand, because where our tenants live, the demand for complexes like this is usually higher than the supply. The reason for this is that developers prefer to build their developments in affluent neighbourhoods like Pretoria East, where they make at least R200,000 more profit on a unit than they would make on the same unit in Brakpan, for example. The result is that less affluent neighbourhoods like Brakpan have a big shortage of townhouses in security complexes. And where do my tenants mainly stay? In places like Brakpan. Why? Because it's close to their place of work. There are a lot of factories and industrial areas in Brakpan, but there are almost no workplaces in Pretoria East. Makes you think, doesn't it?

"I bought every book I found in the shops and online, spent hours on the Internet, subscribed to numerous newsletters and joined property forums. I read every article in the local newspapers, and attended every single seminar on the subject."

You may have already noticed that almost every one of our investors recommends accumulating knowledge. Please just remember though that it isn't the knowledge itself that makes the difference, but the analysis and application of it. All of us are blessed with a healthy mind. We have the ability to differentiate between right and wrong. As the saying goes, investigate everything, but keep only the good things.

"…and I instinctively knew that it was the right thing to do."

Listen to your gut-feeling. I'm a big supporter of that little guy with the small voice who's always trying to tell you something. If you start to reason with him, you'll usually win the argument, but when the result materialises you're often sorry that you didn't just listen to him. Use your instincts. No scientist has yet been able to truly analyse and explain the subconscious; all that we know is that it's powerful and possesses knowledge that's a lot, lot older than ourselves. Apart from the times that that little voice has helped me to make good business decisions, there have also been a few times that it has saved my life – but that's a story for another day. Maybe one day I will still write a book about that, because it's something I have as much passion for as property – the power of the subconscious mind!

But it is important that we change our attitude towards life if necessary. I also believe very strongly in the Law of Attraction, which means that what you believe will happen. If you have a negative attitude, or are bombarded all day by negativity, then the voice will tell you negative things, and negative things will start happening to you. So cut negativity out of your life. A friend of mine in Somerset West, where I live, said to me one day that he had decided not to buy newspapers or watch the news anymore, and since he'd started doing that he was a new person. Life is a joy for him again, and things are even going a whole lot better in his business. I wouldn't say that we should go this far, because how will we know what's happening in the market if we don't read the paper? But perhaps my friend has a point.

"It all happened so easily and effortlessly, that it seemed too good to be true."

This is what I always say at the seminars. People think it's difficult to make money, but no, it is easy, it's very easy; but you have to be prepared, and Nico prepared himself.

Property investor Dr William Hill once said, "Making money in property is as easy as falling off a log. But if I told you to fall off a log this minute, you'd have a problem. First you would have to find a log. In most cities that would be difficult. Then you would have to find a lake or stream. The third step, getting the log into the water, would involve a bit of work. Finally, the hardest thing of all, you would have to stand up on a floating log. After all that, falling off is easy."

Thank you for the wise words, Dr Hill. Now you see why the Treoc Way is important – once that's in place, it's as easy and effortless as everyone says.

"My days are now filled with focusing on "Let the sun shine on all of us" and introducing as many people as possible to this wonderful and great opportunity."

Amen!

Chapter 14

Our next letter is from someone whose opinion I always value very highly. She is a lecturer in communication studies at a big university in South Africa and her positive comments about my presentation – which can be seen on my web site www.treoc.com, under testimonials – meant a lot to me. Perhaps even more than my advice meant to her. Let's look at what she has achieved.

Places Become Stories
by Lecturer [Pseudonym]

For years I used to look through the property section in the paper every Saturday, because I found the story of the property market so fascinating: houses in a new neighbourhood would at first be very cheap, and then the prices would begin to climb. But me as a property buyer? No, that wasn't for a salary earner with a whole bunch of responsibilities – and a woman, on top of that. But gradually my experiences made me begin to think differently.

Firstly, unit trusts and policies yielded very little – I found that one would pay costly money to get back worthless money, after years of scrimping and saving, and it was most often less than you expected. And brokers don't take much notice of "small amounts" of under a hundred thousand rand – even though that was a lot for me. And there were no guarantees. If your investment yielded nothing after five years, or dropped in value, shoulders were merely shrugged. And TV adverts claiming that these big organisations care for you, were just telling stories. So I began to rather believe in "paddling my own canoe".

Next, the big shock was discovering how little my employer's provident fund was going to pay out when I was obliged to retire at 60, even after 25 years of uninterrupted service. I still hear of ex-colleagues who have to rent out their own houses after retirement and move into small flats. Others start up guesthouses or restaurants, which often lead to their financial downfall instead. In my family, people live for a long time – chances are good that a third of my life still lies ahead after retirement, and I wouldn't like to spend it in poverty.

So eventually I scraped together my remaining money and courage, and in 2003 began earnestly looking at houses. I wanted to buy one townhouse for renting out, pay it off, and *in that way ensure something extra after retirement. It was a buyers' market, with a relatively high interest-rate, and agents were eager to help and share their experiences. One experienced estate agent, who had missed his calling as a lecturer, spent an entire afternoon initiating me in the pros and cons of rental houses, for free. I took notes diligently and began to think deeply.*

When, after I had already bought one townhouse, I decided on another outstanding little buy, my husband was concerned about all the risks. I have always been a bargain-hunter – in fact an acquaintance of ours once predicted that I would one day save myself into bankruptcy!

Interest rates went down, and it was surprisingly easy to manage and to finance both properties. But I also had to watch carefully that as a trusting woman (at least initially), I was not taken in. Initially I did everything myself, just for the experience, and built up an entire network of tilers, cabinetmakers, pavers, painters, grass suppliers, as well as agents, bond originators and attorneys.

As I got deeper into this new study direction, I began to wonder how other people managed to own a large number of properties. In 2004 I started to attend workshops and devoured everything in the papers about property. The answer was waiting for me in one Coert Coetzee's articles in a well-known Sunday paper. A light went on for me, but at the same time I realised that there were a huge number of things that I still had to learn. I attended his workshop and learnt an enormous amount in one day – I wrote everything down carefully, typed it up on the computer and tried to make it part of my way of thinking.

At the same time I realised that property was becoming expensive so quickly, that I would have to jump fast. Within six months in 2004 I bought another 10 townhouses, but all in my own name and in the names of my children. There was too little time to try to get to grips with how trusts worked, and I received too much contradictory advice.

Another thing that I learnt: everyone wants to give advice to a so-called ignorant woman, but you have to weigh everything up very carefully and see for yourself what will work for you. In the process I began to notice that Coert's advice got me the furthest. He and his team (Neels Stander and Jose Delgado) had really done a careful study of the legal and other aspects around property.

So in 2005 I began setting up my first double-trust structure. It took quite a while to transfer the straight purchase value of six of the properties in my own name over to the trust, but in the end it was financially very rewarding. Since 2003 I started working with the kind of amounts in my bank account that were previously beyond my reach.

Soon I would like to set up a double-trust structure for each of my children and transfer their properties to those as well. By the end of 2006 the different trusts should be managing 18 townhouses and four flats. And Coert's network of experts, letting agents, and so on, who deliver a guaranteed service, are of increasing value.

So the more I begin to do my own thing, the more I find that it concurs with Coert's way of doing things! My sister and two of my friends have also caught the bug. On my advice they have started to buy and to attend Coert's workshops. So the effect ripples on...

This is far from the single townhouse that I intended to buy. But I feel now that big things may still lie ahead – and at the same time I know what I will be busy with after my retirement: building further wealth for myself and my descendants. Not that everything is about money – but it's about no longer having to worry, and so buying yourself freedom.

A while back about R30,000 was paid into our bank account. Because I didn't know at that stage where it came from I asked my husband whether it was perhaps his. His answer was, "It probably has something to do with your property business, because nothing that I'm doing generates that much money!" And that turned out to be the case too.

Today, as a woman, I feel that I'm busy writing my own story – and that of my children – with the places that I buy. And Coert's methods provide me with a foothold of inestimable value.

"It was a buyers' market, with a relatively high interest-rate..."

In 2003 the interest rate was 17%. This lady has correctly identified it as a buyers' market. Excellent!

I meet people every day who are afraid of rising interest rates. Some of these people are existing property investors. Some highly educated economists are also afraid of high interest rates, and this is one of the reasons that they predict doom and gloom. But in this lady's letter we see that she, as an inexperienced investor, could already read the market correctly. This is something that usually only comes with experience.

People are herd animals. If one jumps in the water, then everyone jumps after him. If the economists say get out, then they get out! If the economists say jump in, then they jump in! This is the actual reason that it becomes a buyers' market or a sellers' market, and not because the interest rates are going up or down. No, it's purely as a result of the herd mentality. Let's analyse it:

Buyers' market

When "negative" things happen in the market, every journalist, economist and their friends who have learnt to write, jump up and spread horror stories amongst the people who did what they never had the courage to do themselves. I would so like to name names, but I may not. Did you know that most of these prophets of doom don't own investment properties themselves? The chief economist of one of the big banks recently admitted in an interview that he owns just one property, and that’s the house that he lives in himself. I was dumbfounded!

There are a few of these "negative" things that set them off, including:

Rising interest rates – the prophets of doom warn you that you won't be able to pay your bond back. They forget that rental increases thrive on rising rates.

Decreasing property prices – the prophets warn you that your property will become worth nothing. This is something that has never happened in the history of the planet.

Rising property prices - they warn that this could lead to a bubble, and when the bubble bursts we will all be done for. Nonsense; the bubble has supposedly been "bursting" for two years in America, and I don't believe Kiyosaki or De Roos, the two well-known American property investors, have lost a cent. In any case, Treoc Investors are prepared investors and it is impossible to lose anything if you follow the Treoc Way.

Affordability of property – they warn that fewer people can afford houses and therefore you won’t be able to sell your house. Treoc Investors don't sell their houses in any case. We buy to keep forever and to let out. If fewer people can buy it means that more people have to rent. And that’s fantastic!

Most people are frightened by the prophets’ horror stories because they don't understand the dynamics of property, and so they put their properties on the market. This causes an oversupply of houses, and as a result, prices drop. Also, people who bought their property without a plan or a goal, when everyone had jumped on the bandwagon the previous year, now can’t afford the higher interest rates and so the banks take their houses back. Informed investors are prepared for this market though, as they are for any market, and they know that this is the time for collecting property. We buy these houses at considerably lower prices, and even for as little as 50% of the value at bank auctions.

The fact that the price is low does not mean that the value is also low, and for that reason we can get bonds that are higher than the purchase price. We use the extra to pay the costs, and so the properties cost us nothing out of our own pockets. We just collect, and the tenants queue up, because the prophets say it’s better to rent than to buy!

I could go on for hours, because I get so excited about a possible buyers’ market that I can't hold myself in. The best buyers' market that we have ever had was in 1998 when interest rates were 25.5%. It was an absolute festival, but let’s stop here for now and talk about what a sellers' market is.

Sellers' market

For informed property investors like the Treoc Investors, this is what we call HARVEST TIME, and once again we have the prophets of doom to thank for it.

A sellers' market usually follows directly after a buyers' market. Everything that goes up comes back down, and everything that goes down comes up again. This is just the way it works in the market, and if you follow a strategy of buy-and-hold, these fluctuations have no effect on you. It works like this on the stock market too, and this is why Warren Buffett is so successful. He buys and holds forever if possible.

In a sellers' market the interest rate is low, which is seen as very positive by the prophets, and so there are only positive noises from their side. Even they can see the bandwagon, and they encourage everyone to climb on. There's a saying that goes, "If you see the bandwagon, it is already too late", but whatever the case, the masses listen to the prophets once again and so there is an over-demand for property. The prices begin to rise and owners cling to their properties; so the supply becomes very low. Well, everyone knows what happens if the demand is higher than the supply – prices go through the roof, as in 2004, and we make a lot of money. People who sell in times like these can almost pick the price they want, and this is why we call it a sellers' market.

When a sellers' market has been going for about a year or so and record values are being observed, the prophets start getting scared and writing about bubbles and nonsense like that; people start selling their properties, and so begins the cycle of a buyers' market all over again.

So it goes on through the centuries, and the people who jump on the wagon and then jump off again will never get anywhere. Surely this is logical? Those who jump on the wagon and stay there reach all their destinations. This is also logical. Why do the prophets not understand this? But we forgive them, because they create the seasons for us: the buyers' market is planting time and the sellers' market is harvest time. Just remember that we harvest with refinancing, and not with sales like the masses!

"Initially I did everything myself, just for the experience, and built up an entire network of tilers, cabinetmakers, pavers, painters, grass suppliers, as well as agents, bond originators and attorneys."

A few years ago, I received a telephone call one morning from one of the agents in my network. She told me about a two-bedroom townhouse that had been listed with the agency that morning for R160,000, with an established tenant who was paying R2,400 per month. I bought the house within the next half-hour. Houses like this you won't get unless you have a network.

The lecturer went about it in absolutely the correct way, by establishing a network right at the beginning. With the Treoc Way, you have a ready-made network available to you from day one.

"Within six months in 2004 I bought another 10 townhouses..."

10 houses in six months! Fantastic! I'm glad that our buying methods worked so well for the lecturer; it's just a pity she bought these units in the wrong entity. If she hadn't realised and corrected her mistake, it would have seriously damaged her ability to buy. What we should learn here is not to take short-cuts.

"By the end of 2006 the different trusts should be managing 18 townhouses and four flats."

I don't think the lecturer has any concerns left about her retirement... and this is just the beginning!

"Not that everything is about money – but it's about no longer having to worry, and so buying yourself freedom."

As they say: money isn't everything, but life is so much more comfortable with money. I agree with the lecturer that it's about financial freedom here. Property, and especially my method of investment, the armchair method, puts you in this position very quickly.

You will notice that some of our investors still want to do as much as possible themselves. They want to arrange bonds themselves, or they want to do tenant administration or whatever themselves – like Caj van Zyl, for example. There are various reasons for this. Some people like it, and enjoy doing things themselves. Other people do it because they don't think anyone else could do it as well as they can. And then again others do it out of pure stinginess and not wanting to pay a letting agent commission. I can't identify with any of these reasons. I can't imagine that it could be fun to struggle with banks who never understand you properly, and where the credit manager's whims and bad moods irritate you endlessly, or with tenants who continually complain or pay late. There must be far better things to do in life; this is what financial freedom means to me. I do things because I enjoy them and not because I have to.

Buying property is fun, because it's like shopping – and few people don't enjoy shopping. After I've bought a house, I fax the purchase contract to my bond originator and property manager, and then I wait until the attorney phones me about 30 days later to arrange an appointment for signing the documents at my house. A lot of people have worked on it in the interim, because as you can imagine, arranging a bond is a lot of work and the property manager is busy finding a tenant and so on. In the meantime I play golf, travel the world and enjoy life. And for recreation, I buy more freedom in the form of properties, amid my "busy" schedule. This is how I make use of other people's money and time, so that I can be free.

One day years ago, a family member's little boy said this to us, after we tried to convince him to do something that he didn't want to do: "There is no such thing as must!" I like that; if you can say it one day with relation to your finances, then you are financially free.

"It probably has something to do with your property business, because nothing that I'm doing generates that much money!"

It must be really nice to hear these words coming out of your husband's mouth. Come on ladies, you can all do it!

Chapter 15

If my methods can contribute to the spreading of the Gospel in the world, then I'm very grateful. I never thought a connection like this was possible, and although Andre has attended the seminars regularly and I remembered him well, he spoke little and I was pleasantly surprised when I received this letter.

Property And The Gospel
by Andre Pelser

As a missionary, I have had to sell everything I possessed several times in order to finance our missionary work. Basically, I go where there are no churches and help to plant churches. This is called pioneering or apostolic work.

Selling one's house for the Gospel's sake is a scriptural pattern, but it should only happen once! Yet the churches in the countries we helped in Africa, Brazil, Argentina and sometimes even places like Ireland and France, do not have the resources to sustain visiting missionaries and because we choose to work interdependently in order to reach more churches, we have no support base besides our own church, Harvester International Ministries in Cape Town.

It has not been easy for the past 25 years as one can imagine, but somehow we have seen the faithfulness of our Lord who has always helped us through.

Yet, after I attended one of Coert's seminars, he changed my thinking completely. It was such a paradigm shift that I had to attend the course again and again. He introduced me to people who could advise me legally and financially and we have stepped into a new phase of our lives where we no longer have to sell what we own, but we have learnt to rent what we own! We are able to support ourselves better than before to continue the work we have been called to do.

If only I knew this 25 years ago! But I make sure I encourage the younger missionaries to attend the course and to start off early with their property investments.

I really think that Coert was brave to share his life's secrets with everyone else. After him many others came onto the scene. They are obviously all welcome to share their ideas, but I think Coert was one of the originals to pioneer the way for others to follow in his wake. In my own terms I see him as an apostle in the property investment business!

I thank God for Coert's example and I know I still have a lot to learn! I am merely a beginner.

"If only I knew this 25 years ago!"

I hear these words so often from people, both on my seminars and via e-mail – "if only I had known you 10 years ago", or "if only I had come to your seminar in 2003 already". It always makes me feel guilty; it makes me feel like the rich man of the Bible. For years, I had this knowledge and didn't share it with anyone; I enriched only myself. Here and there little crumbs of this knowledge fell from my table, and the Lazaruses gathered them up. For this I ask forgiveness; but you shouldn't worry and think you're too late to learn from this now. It's never too late. But if you don't do it now you'll be angry with yourself in 10 or 20 years, and this time I'll be innocent, because I really do want to share it with the whole world.

"In my own terms I see him as an apostle in the property investment business!"

Firstly, I'd like to say thank you very much for the beautiful words in this letter. To be called an apostle is a great honour, and it fills my heart with joy.

A lot of people ask me why I present these seminars – surely if I'm really that successful then I don't need to? The great motivator Zig Ziglar said, "The more you give people what they want, the more you will get what you want." That may be the best quote of all quotes, and it fits in with my philosophy of "let the sun shine on all of us".

Despite the financial reward, the greatest reward for me is when I bump into one of my students at an airport, shopping mall, church, golf day, or wherever, and they thank me for the difference that I have made in their lives. It puts me on a high for the rest of the day. This is worth more than all the money in the world, and if you haven't yet experienced it, it's because you haven't yet practised it. Do try it!

Chapter 16

If the Greeks like my methods then I'm impressed, because isn't Greece where all wisdom and philosophy comes from? Dimitri is a South African, but he experiments with our methods in Greece as well. And who knows, maybe one day he'll teach us to invest there!

The Magic Of Property… Or Is It?
by Dimitri Simitopoulos

I have been investing in property for more than 3 years now and have learnt some informative lessons.

When talking to my friends about property the following story pops up: I always hear about people going into property or other businesses in partnerships, but the beauty of property (the right property) is that you can do it by yourself and not in a partnership.

My story involves a bigger property (house on a golf course), and I wanted to go into this with my friend, as an investment partnership. We signed the papers, and all was fine until 6 months down the line when they wanted us to sign the building contract; my friend had issues with it and did not want to sign. Eventually we lost the property and lost our deposit of R15,000 each… It was a R15,000 lesson learnt.

To conclude, if you buy the right property and you go through the right channels, you do not need friends or partners to buy property, and you can be the only director of your future. So, the magic of property is possible only if you follow the basic rules that Coert teaches.

"…if you buy the right property and you go through the right channels, you do not need friends or partners to buy property, and you can be the only director of your future."

A partnership with friends does not work, and it's a sure recipe for the end of a beautiful friendship. If it does work – and then it usually only works for a short while – it offers no freedom. The moral obligation you feel towards a friend, so that he cannot accuse you of loafing, puts more pressure on you than all the banks together, and pressure like this deprives you of your freedom. I have already said it, and Dimitri has confirmed it:

property is the best business to take on without any partners, and that’s what I recommend. Go solo!

Chapter 17

Knowledge breeds self-confidence, and the effect of self-confidence can ripple out very wide, as Johan's story will show us.

The Property Story
by Johann Minnaar

In 1975, the year after I left school, I was encouraged by my Dad to "invest" in a life insurance policy, as it was the right thing to do. I took out a policy that would pay the "astronomical" amount of R100,000 when I turned 65. This came at a monthly instalment of R20 or so. In the same year my cousin bought a flat in Cape Town with a bond repayment of R21 over 20 years.

A year ago her flat was worth R1,000,000 and it was paid up 11 years ago. My policy still needs to be paid for for the next 15 years, in order to pay out R100,000 plus the bit of growth it might have accumulated. Using Coert's calculations, her flat will be worth R4,500,000 in 15 years' time. My policy – still R100,000!

As a farmer by trade, with no after-school qualifications, I knew this was not the way to go, but what to do? Every second year my broker would come by with his "in-house" estate planner, and every time I would increase my insurance portfolio. Jannie would laugh all the way to the bank and I would become more adamant that something was wrong big-time, because the policy's projected pay-out figure was not reassuring for retirement. Property? Yes! But how?

About two years ago I asked a farmer friend – who I knew was into some sort of property thing – his feelings on retirement planning. He mentioned doing a seminar with a chap named Coert Coetzee. It boiled down, amongst other things, to investing the payments you would have made towards insurance and annuities, into property. Most importantly, my friend learnt that you must surround yourself with people you trust with your life, who are knowledgeable concerning the topic you know little about. He subsequently cashed in all his policies and invested the proceeds in property.

Okay, now I knew what to do. As I was never good with figures, I asked a lady friend who was an auditor by profession to come on board. So now I was ready to stop my insurance payments, I could cash in the policies, I had a knowledgeable person to help, and property it was going to be, but how?

At this stage I should point out that I had always dreamed of having a car dealership. Seeing that farming was facing a very uncertain future, I one day asked a local franchise car dealer principal if the old directors would not consider selling their shares. With the promise of him investigating my request, I went home and tried to figure out how I would pay for this in the event that they might oblige, because by my standards, we would be talking big money!

Around this time I remembered my farming friend's seminar and logged onto Coert's web site. Now this made sense to me, and just as I was about to phone my auditor associate, the phone rang and it was her, informing me that she had registered us to do Coert Coetzee's seminar! So off to PE we went, in January 2005, to listen to Coert, with input from Neels. Armed with all this knowledge, I was ready – or so I thought.

Back in my hometown I learnt from the car dealership that they had wanted to sell for a long time, but did not want to put the business on the market. At this point I remembered Coert's story about the lady needing to sell her house as her ability to finance her new house was dependent on the sale. So the old gentlemen had their shares valued by their auditing company (note that they were not valued for the sake of selling, but for tax purposes!) and true to the Anton Rupert way of doing business, I asked my associate to come on board on a 50/50 basis.

As the deal amounted to around R3,2 million, with R2,4 million being the price of the property, we considered offering to buy the trading company consisting of the dealership and adjacent fuel station, and hiring the property from them for 5 years. But on the day the deal was to be signed, the previous owners offered the property to us at 7.5% interest, with the capital (amount that was fixed) to be paid only after 5 years! My associate and I looked at each other in total disbelief. This was even better than the best deal Coert had ever done! The next morning I got a call from our chartered accountant, who did the deal for us, telling me that she had a gentleman seated in her office, offering to pay my associate and I R1 million each if we simply walked away from the deal! Damn sure this has not even happened to Coert... The moral of the story is that if we had not done Coert's seminar, I would not have had the guts, and my associate the knowledge, to pull this deal off. One of my lifetime dreams was fulfilled, bearing in mind that I did not even have the money to pay the transfer fees, let alone any deposit.

My wife and I have subsequently invested in a few student houses in Bloemfontein (expensive, but with good income and small shortfalls), and my associate has bought several flats, all in various trusts. We are simply the average people next door, and were blessed to do about R9 million worth of business in the space of one year, with no capital of our own! I have since done Coert's course for the second time, because the first time round one simply doesn't take it all in. In fact, my associate has done the seminar for the third time!

My life's motto is DREAM IT… DO IT!

"Every second year my broker would come by with his "in-house" estate planner, and every time I would increase my insurance portfolio. Jannie would laugh all the way to the bank and I would become more adamant that something was wrong big-time, because the policy's projected pay-out figure was not reassuring for retirement."

We have already said enough about insurance and retirement, but Johann touches on a point here that grabbed my attention and made the hairs on the back of my neck stand on end: "**Jannie would laugh all the way to the bank ... something was wrong big-time".** I agree that something was wrong, but I don't think that people realise how big this "wrong" can be. I don't think people realise that an entire generation in our nation's history suffers great lack after retirement. Our old people are struggling, they're struggling a lot! The life insurers who sold these promises to them 30 or 40 years ago are doing well, very well, but the poor old people, their clients, are struggling a lot. How does one explain this?

"Most importantly, my friend learnt that you must surround yourself with people you trust with your life, who are knowledgeable concerning the topic you know little about."

Many years ago I read that Cecil John Rhodes always surrounded himself with dynamic, educated people. In other words, knowledgeable people. I decided that if it was good enough for him, it was good enough for me, and so through the years I've surrounded myself with people who know more than I do. The biggest mistake that anyone can make is to think he knows everything. Let me say it plainly: no one knows everything. It doesn't matter how educated or how old or how good you are, you don't know everything! I always say I know a little about everything, and everything about nothing.

There are three ways to acquire knowledge. The first is to study, but that is only theoretical knowledge. The second way is to acquire knowledge through experience. This we call practical knowledge, but it can take a lifetime before you have gathered enough of it. The third way is to surround yourself with people who possess both theoretical and practical knowledge. Since these people have already paid the school fees, you get the knowledge at a fraction of the original price, if it even costs you anything. The biggest advantage is that it's available immediately and can begin working for you straight away.

After I started presenting seminars in 2002, I discovered the power of a network. Every week I met people at my seminars who knew more about a subject than I did. And then again I knew more about certain things than they did, and so we taught one another. This collective knowledge that we continuously gather in the Treoc Group is available to everyone who wants to share in it. The power of a network is that you are not just surrounded by professional people with knowledge, but also by fellow investors with knowledge. All that you have to do is put your hand up, and a heap of knowledge is there for you to use!

"…and property it was going to be, but how?"

The success is in the how, not in the what. There is property and there is property, and although any property-related investment is usually better than most other investments, all property investments are not always good. Millions of people have previously lost millions of rands, dollars and pounds with property. Just recently in South Africa, when interest rates went as high as 25.5% in 1998, scores of people lost their wealth. During that time many were even sequestrated and a lot of these haven't yet recovered since.

As far as I'm concerned there is only one way to invest in property, and that is the Treoc Way. Let's talk a little about the Treoc Way. The Treoc Way is a series of actions or steps that you can take if you want to be as successful as the thousands of investors in our Treoc Investors' Club. I don't like forcing my service providers or products on people, but I would be failing in my duty if I didn't tell you about them, because after years in the property game I've paid too much in school fees to incompetent people who had set themselves up as experts. I can't guarantee my methods if you make use of other people, but I do guarantee my methods if you use my service providers according to the Treoc Way. Please keep in mind that none of these steps can be taken in isolation from the others. This is a holistic approach, and so for example Step 6 will only work if you have done Step 2, and so on. You have to go through all the steps.

Step 1

Sign up for one of our *Make Money With Property* seminars. We present seminars each month in all the big cities in South Africa. We also present the seminar on a regular basis in London.

The following topics will be dealt with on the seminar:

- **NO CAPITAL REQUIRED:** I bought my first property in 1983 with no money, no bank and no bond and made 100% profit in 18 months. We will share this method and many others with you. We will teach you how to buy a property for investment with very little capital outlay, if any, using the bank's money. With our computer-aided program you can structure your transaction in such a way that your property will pay for itself. This will enable you to buy new properties every year.
- **REFINANCING:** We will teach you how to utilise the capital growth on a structured and regular basis. This is the foundation of my success and I am one of only a few in the world who know how to turn this extremely dangerous practice into something spectacularly profitable!
- **VALUATIONS:** We will discuss various ways of doing valuations and highlight the most effective way of valuing a property.
- **PLANNING YOUR TRANSACTION:** It is of the utmost importance that every transaction be treated in a scientific and calculated manner, and that informed decisions be made.

- **OFFER TO PURCHASE:** We will teach you how to analyse, structure and present your offer in order to get the best results. Our system is unique and efficient and will assist you every step of the way.
- **NEGOTIATING SKILLS:** With my technique you will get better value for money.
- **ACTIVE INCOME:** We will teach you how to replace passive income with pro-active income and how to milk your property repeatedly.
- **PROJECTION AND FORECAST:** My program will assist you with projections and forecasts on your portfolio for the next 20 years. It will broaden your vision and eliminate tunnel vision which normally leads to poverty.
- **TENANT ADMINISTRATION:** This is the cornerstone of your investment and must be treated with the utmost commitment, dedication and precision, to avoid any nightmares. We will show you the way and your success is guaranteed!
- **COMPARISONS:** We will compare property investment with other investment mediums and highlight the enormous advantages of property investment against other investments.
- **RETIREMENT PLANNING:** The old, conservative way of planning for retirement has become redundant. Just look at our elderly pensioners. Their plans for a peaceful retirement have been blown out of the window along with their money. The life expectancy of the human race is much longer than it was twenty years ago, and today our pensioners are suffering. We will show you how generously property can provide for your retirement.
- **TAXATION:** We will show you how tax-friendly properties are, taking into consideration Capital Gains Tax, VAT, and normal income tax. We will teach you how to avoid taxation effectively, efficiently and legally.
- **STATISTICS:** We will look at statistics from the past few years and learn how spectacularly property has performed.
- **LEGAL ASPECTS:** No property investor can enter into a purchase or lease agreement on a property without the correct safeguarding clauses and legal contracts.
- **BUSINESS STRUCTURE:** Should you buy in your personal name, a CC, a trust or a company? I buy in trusts, and with our unique double-trust structure your assets will never be at risk.
- **FINANCIAL ADMINISTRATION:** My methods and program work exceptionally well, and we would like to share them with you.
- **INTEREST RATE:** In 1998 interest rates rose to a dangerous high of 25%. It was devastating to many investors, except myself and a few other well-informed investors. We will teach you how to avoid the risk of high interest rates. We will also teach you how to negotiate with the different financial institutions to your advantage and not to theirs.
- **BARGAINS:** We will teach you where and how to find bargains and how to search for and identify the right seller.
- **PERSONNEL:** We will show you how to put a qualified, professional team together to work for you without paying any salaries.
- **SPECULATING:** This is an old, outdated concept that can cost you dearly, and we will prove it.

- **MANAGING YOUR PORTFOLIO:** It is essential that you manage your portfolio effectively. Our web-based computer program, **Treoc Investor,** will give you step-by-step assistance.

Step 2

Establish the double-trust structure with the help of our trust specialists. It takes approximately 2 weeks to register the trusts, and you cannot buy property or even make any offers until your trust has been registered.

Step 3

Do a planning session with Treoc Finance. They will help you to determine your buying power, on the strength of your income and available funds. Treoc Finance is in touch with all the banks' requirements for qualifying for bonds, and with their professional help you will see how easy it is for "ordinary" people to buy as many properties as they want and mostly without it costing them a cent.

Step 4

Pay a visit to Treoc Risk Managers. During this important step, they will review your existing insurance portfolio and make sure that you are not paying unnecessarily for useless products, as we know is quite likely currently the case. They will also help you with advice about how to move your existing assets to your trusts. They will even help you to shake off unnecessary consumer debt and make more money available for property.

Step 5

After your free consultations with Treoc Finance and Treoc Risk Managers, you will know exactly how many properties you can afford and in what price range. The next step is to order the properties from Treoc Real Estate, who specialise in entry-level properties. Treoc Real Estate is the only buyer's agent in the country – they will represent you, and not the seller.

Step 6

Once you have bought a property, the next logical step is to appoint a property manager or letting agent, because believe me, you don't want to do the letting yourself. Working with tenants yourself can take all the pleasure out of property very quickly, so you will appoint Treoc Property Manager to do all your property management. Treoc Property Manager manages the club's properties on a national rental pool basis. In brief, this means that you will always receive rent, whether there is a tenant in your unit or not. This is the only national rental pool in South Africa, and it is a must for investors, because continuous cashflow is essential for success.

Step 7

At this stage you would have already become acquainted with the Treoc Trust Accountants. Here it is once again essential to use a specialist. Ordinary bookkeepers and auditors unfortunately cannot do the specialised trust and tax accounting. It doesn't help at all to have a beautiful champion racehorse, but the wrong jockey.

Step 8

Relax. Enjoy life and know that you have the best team in South Africa looking after your interests. You are now using OPT and OPM to the maximum and that’s what armchair investing is about!

“The moral of the story is that if we had not done Coert’s seminar, I would not have had the guts, and my associate the knowledge, to pull this deal off.”

I like hearing that my methods don't only work for ordinary property transactions, but can also have a positive influence on complicated business transactions like the one Johann told us about here. I didn't teach Johann how to do transactions like this, though; he did it himself! But if I can take the credit for the fact that I helped Johann to believe in himself, then I'm happy. At the seminar I use different examples of transactions to describe different techniques, such as negotiation techniques, for example. But when you get out there in practice the situation is never quite the same as the one we discussed in the lecture room. That is why we also teach people to believe in themselves, and as I always say on the course: if you're standing there in front of the house, or in Johann's case, if you're standing in front of a big business decision, you will know what to decide, because you will believe in yourself and have no fear. You have the knowledge; and if you don't have the knowledge, but do have the training and guts, you will know where to find the knowledge – from your subconscious, or from the people you’ve chosen to surround yourself with.

I quite like the guts and knowledge combination Johann talks of here. The one without the other is worth nothing.

“We are simply the average people next door, and were blessed to do about R9 million worth of business in the space of one year, with no capital of our own!”

Fantastic! I like it when people use other people's money to make money. But this is always a wild horse, and you should never think that this horse cannot throw you off. Always make sure that your structures are in place before you use even one cent of other people's money. There is a difference between using other people's money and making debt. Treoc Investors do not make debt, they make money. I understand from Johann's letter that their structures are in place, so they are making money with other people's money!

Johann tells us that his motto is: **“DREAM IT... DO IT”**. I have noticed that most successful people have strong mottos, like for example, "If it’s worth doing, it’s worth doing well," or "Look after the cents and the rands will look after themselves." My own motto is: **"... and that is only the beginning!”**

I really don't like mottos like "Tomorrow is another day," or "When I have the time," or others along those lines. We only live once, and every day – with all its wonderful opportunities – disappears for ever every evening. Make sure that you have used it to the full. Dreaming will get you nowhere if you don’t add action.

I hope reading this book has meant just as much to you as writing it has meant to me. It is surely appropriate to end this book with Johann’s motto:

DREAM IT... DO IT.