

You don't have to be Donald Trump to know how to find great property deals in a recession

The real estate mogul, Donald Trump, was being interviewed by Larry King in the midst of the economic depression of 2008-09. He talked about the high numbers of foreclosures in the country and how banks will be happy to give properties away for a fraction of the price.

"Everybody should call up the bank and negotiate," Trump said.

A commentator replied to this statement (mind you, he is American) "While that's true, now is the time to find good deals in real estate, the way he said it sounded too easy. For Trump it probably is. He has money stuffed away in who-knows-how-many corners where he can pull from to buy probably any foreclosure out there. But the rest of the country might not be so wealthy. The rest of the country might be unemployed, barely surviving from pay check to pay check, and struggling just to keep afloat. Much of the country may not be able to qualify for a loan, much less have the confidence to go to the bank and negotiate with pockets stuffed with dollar bills".

Is this really true?

So, for those of us who live in Sydney/Australia and do not have too much cash flow (not yet being a smaller version of Donald Trump) how do we find good real estate deals? How do we go about buying a house?

Well, first step of course is to learn a strategy so you are following a properly constructed system. One that teaches you how to negotiate and what to negotiate on. The criteria is basically the same for purchasing all property and distressed deals are no different. It is easy to get carried away with what sounds cheap, but is it a real bargain or just a Clayton's bargain?

So be wary if you are not sure or do not know how to qualify a REAL deal. Always start with the potential sale price – something that is not so easy to accurately establish – once you have worked this part out it should be quite easy to work the numbers backwards. But again, make 100% sure you do your numbers properly and always get them double checked by an expert. Many people have been duped by what they perceive or assume is a REAL deal, only to be disappointed later on.

As most people are aware, there are plenty of places where you can learn GOOD strategies and here at DPG we feel we have one of the best. One that is suitable for all, beginners and experienced investors alike. And as most of you know the TAM program with it's 45 modules has been created with this in mind, an education program that contains the most essential part of any DEAL finding process - learning how to buy right. Log on to www.discountpropertygroup.com.au or phone the office for more info 9674 8647.

Remember that real estate changes all the time according to the 7-10 year property cycle and depending where we are in the cycle, getting a good deal sometimes takes good timing for the best interest rates and home prices. **However, bear in mind that wherever we are in the property cycle**, there are always great deals around! And most times it is best to play it safe and stick to what you know well.

But assuming we did find a real bargain, the question for most is "where do we get the cash from?" (a) to put down as a deposit and (b) for what we call in the jargon the "5% in costs" such as legal fees, pest and building inspections, stamp duty etc and if needed the costs for a minor renovation or face lift for the property to add value and finally get the cash flow going?

Most people will need some income to qualify for a loan. You don't need to be swimming in \$\$\$\$ pools, but you need to have steady income. A few years ago it was much easier to get a home loan. Now, lenders want to make sure you have enough income and cash to not only pay your house payment, but also to survive if you were to lose your job.

So do we listen to real estate mogul, Donald Trump, who talked about the high numbers of foreclosures in the country and how banks will be happy to give properties away for a fraction of the price?

And should everybody call up the bank and negotiate as Trump says or should be wary of fools gold and simply learn a strategy and follow the rules?

Supplied by Ursula Kennedy

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