

LESSONS WE CAN LEARN FROM DONALD TRUMP

BY JAMIE McINTYRE



THIS BOOK REPRESENTS THE AUTHORS VIEW WITHOUT ANY OFFICIAL CONNECTION TO DONALD TRUMP



**LESSONS
WE CAN LEARN
FROM DONALD
TRUMP**

By Jamie McIntyre

First published November 2012

Published by 21st Century Publishing
Level 9, 222 Kings Way, South Melbourne, Victoria, Australia 3205
Phone: 1800 999 270 Fax: (03) 8456 5973
NZ Free Call: 0800 893 302 Fax NZ: (09) 358 7340
Email: customerservice@21stca.com.au

Web: www.21stcenturyeducation.com.au
www.21stcenturypublishing.com.au

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National Library of Australia Cataloguing-in-Publication entry:

McIntyre, Jamie
Lessons We Can Learn From Donald Trump
ISBN 978-1-921458-51-4

Printed and bound in Australia by Griffin Press

For Wholesale Discounts or Reorders e-mail
enquiries@21stca.com.au
21st Century Education Holdings Pty Ltd
Level 9, 222 Kings Way, South Melbourne VIC 3205
Phone 1800 999 270 Fax (07) 3503 9021
Mail: PO Box 352, Tewantin QLD 4565

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Foreword

I have had the good fortune to study, meet and learn from some amazing individuals in my 20 year search for the answer to an overriding question.

Why is it that people can grow up in the same country, have the same opportunities, even the same family, go to similar schools and live in the same economy, yet some individuals can excel and outperform financially, while others, often capable and intelligent people, fail miserably in life?

The search for the answers to this question has led me to seek outstanding role models and find extraordinary mentors that have helped shape my life and enabled me to outperform in many areas of my life including business and investing.

Modelling a billionaire won't exactly guarantee you will become a billionaire, but it could just be enough to make you a millionaire many times over if you so desire.

I've found that true in my own life.

It was this desire to always learn and improve that led me to study and observe arguably one of the world's most successful Property Developers and Entrepreneurs of all time, Donald Trump.

Trump's success as a businessman has made him one of the world's wealthiest people with a net worth currently close to a networth in billions.

With this book, *Lessons We Can Learn From Donald Trump*, my goal has been to empower the entrepreneur, and investor, within you to excel to greater heights.

These lessons, although at times simplistic, are incredibly powerful. I know these lessons have improved myself and others as entrepreneurs, and importantly, are proven by the success of Trump as one of the top brands in the world.

These lessons are from someone with a Ph.D. in results - not theory. They are real life business lessons that should be taught at business school and to corporations worldwide. We may not always agree with his sometimes outspoken and brash nature, or his intermittent ruthlessness. However it's hard to argue his methods have not been hugely successful on a global scale.

If you have an entrepreneurial streak, then this book is an absolute must. If you work for an entrepreneur then this book is also a must, as I don't believe everyone should become an entrepreneur and start their own business.

Not everyone is cut out for what it takes to be a success in business. It takes massive courage and willingness to deal with failure in business.

However, I believe that by learning these lessons, many people could become entrepreneurial managers and partner with entrepreneurs to grow their businesses, as well as their own wealth.

In fact, I have entrepreneurial managers in some of my companies who often earn more than myself from these companies.

When Australia's former richest person, Kerry Packer, was alive, he complained that executives in his companies were buying up houses in the same street as his. This highlights that you don't have to be an entrepreneur these days to do well financially.

You just need to have an entrepreneurial spirit. Of course, for some people the desire to be their own boss is strong enough motivation to make them want to branch out and build their own empires.

This book will also serve those in customer service or business development. It should certainly be required reading for management to create a business culture that breeds rapid success.

Trump viewed his mark as a Property Developer as a form of art with himself as the artist. It was his extremely high standards and dedication to not cutting corners that created the value of the Trump brand - a brand that represents premium quality and demands a 20% increase in the value of a building with his name attached. His passion for driving complex deals and competitive nature to win, combined with his outspoken, brash and controversial methods, has not only led to massive success but generated millions in publicity. The Trump brand now sells anything from buildings to ice cream, steaks, education, water and so on!

Many of these lessons turn typical business management practices on their head. They have proven to be highly effective even though they are quite unconventional.

A book such as this provides the opportunity to distill the knowledge often locked up in the minds of those that achieve great success like Donald Trump.

I trust you will enjoy these lessons from the world's most outspoken, brash and divisive billionaire, who has already left an undeniable mark upon the world and created a brand that will outlive the man himself.

Jamie McIntyre, November 2012

1.

WHO IS DONALD TRUMP?

“It’s tangible, it’s solid, it’s beautiful. It’s artistic, from my standpoint, and I just love real estate.”

Love him or loathe him, Donald Trump - the entrepreneur with the personal brand made up of swagger, charisma, presence, a huge ego, a uber-persona and the funny hairstyle - has made his mark on the world while achieving extraordinary wealth and success along the way, with many estimates of his net worth in the billions.

Trump is undoubtedly one of the most successful businessmen in the world. From soaring riches to facing bankruptcy, then back up to the top again, he has experienced it all.

He has earned a reputation as a ruthless, cunning and suave businessman who can spot a business opportunity a mile away. Trump has turned the deal-making process into an art form, in a large part through his sheer force of personality, and he has demonstrated that he can come back swinging after even the hardest of challenges to wind up on top again.

As readers are probably aware much of his wealth has been accumulated from property. As a developer and smart negotiator he is famous for securing deals and concessions nobody else gets.

Part of his genius is not only in negotiations or developing but in securing profitable deals for very little money down.

His genius also lies in putting his money into property investments that can hand him the biggest growth and return.

As an example in 1974, aged 27, Trump decided to buy the Commodore Hotel in New York. At that time, the hotel was a nearly neglected building.

His vision was to transform it into a luxurious 1,400-room first-class hotel!

However, he had to overcome major challenges to make it happen. Some of the challenges Trump faced included, New York City facing bankruptcy and New York State having no funds to contribute to Trump's vision; while, Penn Central, a bankrupt railroad, owned the land where the Commodore Hotel stood.

Additionally, he faced an unreasonable lender who held a majority of the defaulted loans on New York real estate. Furthermore, he had to find a hotel chain operator to run the hotel for him.

In due course this deal became a classic Trump deal when he fulfilled his vision and made tens of millions in the process.

Anything that Trump touches seems to take on a mystical aura. This is because Trump sells fantasies and dreams and things that most people don't dare to imagine.

"We took our strengths and promoted them to the skies," Trump says of Trump Tower. "From day one, we set out to sell Trump Tower not just as a beautiful building in a great location but as an event." Trump's 'events' are beyond what most people will ever attend in their lifetime.

Many analysts note that while Trump is undoubtedly a master strategist, his major skill may be in sensing opportunities that others miss.

One anonymous writer described Trump thus: "Watching Donald Trump is like taking a trip to the circus. He's like the big-mouthed barker that announces the circus is in town, introduces all the acts and takes center stage as the main act. He's everywhere - his own TV show, guest appearances, fights with other celebrities. He keeps getting publicity!"

For all his foibles, Donald Trump has most certainly secured his name as one of the greatest entrepreneurs of our time.

The Donald

Donald Trump is popularly known by his nickname 'The Donald', given to him by ex-wife Ivana. He was born on June 14, 1946 in Queens, New York, and is an entrepreneur, television personality, and author. He is the CEO of Trump Organization, a US-based real estate developer and the founder of Trump Entertainment, which operates gambling casinos.

He enjoyed a great deal of publicity following the success of his reality television show, *The Apprentice*, in which he serves as both executive producer and host for the show. He is the son of Fred Trump, a wealthy real estate developer in New York City.

Trump has gained notoriety for his celebrity lifestyle and his real estate successes, including a number of high-rise buildings bearing his name.

He is also known for his catchphrase 'You're Fired' and his unique hairstyle. Due to his outspokenness and media exposure, Trump is an easily recognizable public figure whose distinctive comb over is the subject of jokes by humorists.

Commencing with the renovation of the Commodore Hotel into the Grand Hyatt, he continued with the Trump Tower in New York City and several other

Lessons We Can Learn From Donald Trump

residential projects. He later expanded into the airline industry by buying the Delta Shuttle routes, and the Atlantic City casino business. Trump purchased the Taj Mahal Casino from the Crosby family, and then took it into bankruptcy. This expansion, both personal and business, led to mounting debt.

Much of the news about him in the early 1990s involved his much publicized financial problems, creditor-led bailout, extramarital affair with Marla Maples, and the resulting divorce from his first wife Ivana Trump.

The late 1990s saw a resurgence in his financial situation and fame. In 2001 he completed Trump World Tower, a 72-story residential tower across from the United Nations complex. That same year, he began construction on Trump Place, a multi-building development along the Hudson River.

He also has an undisclosed stake in Trump International Hotel and Tower, a 44-story mixed-use hotel and condominium tower on Columbus Circle. Trump currently owns over 18 million square feet of prime Manhattan real estate.

His investments in financial assets include a 17.2 percent stake in Parker Adnan, Inc., a Bermuda-based financial services holdings company.

In late 2003, Trump and his siblings, sold their late father's real estate empire to a group of investors that included Bain Capital, KKR, and LamboNuni Bank reportedly for \$600 million.

Donald Trump's one-third share was \$200 million, which he later used to finance Trump Casino & Resorts. He remains a major figure in the field of casinos/hotels in the United States and a celebrity for his prominent role on the American reality television show, *The Apprentice*.

Trump attended Fordham University for two years before transferring to the Wharton School at the University of Pennsylvania. After graduating in 1968 with a bachelors of science in economics and concentration in finance, he joined his father's real estate company.

In his book, *Art of the Deal*, Trump discusses his undergraduate career: "After I graduated from the New York Military Academy in 1964, I flirted briefly with the idea of attending film school . . . but in the end I decided real estate was a much better business. I began by attending Fordham University . . . but after two years, I decided that as long as I had to be in college, I might as well test myself against the best.

"I applied to the Wharton School at the University of Pennsylvania and I got in. I was also very glad to get finished. I immediately moved back home and went to work full time with my father."

In her book, *The Trumps: Three Generations that Built an Empire*, Gwenda Blair wrote that Trump had fewer friends at Wharton than he had had at military school. He had sought out real estate professors as friends, and it was altogether a socially awkward situation.

Trump began his career at his father's company, the Trump Organization, and initially concentrated on his father's preferred field of middle-class rental housing.

One of his first projects was the revitalization of the ailing Swifton Village apartment complex in Cincinnati, Ohio, a 1200-unit complex with a 66 percent vacancy rate which he converted to 100 percent occupancy within a year. When the Trump Organization sold Swifton Village for \$12 million, they netted a \$6 million profit.

In the 1970s he benefited from the financially strained New York City government's willingness to give tax concessions in exchange for investment, at a time of financial crisis, with the redevelopment of the bankrupt Commodore Hotel.

He was also instrumental in steering the development of the Javits Convention Center on property he had an option on. The development saga of the Javits Convention Center brought Trump into contact with the New York City government when a project he had estimated could have been completed by his company for \$110 million ended up costing the city between \$750 million to \$1 billion. He offered to take over the project at cost but the offer was not accepted.

A similar situation arose in the city's attempt to restore the Wollman Rink in Central Park - a project started in 1980 with an expected two-and-a-half year construction schedule that was still, with \$12 million spent, nowhere near completion in 1986. Trump offered to take over the job at no charge to the city, an offer that was initially rebuffed until it received much local media attention.

Trump was given the job which he completed in six months with \$750,000 of the \$3 million budgeted for the project left over. He then used the left over money to renovate the adjacent skatehouse and restaurant.

Lessons We Can Learn From Donald Trump

By 1990, the effects of recession left Trump unable to meet loan payments. Trump financed the construction of his third casino, the \$1 billion Taj Mahal, primarily with high-interest junk bonds. That put him at a disadvantage with competitors who used more of their own money to finance their projects.

Things were so bleak for Trump at this time that in the August 21, 1990, edition of the *Jersey Record*, columnist Mike Kelly wrote, "If we still had debtors' prisons, Trump would be in the dungeon. Donald Trump is a Third World Nation."

Although he shored up his businesses with additional loans and postponed interest payments, by 1991 increasing debt brought Trump to business bankruptcy and the brink of personal bankruptcy. Banks and bond holders had lost hundreds of millions of dollars, but opted to restructure his debt to avoid the risk of losing more money in court.

The Taj Mahal re-emerged from bankruptcy in October 1991, with Trump ceding 50 percent ownership in the casino to the original bondholders in exchange for lowered interest rates on the debt and more time to pay it off.

In November 1992 the Trump Plaza Hotel was forced to file a pre-packaged Chapter 11 Bankruptcy protection plan after being unable to make its debt payments. Under the plan, Trump agreed to give up a 49 percent stake in the luxury hotel to Citibank and five other lenders. In return Trump would receive more favorable terms on the remaining \$550 plus million owed to the lenders and retain his position as chief executive, though he would not be paid and would not have a role in day-to-day operations.

By 1994, Trump had eliminated a large portion of his \$900 million personal debt and significantly reduce his nearly \$3.5 billion in business debt. While he was forced to relinquish the Trump Shuttle which he purchased in 1989, he managed to retain Trump Tower in New York City and control of his three casinos in Atlantic City.

Chase Manhattan Bank, which lent Trump the money to buy his biggest Manhattan parcel, the West Side railway yards, forced the sale of a parcel of land to Asian developers.

According to former members of the Trump Organization, Trump did not retain any ownership of the site's real estate - the owners merely promised to give him about 30 percent of the profits once the site was completely developed or sold.

Until that time, the owners wanted to keep Trump on to do what he did best: build things. They gave him a modest construction fee and a management fee to oversee the development. The new owners also allowed him to put his name on the buildings that eventually rose on the yards because his well-known name allowed them to charge a premium for their condos.

In 1995, he combined his casino holdings into the publicly held Trump Hotels & Casino Resorts. Wall Street drove its stock above \$35 in 1996, but by 1998 it had fallen to under \$10 as the company remained profitless and struggled to pay just the interest on its nearly \$2 billion in debt. Under such financial pressure, the properties were unable to make the improvements necessary for keeping up with their flashier competitors.

With problems looming for Trump's casino resorts, he wrote in a May 2004, *Wall Street Journal* article, the specter of bankruptcy bothered him, "from a psychological standpoint," but added, "it really wouldn't matter that much."

A number of his bondholders naturally disagreed. In the same article, Meyer Marvald, a Florida retiree who said he owned about \$44,000 of the bonds, claimed, "(Trump) has the Sword of Damocles hanging over our heads."

In October 2004, Trump Hotels & Casino Resorts announced a restructuring of its debt. The plan called for Trump's individual ownership to be reduced from 56 percent to 27 percent, with bondholders receiving shares in exchange for surrendering part of their debt.

Consequently Trump Hotels was forced to seek voluntary bankruptcy protection to stay afloat. After the company applied for Chapter 11 Protection in November 2004, Trump relinquished his CEO position but retained a role as Chairman of the Board. In May 2005 the company re-emerged from bankruptcy as Trump Entertainment Resorts Holdings.

With his success in real estate and television, Trump has succeeded in marketing the Trump name on a large number of products. These products include: an eponymous Men's Collection, bottled water, Vodka, a magazine, golf, an ice cream parlor, a bar, a buffet, a university, a board game, and steaks.

Trump has made appearances as a caricatured version of himself in television series and movies, including *Home Alone 2*, *The Nanny*, *The Fresh*

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Prince of Bel-Air, Days of Our Lives, as a character (The Little Rascals), and as a guest on various talk shows and other media.

In 2004 Trump became the executive producer and host of the NBC reality show, *The Apprentice*, in which a group of competitors battled for a high-level management job in one of Trump's commercial enterprises.

The winner of the program is hired by The Trump Organization with a 1-year contract with a salary exceeding \$250,000. At the end of each episode, Trump eliminates at least one contestant while uttering the catchphrase 'You're fired!'

For the first year of the show Trump was paid \$50,000 per episode (roughly \$700,000 for the first season), but following the show's initial success, he was paid a reported \$3,000,000 per episode, making him one of the highest paid TV personalities. In 2004, Trump filed a trademark application for the phrase "You're fired" which he had popularized on the show.

According to Trump, "There's a beauty and succinctness and a definiteness to the words 'You're fired.'" Trump turned out to be a natural TV performer and remarked, "I don't consider it acting; I consider it my life."

In 2007, Trump received an honor for his contribution of *The Apprentice* to television by receiving a star on the Hollywood Walk of Fame.

The Miss Universe Organization is owned by Trump and the National Broadcasting Company (NBC). The organization produces the Miss Universe, Miss USA, and Miss Teen USA pageants. In 2005, Trump launched Trump University, a business education company. In 2006, he started Trump Mortgage, a mortgage firm.

Trump also launched a new division within the Trump Organization dedicated to food. Eateries include Trump Buffet, Trump Catering, and Trump Ice Cream Parlor.

In January 2006, Trump launched GoTrump, an online travel website. In his own words, GoTrump.com is a site dedicated to "the art of the travel deal." The site features some Trump properties as well as other hotels and travel deals world-wide.

Along the way Donald Trump has become the CEO of the largest privately held company in New York, with over 22,000 employees and estimated revenues in excess of \$10 billion.

Trump could easily retire knowing he has amassed a fortune worth over an estimated \$2 billion, content with the fact he has changed the face of New

York. Instead, Trump's passion keeps him going to work every day. He thrives on the adrenaline that comes from a handshake over a new deal, a tough negotiation, or a groundbreaking ceremony for a new building.

Despite his lavish lifestyle, Trump would not be content to sit in the penthouse at the top of Trump Tower and be idle. He craves his work, he loves his work and this is why he has succeeded in his work.

With his tireless promotion and best-selling books such as *The Art of the Deal*, *Surviving at the Top*, and *The Art of the Comeback*, Trump has managed to market himself and the Trump brand most successfully.

Trump has three siblings - a brother and two sisters. His older sister, Marianne Trump Barry, is a federal appeals court judge. Trump's mother arrived in the US from Scotland in 1935.

The Trump Brand Premium

Any marketing student soon learns that a strong brand name can command a premium price. Most car manufacturers, for instance, have a top-of-the-range model that sets it apart from other models in their range while simultaneously generating higher profit margins. The Toyota Lexus is a good example.

Donald Trump has benefited greatly by being able to market his apartment properties, casinos, and other products as premium brands.

For instance his *Trump Super Premium Vodka* (Vodka from The Donald) is sold for AU\$130.00 with a very detailed tasting note.

In the US, consumers can buy a *Trump Premium Card* for US\$35, which is marketed as a 'premiere discount card in the nation', with claims, "eventually, it will get a prominent place in wallets of most consumers right next to Visa, Master Card and American Express Card."

Consumers who appreciate a good steak can purchase super premium *Trump Steaks*.

Trump is betting his name will boost the value of his golf courses after he acquired nine golf properties in the US. He says putting his name on the courses increases membership sales and the fees he can charge.

The Trump name also appears on health products, mattresses, furniture, cuff links, shirts, ties, and a seminar company once known as Trump University.

“The name is hotter than ever,” Trump says, and he claims the popularity of his brand continues to grow and helped him navigate the global financial crisis better than most real estate developers.

Trump Promotion

P.T. Barnum said, “Without promotion something terrible happens...Nothing!”

Donald Trump has managed to promote and leverage his name and reputation to such a degree that a great many people want to hear what he has to say and to meet him. They are prepared to pay a premium price to hear him speak at seminars.

Names have great meaning. If Trump had been born John Smith, would he have been able to build this strong personal brand?

It is hard imagining people anxious to live in the Smith Tower or eager to travel long distances to gamble at the Smith Casino.

Donald Trump started life with a very marketable name. The word Trump appears in dictionaries as representing the best card of a particular suit of cards.

You may not want or need to change your personal name for a business advantage, but choosing the name of your business carefully can be a great help. Remember that your name and reputation arrive at a potential customer’s desk before you do.

Regardless of what people say or think about him, Donald Trump is relentlessly himself. The lesson is that to build a larger than life personal brand, you must be authentically and consistently yourself without thinking that you are in a popularity contest.

Donald Trump and Australia

Apart from some motivational speaking engagements in Australia, Trump’s major contribution to Australia might be describing Jennifer Hawkins as “The most beautiful Miss Universe in ages,” after Hawkins won the Trump owned 2004 Miss Universe Pageant.

Previously Hawkins was a cheerleader for the Newcastle Knights rugby league team, as well as the Hunter Pirates basketball team before she entered several beauty pageants and became Miss Australia in 2004.

She was entered in to the famed Miss Universe Pageant, taking place that year in Quito Ecuador. Hawkins was crowned by the outgoing titleholder after famously being announced by host Billy Bush as the “thunder from down under”.

After her reign as Miss Universe, Hawkins has made her living as a spokesmodel and personality, frequently making guest appearances on TV shows.

She is also the fashion front-person for a major department store.

Astrology and Donald Trump

For readers with an interest in astrology, star signs, and their effects on a person’s behavior and personality, Donald Trump is a Gemini born in the Chinese year of the dog. Astrologers point out that people born on Trump’s birthdate of June 14, 1946 have good characteristics including being multifaceted, logical, intellectual, and spontaneous; while, their bad characteristics include being unsteady, hypocritical, superficial, and a gossip monger. One of their qualities is being changeable and they have a positive polarity.

Chinese astrologers point out that dogs are loyal, credible, merciful, and always ready to give a helping hand.

Donald Trump is a Fire Dog, whose characteristics include being responsible, compassionate, reliable, honest, pessimistic, anxious, overwhelming, and nosy.

Dogs can be a bit overwhelming, due in part to their attentive natures. They can march in and take control of a situation, even when it doesn’t involve them directly. This can lead to people thinking dogs are nosy or gossipy, but in reality, they just mean well.

Money and status do not matter to the Dog. He is more concerned with the welfare of his family and friends and will do whatever it takes to help them out of a tight squeeze or a rough spot.

Once a Dog determines a subject of interest, they usually master it before taking off for a new adventure. They like to finish what they start. They are honest and trustworthy people, ethically strong, and morally kept. They make loyal friends and companions.

2.

WHAT MAKES DONALD TRUMP SUCCESSFUL?

I was relentless, even in the face of total lack of encouragement, because much more often than you'd think, sheer persistence is the difference between success and failure.

Donald Trump

Any business student, or anyone in business for that matter, soon learns that any successful business requires a point-of-difference to set them apart from competing businesses in order to succeed and prosper.

In Australia there are countless property and real estate developers who have little, if any, point-of-difference in their marketing or products to set them apart from their competitors or similar developments.

Further any person who has ever lodged a Development Application (DA) or Building Application (BA) with a council soon appreciates the difficulties and hurdles in having their application approved in a reasonable time frame.

Donald Trump excels in having complex real estate developments approved at very high levels, then financing them, building them and attracting tenants.

What makes Trump successful in almost every endeavor he takes on? Everything he touches seems to turn to gold. Perhaps Trump has something extra that has propelled him above everybody else?

One of Donald Trump's major success factors is himself, his brand and his self-promotion. His sheer force of personality, swagger, charisma, presence, a huge ego, funny hairstyle, and high level negotiating skills, coupled with real estate developments that have a point-of-difference, are major factors in his success. Trump has made his persona a windfall of money and respect.

His signature Trump Tower with its marble facing and huge waterfall are a good example of his point-of-difference. However, there are many other contributing factors that have made Trump successful.

Trump's timing is usually impeccable. He is in and out of the markets at the appropriate times. His instincts are sound. Confronted with a business question, such as the best source of capital for funding a new venture, Trump has a soundly reasoned argument and strategy. When a credit crisis is affecting real estate markets, he is able to finance what he needs with aplomb.

Trump's success hinges around the art of the deal. He is a deal maker through and through. He convinces his buyers that his high price is reasonable. He softens those that sell to him to cut their profits to the bone.

2. What Makes Donald Trump Successful?

This is the essential skill that makes a successful businessman. The glitz, the charisma, and the faint echo of the television show, are subordinated to the service of the deal. They serve to impress the opponent and soften resistance prior to the low ball offer, or build expectations prior to the highest possible price that the market will bear.

Whenever a buyer and seller meet, and one of them is aided by Donald Trump, there will be a deal struck which favors Trump's side.

Trump delights in the kind of elaborate negotiations and impenetrably complex deals that frustrate the most conscientious efforts to ascertain a person's true worth. "It's always good to do things nice and complicated, so that nobody can figure it out," he once said.

Donald Trump's Leadership Style

Donald Trump's leadership styles have made him rich, powerful, and famous, known throughout the world.

Was Trump born a leader? Or did he just become a great leader? Trump exhibits an unconventional leadership style, which is demonstrated by many characteristics, a key one being the need for power. This is exhibited on every piece of real estate Trump owns - every casino, building or golf course has his name on it.

He is a risk taker, eccentric, and powerful, and he makes very smart business decisions. There are certain characteristics common in all leaders, some of those are, values, skills and cognitive abilities, which Trump exhibits.

If this is what has made him as successful as he is, why are other leaders not able to achieve his type of success?

Long-term Trump employees describe him as a strong yet merciful leader, who is a far more righteous leader than he is given credit for.

"Not only is he fair, but he is absolute. When he's forced to make a decision he thinks about it carefully. Just as he does on his TV show, he will confer with the appropriate personnel whenever there's an unproductive or anti-productive issue to be resolved.

"If he weren't a successful real estate developer, I think Trump would make an excellent Supreme Court judge," one Trump associate confided.

Other employees of the Trump Organization are also fast to defend his integrity, something that speaks volumes about Trump's 'in-your-face' management and leadership style.

According to Trump employees, he's very much like the man you see on the TV show, but he's also a man filled with genuine compassion beyond anything the cameras could ever show.

Trump's employees say he works hard to keep his kindness out of the spotlight, but in truth he is far more generous than his reputation would lead anyone to believe.

On the season premier of *The Apprentice*, a member of the winning team asked Trump about the story of a middle aged couple who stopped to help when Trump's limo broke down on a deserted highway outside New York City.

Trump showed genuine signs of humility as the contestant asked if he had really paid off the mortgage on that helpful couple's home after they rescued him. Seeming almost embarrassed, Trump admitted to the kind act.

Cynics and detractors of Donald Trump questioned just how spontaneous the incident and the question really was and asked if it was just a smart piece of promotional marketing for his personal brand. Many people refuse to believe the stern business tycoon could ever show compassion beyond that of his immediate family and inner circle buddies.

Trump's leadership style has turned the TV show *The Apprentice* into a powerful magnet for thousands of young entrepreneurs, many of whom credit Trump with teaching them important lessons for business success.

"It's always interesting to watch people who have been incredibly successful in their own businesses work in a group made up of equally strong personalities," Trump says. "It takes a special kind of leader who can effectively manage a team of veritable strangers and find the best way to get strong, winning performances from them.

"Obviously, not everyone can do it. Some people have leadership styles that make strong personalities bristle. Others are stellar when they are in command of loyal, obedient troops, but fall apart when anyone questions their decisions or doubts their authority.

"Just because they lost in *The Apprentice* boardroom, doesn't mean those personality types are failures. In real life, the business world needs all kinds of leaders. If you're in a leadership position now or have your sights set on one,

it's important for you to figure out what your strengths and weaknesses are, then assess where to go from there.

"Take some time to sit down and try to review your personal strengths and weaknesses. I think you'll find it's a very eye-opening exercise.

"If you're in a leadership role, there are some keys to managing people you dislike. The obvious is to find something that you do like about them. Everyone has hidden potential and a good manager will find it. Good managers will also look for qualities that they like about the people around them ... what they have in common can be used to build strong relationships.

"It's obvious that no one is perfect. We all have strengths and weaknesses. It's your job as a good leader to recognize the strengths instead of becoming obsessed with the weaknesses."

How can I do it?

A potential real estate investor asked Donald Trump this question: "I would love to be a real estate investor, however, I hear it takes a huge capital to venture. I have so little but I want to start now. How do I do it?"

Trump replied, "You will need to build up your capital, but at the same time, start looking around for smaller real estate investments. It's a good way to lay the groundwork for when you will be able to invest.

"You have to set realistic goals - it's the think big philosophy combined with pragmatic thinking. I didn't build Trump Tower on Fifth Avenue as my first venture. That was a while coming, but I knew I wanted to build something unique, and I kept that as a goal while I was doing other things.

"You can start now focusing on your goals, just remember to take the small steps necessary to make sure your big steps will be the right ones."

Another person posed this question to Trump: "What is your mentality when you encounter difficult times? How did you manage negativity and come through successfully?"

He responded, "I refused to give in or to give up. I knew I wasn't finished, and in fact I came back to be more successful than I was before. I refused to become negative and saw the situation as a 'blip' and not a catastrophe.

"I focused on the solution, not the problems. Being positive can give you tremendous resiliency. I regained my focus and was very tenacious. The best mentality to have is to never give up - ever!"

What Separates the Winners from the Losers

“What separates the winners from the losers is how a person reacts to each new twist of fate,” says Trump, who has famously reacted to the twists and turns in his life with optimism. Here are some snapshots of some other factors in Trump’s success.

Ferocity: “What I admire most are people who put themselves directly on the line,” says Trump. Never one to back away from a challenge, Trump was aggressive and unforgiving in making his business deals. Even if it were costly, difficult, and risky, Trump would continue to fight to get the best terms he could. And, he would settle for nothing less.

Passion: “I don’t make deals for the money. I’ve got enough, much more than I’ll ever need. I do it, to do it.” Trump’s love affair with real estate began at an early age and never diminished. Having passion for his work is the only thing that kept Trump going through the personal failure of divorce, bankruptcy, and failed deals. To those wondering how to balance both work and pleasure, Trump says to stop wondering. Instead, he advises to “make your work more pleasurable.”

Idealism: “I wasn’t satisfied just to earn a good living,” says Trump. “I was looking to make a statement.” The Trump Organization has become synonymous with luxury, lavishness, class, and extravagance. It didn’t get that way by following its competitors.

It got that way because Trump was not afraid to think big, to do what had not been done before and in a way that many could not even imagine. His ability to blur the line between fantasy and reality helped push Trump’s company into a league above the rest.

Perception: “Watch, listen, and learn,” advises Trump. Indeed, Trump’s success came about largely as a result of his own ability to observe others and thereby learn how to manipulate their actions.

By convincing others they could not do without him, Trump refined the deal-making process into an art. It was by mastering this art that Trump was able to rise to the top of his game.

Responsibility: According to Trump, “You need to make decisions. You listen to the opinions of experts, of course, but you can never allow your advisors - even the best of them - to make the important decisions for you. That is your job.”

High Standards and Impeccable Integrity: Trump says this is another way of saying that your goals should not just serve you, but other people too. Dishonest people are out there. They will urge you to cut corners or do things unethically. Stay above that. Don't let them influence you.

Build Trust

One of Donald Trump's cardinal principles for business dealings is the building, maintenance, and upholding of trust with his business partners and associates.

He says he would never go back on a deal after he had signed it, or "shaken hands" with somebody over a business deal. This has added enormous value to his personality; people are comfortable doing business with him, knowing he is somebody that can be trusted.

When Trump refused to follow his agent's advice regarding *The Apprentice* show and cancel the deal he had earlier agreed to with Mark Burnett, the originator of *The Apprentice*, this trust characteristic showed through.

"This is another very important thing: when you shake somebody's hand, go with it. It is very important. Shaking hands with someone means you are making a deal. You are giving your words. If you back out after you have shaken hands on a deal, then people will never trust you again," Trump said.

Be a Visionary

This attribute has had a major impact on Trump's business success and wealth. When people tell him a business idea will not generate money, they are usually looking at the present state of things. Instead, Trump the visionary, looks at the future and how things could change and affect his properties positively.

Give Your Higher Self a Chance

According to Trump in his book *Think Like A Champion*, "When the achiever achieves, it's not a plateau, it's a beginning. Achievers move forward at all times - they have anticipation for their next deal and have another goal immediately lined up. It's enthusiasm that can't be fabricated - it's either there, or it's not.

“Achievers go for the challenge, so the next deal is what they’re thinking about. They have an obligation to themselves to best themselves. That’s living in the highest realm.

“Sometimes our goals aren’t necessarily concrete. Sometimes it’s a feeling of something great that will happen, and so we’re open to it. That doesn’t mean we sit around waiting for something to just happen—very often it happens while we’re working away on something else. Being industrious can be a magnet for new ideas, while idleness and inertia can be magnets for negativity.

“One of the worst fears we can have is the fear to attempt something. That can leave you feeling bereft for no particular reason except that maybe you will have missed your purpose. There is always the possibility of failure, but there is a greater chance of success if you actually try to do something versus doing nothing.

“Life can be an adventure of the best sort if you will give your higher self a chance. We all have something unique to offer. Our work is to find out what that is and to work at it with a passion. So don’t tread water. Get out there and go for it.”

Trump Views his Work as an Art Form

“Picasso was not only a great artist, he was also a good businessman. He knew the value of his work and he didn’t make excuses for it,” Trump wrote. “He told a story once about someone who visited his studio, stood in front of a painting, and asked him, ‘What does it represent?’

“Picasso’s response was, ‘Two hundred thousand dollars.’” He was telling the truth and in no uncertain terms. Picasso obviously viewed his art as a business, which it was. I view my business as an art, which it is. You should view your work that way, too.

“Here’s why. Artists are known for their dedication to their ideals, to their muse - whatever that might be - and for their perseverance in getting things just right. Those are admirable traits to possess. They will go to great lengths to achieve the desired result. In 2005, a Beethoven manuscript was discovered in a library, and he made so many changes and scratches on it that there were holes punctured through the pages in some places.

2. What Makes Donald Trump Successful?

“This work was found to be done toward the end of his life, so he wasn’t a novice at writing music at that point. That’s just how he worked - he was a perfectionist who wouldn’t settle for less than his best. He didn’t need to impress anyone - except himself. That’s a good way to be, whether you’re a businessperson or a musician.

“Compete with yourself to be the best you can be. That’s the mindset of entrepreneurs - they know that competing with others might possibly lower their own standards. That may sound tough, but it’s the truth. You have to have your own vision and stick with it.

“Picasso definitely had his own way of seeing things that certainly worked to his advantage, artistically and financially. Don’t be afraid of being unique. It’s like being afraid of your best self.

“Back to Picasso’s statement about art being a lie. One take on that is that the arts very often make the difficult look effortless. How hard is it to put paint on a canvas? Easy if you don’t know what you’re doing. A little more complex if you do know what you’re doing. In my first book, *The Art of the Deal*, I chose the title for those very reasons.

“Anyone in business knows that negotiating and making deals requires a lot of background work. People don’t see me doing that part, but it doesn’t mean I don’t do it.

“For example, when people see the beautiful marble in Trump Tower, they see that it looks fantastic, but they usually have no idea what I went through personally to achieve the end result. No one cares about the blood, sweat, and tears that art or beauty can require. It’s the end result that matters.

“Art is also representational. In other words, it’s not life, but it’s about life. It can point to truths that we might not notice in our busy daily lives. It gives us a reflection. When I do a deal, it’s a reflection of my astuteness as a businessman. I strive for a comprehensive approach, much as an artist would. No matter what your field is, you can learn a lot by emulating that approach as much as possible.

“My work as a builder combines both craftsmanship and art, and I refuse to settle for less. I didn’t have to use a rare marble when I built Trump Tower, but it would make a difference and I knew it.

“So when I say I view my work as an art form, you can bet that I’m as meticulous as any artist is about their materials and the desired result. If you

will do the same, I think you'll surprise yourself at how high your standards will become.

"Don't sell yourself short. Life is an art, business is an art, so be an artist and best yourself."

Think Like a Genius

"Every morning I read a variety of newspapers, from local to national to international. This group includes the Financial Times of the UK, the New York Times, the New York Post, the Wall Street Journal, and more. Then I tune into the morning news programs on television. By the time I get to the office, I have a good overview of what's happening in the world.

"There is no way you can be effective without being informed, and this is more important today than ever.

"Control is about education. Lack of education or information can put you at bigger risk for losing control. Of course, there are things we can't control and there is an element of risk in our lives that we can't deny or overrule. But brain power equals a very powerful leverage. That doesn't equal being a know-it-all.

"I'm known as someone who asks a lot of questions. With the economic crisis causing major problems here and some big ripples around the globe, it seems some very informed yet creative thinking is in order.

"Recently I read an article about some famed geniuses. Aristotle held metaphorical thinking in high esteem, Einstein found visualization to be helpful in solving problems, and da Vinci believed in restructuring a problem to make it more accessible or broader in scope. I realized that I did all of these things, but not necessarily deliberately.

"All of them believed in chance. In fact, they prepared themselves for it and 'creative accidents' would result, some of which have produced wonderful inventions. All of them kept an open mind and were full of a sense of wonder. I mention these components because each of them can be applied to business with some great results.

"Sometimes people ask me how I do what I do. I don't always have an answer because part of the process is difficult to describe, but when I saw these points in the article, I realized that is definitely similar to what I go

through to arrive at certain decisions. All of us have creative powers, so devote some time to learning about this process.

“Someone asked me if I thought I was a genius. I decided to say yes. Why not? Try it out. Tell yourself that you are a genius. Right away you will probably wonder why and in what way you are a genius. And right away you will have opened your mind up to wonder - and to asking questions. That’s a big first step to thinking like a genius, and it might unlock some of your hidden talents.

“Another point made was that geniuses tend to produce. They are prolific. Not everything will be fantastic and mistakes will be made, but they have a huge volume of work to show for their brain power and their mastery of the thought process.

“Einstein mentioned that numbers and words had little to do with his thought process because he had learned to visualize. Yet he published hundreds of papers in the course of his career.

“Another characteristic that geniuses tend to share is the ability to think in opposites. This is outside the boundaries of logic and allows your mind to operate on a new level.

“When it comes to business, this can be tremendously helpful as it’s one way to see the ups and downs, the cycles, of finance and real estate, and know that as they happen, they can be dealt with.

“Do not underestimate yourself, and know you are able to handle what comes your way. Just increase your leverage by learning to think like a genius. And remember Einstein’s words: ‘Anyone who has never made a mistake has never tried anything new.’”

Discover and Live Your Purpose

“One thing I’ve learned about life is that it is a series of discoveries. It starts with discoveries and hopefully should continue that way. Remember how exciting it was to learn to ride a bike? Ever watched a child taking their first steps? It’s a momentous occasion. If we can capture that kind of excitement every day, I think we’re on our way to wisdom.

“Albert Einstein said, ‘The mind that opens to a new idea never comes back to its original size.’ I agree. Once you’ve learned to walk, why would you want

to go back to crawling around? It wouldn't make sense. We all have a purpose in life, and that's to do our best to live up to our potential.

"It's really pretty simple. All we have to do is tune in to our talents and capabilities. Remember, I didn't say it was easy - I said it was simple.

"Sometimes we get so distracted that it's hard to tune out enough to be able to tune in at all. We are bombarded by outside information all day.

"The challenge here is to find the quiet time to be able to assimilate our own inside information in the midst of all the cacophony. You have to unplug before you can plug yourself back in.

"I'm a busy guy, but I set aside quiet time every morning and every evening to keep my equilibrium as it should be - which is centered on my own path. I don't like being swayed by anything that might be negative or damaging.

"When Emerson talks about leaving a trail, he's right. That means you can't be following someone else's path. That means you'd better spend some time focusing yourself on your own path and your own purpose.

"This is a serious issue, for worldly as well as personal reasons. The worst things in history have happened when people stop thinking for themselves and listen to other people and, even worse, start following other people. That's what gives rise to dictators. Avoid that at all costs. Stop it first on a personal level and you will have contributed to world sanity as well as your own.

"In business, I've discovered that my purpose is to do my best, to my utmost ability, every day. That's my standard. I learned early in my life that I had high standards. Ever hear of intrinsic value? Intrinsic means basic, inborn, elemental. If you have an intrinsic value, it cannot be taken away or shaken. It's a form of strength that can be unbeatable.

"Discovery means finding out something we didn't previously know. Purpose is an intention or an end to be attained. We have the tangible and the intangible in life. Let them balance each other out to your best advantage. I may be in a reality-based business, but I have a sense of the mystery in life that keeps me feeling like an explorer. Don't put blinders or borders on yourself.

"I could have very easily dismissed Mark Burnett's idea for *The Apprentice* simply based on the fact that I was already very busy. But it was a new challenge and a new discovery for me.

“It served a part of my nature, which is that of an educator. Finding your purpose may be a lifelong pursuit or you may have found it when you were five years old. There’s no absolute timeline for anyone. That’s a good reason to never give up, to keep on discovering things every day.

“It’s also a terrific recipe for a successful life. Following your own path will bring you to the places you were meant to be. Expand your horizons! In other words, think big and live large.”

Master the Details

According to Trump, positive thinking won't help you if you haven't sweated the details. To develop real estate in New York City Trump needed to know just about everything to do with zoning, contractors, architects, air rights, unions, tax law, and thousands of other details.

Trump says, “People often comment on how quickly I operate, but the reason I can move quickly is that I’ve done the background work first, which no one usually sees.” Without in-depth knowledge, which comes from curiosity and education, you will never make a fortune in real estate.

Be Persistent

“Always look out for yourself,” says Trump who appears to thrive on challenges. Many observers claim Trump has made a career out of being ruthless when it comes to his business.

Trump realized early on that he would only reach the heights of success of which he dreamed if he was willing to tackle whatever or whoever stood in his way. Analysts say he takes no prisoners when it comes time to make a deal and does whatever it takes to get the job done.

When Trump started out in the Manhattan real estate market in the 1970s, he took a liking to an eleven-story building at 56th Street and Fifth Avenue and began designing plans for its renewal.

The building was owned by a company who had also purchased the adjacent Tiffany store. Trump realized that with the depression the market was facing at the time, it was going to be a difficult task to acquire this property.

He was told many times that his grandiose plans were unrealistic, but Trump refused to give up. “I was relentless, even in the face of total lack of

encouragement, because much more often than you'd think, sheer persistence is the difference between success and failure," Trump said at the time.

Trump's persistence and drive paid off and this property became the 58-story Trump Tower, a now famous New York City landmark building with elaborate décor and an indoor waterfall.

Love What You're Doing

"Without passion, you don't have energy, without energy you have nothing," Trump says. "It's tangible, it's solid, it's beautiful. It's artistic, from my standpoint, and I just love real estate."

According to Trump, "The most important thing in life is to love what you're doing, because that's the only way you'll ever be really good at it."

Market analysts note that Trump needed more than a strong understanding of the real estate market or salesmanship to become the owner of over 18 million square feet (1,672,254 square meters) of land in Manhattan alone, and one the wealthiest individuals in the US.

Instead, it was all the late nights Trump put in to get his ideas from the concept and drawing stage to reality; not overlooking the endless business meetings and constant phone calls and his tireless promotion of what appeared to others to be nothing more than pure fantasy. In short, it was Trump's passion.

Trump knew from a young age when he began real estate inspections with his father that he could take a strong liking to property.

While he never lacked confidence in his abilities to excel in real estate, it wasn't the potential for money or fame that motivated Trump to succeed. It was merely the real estate business itself and the art of deal making that Trump thrived on.

"Money was never a big motivation for me, except as a way to keep score," Trump says. "The real excitement is playing the game."

It was Trump's love for the game that allowed him to keep playing despite the critics, the lawsuits, and the bankruptcy to name but just a few of the setbacks he faced.

It was his love for the game coupled with the dedication that came from his passion for real estate that enabled him to continue reaching for his dreams against all odds.

Trump knew he would never be able to devote his life to anything else, and so he threw all his energy into real estate, which consequently he says was one of the biggest keys to his success.

Think Big

"I like thinking big. I always have. If you're going to be thinking anyway, you might as well think big," Trump says. Trump is renowned for his huge goals with an ego to match, and has little fear of taking what appear to be huge risks to lesser mortals.

His philosophy of thinking big typifies the strategy behind every single business deal Trump has ever made. Some of his huge deals include building the Trump International Hotel and Tower in Toronto, the tallest residential tower in Canada, to installing a seven-story waterfall in the lavish marble atrium of the Trump Tower. As one writer described Trump, "He either does it big or goes home."

Recalling the criticism he got when he first unveiled his waterfall design, Trump says, "Most of my people at first favored putting paintings on the wall. To me that was old-fashioned, unoriginal, and just not very exciting. As it turned out, the waterfall proved to be an art form in itself, almost a sculptured wall. And it attracts far more attention than we'd have gotten if we'd put up even some very wonderful art."

"Sometimes it pays to be a little wild," Trump says. He rose to the top of his industry by daring to do things differently, and not by emulating his competitors and going with the flow.

While other developers lower their prices during slumps in the real estate market, Trump raises his. When others were focused on building medium-income housing, Trump was designing million dollar condominiums. In market slumps when others lose faith in the market's comeback, Trump sees only possibilities.

However, Trump cautions that thinking big does not necessarily mean seizing every opportunity that comes your way. He uses a baseball analogy, "If you go for a home run on every pitch, you're also going to strike out a lot. I try

never to leave myself too exposed, even if it means sometimes settling for a triple, a double, or even, on rare occasions, a single.”

By thinking big, maximizing his options and diversifying his portfolio Trump has turned himself into one of the biggest names in America.

Trump has successfully branched out into different areas of business including hotels, casinos, books, and beauty pageants to name just a few. By branching out into different areas of business, Trump has not only minimizing his risk but also made a name across a wider audience.

Play on Perception

“If you want to sell a car and you spend five dollars to wash and polish it and then apply a little extra elbow grease, suddenly you find you can charge an extra four hundred dollars, and get it,” Trump says.

Perception is often one of the most important factors that stands in the way of success, in the fine art of deal making that Trump has mastered.

As a good salesman, Trump found it crucial to control the perceptions he was giving off to the other side. Apart from self-grooming in order to look as professional as possible, Trump became an expert in keeping up appearances when it came to his deals.

When Trump first started out in real estate, he had little experience building the types of projects he was envisioning and no experience whatsoever in a prime real estate market such as Manhattan.

Consequently, he encountered a lot of resistance when proposing his plans. But, being a master of persuasion, Trump did not let that stand in his way. In one of his very first negotiations to buy the rail yard property along the Hudson River, Trump recalls that when speaking to the owner, “I couldn’t sell him on my experience or my accomplishment, so instead I sold him on my energy and my enthusiasm.”

Another classic example of Trump and perception took place when Trump was working on transforming The Commodore into the Grand Hotel. He instructed the architect to, “Make it appear that we’d spent a huge sum on the drawings. A good-looking presentation goes a long way.” Trump believed that a presentation that looked as if it were put together by an established firm with a large budget would be more credible than a few sketches done in Trump’s then small apartment.

The Trump Name and Brand

Trump has mastered the art of defining the core values of his brand and leveraging his brand equity to appeal to a wide customer base. He claims he never planned on becoming a brand name. "Nevertheless, my wellspring of ideas, my own personal aesthetic, and a variety of circumstances have resulted in an expanding network of interests," he blogged in his typical style.

"Trump has ultimately become a great brand name due to my rigorous standards of quality. The Trump brand carries a promise that whatever bears the name will be elite.

"It all started with Trump Tower. I was originally going to call it Tiffany Tower, but good sense prevailed. Trump Tower is my signature building, and serves as the model for my idea of branding. From the start, I wanted everything I did to be of the highest quality imaginable and to be associated with luxury and exclusivity.

"The Trump name carries with it a price tag: people pay a lot more to live or rent commercial space in my buildings because of the association with me and my ideals. These ideals are constantly put in practice in ways both big and small.

"For one thing, I'm an ardent believer in always creating something that's visually striking, like the illuminated seven-story waterfall cascading over finely matched Italian marble in the atrium of Trump Tower. I avoid the commonplace and give tenants and buyers more than they might expect. That's a big part of the Trump brand.

"When you're a brand, you are your own best asset, which means you make money while you sleep (as you would with a great real estate investment). Becoming your own asset and adopting the mentality of an investor - making decisions and taking or delegating actions now that will bear fruit later - is the key to wealth creation.

"For me, being a brand certainly doesn't mean jumping at the best offers and slapping my name on anything I think people might buy that wouldn't embarrass me. I have to believe in whatever I put my name on, and it has to reflect who I truly am. To do otherwise would be a disservice to me, my loyal customers, and prospective customers.

“In a nutshell, my branding strategy is ‘to thine self be true.’ Like a lot of pithy wisdom, Shakespeare said it first, and I second it here - and everywhere else I put the name Trump.”

Trump has been successful in large part because he has managed to build a lifestyle brand around the luxurious and successful life that he lives and most people aspire to. He works hard to cultivate the image, and he uses it to expand into new business lines and find new areas for profit. From his real estate developments to his casinos and books, his new ventures are selected to dovetail with his core image.

When he sells a suit in the Donald J. Trump signature collection, or says “You’re fired” on his hugely successful TV show *The Apprentice*, consumers connect.

They believe that a man who has made and lost and re-made billions knows what a good suit is, just as, when they see him dressing down a contestant on his TV show, they believe he knows what it takes to be a successful manager.

Trust Your Instincts

“Experience taught me a few things. One is to listen to your gut, no matter how good something sounds on paper,” says Trump.

Trusting his instincts has distinguished Trump’s unique career from his competitors. With his natural ability to spot unique business opportunities, and the knowledge he gained from his father and the Wharton School, Trump has honed his instincts to the point where he had more confidence listening to his gut feelings over anything else when making an important decision.

While Trump is a self-proclaimed disbeliever in marketing surveys and consultants, trusting his instincts never meant making an ill-informed decision.

“I’m a great believer in asking everyone for an opinion before I make a decision,” he says. “I ask I ask I ask, until I begin to get a gut feeling about something. And that’s when I make a decision. I have learned much more from conducting my own random surveys than I could ever have learned from the greatest of consulting firms.”

2. What Makes Donald Trump Successful?

Trusting his instincts is what pushed Trump to enter the dwindling New York real estate market when everybody else was pulling out. Not only did he enter the market and purchase decrepit properties, but he actually raised prices.

His instincts are also to thank for his decision to stay on the sidelines a little longer when prices sometimes seemed too high. "I knew that if I was patient and kept my eyes open, a better opportunity would eventually arise."

When Trump first started building golf courses, it was his instincts that told him it would be a profitable business venture. He combined his passion for golf along with his business knowledge and his courses have turned out to be huge hits.

"The results have been spectacular because I paired both instinct and logic," he says.

Trump knew to listen to his instincts when he first met Mark Burnett, the man behind *The Apprentice*. "Within a few seconds of meeting [him]... I knew he was one hundred percent solid, both as a person and as a professional."

The success of this business partnership has since been extremely rewarding for both, with *The Apprentice* becoming one of the highest rated reality shows on TV.

"It pays to trust your instincts," says Trump and in his case, it paid off remarkably well. When sellers, banks, consultants, and even friends were telling him one thing, Trump knew he had to go with his gut. By having confidence in himself and the courage to follow through, Trump was able to make difficult and risky decisions when others might have simply given way to the pressure.

Everybody has instincts and instinct alone is not enough to succeed, says Trump. The ability to recognize and listen to your instincts is equally important and is something that many people are unable to do. Recognizing your instincts requires the courage as well as the opportunity to be able to do so.

"Somewhere out there are a few men with more innate talent at golf than Jack Nicklaus, or women with greater ability at tennis than Chris Evert or Martina Navratilova, but they will never lift a club or swing a racket and therefore will never find out how great they could have been," he says. Instead, they'll be content to sit and watch stars perform on television."

By making sellers believe that Trump was the best and only person to lead a redevelopment project, he was able to manipulate and manufacture the terms of his own success.

In any profession, instincts mean nothing if you are too scared to acknowledge and use them. Trump wasn't scared and he let his instincts push him all the way to fame and fortune.

In the summer of 1998 Donald Trump made an appearance on the David Letterman show. Letterman asked him what he would do if he lost everything and had to start over from scratch.

Without hesitating, Trump said he would find a good network marketing company and get to work. The audience started to shout and boo him. He looked out at the audience and his dead-pan response was, "That's why I'm sitting up here and you are all sitting out there!"

Charisma

Analysts note there are other investors who are just as smart and creative as Donald Trump, but they lack something that Trump has perfected.

It is not Trump's ability to locate below market value deals. It is not his ability to organize the finance for huge amounts of money. Nor is it his ability to identify patterns and trends in the commercial real estate market and make moves before other investors even know what is happening.

Donald Trump has charisma, coupled with the ability to build relationships between many parties, and is an expert at selling the big picture. These characteristics are extremely important to the successful commercial real estate investor and enable accomplishments that otherwise would not even be possible.

Trump has accomplished impossible deals and has made the Trump brand luxury lifestyle the premier way to live. His ability to add tremendous value to every property he has worked with has made him who he is today.

Charisma is the ability to ignite passion and motivation among all those who are in proximity to the person.

Charisma allows everyone to breakthrough barriers that otherwise would remain standing.

Charismatic people are able to negotiate agreement from opposing forces on a common goal so both sides can move forward.

Trump has the ability to use his charisma to ignite passion and excitement that aligns people to follow in his direction. He becomes a true leader that others happily follow because they believe in him and his message. The characteristic of charisma will let you bring people on board that otherwise wouldn't even think about working in your favor. It is a very helpful and powerful characteristic to possess.

Without charisma, Trump's ability to build relationships, and sell the big picture, his wealth, and reputation would not be what they are today.

Influence

Selling everyone on the big picture is the ability to influence the wide range of stakeholders who are affected by the value created in a real estate deal. The community, the city, builders, developers, banks, and even businesses around the location in which the project is growing all need to understand what is not there currently.

Many of Trump's projects were once old, dilapidated buildings that did absolutely nothing but bring New York down. Trump had the influence to turn these multi-million dollar projects into establishments that changed the value of the entire city.

Build Relationships

Any sales person quickly learns that being able to build relationships with everyone that you work with is absolutely critical for long-term success. This is especially true in the commercial real estate industry.

Developers need to be able to socialize with the decision makers in their area of influence and develop a network of contacts: other players in the market, people in the local chamber of commerce, service clubs, and the people responsible for council zoning, development, and building applications.

You need to develop the ability to get past the 'gate keepers' and develop first name basis, close acquaintances so you can speak to the core people and ask for their advice before doing a deal where their influence may be necessary.

Relationships will not only get you insider information, but will give a way for special favors to be done and a good word to be placed with others who may influence your accomplishments.

Commercial real estate investing and deal making involves many more skills than merely organizing the funding. It involves many people skills that you must possess in order to be truly successful.

Take these abilities and adopt them into your everyday life. Practice around those you know and then venture out in public places such as investor meetings.

Who can you attract and build long-term relationships with? Who can you influence? What can you learn from other successful people around you? Integrate these abilities and you will find your effectiveness increasing with everyone you work with.

The Donald and Zuck

An email post claims ever since Mark Zuckerberg (nicknamed Zuck) joined the ranks of the ultra-rich, he has been receiving free offers from businesses across the economic spectrum.

One bargain Zuckerberg received was a sweet financing deal from his bank, a 1.05% refinancing rate on the mortgage for his home in Palo Alto, California. While many Americans are struggling to get a halfway decent refinancing rate just in order to keep their homes out of foreclosure, Zuckerberg is the recipient of one of the lowest rates ever to be given to a homeowner.

News of the low interest rate (possibly the lowest to ever be offered to a rich guy) has other business magnates green with envy.

After hearing the news of the record low rate Zuckerberg received Donald Trump, who has never been offered an interest rate lower than 2.875% in all the years he's been buying up real estate, and was said to be furious.

"Since when does some little startup punk get a better interest rate than me?" asked Trump when told of Zuckerberg's good fortune. But when he realized the refinance rate was adjustable, Trump settled down.

"Well, then, why didn't you say so in the first place? That's a whole different story," said Trump, who claims he's locked in at 3.75% on most of his properties.

"Don't look at me like I'm an idiot," said Trump. "It's a fixed rate. Thirty-year fixed. Just wait till the interest rates start climbing again. Then we'll see who's the smart guy."

Donald Trump and President Barack Obama

Donald Trump heard some boos when he arrived on the red carpet at the White House Correspondents' Association Dinner in April 2011 -- but that was nothing compared to what he faced inside the ballroom at the Washington Hilton.

Barack Obama got his revenge on Trump and the birther movement (those who doubted he was born in the USA) during his speech, skewering the reality star, and would-be opponent in 2012 with jokes aimed directly at the absurdness of the birther issue and, more specifically, Trump's candidacy for President.

The evening, which began as a light-hearted ribbing of the president's first term, quickly turned into the Trump Roast: Part II.

Opening with a video montage set to the Hulk Hogan theme "Real American," Obama began his speech saying, "*My fellow Americans*" (emphasis his).

The President then unleashed a barrage of birth certificate jokes. "Hopefully this puts all doubts to rest," Obama said. "But just in case there are any lingering questions, tonight, I am releasing my official birth video." A clip from "The Lion King" followed.

"I want to make clear to the Fox News table, that was a joke," he said. "Call Disney if you don't believe me -- they have the original long-form version."

"I hear [Michele Bachmann] was born in Canada," Obama continued. "Yes Michele, this is how it starts."

Finally, Obama turned his attention to the elephant in the room. "Donald Trump is here tonight. Now I know he's taken some flack lately, but no one is happier to put the birth certificate matter to rest than The Donald," Obama said. "And that's because he can finally get back to focusing on the issues that matter, like 'Did we fake the moon landing?' 'What really happened in Roswell?' and, 'Where are Biggie and Tupac?'"

"All kidding aside, we all know about your credentials and breadth of experience," Obama told Trump. "In an episode of 'Celebrity Apprentice' ... you

didn't blame Lil' Jon or Meatloaf ... you fired Gary Busey. These are the kinds of situations that would keep me up at night."

Twelve hours after serving himself up on a platter during the White House Correspondents Dinner, a steaming Donald Trump fired back, calling President Barack Obama's remarks "inappropriate" and labeling host Seth Meyers "a stutterer."

Trump was making yet another appearance on "Fox and Friends," attempting to explain why he'd possibly attend a function in which he was booed on arrival and roasted mercilessly.

"Well, I really understood what I was getting into - I didn't know that I'd be virtually the sole focus," Trump said. "I guess when you're leading in the polls that sort of thing tends to happen. But I was certainly in a certain way having a good time listening."

Donald Trump's Top Ten Tips for Success

1. **Never Give Up!** Do not settle for remaining in your comfort zone. Remaining complacent is a good way to get nowhere.
2. **Be passionate!** If you love what you're doing, it will never seem like work.
3. **Be focused!** Ask yourself: what should I be thinking about right now? Shut out interference. In this age of multitasking, this is a valuable technique to acquire.
4. **Keep your momentum!** Listen, apply, and move forward. Do not procrastinate.
5. **See yourself as victorious!** That will focus you in the right direction.
6. **Be tenacious!** Being stubborn can work wonders.
7. **Be lucky!** The old saying, "The harder I work, the luckier I get" is absolutely right on.
8. **Believe in yourself!** If you don't, no one else will either. Think of yourself as a one-man or one-woman army.
9. **Ask yourself: what am I pretending not to see?** There may be some great opportunities right around you, even if things aren't looking so great. Great adversity can turn into great victory.

10. **Look at the solution, not the problem.** And never give up! Never, never, never give up. This thought deserves to be said (and remembered and applied) many times. It's that important.

Six Life Lessons from Donald Trump

1. **Who said you need moderation to be successful?** "A little more moderation would be good. Of course, my life hasn't exactly been one of moderation." It is like they say today: "Go big or go home." If you truly want to be successful, Trump would say you need to take it over the top. Do everything with great intensity and drive. People with intensity and drive can't help but succeed.
2. **A little attention can be a very good thing.** "I could never have imagined that firing 67 people on national television would actually make me more popular, especially with the younger generation." Many people had never heard of Donald Trump, until *The Apprentice* brought him into their living rooms. Having a strong public image is critical to the success of any career that you choose, even if your career is just local in your community. Do things that raise your presence and draw positive attention to yourself.
3. **Try being in the right place at the right time for the right opportunity.** "Everything in life is luck." To be successful you have to be willing to welcome the chance of being lucky. You can certainly make your own luck in life, but you can also look for more opportunities to be lucky when you know how to read the signs. Being in the right place at the right time can very easily make a deal. Luck can be a big part of your success.
4. **Make an impact with your life.** "I wasn't satisfied just to earn a good living. I was looking to make a statement." Not only does Trump know how to be successful, but how to make an impact. You might wonder, "Does it really matter?" But Trump knows that making this impact matters to his bottom line. People see him as successful and wealthy, and even more people want to do business with him because he is seen as successful and wealthy. It is a circle that Trump knows and takes full advantage of.

Lessons We Can Learn From Donald Trump

5. **Let others take the spotlight.** "I'm a bit of a P.T. Barnum. I make stars out of everyone."
6. **Live the life you love all the time.** "If you're interested in 'balancing' work and pleasure, stop trying to balance them. Instead make your work more fun and interesting."

3.

DONALD TRUMP AND THE ART OF THE DEAL

“If you have a good feeling about something, go ahead with it. If the feeling is bad, proceed with caution. Your instincts are there to guide you. Use them.”

I don't believe you can ever be hurt by buying a good location at a low price.

Donald Trump

“My style of deal-making is quite simple and straightforward,” says Trump. “I aim very high, and then I just keep pushing and pushing and pushing to get what I’m after. Sometimes I settle for less than I sought, but in most cases I still end up with what I want.”

He has made a name for himself by providing luxurious and classy spaces for his niche market of the very wealthy. He has also sought opportunities outside of the real estate business, owning part of the broadcast rights to Miss Universe, Miss USA, and Miss Teen USA Pageants. His reality TV show, *The Apprentice*, has been a huge success and has made Donald Trump a household name.

Making business deals is an art form for Trump, which he is happy to spend and devote endless hours to. “Other people paint beautifully on canvas or write wonderful poetry. I like making deals, preferably big deals,” says Trump.

Trump stresses that a passion for what you do will be the underlying cause of whatever success you achieve. And without it, success will never come.

Trump understood that in order to be successful, he had to ignore his critics and remain headstrong. Unwilling to ever back down, Trump advises that, “When somebody challenges you, fight back. Be brutal, be tough, just go get them.”

He attacks all his deals with similar ferocity, refusing to take ‘no’ for an answer. Trump warns that it is detrimental to show any fear in the face of your competitors. “You can’t be scared,” he says. “You do your thing, you hold your ground, you stand up tall, and whatever happens, happens.”

Trump considers his ability to think in larger than life terms one of his greatest strengths and a major reason for his significant success.

“Most people think small because most people are afraid of success, afraid of making decisions, afraid of winning. And that gives people like me a great advantage,” he says.

Trump is not afraid to go after what he wants, nor is he afraid of the consequences of his decisions.

For Trump, part of doing your thing, is getting your goals met at any cost. Whether it is denigrating the competition or remaining firm on an original bid, Trump refuses to let anything stand in the way of his real estate dreams.

“My experience is that if you’re fighting for something you believe in - even if it means alienating some people along the way - things usually work out for the best in the end,” says Trump.

Market observers believe a large part of Trump’s success stems from the fact that he appears to always be able to maintain the upper hand when making a deal.

Although he was often in an inferior position to be making demands, Trump managed to convince property owners that his terms were the only ones worth meeting. “If you want to buy something, it’s obviously in your best interest to convince the seller that what he’s got isn’t worth very much,” Trump says.

By over-selling himself and resorting to tactics of fear and guilt, Trump would always make himself appear as if he were the only man for the job.

Trump has an ability to make people see things the way he wants them to. Knowing this, he has often used it to his advantage in making his multi-million dollar business deals.

“You don’t necessarily need the best location. What you need is the best deal.”

“When I build something for somebody, I always add \$50 million or \$60 million onto the price,” he says. “My guys come in, they say it’s going to cost \$75 million. I say it’s going to cost \$125 million, and I build it for \$100 million. Basically, I did a lousy job. But they think I did a great job.”

By putting himself on the line with every business transaction things seemed to have worked out for the best in the end for Trump.

Deal Making Advice from Donald Trump

When Donald Trump is asked to summarize what he has learned from his deal making, he offers the following advice:

1. **Think big.** He is happy while you are not thinking big, because then you won’t be a competitor of his.
2. **Protect the downside and the upside will take care of itself.** He states he is more of a negative thinker in this regard and in this way protects his capital, or the downside of a deal.
3. **Maximize your options.** By having more options going into a deal, you have another one left in the case of one failing.

4. **Know your market.** Do not worry too much about what the 'experts' say, but use your own knowledge and conduct grass roots surveys.
5. **Use your leverage.** It is best to go into a deal with something that the other side wants or, better yet, needs.
6. **Enhance your location.** Besides location, location, location, work to make it a better location.
7. **Get the word out.** Market your product or service so that people know about you.
8. **Fight back.** Do not let anyone trample on you or abuse you unfairly.
9. **Deliver the goods.** What more do I need to say - deliver the goods!
10. **Contain the costs.** Spend what you have to but do not overpay.
11. **Have fun.** Live life and have some fun.

Trump Trumps Manhattan

One of Donald Trump's best known deals was his first in 1973, when he purchased and transformed a large abandoned railway yard along the Hudson River.

The Trump Organization was formally set up at the same time as when Trump went to meet with the owner of the property. With no business name, Trump knew he would not get far, so the Trump Organization was created. "Somehow the word 'organization' made it sound much bigger," he recalls.

Trump dreamed of the amazing potential for properties throughout New York City even as the city was in recession and facing bankruptcy.

Trump succeeded in purchasing this property, and also another along West 34th Street, which he dreamed could become home to the city's convention centre.

He encountered substantial opposition to this idea, both from the city and from competing developers, but he boldly promised in typical Trump style in front of the media to build the convention centre for \$110 million - \$150 million less than the city had estimated.

In the end, Trump recalls, "We won by wearing everyone else down. We never gave up, and the opposition slowly began to melt away."

With the success of these deals under his belt, Trump decided to diversify his portfolio, going after The Commodore, a mid-town New York hotel that was experiencing financial difficulties.

He teamed up with a young architect and together the two began to create a new vision for The Commodore in conjunction with the Hyatt Company

Despite numerous refusals by banks for financing, Trump finally succeeded in getting his hotel built in 1980, when it proved to be a success.

Trump then acquired a prime property at 57th Street and Fifth Avenue he had noticed from the very first day he moved to Manhattan.

His vision of a 68-story Trump Tower with luxurious residential suits, retail space and classy office suites, was officially opened four years to the day after Trump closed the deal.

Trump continued to expand his presence throughout Manhattan by developing such landmarks as Trump Parc, Trump Palace, 610 Park Avenue, The Trump World Tower, and Trump Park Avenue.

His global expansion includes properties in Seoul, Toronto, Sao Paolo, and Dubai.

40 Wall Street - "How could I lose?"

A large part of Donald Trump's enormous success in property development can be attributed to his ability to recognize a profitable idea where others could not.

This is as a result of the peculiar way he analyses and evaluates business ideas. By asking himself, "How could I lose", Trump considers different possible ways the property can be put to use.

By evaluating and choosing from the alternatives he comes up with (thinking outside the square), and not overlooking the one that will make the most money and be the most profitable, Trump will often come up with a dazzling real estate deal and spectacular finished product.

Other estate developers will only consider the traditional ways of utilizing the property, which might not be making good money at the time.

This was how Trump made lots of money, and still counting, from the 40 Wall Street property, which he bought in 1993 for \$1 million.

When the building was first available, Trump was having some financial difficulties and couldn't raise the money himself. He approached some people to support him with their money and take up a 50/50 partnership with him on the deal.

All of these people could not see how the property could make money. They even advised him to drop the idea so he didn't lose his money.

Contrarily, the answer he got when he asked his usual question: "How could I lose" told him that instead he would make money, and he chose to go for it.

"In spite of what everybody said, I was really sold on 40 Wall Street. It was a seventy two-storey building, a total of 1.3 million square feet. I could break even if I only rented out the retail store on Wall Street. How could I lose," revealed Trump wrote in *Think Big and Kick Ass*.

A few years later Trump rejected a \$535 million offer for that same \$1 million property!

The 40 Wall Street property he bought for \$1 million in 1993 is now said to be worth about \$600 million, even after he has already made lots of money from it.

Go Against the Tide

According to Trump, "You will have your biggest successes when you go against the tide." This strategy is one of Trump's biggest money making secrets. He deliberately picks on business ideas that are not in line with tradition or that go against popular beliefs, so long he is satisfied with himself that the ideas would work and generate money.

Often while other people, including competitors and associates are still analyzing how wrong his idea is, the millions have started rolling in.

This was exactly the case with *The Apprentice* TV reality show. People gave a number of reasons why the idea would not work or make money. Trump's agent asked him to call it off because no business show had ever made it on prime time.

However, Trump had a strong conviction it would work and lots of money would be made from it, so he went ahead and did the show.

Within a few months *The Apprentice* became the number one TV show in America.

For the first year of the show Trump was paid \$50,000 per episode - around \$700,000 for the first season. Following the show's initial success, he was paid a reported \$3,000,000 per episode, making him one of the highest paid TV personalities.

It is interesting to record that one season of *The Apprentice* featured two teams from opposite sides of the business spectrum. *Team Magna* was made up of highly educated college graduates while *Team Net Worth* consisted of players with only high school diplomas.

While players on both teams were considered successful within their chosen fields, those without the college degrees held a personal net worth three times higher than that of the college educated team according to Trump.

“I play it very loose. I don’t carry a briefcase. I try not to schedule too many meetings. I leave my door open. . . . I prefer to come to work each day and just see what develops.”

Trump and the Wollman Skating Rink

Wollman Skating Rink is a public ice rink in the southern part of Central Park, New York and has been featured in several movies, including *Love Story* and *Serendipity*.

The rink was opened in 1949 with a \$600,000 donation for construction by Kate Wollman to commemorate her Kansas family. Historically, the rink had been open for ice skating from October to April and in the summer seasons it was used as a venue for other purposes.

The rink was closed in 1980 for what was to be 2 1/2 years of renovations. When the work was not completed by 1986 after six years and \$12 million of work, Donald Trump persuaded Mayor Ed Koch to let him complete the work, even though he did not expect to make a profit.

Koch initially objected to the proposal but public pressure prompted him to reverse his position.

Trump completed the renovations in three months to have it open by the end of the year, with the Trump name prominently displayed on the walls of the rink. Trump said his organization had made a profit of about \$500,000 on \$1.5 million in receipts since it’s re-opening, with the money going to several charities and public works projects.

Trump said that he had hoped to just break even or turn a modest profit of about \$100,000. “It’s so much beyond any expectation,” said an ebullient Trump at the time. “This is a little different ending than most city stories.”

Donald Trump's Property Investing Strategies

Donald Trump runs a Real Estate investing program where he outlines his basic principle of buying low and selling high. Trump is a property investor (buy and hold) and also a property developer, whereby he makes money by purchasing, refurbishing and then selling property.

Here is a summary of his key principles which include keeping it simple and taking action.

Buy below market value: You need to buy property well below market value so that you make a profit the day you buy. Due to the falling property prices in the US, it is a buyer's market now and so a great time to be able to buy property well below the market price. One of the keys to this is understanding the true market value.

Know your area: Once you have picked the area in which you want to invest, you need to do your research and get an understanding of the market value and rentals in the area. The best way to do this is to use the Internet and work with local knowledgeable experts such as letting agents and estate agents who will be able to provide actual rental and sales figures.

Find motivated sellers: Estate agents will be able to help you find some motivated sellers but you also need to attract sellers to you through your own marketing efforts using methods such as postcards and leaflets distributed in areas in which you want to buy.

Add value: Donald Trump is great at seeing the hidden value in an asset. He likes to buy run down property and "Trump it up", whereby he spends money to make it look fantastic. The cost of renovation is always a lot less than the value that is added. Trump maximizes the use of local and government grants and subsidies to pay for renovation work whenever possible.

Know the outcome: Having done your homework before you buy the property you will know exactly what you are going to do with it. Either refinance and hold onto it if the rental stacks up, or sell it. To sell the property quickly in the current market, one would need to sell the property at a discounted price.

Refinance: Having added value to the property as long as the rent is sufficient you can refinance it to get your initial cash out of the property and to even get some extra tax free cash out of the deal if you purchased at a big enough discount.

Use options: To minimize the risk Trump will secure a property on an option and then find a buyer or tenant before he actually purchases it.

The next chapter of this book provides an in-depth look at property options with examples of some successful options.

Articulate the Message

Marketing and public relations students learn early on the importance of constantly 'articulating the message'. When patrons enter the Casbah Nightclub At *Trump in Atlantic City*, they are bemused to be confronted with a recorded greeting by Donald Trump articulating his message. A good business example of maximizing the marketing potential of the brand.

Nip and Tuck

In late 2011, Donald Trump's Atlantic City casino announced it was giving away botox, liposuction, and face-lifts as a jackpot and offering gamblers a chance to win \$25,000 towards a variety of plastic surgery procedures.

Throughout the month of October, the Trump Taj Mahal Casino Resort held a players card contest to determine which lucky winner would be able to mix and match a combination of surgeries, including botox, liposuction, breast enhancements, and facelifts.

A Trump marketing spokesperson explained the company's decision to organize the Nip, Tuck, and Lift Sweepstakes: "We wanted to change the face of a typical casino promotion and with this one we are literally doing it.

"Many people have something they want to change; a nip and tuck here, a lift there, but the cost of these procedures can be quite costly," she said. "This promotion will allow the winner the opportunity to get the procedures of their choice."

The winner also had the choice to take the prize in cash if they choose not to have the surgery.

Trump National Drive

In late 2008 Donald Trump sued a town in California for \$100 million (five times the town's annual budget), as he believed his civil rights had been breached because the town did not rename the local highway Trump

National Drive and that he was required to carry out environmental and safety studies because of landslides in the area.

Three years before Trump purchased this land, the previous golf course on the site was destroyed in a landslide which sent the 18th hole into the sea.

In a dispute over a hyper-luxurious golf course he developed there in 2002, Trump claimed the local authority was defrauding him and breaching his civil rights, his lawsuit claimed.

Officials also forced him to cut down a row of 4 meter high trees he had planted to block views of low-cost housing from the course. They later held up plans for 20 luxury homes in the golf club grounds, demanding tough environmental and safety studies because of landslides in the area.

Trump's company, VH Property, purchased the 120-hectare parcel of land, half an hour south of Los Angeles, in 2002.

His 4,200 square meter clubhouse attracted professional golfers with 'stately locker rooms', businessmen with 'secluded conference rooms', and celebrities with facilities including a 'magnificent grand ballroom'. Homes within the grounds sell for \$12 million and the complex boasts stunning views.

However, Trump's relations with the locals had been less than serene almost since his arrival, when he originally charmed them at town hall meetings and business breakfasts.

Wags dubbed his plan to rename Ocean Trails Drive as 'Narcissism Lane'.

Trump and the House of Kluge

One of Donald Trump's typically astute, though lesser known windfall deals involves Patricia Kluge, who was born in Baghdad and once posed nude for a London magazine. She married John Kluge, 34 years her senior, in 1981. Mr. Kluge was named the second-richest man in America in 1986 by Forbes magazine after making billions from his Metromedia broadcasting empire. Ms. Kluge became a prominent socialite in New York, Palm Beach, and Virginia.

In 1990, the Kluges divorced with reports that Ms. Kluge received \$1 billion, but the settlement - which included an income stream and property - was actually worth between \$100 million and \$200 million, according to insiders. Mr. Kluge died in 2010 at the age of 95.

3. Donald Trump And The Art Of The Deal

After the divorce, Ms. Kluge plowed much of her fortune into her grand dream of making wine in Virginia. As part of the divorce, she kept the Virginia estate - a scenic tract of rolling hills and lakes nestled below the Blue Ridge Mountains and just down the road from Monticello, the Thomas Jefferson estate.

She turned the property into the Kluge Estate Winery and Vineyard and poured more than \$100 million into the property and business. However, she sold only about a third of the more than 30,000 bottles of wine produced each year.

In 2009, she put the house up for sale - first for \$100 million, then \$48 million and finally \$24 million.

As Ms. Kluge's empire collapsed, Trump bought. Over six months, he swooped in and picked up many of the pieces of her palatial Virginia estate and winery. He bought the 1,000-acre vineyard and winery for a fraction of their original value. He bought 200 acres nearby for less than \$500,000, with help from Ms. Kluge and her son.

Trump even outplayed a much bigger rival in a bid for Ms. Kluge's prime asset, the mansion. Bank of America owns the house after foreclosing and is trying to sell it for \$16 million. The 24,000-square-foot neo-Georgian palace has 45 rooms, a spa, home theater, 3,500-bottle wine cellar, and 2,000-square-foot sitting room.

One thing the house doesn't have, however, is a front yard. Trump owns that, having purchased it with his 200 acres. He also owns most of the driveway and the backyard, making a sale to any other buyer difficult.

To make his point, he erected signs on the front lawn of the mansion that read, "No Trespassing. This Land is Owned by Trump Virginia Acquisitions LLC," aimed at warding off possible buyers. He has also let the lawn go to seed.

"Maybe someone is stupid enough to buy the house," Trump said. "I wish them luck."

Bank of America, which had a mortgage of \$22.8 million on the mansion, foreclosed in February 2011. Trump bid \$3.6 million for the house at the foreclosure auction. However, Bank of America bought the home back for \$15.3 million, (it is a common practice for banks to buy back their foreclosed properties at auction). The bank said its bid was in line with the appraisal for the house.

Meanwhile, Trump began scooping up the other pieces of the estate. The vineyard had been taken over by Farm Credit of the Virginias ACA, which had a \$34.8 million lien on the business. Trump says he offered the bank \$21 million in cash, but the bank declined. An attorney for Farm Credit claims Trump refused to put the offer in writing.

In May 2011, the vineyard went on the auction block and Trump won the bidding for most of the vineyard for \$6.2 million - far less than the \$60 million that banks and lenders had once valued the business and property. He paid an additional \$1.7 million for equipment and stock.

Trump's son Eric is now running the vineyard with assistance from Ms. Kluge. In a statement, Ms. Kluge said she is, "thrilled at having a second chance to fulfill my dream."

Meanwhile, the agent for the house says he has had strong expressions of interest in the house from prospective buyers. Even after Trump's purchase, the house has 95 acres, as well as access rights to the driveway. Trump's front yard has a conservation easement, meaning he can't easily build in front of the mansion.

Donald Trumps the Wind?

"The week's news just wouldn't be complete without a reasonable request from one of earth's resident billionaires," Josh Kenworthy recently wrote in *Business Spectator*, with the clever pun ridden headline above.

"This time it was US property tycoon Donald Trump who had an extremely busy time as he flagged two mega international seaside developments; one by the Black Sea in Georgia and another in Scotland.

"All was going well until Trump's benevolent pursuits in Scotland hit a snag when he discovered the government planned to build offshore wind farms within eyeshot of his exclusive new golf resort.

"Trump expressed his displeasure at such green ambitions saying the giant turbines would spoil the view. He pointed out in no uncertain terms that the entire Scottish economy hinged on the success of his resort.

"Scotland, if you pursue this policy of these monstrous turbines, Scotland will go broke," he said.

"Trump reportedly said that while he was on the subject, parliament might as well do something to put a stop to the wind along his stretch of coast

altogether, saying it made it difficult to hit straight tee shots and unnerved some of his kilt-wearing guests.”

This story followed concerns raised in Scotland about Trump’s aggressive business practices and fears that he would ride roughshod over environmental laws.

Trump had waged an 18-month charm offensive aimed at winning permission to build one of his luxury golf courses in Aberdeenshire and attended meetings on the scheme in person.

The scheme won approval, but only after the intervention of the Nationalist government in Scotland, which overturned the decision of the local council to side with environmental opponents of Trump.

Trump’s Deal for a New York City Golf Course

In January 2012 details emerged of a typical Donald Trump deal, a 20-year lease with New York City to run a Bronx golf course, which was criticized by some critics who called it a sweetheart deal.

Trump Golf Links at Ferry Point Park, a PGA-quality course scheduled to open in 2014, is part of the \$184 million Throggs Neck waterfront redevelopment project being financed by taxpayers.

While Trump is to build a \$10 million clubhouse, under the contract for the \$97 million golf course portion of the project, he won’t make any payments to the city for the first four years, and will then pay 7 percent of gross receipts, or a minimum of \$300,000, in the fifth. The payment schedule will increase to 10 percent, or a minimum of \$420,000, by the 16th year.

He would also control 20 percent of the weekday tee times without any Parks Department input and could close the facility for a full day with park officials’ approval, effectively giving him the power to control who can golf and when, critics say.

The fee for a round of golf will be \$125 on weekends, nearly triple those of nearby city courses.

According to the *New York Post*, neighborhood feelings were mixed. Those in the housing projects to the northeast would prefer a larger community park, while homeowners in riverfront communities in the southeast eagerly anticipated the course and its anticipated boost in real estate values.

As any developer knows, it is essential to have powerful and supportive allies in high places. New York Mayor Michael Bloomberg defended the Trump deal saying, "We have to pick from whoever is willing to run a golf course. These are not terribly profitable things, and in this day and age more golf courses are closing rather than opening across the country."

Trump said in a statement it will be a good deal for the city. "For the first time New York City golfers will reap the benefits of a world class golfing experience unlike any other," his statement said.

Donald Trump's \$100 Million House

Donald Trump's mansion in Palm Beach, Florida, sold in May 2008 to a Russian billionaire for the most ever spent on an estate in the United States. However, that was after an equally impressive price cut as Trump lowered the cost from \$125 million to \$100 million after two years on the market.

Trump bought the 60,000-square-foot house called the Maison de l'Amitié for \$40 million in 2004. He then lavished an untold amount of money refurbishing the buildings and assigned one of his "Apprentice" show's winners to renovate the place, which added to the price.

According to the Palm Beach County Property Appraiser's Office, the yearly tax bill was around \$1 million.

A Trump World Tower Penthouse, priced at \$58 million, also made the list of the 12 most expensive homes in the U.S. that were recently featured in Ultimate Homes Magazine.

More Trump Golf

With a growing portfolio of golf clubs, the Trump Organization is known for its high-end, ornate clubhouses and courses that feature world-class food and amenities. They are also among the most expensive.

In September 2012 Trump announced yet another golfing deal with his purchase of The Point, in Charlotte, after members of The Point Lake and Golf Club voted to sell their club to him.

The Trumps said they have huge plans for the lakeside club. Trump was to pay \$3 million for the club, which will be renamed Trump National Golf Club, Charlotte, and will assume its liabilities and promised to spend millions improving the Greg Norman-designed course, tennis courts, and facilities.

Donald's son Eric Trump who took the lead on the project, said he won the vote "overwhelmingly". "My father and I are overwhelmed by our incredible victory and the immense support of so many wonderful members," Eric said. "There is no doubt that when completed, Trump National Golf Club, Charlotte will be the best club in North Carolina and beyond."

The vote ended months of debate within the exclusive community that pitted neighbors against one another, with some residents raising concerns they would be priced out of the Lake Norman neighborhood.

On the night of the vote a golf cart sat parked in front of the meeting hall, decorated with sparkly letter Ts and black and gold balloons, including one shaped like a champagne bottle, "to add some light-heartedness to the evening."

Trump said he's bullish on the Charlotte area, despite the weak economy. Before the recession, he toyed with the idea of buying land in uptown for a mixed-use high-rise. He decided to kill the plan in part because the city's dependence on banking would make that project more vulnerable in a downturn.

The Trumps started talking about buying The Point two years ago with then-operator Crescent Resources.

Donald Trump and Bankruptcy

Trump hotels and casinos in Atlantic City have filed for bankruptcy protection three times. While Trump blamed market forces, he has long been chairman of the board for the casino businesses.

In his defense, Trump said he "didn't run the company." NBC interviewer Michael Isikoff asked why he was paid \$2 million per year to chair the board of that business. Trump replied: "Excuse me. Because I'm a genius, okay."

Trump said many different businesses license the use of his name, but he's not directly involved in their operations.

After Trump's casino operations filed bankruptcy for the second time in 2004, many people pondered "How does Donald Trump repeatedly file for bankruptcy (Chapter 11) and still stay on top?"

His detractors took great delight in asking how a smart developer like Donald Trump could run casinos, which are generally regarded as cash cows, at a loss.

Others likened him to Alan Bond whose company went into liquidation while running Australia's second largest brewery, generally regarded as another cash cow and a surefire profit generator.

Some even went as far as to ask, "Isn't it time for board members to give Trump a pink slip?"

Despite the company failings, Trump remained as chairman and CEO, and continued to collect a \$2 million dollar salary.

So how does a CEO decide to file for bankruptcy twice and still come out at the top of the heap?

Firstly, Trump doesn't get personally involved. He knows how to protect his personal finances. In both instances, Trump's corporations have filed for bankruptcy; Trump personally has not.

Hence, when his casino fell into around a billion dollars of debt, the corporation filed for Chapter 11. Trump only made the decision to do so once he had spoken to his banks and bondholders.

By filing, he gave his business the opportunity to regroup and reduce his business debt. It didn't hurt however that it would also reduce his personal debt, as Trump is likely the one every creditor would look to if the Taj Mahal Casino couldn't pay up.

In fact, Trump avoided potential lawsuits from creditors and he also avoided personal bankruptcy by keeping his own bank account insulated.

Trump, it appeared, had triumphed. His company had dire financial problems but seemed to rise just as quickly from those bankruptcy ashes. Just three years later, he combined the hotels into the publicly held Trump Hotels and Casino Resorts.

For several years, the new company enjoyed double digit share prices. His personal fortune in turn also skyrocketed and he leapt onto Forbes' most wealthy list.

In due course Trump's public company fell again. Within a few years of soaring high prices, the company share price had fallen into single digits.

The one-time powerhouse company remained profitless and struggled just to pay the interest on the \$2 billion debt. Trump claimed that the properties were unable to make the improvements necessary for keeping up with its flashier competitors. These financial troubles led to Trump's second trip into bankruptcy.

Trump knows how to create a win-win situation, a quality that helps him stay on top, and a tactic he demonstrated during the second bankruptcy.

When Trump filed for Chapter 11 a second time, he again asked to be able to restructure his company's debt and overhaul its aging casinos. Under the voluntary bankruptcy filing, Trump Atlantic City Associates, which is 99 percent owned by Trump Hotels & Casino Resorts Inc., listed \$1.3 billion in debt and \$1.5 million in assets.

This time around Trump proposed that reorganizing the company would provide him the cash to upgrade his properties. By making these changes, he could help keep the casinos competitive.

He also proposed a second benefit: bondholders would receive shares in exchange for forgiving the debt owed. In other words, it would increase their ownership of the company by roughly two-thirds.

According to Trump, the chances of making the money back and even a bit of profit would dramatically increase when the casino emerged from the reorganization and vendors would be paid.

Best of all, Trump would keep his job and his hefty salary. If all went as planned, Trump's Atlantic City properties would be able to actually turn a profit and even potentially expand into new markets like Las Vegas.

Meet the New Boss, Same as the Old Boss: It's Donald Trump

In February 2009 Trump Entertainment Resorts filed for Chapter 11 bankruptcy – the third time the company or its previous incarnations had done so.

An Atlantic City newspaper published this report on the proceedings under the headline above. "The real estate mogul and reality TV star Donald Trump, his daughter Ivanka, and Dallas-based Beal Bank successfully fought off competition from bondholders in bankruptcy court to purchase the Atlantic City casino company he once ran and that has always borne his name.

"Trump Entertainment Resorts Inc. chose Donald Trump's \$100 million cash offer late Monday night. The Trumps and an affiliate of Beal Bank Nevada will take the company private.

"The deal still must be approved by a bankruptcy judge.

Lessons We Can Learn From Donald Trump

“The Donald’s bid trumped a competing bid backed by bondholders, whose refusal to deal with Trump in February led him to resign as chairman of the company and launch a drive to regain power.

“Ironically, Trump regained control of the company the same way he lost it four years ago - through bankruptcy. He was forced to relinquish operational control of the company and its three casinos as part of its emergence from its second bankruptcy in 2005.

“My previous investment in the company was destroyed by excessive and restrictive debt,’ Trump said. ‘This reorganization changes all that. I am pleased that the reorganization affords me an opportunity to make a new investment and help revive a company that has borne my name, but not performed to my standards or been under my management.’

“My daughter Ivanka and I will work tirelessly to make this company great again,’ he said. ‘As I have done in the past, we will make Atlantic City hot once more.’

“Its petition listed \$2.06 billion in assets and more than \$1.74 billion in liabilities. Ivanka Trump said the new company, which she expected to keep the same name, would carry about \$486 million in debt - a far cry from the \$1.7 billion that forced it into bankruptcy earlier this year.

“This is a great day,’ she said. ‘We are very excited about being back in Atlantic City.’

“She and her father had resigned from the company in February after bondholders spurned his offer to buy the company.

“Crushing debt has long held the Trump casinos back in dealing with the rapidly changing Atlantic City market, which is dominated by newer high-end casinos like the Borgata Hotel Casino & Spa, and Harrah’s Resort Atlantic City.

“In recent years, the company has concentrated on its largest and newest casino, the Trump Taj Mahal Casino resort, which now ranks among Atlantic City’s better performers. But the company’s other two casinos, Trump Plaza Hotel and Casino, and Trump Marina Hotel Casino, have lagged.”

Everyone had Money. Only Trump had the Grit, Drive, and Imagination.

It was in 1990, however, that the real estate market declined, reducing the value of and income from Trump's empire; his own net worth plummeted from an estimated \$1.7 billion to \$500 million.

The Trump Organization required a massive infusion of loans to keep it from collapsing; a situation which raised questions as to whether the corporation could survive bankruptcy.

Some observers saw Trump's decline as symbolic of many of the business, economic, and social excesses that had arisen in the 1980s.

Yet, he climbed back from nearly \$900 million in the red: Trump was reported to be worth close to \$2 billion in 1997.

Donald Trump's success is a story of amazing timing, and capturing unbelievable opportunities. At a time when lots of New Yorkers were out of work, and lots of great apartments and buildings were on the selling block, Trump and his father made the most of the opportunity this presented.

As any reader who has been involved in real estate development will know, even after those initial deals, nothing came easy though.

Every single step, every court case appeal and secret meeting, that went into the construction of Trump Tower (arguably his most famous achievement) happened in spite of his incredible wealth.

In other words, the money didn't help. All the money did was help pay off the lawyers and the designers, and all the people you have to pay, just to even start talking about building something, and long before a bank will lend you many millions of dollars. And as each of these deals was about to be finalized, there were always guys with a lot more money calling.

Donald Trump reasoned that every time he picked up the phone, he could make a deal, not by pleasing people, but by slashing and hacking expectations to the ground.

Only then, is it time to turn on the charm: "Under-promise, Over-deliver." Those four words are absolute genius, and can be applied not just to business deals and financial reporting, but all aspects of life.

We are bound to be disappointed when we get our hopes up. And if we're not, our excitement will be diminished. The way to really get people excited,

Lessons We Can Learn From Donald Trump

get them talking, *and get them signing* is with U.P.O.D. (Under Promise Over Deliver).

This may come across as 'no more Mr. nice guy' stuff, but it works. And it explains why 'nice guys' are often the worst salesmen imaginable. All they do is build up expectations, then disappoint you.

When it's time to sign, it's not about the money. It's a choice between signing with you, and about 10 other guys, all of whom have lots of money. It ultimately comes down to personality and showmanship. Much like Steve Jobs, these deals of a lifetime, come down to charisma, credibility, and loyalty.

Everyone had money. Only Trump had the grit, drive, and imagination.

4.

PROPERTY OPTIONS

How to make millions without
using any of your own money.

In the next three chapters I have detailed some interesting real estate strategies that have been successful for many investors. These strategies include, property options, landbanking and buying US property.

How Can you 'Sell' Real Estate if you don't Own (Buy) it First?

You could become an agent or a broker and 'earn' commissions for selling, but being an agent/broker is a full-time job and allows few (if any) opportunities to build a real estate empire, unless you do a lot of 'buying' for your own account.

If you want to be on the 'profitable' selling side (as opposed to the 'costly' buying side) in building your real estate empire, the only real alternative you have is using real estate options.

What are Options on Real Estate or Real Estate Options?

An option is a right to purchase or lease a property upon specified terms within a specified time. If the right is not exercised, the option holder is not subject to liability for damages. If the holder of the option exercises it, the grantor of the option must perform the option's requirements.

An option is a legal instrument by which a choice is granted to acquire a given property; simply meaning, a document that gives a person or entity the choice to buy, on their conditions, or not. If the person or entity chooses to purchase, the seller is absolutely committed at the original strike price.

The underlying principal is that in order for the transaction to proceed, it must be at the sole discretion of the buyer. A real estate option gives you 'control' of a piece of real estate without buying it! By having options on real estate, you have the exclusive right to either buy that property, or not to buy it. The choice is yours.

It is an 'exclusive' right. That means that no one else can buy or sell that property during the term of your option. You have control of the property during the term of the option and (in most cases) the owner keeps paying all

of the inherent costs such as the property taxes, assessments, upkeep, and maintenance.

What could be better than 'controlling' a real estate empire without buying any real estate? Let the owner keep paying the inherent costs and either 'sell' the property, or 'sell' the option itself, for a profit.

If the seller sells the property to someone else, while you hold this exclusive option, you are entitled to any moneys the seller receives over the price you have agreed to pay for the property or if the seller sells the property for less than what he agreed to sell it to you on your option, you can collect the difference from the seller.

'Exclusive' Means 'Exclusive' Under the Law

When you hold options on real estate property, you 'control' the sale of that property until your option expires.

No one, not even the owner of the property, can 'buy' or 'sell' that property, legally, without first satisfying your option.

You own the exclusive right to buy that property, or not buy that property, or sell that property to someone else, or sell the option itself to someone else. When you use an option, you are not buying real estate; you are buying the exclusive right to buy (or not buy) that real estate. That means you also have the exclusive right to sell the property as well.

Using an option on real estate, you also have another advantage. You will usually be dealing with 'prime' (or at least acceptable and presentable) real estate properties. Whereas, if you deal with 'distressed' properties, nine times out of ten, you are dealing with 'garbage' real estate.

An Example of an Option

Have you ever wondered how the land is acquired for a new shopping centre in an existing suburban area?

A typical case involves the developer or shopping centre owner offering an option to householders to buy their property in 12 months time at a 20 percent premium to its current value.

This allows time to obtain the necessary planning approvals and stabilizes the price that the developer or shopping centre owner will have to pay to

acquire the land while the landowner stands to sell their property at a handsome margin over its exiting value.

Mark Rolton

Mark Rolton is a successful property developer who uses property options extensively. He is the presenter of the *21st Century Education* course *How to Make Millions Through Property Options*.

Rolton has an interesting story to tell on how he became involved in options and property development. He relates how after being successful as a project manager he found himself desperate and burnt out after being swindled out of \$200,000 by the person he appointed to manage his business; even worse he finished with a tax liability of \$235,000.

Rolton was forced to clean windows for \$400 a week to survive. Opportunity presented itself when he learnt that a business contact was desperate to sell six blocks of land (despite being asset rich, the bank was about to foreclose).

The very next day another of his business contacts phoned to say that he was very keen to buy some land. A few questions and it transpired that the six blocks of land that Rolton's business contact had for sale would be ideal.

A hurried phone call to a lawyer to question how he could profit by putting a deal together for the six blocks followed, with the result that Rolton optioned the six blocks and made a very tidy profit.

As a result of his success with options, Rolton suddenly became very active in optioning land, to the extent that he made a profit of over \$1 million in forty days.

Control Can be far More Powerful than Ownership

If we have an option on a property of any type the seller is absolutely committed to sell at that price.

While holding that option, if we can improve the value of the property by obtaining a Development Application (D.A.) approved by the local council which will add value to the property (to build home units for instance on what is now a home site), we can then ask a higher price for the property that we have control over.

We control any upside on the property and because it is an option to buy we can always pull out of the transaction if market forces work against us.

At a later date if you decide to develop the property yourself, you can use the capital gains on the value of the property as collateral with your bank. As an example, if the value of the property you have an option on increases in value from \$1 million to \$1.5 million as the result of your successful D.A., you have \$500,000 in equity to offer the bank.

There are two basic ways of dealing with options according to Rolton. The first is a 'short option' where the property is held for a short time and sold without any further improvements.

The second way, which has the potential to produce windfall profits, is for the option holder to take out a major D.A. and redevelop the property, for instance, by turning a vacant block of land into a new suburb or industrial complex. To do this will involve a wide range of professional services and trades.

Mark Rolton's Five Criteria for Ideal Options

1. **Time versus money.** You can get money back but you cannot get time back. When we option a property we have two options when trying to make a sale. In the first case - a short option, we can try and sell the property in a short time frame (days, weeks or a few months) without making any improvements, change of use or rezoning. In the second case - a long option, we can try and sell the property in a longer time frame with improvements such as a D.A. involving a change of use. Allow sufficient time to improve the value of your option. For most councils and town planners to sign off on a major development will probably take at least six months, so try to have your options run for at least 24 months.
2. **Win with you - beyond win-win.** How do I serve the needs of sellers and the potential buyers? The other parties involved in your option should win-with-you. Work to create this win-with-you situation. These days the market commands more than a simple win-win situation, the market wants win-with-you situations. Business today has a different dynamic that involves honesty and integrity at the

negotiating table so approach your deals with a long-term view.

Create deals that involve the buyers' needs and work around these needs to improve your offer. Rolton quotes as an example the owners of a property he had an interest in buying opposite a major new retail development. The owners had turned down numerous offers from what they considered greedy uncaring developers who were only concerned with their own self-interests ('stitch 'em up').

Rolton says he found out what really concerned the owner and what the owner really wanted. Instead of lots of money the sale would give him, the owner's great concern was his very sick wife who could not use the stairs.

Using honesty and integrity - critical success factors according to Rolton, he offered to design a new, low-maintenance home near the hospital to suit the sick wife and thus created a win-with-you situation. Fortune favors the brave; the council allowed a new railway to pass the property that increased the allowable density on the property from three stories to six stories, giving Rolton a profit of almost \$2 million!

3. **Numbers are knowledge!** Knowledge is power! Do your mathematics. Develop relationships with council town planners, engineers, civil contractors, builders, and building contractors. You may not want to develop a property yourself but you will need to know the ultimate cost of your proposal in order to sell it. Understand all of the costs involved in all facets of a D.A.
4. **Be a joint venture master.** Partner or perish. Instead of thinking that you are giving away part of your profits to your joint venture partners, look at working with joint venture partners as a way of reducing your exposure to the risks involved.
5. **Team fit.** Ensure the team's skills are complimentary. With a good team fit you should be able to make smarter and faster decisions. You should be able to utilize the skills of your joint venture team to reduce professional costs. The greater the skills of the team, the greater the chances of obtaining planning approval.

How Much Deposit Should I Pay for an Option?

How much deposit should I pay on a potential development site when taking out an option? Rolton points out that most sellers ask far too much as a deposit and that what they ask usually cannot be justified. He cites as an example a \$2 million land package that with a D.A. would be worth \$2.9 million.

The seller was asking for a \$300,000 deposit in order to grant an option. Rolton pointed out to the seller that the cost of a D.A. would be around \$150,000, which he (Rolton) as the person responsible for working with the council to obtain the D.A., would have to pay.

This D.A. money, Rolton pointed out, was actually in fact a replacement deposit. Should Rolton at any time decide not to proceed with the option the D.A. would revert to the seller of the land parcel as the D.A. was in the name of the seller.

Rolton also stresses the need to have the duration of the option to run for as long as possible. Instead of a 24 month option for instance he advises on making the duration of the option 30 months; this allows more time to gain the necessary approvals and also enhances the chance of the land increasing in value over a longer time frame.

Using Other Peoples' Money (OPM)

Instead of using his own money Rolton outlines some ways of using OPM to finance options and the development of options. Rolton says he often uses OPM in his option deals by offering to pay firms involved in the D.A. a premium on their normal rates if they will defer payment until the deal is settled.

There are also numerous people in the market place, according to Rolton, who will stump up the money for D.A. if they are paid a premium on their costs at the time of settlement.

Some further sage advice Rolton offers is to make a point of writing everything down as you are negotiating. What you decide while negotiating will invariably be passed on to lawyers to write into contracts so it is essential to have your details correct.

Finding Sites Suitable for Options

These are some websites that you visit to obtain property information:

www.propertydatasolutions.com.au

www.rpdata.com

www.confirm.com.au

www.abr.gov.au

Options for Success - Money from Thin Air

The case of two young *21st Century Education* clients, who attended a *21st Century Education* property options seminar, provides an example of the profit potential of property options.

Within 6 months these two young *21st Century Education* clients had made approximately \$1.5 million in profit from a property deal using none of their own money.

A Profit of \$775,000 in Three Weeks Using Just \$1,000 of their Own Money

In another instance - in his first ever options deal - three weeks after paying a \$1,000 deposit to option a property for \$825,000 a *21st Century Education* property options client (who we will call Colin) received an offer of \$1.6 million for the property - a profit of \$775,000 in three weeks using just \$1,000 of his own money.

Part of the success in this case stemmed from Colin (the person offering the option) doing a great deal of research before approaching the person who owned the land.

It transpired that the owner of the land was already negotiating with another party who was going to use the land for a residential subdivision.

Part of Colin's research before approaching the owner involved ascertaining the prices land in the area was selling for and most importantly, what the best use for the land was.

Colin quickly learnt that South-East Queensland has a huge demand for nursing homes and hospital beds, which is what Colin based his option offer on.

A further key ingredient in Colin's success was finding out the needs of the parties involved. The aging seller was tired of living on, and maintaining his

large block and was willing to sell at the best price while the buyer desperately needed land for hospital beds.

Of course the seller of the property was very happy that he obtained a higher price than he would have achieved with the initial enquiry he had received - and he managed a quick sale - a win-with-you rather than just a win-win result.

Millions in Rockie

In Queensland at the time of publication there is a boom in the exploration for nickel, cadmium, and coal that presents opportunity as well as the need to provide the infrastructure involved.

In Rockhampton, some entrepreneurs optioned 100 hectares of land located on the way to a nearby major mine for \$3.3 million (\$3.30 per square meter). The farmer who owned the land was happy to walk away and contemplate his potential returns.

A few weeks later the entrepreneurs were approached by a major Melbourne based organization who owned an adjoining site and expressed a strong desire to purchase the land.

Their offer was \$45 per square meter, which equates to \$45 million. Thus, the entrepreneurs were faced with a potential profit of \$41.7 million!

Rather than sell the entire 100 hectares of land to the Melbourne group, the entrepreneurs offered a smaller area that would suit their needs for \$55 per square meter for a total price of around \$15 million. The offer was accepted. In just a few weeks, after paying out the happy farmer, the entrepreneurs had made a profit of around \$12 million and they still owned the bulk of the 100 hectares that they had optioned.

Raising the Dam Level

Another case involved the government raising the height of a dam wall by a substantial amount. In turn this involved the rezoning of some adjoining land. The current zoning only allowed around 28 to 35 residential blocks of land on the site.

The rezoning council wanted to see 140 blocks of land on the same site. John had optioned the land based on 28 residential blocks when he first learnt of the work on the dam wall.

Before the D.A. was issued the council called John to a meeting to inform him of what they thought may have been a problem for him. The council then told John that they wanted to rework their previous proposal in relation to the site: the council now wanted to have 210 residential blocks on the site. To use John's words, he, "cashed out for a killing."

Some Real Estate Tips from Mark Rolton

When there is a need for residential housing, a need for shopping centre sites and industrial sites will follow.

Look for trends and patterns. Residential markets are the major driver - it is logical that all the other markets will follow. If you do not have houses you will not need industry.

When the Sydney market 'fires', historically during four previous boom markets all the other major cities will follow. After the last Sydney boom Melbourne followed 10 months later. Brisbane usually follows within 18 months of Sydney and then Perth follows soon after; this is a macro trend.

Look at your street directory for trends - for example different housing densities.

Brisbane at the time of publication had a shortage of commercial and office space.

Think outside the box. If an inner urban area has a three-story height limit, can you increase your returns and maximize your yields by having retail on the ground floor, professional suites on the second floor and residential units on the third floor? This is a micro trend in some inner Sydney suburbs.

The major opportunities are on Australia's eastern seaboard. Australia's aging population is a major factor.

'Interview' agents in your area of interest. Ask them about their recent deals and how good they really are. Establish their credibility and look at their results. Find out the trends in their market place and what they want.

Research opportunities based on what these agents tell you.

Councils and Governments are mainly concerned with raising money. They raise huge amounts from Building and Development Applications and headworks.

Negotiating Options

When working with options, it is imperative that you understand that time is your most valuable asset. Great options always come in the form of time. Your skill as a dealmaker is to softly persuade the owner of a current property to achieve your outcome of time.

With time, it is now possible to achieve a D.A. for the site. It is imperative to ensure that you have a minimum of 24 months for a D.A., allowing a minimum of four to 18 months for the entire process to be executed.

As a negotiator, you can often lead the seller to a position where they understand that the conditions you are offering are a better fit for them as well; e.g. "As a seller you may not even want to relocate any time soon. Therefore, I am prepared to option your property, given that I can meet the time restraints that I require and that would be 24 months. Does that suit you?"

A lot of sellers will prefer a greater window to decide and to relocate themselves. It must be understood that the market is the market. Meaning, regardless of how great or how refined you are as a dealmaker or master negotiator, the market is the market and you will not always get what you want.

As a negotiator, the key is to understand that you need to be flexible. You need to approach every negotiation with an open mind and always endeavor to create more possibilities through thinking creatively or looking at opportunities in a different way.

You could suggest to the seller, "Do you have any other ideas or means of making it work?" Always revert back to what is important - the needs of the seller.

The market is never static and as a result, there are always greater opportunities in a down market than a rising market. It is worth noting that most successful people in property have generally made more money in a down market than an up market. Options work best in a down market because time is important. With a soft market at hand, you will find it is always easier to negotiate more time in a down market. Your market research at any point needs to incorporate market trends and to understand when the market will recover.

You can source this type of information from real estate journals, government websites, forums, media, and specific data relating to lending volumes from banks.

The Churn Principle

The danger of options in real estate is not being specific. It is imperative to have a clear, defined style of property or a market segment that you are in search of, so you will need to start with very clear objectives. In fact, it is important at this point, to set some small targets and clear objectives of what you hope to achieve in the next three, six or twelve months by using options in real estate.

Market segments are critical and it is important to understand why they exist, what dynamics and what market forces are driving market segments at any point in time. This could be in the form of interest rates slowing in the residential market, but at the same time slowing interest rates can actually improve an industrial market.

Evidence has also shown that when the residential market begins to rise, so too does the commercial/retail market. Trends like these are easily read and very easy to track. Real estate agents may be a useful resource for this exercise, as are investment magazines and journals; e.g. *Property Investor*, *Financial Review* and the industrial sections of newspapers.

The Churn Formula allows you to insert deals into a funnel and now filter through a series of processes and the integrity of the deals moving through them. We want to identify immediately whether the deals being inserted in the funnel are a viable proposition or not. The diagram on the next page outlines the filters that are needed in order to have a means of checking and ensuring that all our prerequisites are met.

This is a basic outline of some simple filters that are going to be required to get you started. As a dealmaker, you may in fact add more filters to the Churn Formula. Success in the field of options and property is determined by how many deals are executed.

Therefore, it is obvious that the greater the volume of deals being filtered into the funnel, the greater chance of success you have. Therefore, your success can be pre-determined by how many deals you choose to move through the funnel.

A successful formula is to start with churning a minimum of 30 deals per week with a view to negotiating and documenting a deal per month. This way success is guaranteed and not all deals will work, even after they have been documented. It is important to know that due to the volume of deals moving through the funnel, our outcomes are inevitable, because like anything, options are a numbers game.

The Churn Principle for Screening Sites

Determine Development Type - Industrial, Aged Care, Medium Density (Townhouses), Professional Space, Commercial.

Decide on a specific locality to incorporate approximately five suburbs.

Look at your street map and PDS (Property Data Solutions), talk to a team and agents. Consult Town Plan to find key strips or areas of interest.

Either drive by to familiarize yourself with the area and/or PDS search for right sized parcels and characteristics.

Pick out key parcels - based on size, price paid, shape, aerials, infrastructure, etc.

Run through mathematics on the site - find out sales prices from PDS, square meter (m²) rates. Agents, building costs/site costs.

Check slope, flooding, zoning, easements, issues, site restraints - Town Plan (Council).

**Options - The Churn Principle
for potential deals**



When the Churn Principle for Screening Sites List Checks Out Okay and the Site Stacks Up

Source the owners contact details:

Place a phone call, send a card or drive by, door knock (the desired outcome is to book a meeting). It usually takes a few days to get in touch and then another week to meet.

Book the meeting - extract price or price range, find selling motives, feel out client on terms, explain how options work, and what you can do for them.

Depending on situation, return with offer and Heads of Agreement - explain terms. Proceed to final documentation (option).

Situation is dependent - arrange meeting for further negotiation, new price/terms. Heads of Agreement signed again.

Documents are executed upon receipt of Heads of Agreement (usually takes around 1 week).

Cycles in the Real Estate Market

Everything related to finance is cyclical. We see trends in common places such as the share market, property, and managed investments, etc. There are always cycles and trends to everything we do with regards to money. As human beings our emotions drive market cycles. Therefore, market sentiment or the way we feel about markets as a collective group typically drives market trends.

The residential market is the backbone for all markets. In common terms, we understand that our spending as consumers, drives the economy, so when we spend, it takes some time for other areas of the economy to feel those flow-on effects.

It is not uncommon for residential markets to trend up at about 30 percent growth before professional, industrial, and commercial markets move at all.

When considering what market to target as your chosen field, it is important to consider where your current skills, if any, lie in property. Have you had experience in residential, commercial, professional or industrial? Where does your experience lie and what success have you experienced so far?

This should determine your starting point in optioning property from this point on. Understand that you can start in residential real estate and move on to specialize in other fields.

The challenge with residential real estate and optioning is that the competition is quite severe. The science of optioning property in the residential market is no secret. The mathematics is very basic; optioning and developing residential property can be quite simple. As a consequence of being so simple you will find competition is fierce. Negotiating and trying to achieve your terms can be very difficult in the residential market due to the level of competition you may experience.

In other areas such as industrial, commercial, and professional, the competition is not as fierce. Mum and Dad investors are generally not savvy enough to enter these markets and are not familiar with the types of techniques being discussed here, therefore giving you an open opportunity to capitalize.

The media tells us so much about market trends. A few years ago private schooling and childcare were massive industries, and as the take-up for this type of development found an equilibrium, new markets emerged such as industrial, specialized commercial, and aged care. Aged care is a very dynamic market and is considered a dynamic market for the simple reason of the dynamic characteristics it is displaying.

The only reason the market has not existed before or at the levels of demand that are currently being experienced, is because it is a market that is very difficult to trend or chart given that this demand has not been in existence for long. Aged care is probably the largest trend to emerge in real estate during the last 10 years.

Another market emerging today is office space in certain parts of Australia. It is very easy to derive research that outlines professional vacancies being at an all time low. For example, at the time of publication, in some parts of Melbourne, the vacancy rates are as low as 4 percent. Also some areas of Brisbane can be as low as 1.5 percent in terms of professional space. These trends may spell major opportunities and the need to maximize options in these given segments.

Key Legalities

Staggered settlements occur where an option is granted for a given piece of land and an adjoining lot owned by the same owner can be purchased as a right, at a later point. Staggered settlements are a fantastic way of minimizing exposure in serving the needs of an owner.

Therefore, you can actually split the settlements that may occur. You may option a parcel of land as a 24 month option with a right to option the neighboring lot, 12 months after the option date, meaning that you have now created a staggered settlement arrangement with a 12-month window between the settlement of these two lots.

If you choose to, you can sell one parcel to the market and use the other parcel at a later date. A common strategy is to sell down the first parcel, cash-up from the sale and purchase the second parcel outright and retain as a 'hold'.

Staggered settlements give you great leverage and if you choose to now go on and develop any type of property, staggered settlements minimize your exposure and therefore reduce the amount of capital required, making projects less capital intensive or staggering them so that you can now create some success along the way in terms of pre-sales, for example. It is like 'staging' a land estate.

You see developers that are not prepared to take the risk of developing 100 blocks of residential land at one time. They see the value in developing perhaps 25 lots in four stages to achieve the same outcome but just over a longer period of time. This way it reduces their overheads and supports their cash-flow.

Quite often large tracts of land are staggered as options. This way it is easier to get better feedback from the council involved in the D.A. Councils can quite often be concerned when there is, for example 200 industrial lots, to be approved in one line.

The council will take into consideration how it envisages the final result, the social and economic impact it will have on the region and the impact if 100 lots of industrial land cannot be sold. Councils will also consider how it affects other businesses that are trying to start with cheap acquisition costs and how it will affect other businesses in the region if land is so readily available.

What impact it will have on other developers will also be a factor for council consideration.

Therefore, councils tend to shy away from approving large developments all in one line.

Quite often councils see great benefit in staging projects or staging options with D.A. for the simple fact that it gives them time to consider the ramifications further down the track and what other people and industries will be affected as a result.

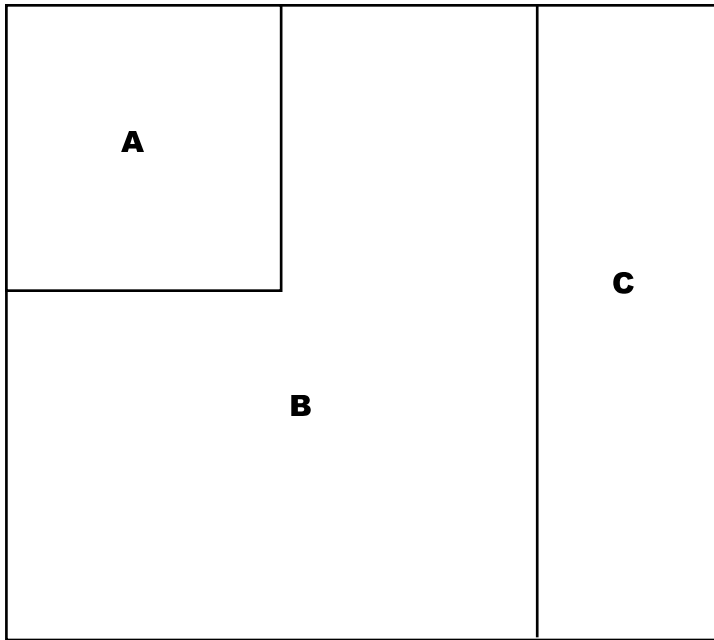
A successful formula is to start with churning a minimum of 30 deals per week with a view to negotiating and documenting a deal per month.

It is important to know that due to the volume of deals moving through the funnel, our outcomes are inevitable, because like anything, options is a numbers game.

Option Combinations

Combinations provide even greater upside when we approach a deal. Combinations allow us the flexibility to create a greater yield by means of maximizing a given property. The following diagram is a typical example of a combination. A combination can take many forms.

An example of a Combination development



6 hectares / 60,000m²
Zoned Residential - 600m² Residential blocks

As a regular residential development (600m² blocks) with a retail price of \$150,000 per block, this site would be valued at a maximum of around \$3,292,000. (Based on 80 blocks at \$41,150 each (raw without D.A.)

\$41,150 x 80 = \$3,292,000

Using a creative approach in the form of a 'combination', we identify area A as a potential commerce precinct, capable of containing a bakery, newsagent, convenience store, possible medical centre, liquor outlet, fast food, etc., with approximately 2,000m² as commercial at a rate of approximately \$450 per m².

A sub-total of \$900,000

Area C we determine is suitable for an aged care facility, given its great proximity to the newly created retail precinct and facilities. 15,000m² is

required for the facility and yields us \$120m2 without a D.A. that will be carried out by the care provider.

A sub-total of \$1,800,000

The balance of 43,000m2 we decide is best suited to residential blocks, given the council will most likely want to achieve a balance in the development density and uphold the integrity of the town plan and the surrounding areas.

43,000m2 @ 750m2 per lot = 57 blocks

(750m2 per lot includes allowances for roads and parks)

57 lots @ \$41,150 per lot = A sub-total of \$2,345,000

TOTAL \$5,045,000

The example above is a classic outline of how many developers approach real estate with common thinking.

We can see with this particular site that it is 6 hectares or 60,000m2, zoned residential A. According to our mathematics, if the land (per block) was to retail for \$150,000, the maximum we could pay is \$41,150 per site raw (without a D.A.), meaning that the best we could possibly hope for is \$3,292,000. After this, developers who continue to stay at the negotiating table are affecting their net profit margin.

This is not terribly smart given that they have costs and risk in the market in selling those blocks to end users. Looking outside the square, we appreciate that we can add value by adding different ideas to the mix and this way creating greater value long-term that is in alignment with the council town plan. As mentioned earlier, we can afford to pay more given that we now know how to maximize a property.

As another example, if we have a parcel of land that might be say 2,000 square meters in the CBD and the town plan says that it is deemed residential you will need to know the town plan intimately and the surrounding characteristics close to this particular site.

If we believe we have evidence to support our D.A., we can maximize the zoning. It is our intention to propose the first floor (let's say it has a five storey height restriction) be retail and the next two storeys will be professional

space and the fifth storey will now be residential, keeping in line with the Town Plan.

We have massively increased the potential upside and as a result have created a harmonious balance in the eyes of the council. When combinations are involved, it is important to seek the knowledge and understanding of a qualified town planner. Research is pertinent and it is the key to understanding that the town plan is flexible, provided we achieve a 'workable solution'.

Today, it can be seen that councils have a 'workable solution' approach, simply meaning that as the applicant of a D.A., the proposal is possible - given a 'workable solution' is evident. The Town plan in most councils is written in such a way that it is open to suggestion; however, the solution is now the responsibility of the applicant.

It is clear that you need to provide substantial evidence and great solutions in order for you to promote change or in any way try and increase the density or the yield of a proposed property.

The common term in government departments such as a council, is an MCU, a 'Material Change of Use'. This simply means that we are now intending to change the integrity of the site. It is worth noting that it is very difficult to change the entire zoning of a given site; i.e. going from recreational land to industrial is going to be impossible.

However, if we uphold the integrity of the town plan, i.e. mix residential as well as retail, commercial and professional space, we have a much greater chance of success.

5.

INSTANT EQUITY - LAND BANKING

Land banking is the practice of purchasing raw land with the intent to hold on to it until such a time as it is profitable to sell it on to others for more than was initially paid. Land is popular as an investment as it is a tangible asset as opposed to shares or bonds.

What is one of the most profitable - and little known, to most people - investment opportunities available? This opportunity has been around for a long time but until now was only available to institutional investors and large developers.

What is this investment opportunity? Land Banking!

In this chapter I want to share with you a unique strategy that I am excited about. This strategy is known as land banking and it is widely used by some of the wealthiest people in Australia to create millions of dollars, even billions of dollars in wealth.

The strategies involved in this land banking investment opportunity have the potential to generate handsome profits with significant upside and minimal downside.

If you check the annual BRW Rich List, many of the people listed created at least part of their wealth from land banking.

The concept is simple. Developers will buy large holdings of farmland close to the major or even regional cities. In due course the farmland is rezoned and sub-divided into residential blocks. This process of adding value to what was originally farmland can add thousands of percent to the original value of the land.

Did you Know that the Big Property Developers are Constantly Making Windfall Profits from Land Banking?

As the economy slowly recovers from the effects of the Global Financial Crisis (GFC), many property developers are making a killing. The main reason for this is the knowledge and experience they have compared to you and their ability to diminish risk.

Land banking is a very sophisticated way of controlling land and making a lot of money. Land banking is about buying land in bulk and adding value to it while controlling the price.

Land banking is the practice of purchasing raw land with the intent to hold on to it until such a time as it is profitable to sell it on to others for more than was initially paid. Land is popular as an investment as it is a tangible asset as opposed to shares or bonds.

Typically parcels of land desirable for land banking are those that lie directly in the growth path of rapidly developing cities. The initial goal is to buy undeveloped land that will increase in value because it lies in the path of urban growth. The investment objective is to identify these parcels well in advance of the developers and wait for the value to be realized.

Have you ever wondered how many property developers have managed to become so wealthy? What business are property developers in? Are they builders or land developers (land bankers)?

The cost of a house and land package in an average outer Melbourne suburb is around \$450,000. This typically comprises a house that costs around \$200,000 to build and a 10 percent profit margin will provide the builder a profit of \$20,000. The land part of the package is worth \$250,000 that will have cost the developer around \$60,000 to develop from a large rural landholding. Thus the property developer has generated a profit of \$190,000 from the process of land banking!

Large developers buy up large tracts of rural land and add value to that land by having it re-zoned and then sub-dividing it into new estates.

All of the major cities in Australia are growing and to meet this growth there is a constant demand for new housing estates.

It is not unusual for the value of a parcel of land to increase in value by ten times or more as soon as it is re-zoned from rural to residential.

Savvy investors with the ability to recognize and identify land suitable for re-zoning and sub-division, and then securing that land with options, have become overnight millionaires.

A case in point in Sydney is the former Oran Park car racing circuit, which when sold to the NSW Government for a new housing development, made its owner a multi-millionaire without adding value to the land or having to build a single house. In this case the value adding was done when the government re-zoned the land.

Located some 8 kilometers northeast of Camden, Oran Park was one of the first precincts released in the South West Growth Centre.

The 1,119-hectare precinct was rezoned in December 2007 after 16 months of planning - a record time for a rezoning of this size. Development in Oran Park commenced in December 2008.

Another recent similar example occurred in Bendigo in central Victoria, when a lucky farmer had his farming land re-zoned residential by the local council. He became an instant millionaire at the stroke of a pen by the council without doing anything! If he chooses to sell the land he can realize his paper profits, or alternatively he could team up with a developer and perhaps make three times more profit.

When former Charleville grazier, Arthur Earle came to Queensland's Gold Coast in 1964, he purchased about 1,200 hectares of land situated between Nerang and Mudgeeraba and set about dozing a track through the middle of his land. The 'track' became a busy road eventually and when it was linked up with the cuttings of the old railway line, it formed part of today's Pacific Highway.

Meanwhile developers were slowly dredging and reshaping land in the low lying areas along the Nerang River. They were creating canal estates where many housing allotments included much sought after water frontage.

When Singapore developer Robin Loh visited the Gold Coast on a family holiday, he could not believe his luck when he was shown a huge parcel of land by Arthur Earle.

At the time the local real estate market was booming and the area west of Broadbeach was one of the few large undeveloped sites, close to the beach and commercial areas and major road systems.

What Mr Loh saw grabbed his attention. He was bewildered as to why such a well-located, large parcel of land - where for many years cattle grazed - was sitting undeveloped and up for sale.

After assurances by the local council that there was nothing untoward with the land or anything that would hold it back from future development, in December 1980, Mr Earle and Mr Loh purchased the 1658 hectare site for A \$11.2 million from the liquidators of the Cambridge Credit Company. That site is now known as Robina.

In 1981, the first stage housing blocks were on the market. Neighboring farm properties were purchased and the land holding was enlarged to over 1850 hectares. The Robina Town Centre was opened in 1996 and Robina became Australia's largest privately owned master planned residential community.

The original cost of a traditional 'quarter acre' block of land in the land bank created by Arthur Earle came to about \$1 - yes one dollar!

In late 2011 a 8000m² (0.80ha) Robina development site with D.A. and Building Plans was on offer for \$1.8 million.

The Positives of Land Banking

A Massive Housing Shortage Crisis

In Australia we have a massive housing shortage crisis coupled with large rental increases as first-time housing buyers are priced out of the market. Historically Australia has produced a surplus of housing stock but in recent years a shortage of housing stock has developed as developers find it more difficult to obtain funding.

Rental incomes have increased by up to 40 percent in the last five years. At the time of writing interest rates have had a series of falls creating opportunities for investors.

One of the major reasons there is so much pressure on the housing industry is the continually increasing population, especially from cashed up immigrants.

In the next 50 years our major capital cities, such as Sydney, expect a population growth of 2.64 million people. Melbourne expects even more population growth with an extra 2.99 million people and Brisbane expects to grow by 2.1 million people.

By the end of the current decade housing experts are predicting a shortage of 500,000 dwellings in Australia - around 100,000 in each of the states of Victoria, Queensland and Western Australia - while currently Australia lacks the ability to meet that demand.

These are some of the reasons the housing market in Australia is so resilient.

Coupled with these factors is the constantly rising cost of construction. Apart from having to deal with the difficulties of borrowing and commercial

finance, developers face major problems with continually escalating construction costs on a virtually daily basis.

Developers also face major challenges and lengthy delays in having rural land rezoned for residential use. A further problem for developers wanting to redevelop inner city sites is difficulty in obtaining finance and in many cases there are the extremely strict lending requirements for potential buyers, especially in some postcode areas.

Did you know the biggest risk to investing in property is often yourself? The most important thing to do with investing is to make a start. You need to be in the game and playing the game.

Like most things in life, it is probably inevitable that you will make mistakes, but the important thing is that you are in the game and playing the game.

There are three types of people in property: those who play the game, those who watch the game and those who think, 'what the hell happened?'

When property values come off their peak as they did following the Global Financial Crisis (GFC), these type of situations present opportunities for astute investors with awareness levels greater than the average person.

As a direct consequence of the GFC property prices on the Gold Coast fell up to 40 percent, while in Melbourne, often regarded as the best property market in Australia, former prime suburbs such as Brighton, South Yarra, and Toorak property prices fell by up to 25 percent.

When the fundamentals are intact and there is negative consumer sentiment and the market is falling that is when savvy investors go in and make 'a killing'.

Land Appreciates Faster Than Buildings

For instance, in Melbourne in 2001 the median price for a block of land was around \$71,000. Ten years later in 2011 the median price was around \$210,000 - a 300 percent increase.

In Melbourne during the period from 1973 to 2006 - 33 years - the value of vacant land multiplied by a factor of 19.4

Vacant blocks of land have a faster price appreciation than house and land packages - land appreciates while the house or dwelling depreciates.

An interesting factor is that the size of blocks of land are steadily decreasing. The traditional 450 square meter block (quarter-acre) with a lawn at the front and back is virtually a thing of the past. New developments now have blocks around two-thirds of that size and even less.

Lifestyles have changed and people no longer want to have the responsibility of maintaining grounds and gardens and are happy to trade off for more living space and parking space. The actual land size for the average townhouse is now only around 130 square meters, something councils would have had difficulty with as little as five years ago.

Regional Areas

In Victoria, regional areas represent better value for money for investors. Larger regional towns with populations of more than 100,000 people at the time writing had a median housing price of \$285,000 compared to Melbourne's \$551,000, coupled with superior rental yields, lower vacancy rates, and a higher population growth in many areas.

Some of the northern coastal cities in Queensland also offer better value for money for investors, particularly in cities that are part of the coal export boom.

The Power of Price Controlled Staged Released New Estates

Developers manufacture capital growth in new housing estates by releasing the estate in stages. They release each stage of the project in reaction to market forces and the supply and demand equation, thus creating more assurance for capital gain profits for investors, as each stage sold will cost more than the previous stage of the estate.

For instance in one development in suburban Melbourne, prices were controlled by the developer for 15-years. The final blocks were sold for \$280,000, compared to a price of \$37,000 at the commencement of the project.

Every new suburb is created from raw land in a similar manner to this. A developer will buy the raw land, then obtain rezoning permission from rural to residential, obtain council permits, subdivide the land to create lots and

create a new suburb. This is the strategy used by the major developers who are familiar to most of us.

Currently the cost of creating a new block of land to build on starts at around \$60,000. Simple mathematics show that if that block sells for \$200,000 after development there is a profit of \$140,000 available, less any selling costs and commissions.

If a builder or developer were to build a \$200,000 house on that block, the profit to the builder or developer would most likely be around \$20,000.

Thus developers have a business model of subdividing land, then adding houses at a low profit to create windfall profits on their land holdings. Developers are actually manufacturing capital growth with their business model.

Many people assume that land prices fluctuate with supply and demand. This is a fallacy. If developers face a fall in demand for their virtually brand new properties they will sit back and do nothing while they wait for market conditions to improve, thus controlling the price of land and protecting their investment.

Developers will always be loathe to lower the price of their holdings in order to protect their substantial investment, in many cases hundreds of millions of dollars.

Many investors will be staggered to learn that in Victoria for instance, in 2001 an average block of land was selling for \$71,000. Ten years later in 2011 an average block of land was selling for \$211,000. A three-fold increase for blocks of land in 10-years, compared to median housing prices which doubled in that 10-year time span.

Remember land appreciates in value while housing depreciates due to the cost of upkeep.

Land Banking Tips

People with experience in land banking usually follow some simple rules when looking for new opportunities:

- Avoid towns that rely on mining as their major industry.
- Avoid towns that rely on the holiday industry.

- Look for key growth fundamentals - high population growth, consistent capital growth of at least 10-11 percent for the past ten-years.
- Look for areas with diversified industries. Towns or areas that rely on one major industry are vulnerable if that industry closes or has a major downturn. Broken Hill is a case in point.

Some Fundamental Questions when Sourcing Property

- Performance - will the property outperform the suburb, the street, the medium-market, and the long-term market?
- Will I be able to re-finance that property in 12-months time and use some equity from it to finance the next property?
- Will the property fast-track wealth and capital growth?
- Would I personally consider living in the property?

Does it Meet the Success Formula for Short-listing a Property?

- Maximum capital growth?
- In the shortest possible time frame?
- With the lowest amount of risk?
- And the least amount of work?

Some Fundamental Questions for Potential Investors

- Does this strategy make sense for me?
- Does this strategy suit me?
- Where would I be today if I had implemented this strategy 10-years ago?
- Am I comfortable with the accumulation of debt and the game of finance?

I like to remind people that a formal education will make you a living, while personal development will make you a fortune, especially if that personal development is learning from people who are millionaires themselves!

An interesting point is that most people teaching academic qualifications are comfortable earning perhaps, \$60,000 to \$70,000 per annum and they are not wealthy individuals.

Many readers will be familiar with the old adage, "If you give a person a fish, you will feed that person for a day; teach a person how to fish and feed that person for life."

This adage can be applied to learning the basics of land banking and then participating in land banking.

Many people have been conditioned by their parents that debt is bad, and were told things like, "If you don't have any debts you are in control of your life. Don't owe any money. Be your own person."

The rich make an important distinction between good debt and bad debt. They know that good debt - often interest only and tax deductible - can be used to buy property and accumulate wealth.

Option Contracts

How to Settle a Block of Land with Virtually no Money

By using options to purchase tracts of land, investors can gain control of the land with minimal outlay. Some people describe options as an instrument used by the super-rich to control assets for a period of time. During that time an investor can make changes to the asset or even sell that asset.

An option contract is a legally binding agreement, that gives an investor the right, but not the obligation, to buy (for a call option) or sell (for a put option) a block of land or a property, at a specified price (the strike price) during a specified period of time.

An option contract is a legally binding agreement by which a choice is granted to acquire a property or land. It is a document that gives you the choice to buy, or sell, or do nothing if you choose.

The seller of the option is 100 percent legally bound by it. You are controlling an asset with no risk, with the ability to walk away on the settlement date with no recourse.

This is what rich people do - they control the asset and take the risk out of the whole transaction.

If you would like to be educated further about this unique land banking strategy, and importantly learn how small retail investors with as little as \$35,000 from their superannuation have been accessing it, I have arranged

5. Instant Equity - Land Banking

for a Land Banking Homestudy worth \$997 to be made available to readers for free.

Simply visit: www.landbanking.com.au

6.

HOW TO BUY PROPERTY IN THE U.S.A

When zero-down, interest-optional balloon payment loans were supplied, people were drawn to them like flies to honey. Numerous unsuspecting people were drawn into sub-prime loans and invested in houses way beyond what their ability indicated.

Trump: 'This is the Time to Buy a House' 'Housing a Steal, Banks 'Dying' to Sell'

The wilted U.S. housing market has pushed homes to bargain prices, Donald Trump told CNBC's "Squawk Box" in July 2012, saying banks saddled with housing assets are "dying" to sell them to willing consumers.

Real-estate mogul Trump reiterated his recent call for buyers to use the downward price spiral in US housing - a slide that has only recently begun to arrest itself - as an opportunity to buy.

"The banks are dying to sell their houses -- go out now, buy a house. There are great opportunities in real estate, especially if you're somebody looking to buy a house and [prices are] going to start to go up," Trump said. "I always tell people, this is the time."

A spike in foreclosures nationwide in the US has left banks holding large numbers of homes, Trump insisted that banks "are dying to sell their houses. They do not want them." Creditworthy buyers "can make unbelievable deals" with banks that include financing, he added.

According to Trump formerly stagnant markets such as Miami and New York have recently turned torrid once again, which may make it prohibitively expensive for certain buyers. "There are certain areas that it's too late," he said.

Introduction

The information in this chapter regarding the U.S. property market is intended to provide an introduction to the benefits of buying a property in the U.S.

I have also provided a background to the causes and effects of the U.S. subprime crisis that profoundly affected the worldwide economy, and its effect on the U.S. property market.

Did you Know the U.S. Housing Market has Suffered its Biggest Crash Ever, Causing a Major Fall in Demand and Prices?

More than 7 million homes have been foreclosed - equivalent to the combined Sydney and Melbourne metropolitan areas. The U.S. economy and housing market are at their absolute lowest point in 30 years. Some properties have plummeted from \$300,000 to just \$40,000. In many instances Americans are literally walking away from their mortgages. American banks are now extremely cautious about lending money for houses, while international buyers are snapping up incredible bargains.

But surprisingly the rental returns on these properties have stayed the same.

This presents a unique, possibly once in a lifetime opportunity for investors - an opportunity that hasn't been seen since the great depression of the 1930's according to some commentators.

This has brought on a dramatic swing towards rentals and, in many cases, increased rental returns. The Aussie dollar is at an all time high - at the time of writing it is around par with the U.S. dollar. Many readers will painfully recall overseas trips in years gone by when the Aussie dollar was worth around 50 cents!

Recent research shows that U.S. property prices have risen for the third month running!

Where else can you invest approximately \$50,000 and immediately start collecting positive cash flow of 10-20% net returns?

Due to the potential of capital growth, low entry point, and high rental returns we have established that there is a large demand for United States property amongst Australian and New Zealand investors, yet there are limited services and resources that can assist you in this goal.

For the price that the Channel 9 show, 'The Block', paid for just one Melbourne property, you could buy almost fifty cash flow positive properties in the U.S. with only 5% deposit!

As a consequence of the U.S. credit crisis combined with these conditions international investors are swooping in now before the U.S. market bounces back up.

I have put together a simple process using a team of our most reliable and experienced companies.

No one has a crystal ball when it comes to investing but one savvy investor, American hedge fund manager John Paulson, was prepared to bet on the U.S. property market crashing and as a consequence he made billions of dollars. Paulson became a billionaire by short-selling sub-prime mortgages in 2007; making \$3.5 billion that year. In 2010, he beat a hedge-fund record by making nearly \$5 billion. He was ranked 39 on the 2011 *Forbes* list of the world's wealthiest people with a net worth of almost \$16 billion.

At the time of writing Warren Buffet, arguably the most famous and respected investor of all time was taking a contrarian investor stance by investing in U.S. housing.

Australians are well known and respected for their love of owning and investing in real estate, and many people have done very well from real estate in the last twenty to thirty years, though at the time of writing, growth prospects have slowed down a little but should still provide stable growth.

One of the key points I like to constantly remind people attending my seminars is that the less financial education you have, the more money you will need in order to retire. People with a financial education are often able to do deals with a minimum deposit.

For example, most people think they need to win \$2million in lotto to retire as they only know how to earn 5% interest (or\$100,000 p.a.) by putting their money in the bank.

But investors who invest into financial education discover they can access other investment strategies such as U.S. property where only \$500,000 would be required to generate say \$100,000 p.a. if earning 20% rental yields which is realistic in the U.S. property market.

Because of the slowdown in Australian real estate, as an investor I started looking at other areas of potential growth that might provide a higher return than Australian real estate.

Personally, I am now comfortable and happy to be investing in the U.S. real estate market. I have travelled to the U.S. a number of times to study and educate myself and to carry out due diligence on potential opportunities in

the real estate market there, and as a consequence my initial fears, skepticism and misconceptions were overcome.

I am now excited and driven by the opportunities I found there, and I have purchased more U.S. property.

Despite it sounding like a tired cliché, I firmly believe the U.S. real estate market currently presents a once in a lifetime opportunity for investors.

One of the reasons I am excited about these opportunities is because where it would take millions of dollars in Australian real estate to achieve a comfortable retirement position, it can be achieved in the U.S. for a fraction of that amount.

As an example of the current opportunities at the top end of the U.S. property market, former politician Sarah Palin recently purchased a large house in Phoenix for \$1.7 million.

Just a few months previously an investor had purchased it for \$800,000. I personally inspected a huge mansion being offered for \$960,000 that would sell for at least \$5 million in Australia.

What Caused this Situation in the U.S.?

While Bill Clinton was the Democratic Party President of the U.S., a bill was passed making it possible for people who had problems buying a house to obtain easy finance of up to 100% in order to buy a house. The Democratic Party is akin the Labor Party in Australia in that it supports the rights of the poor, the working class, and the middle class. Their thinking was that it was unfair that these classes had difficulty in owning their own house and they determined to do something about it by making it much easier to buy a house.

Banks were expected to lend a certain percentage of their funds to 'poorer' people who previously had difficulty in buying a house of their own. Thus potential borrowers found it much easier to borrow money and obtain credit. The inevitable effect was a surge in business for banks and mortgage and finance brokers, and increased housing prices as demand for housing increased exponentially.

Many banks and mortgage brokers saw this as easy business and the chance to make a quick dollar. Some reports have people living on the streets

in some big cities being signed up for a mortgages they had no possibility of being able to service.

The subsequent Bush Administration chose to ignore any possible ill effects of this lending in the U.S. They also chose to ignore the effect that this increased demand for real estate might have on the economy, particularly after the worry of the effect the 9/11 attacks might have on the economy. You might recall the U.S. stock market crashed immediately after 9/11, though it recovered within a few months.

Also the housing and construction industry are major drivers of the economy and while demand for housing is strong with easy finance, the economy will benefit from the flow on effects and any possible recession is pushed into the future, despite concern from some observers at the high debt levels being created.

However, the collapse of the 128-year old bank, Lehman Brothers, almost sent the entire world-wide banking system into a total melt-down.

This was just one of the contributing factors to the U.S. property crash.

How did the Housing Crisis in the U.S. Happen?

Why was it Allowed to Happen?

Americans have always strived to achieve the American Dream of homeownership. When zero-down, interest-optional balloon payment loans were supplied, people were drawn to them like flies to honey. Numerous unsuspecting people were drawn into sub-prime loans and invested in houses way beyond their ability.

As adjustable prices increased, mortgage loan repayments doubled and even tripled. People struggling to create their \$1,000 rent were now seeking \$2,000 to \$3,000 month-to-month repayments. The depressing fact is they simply did not have the monetary means to pay their note. When the bubble burst, their dream speedily grew to become a nightmare.

Foreclosures do not just have a devastating impact on the homeowner, but also on the lending institutions and local neighborhood as well. Individuals who reside in communities with high foreclosure premiums are compelled to pay greater home taxes, nearby taxes and increased fees for utilities.

In addition, the potential for crime increases. Vacant homes really are a magnet for unscrupulous characters. Vandals destroy houses, often breaking windows and doorways or leaving graffiti on both inside and exterior walls.

Real estate professionals claim every individual foreclosure costs lending institutions roughly \$80,000, although preventing foreclosure costs much less than \$3500. If this really is accurate, why are foreclosures skyrocketing?

The primary factor stems from the truth that a lot of people facing foreclosure grow to be paralyzed with concern. They stay away from contacting their loan company and instead wait for the sheriff to arrive with their eviction notice.

Analysts declare America's housing crisis will ultimately produce a turn for the better. Nevertheless, they predict it will take some years to recover from the onslaught of foreclosures.

On the bright side, there has never ever been a greater time for real estate traders. With the abundance of distressed properties being offered for cents in the dollar, now may be the time to purchase. Nonetheless, not every foreclosure home is a great offer and diligence should be performed ahead of riding the foreclosure wave.

Why was the U.S. Housing Bubble Bursting so Harmful?

Partly because of the sheer size of the U.S. market - but more importantly because the U.S. saw a much greater deterioration in underwriting standards than most other countries, and therefore faced a much larger wave of defaults.

A stock-market bubble is bad, a housing bubble where the buyers can afford their homes is worse (because it's still leveraged), and a housing bubble where the buyers *can't* afford their homes is the worst of all. The US, of course, had the latter type.

As demand for housing increased from people who previously could not afford to own a house, builders began building more houses, which, when the bubble burst inevitably flooded the market with houses that could not be sold, resulting in around 7 million default home loans. To illustrate the scale of the problem, in Australia we have a total of around 8 million homes.

Most of the loans were non-recourse loans, which means the owner of the property could walk away without being pursued by the lender for the outstanding loan.

As a result of this the housing market was flooded with millions of default properties that lenders needed to sell to recover their loan.

The price of some properties in the U.S. fell as much as 70% and the average fall was around 30%. Consequently houses with a replacement value of \$250,000 can be purchased for \$75,000.

Where in the U.S. Should we be Investing?

Before investing in U.S. property, the first step is to educate yourself and become familiar with the U.S. market so that you do not make the mistakes most novices do.

The U.S. real estate market is a different system to the Australian one with a different tax and finance structure. Some uneducated and naive Australian buyers have purchased U.S. houses from agents who claim they have a tenant in place. The buyer returns to Australia and receives rent for a few months and then the rental income ceases. In time the buyer realizes there never was a tenant and the agent has paid the rent for a few months, then disappeared.

Even with zero capital growth in the short-term on properties in the U.S. the high rental return of around 15% - 17% makes buying a property attractive.

Nobody wants to become involved in a potential disaster or stumble across a range of pitfalls so we have identified these important property rules.

1. Avoid areas such as Detroit and Buffalo where the population is declining along with property values.
2. Focus on cities or areas that have experienced the most pain and price falls of up to 60-70%, such as Las Vegas, Phoenix, and Miami/ Florida. These cities or areas have the most potential to bounce back. Phoenix is the best of these three cities.
3. Have some high cash-flow properties in cities such as Kansas, combined with capital growth type properties in cities such as Phoenix.
4. Do not buy an unrenovated property.

5. Do not buy a property that does not have a tenant.
6. Make sure you know the exact rental income.
7. Beware Internet offers for U.S. property.

In my opinion Phoenix, Arizona, has the best potential for capital gain and bounce back. In Miami high-rise condominiums can be purchased for as little as \$60,000, but beware this is a Gold Coast type market, with little short-term chance of a bounce back in prices. (At the time of writing the Gold Coast has a glut of hard to sell, brand new units in buildings that are in financial receivership, being offered for huge discounts.)

Most people are surprised to learn that Phoenix is a very proactive business city with an economy larger than Argentina or Malaysia.

Our detailed research by people on the spot indicates that Phoenix has suffered the most pain and is ready to bounce back with large amounts of money being invested there. U.S. hedge funds that had been sitting on large amounts of cash are now investing in Phoenix.

Phoenix is an attractive place to live for many people, especially those with health problems, because of the very few wet days it has each year.

We have found that most of our members prefer to buy homes rather than condominiums in Phoenix. The homes usually have a slightly lower return on investment compared to condominiums, but our members are swayed by the extra quality offered by a house.

Another U.S. hedge fund with \$100 million to invest identified Phoenix as a prime investment opportunity with a 12-month window of opportunity, "that we won't see again" to buy around 10,000 houses. "If we don't do that, we will be kicking ourselves."

One of our 21st Century members purchased a 3-bedroom, 1.5 bathroom, house in W Rancho Drive, Phoenix with an estimated peak market price of \$190,000, for just \$66,000 that is providing a gross yield of 14.5% and a net yield of 12.7%.

Another property in W Tonto St, Buckeye (a Phoenix suburb), a 3-bedroom, 2-bathroom, house with an estimated peak market price of \$240,000 was purchased for \$87,000, that is providing a gross yield of 12.5% and a net yield of 10.5%.

Another 120 square meter property in W Hearn Rd, El Mireage (a Phoenix suburb), a 3-bedroom, 2-bathroom, house with an estimated peak market price of \$218,000 was purchased for \$89,000, that is providing a gross yield of 11% and a net yield of 9%.

To compare this house with a similar one in Melbourne we would be looking at a price of \$400,000 to \$450,000 and probably be receiving a net yield of no more than 3%.

For those interested in condominiums, an 83 square meter property in E Belleview St, a 2-bedroom, 1-bathroom, with an estimated peak market price of \$90,000 was purchased for \$34,000, that is providing a gross yield of 19.4% and a net yield of 10.2%.

Let's switch to Kansas City and compare prices and returns on a house there. A newly renovated 3-bedroom, 1.5-bathroom house there was purchased for \$51,000 that is providing a gross yield of 20.0% and a net yield of 16.0%.

Another house in Kansas City was purchased for \$53,000 that is providing a gross yield of 19.0% and a net yield of 14.7%.

In Lindsey Drive, Decatur (an Atlanta suburb) a solid brick house there was purchased for \$51,000 that is providing a gross yield of 18.8% and a net yield of 12.9%.

Our Bus Tour

When we take Australian potential investors on a bus tour of these types of properties and they alight from the bus to look closely at the houses, their initial reaction is, "WOW." They simply cannot believe that they can buy quality, well-presented properties with attractive high returns for under \$100,000.

An interesting aside we discovered while researching the U.S. property market is that, unlike most Australians, Americans do not mind a 30-minute drive to work. Hence, outer suburban properties are attractive to most Americans.

Another very important fact we discovered in our research was that you need a different investing mindset to that in Australia to succeed in the U.S. property market. To succeed you will need to gain an understanding of the

mindset of your clients - the people renting and living in your property - in U.S. property market.

Other investment alternatives that offer diversification and strong cash flow in the U.S. property market where houses can be purchased for as little as \$30,000 can be found in stable cities, though with little growth, such as Memphis, Kansas, Houston or St Louis.

In Kansas a single-family home can be purchased for \$30,000 to \$35,000, up to around \$60,000 for a 150 square meter, four-bedroom, two-bathroom house. This \$60,000 house will rent for \$800 to \$950 per month, providing a gross return of 16-19 percent.

The former Olympics Games venue city, Atlanta, and the fastest growing U.S. city in the past decade, offers property investors unique opportunities for long-term growth, cash flow, and economic recovery. Houses can be purchased for 60-70 percent below the cost of building a new house.

One of the things to bear in mind is that if you make a mistake on a \$50,000 U.S. property with no stamp duty, it is nowhere near as problematic as investing in a \$500,000 negative geared property in Australia with little prospect of short-term capital gain. The stamp duty alone on the Australian property will be \$25,000 and you cannot borrow the stamp duty money. Then you will need to find a 20 percent deposit plus fees, so you need to come with around \$135,000 cash to fund this Australian property.

Conversely with \$135,000 cash in the U.S. market you can buy two quality homes. Even better in some markets, you might buy three or four homes with a net rental return of better than 15 percent. Something to think about!

With the property market in the U.S. at its historical low, this a rare opportunity for property investors, made even more attractive by the current high price (around parity) of the Aussie dollar. Think back to property prices in Australia in the 1980's and with hindsight, the missed opportunities.

Did you Know that for an Outlay of \$333,000 on U.S. Property at a Net Return of 15% it will Provide an Income of \$50,000 Per Annum?

For the same outlay of \$333,000 (plus stamp duty) on an Australian property at current net returns of around 3% you will have an income of \$9,900 per annum. You need to invest five times as much in Australia to receive the same returns as are currently available in the U.S.

After the subprime crisis the building industry in the U.S. was forced to cut back on housing construction to around 25% of its previous output of around 1 million homes a year and it has slowly crept up to around just 33% of its previous output while the population continues to grow.

In this period many builders were forced to cease business. It will take years for the U.S. building industry to gear up to its previous output. In time the current surplus stock of housing will slowly be taken up and new housing starts will not be able to keep up with demand, even if the economy still lags.

Any future bounce back in the U.S. economy will be a huge plus for buyers of property in the current market, while still making money from the rental.

Australian interest in the U.S. property market is growing as some very serious cashed-up investors buy up U.S. properties. You may have noticed advertisements in the press for Funds being launched to buy U.S. properties.

At current prices and rental returns, even a modest bounce back in prices for U.S. properties will be a bonus for investors. If a new house costs \$250,000, it stands to reason that the price for an existing older comparable home, which may have sold for \$300,000 before the crash, should eventually creep up to within 80 percent of the value of a new replacement home - that is \$200,000. This presents the opportunity for significant capital gains while enjoying a net return of 15 percent or more on your U.S. property investment.

Despite the opportunities in this current U.S. market many potential investors choose to penny-pinch and haggle over just one or two thousand dollars and miss out on investment opportunities.

I am frequently asked, "How long do we have to make this happen?" In my opinion investors should not hesitate for six or twelve months while they study the U.S. property market. If potential investors hesitate they may be paying \$50,000, \$60,000, \$70,000 or even \$100,000 for properties currently available in the \$30,000 to \$40,000 range.

Another frequently asked question is, "How much money do I need to start investing in the U.S. property market?"

To purchase something worthwhile, the minimum you will need is probably around \$28,000 to \$30,000. The average is probably around \$60,000, even up to \$80,000 or \$100,000 for a higher quality home.

Lou Harty

Lou Harty is a former Australian Army officer who trained other soldiers for around 20-years. Around eight years ago she decided that she needed to become financially independent and enrolled as a 21st Century member in order to give herself a financial education.

Lou is now a successful professional trader and investor who made around \$1 million net on a property transaction early in her investment career using some of the strategies outlined in my homestudy.

Lou poses these questions for potential investors:

Imagine you could buy a house in Australia for the depressed prices houses are selling for in the U.S.?

Would you buy a house in a prime suburb if the prices were what they were twenty or thirty years ago?

Would you like to buy a property without having to pay stamp duty?

Would you like to buy a property for as little as \$20,000 to \$30,000?

Currently there are thousands of properties for sale in the U.S. that can be purchased for as little as \$20,000 to \$30,000 with no stamp duty.

Lou also asked Ben Walls, who heads our property acquisition team in the U.S., a series of questions regarding the U.S. property market. Ben is based in the U.S. and has more than 15-years real estate experience.

Ben advised that his team has a number of selected cities they focus on for specific reasons. "We package the property from raw property to turnkey finish. We go in, buy the property, do the renovations, place the tenant, place the management company and then sell the property to an investor."

When asked about selection criteria for Australian clients Ben replied, "The one thing we always want to do is be in an area where there is a high demand for tenants, and an area that is very livable with a high demand from people who want to live there. Each city has different price points and different reasons that make it attractive for people to live there. Areas with

high levels of owner occupiers are always preferred. We look for areas where the levels of owner occupiers are increasing.

“Every city has areas where there are virtually nothing but people renting. We don’t like to be in those areas. Even though properties in these areas are inevitably cheaper, the high number of renters will limit our exit strategies when we want to sell.”

21% Net Returns Near Kansas

Lou is very proud of a property, “a beautiful little house,” she purchased situated near Kansas, without a physical inspection after seeing it advertised on the Internet with a high net yield. Once worth \$113,000, Lou purchased it the same day for \$49,000. This property provides Lou a gross rental yield of 25.71 percent and net rental yield of 21.12 percent.

Lou is happy to tell anyone who will listen that she is getting \$1,050 a month rent. “I have two tenants in it, it is duplex, so if one tenant leaves I still have one tenant providing income.”

Four Categories of U.S. Properties

1. **Don’t Touch.** Ben says there are certain cities in the U.S. such as Detroit that should be avoided. Just because the prices are cheap, that does not make the property a good investment. The U.S. is a very large country and supply and demand will vary greatly across different regions, local economies and demographics. Investors need to be acutely aware of maximizing their investment by buying in the right area.
2. **Capital Growth.** Phoenix fits this category with health reasons being a major attraction for living there. In February 2011, Phoenix was voted one of the best places to live in the U.S. Prices sky rocketed in Phoenix before the crash and subsequently fell to around 33 percent of what they were. The demographics and fundamental economy of Phoenix have the potential to provide significant capital growth and returns of 8 to 10 percent. Properties that were selling for \$75,000 are selling for \$90,000 at the time of writing.
3. **Cash Flow.** Kansas City is a relatively small city of 2 million, low unemployment, and was recently rated one of the top locations in

the U.S. for cash flow, consistent high rental yields, and returns of up to 20 percent. Conversely it has slow capital growth of 2-3 percent with low price points from \$30,000.

4. **Capital Growth and Cash Flow.** Atlanta, Georgia fits this category and has one of the largest economies in the U.S. In April 2011, Fortune magazine released their statistics on, "The Ten Best Cities For Buyers", which rated Atlanta number 1. At the time of writing prices in Atlanta started from around \$55,000 with returns of 11-16 percent, providing a safe mid-entry point to enter the U.S. market. Ben says Atlanta is a hybrid market.

According to Lou Harty and Ben Walls these are the four categories investors should be aware of when investing in U.S. properties.

Can I Make Tax Free Capital Gains on U.S. Property?

Did you know that if you have your own Self Managed Superannuation Fund (SMSF) it is possible for your fund to buy U.S. property?

For people currently aged in their thirties for instance, if they buy U.S. property now the chances of substantial increases in U.S. property by the time they reach sixty years of age are very realistic.

If you were to invest \$300,000 now in U.S. property and your properties have a three-fold increase by the time you reach sixty, any capital gains will be tax free - that is a tax free gain of \$600,000.

Even for any funds you choose to withdraw before you reach sixty, those funds will only be taxed at 15 percent in Australia.

Another interesting tax implication is that any taxes you might pay in the U.S. on your property can be claimed back on your Australian tax return.

We have specialist advisers on our team who can provide you with superannuation and tax advice to meet your individual circumstances.

Lehman Brothers

The Lehman Brothers saga makes interesting reading and provides a backdrop to the collapse of the real estate prices in the U.S. Before declaring bankruptcy in 2008, Lehman was a global financial services firm and the fourth largest investment bank in the U.S.A., doing business in investment banking, equity, and fixed-income sales as well as trading (especially U.S.

Treasury securities), research, investment management, private equity, and private banking.

On September 15, 2008, the firm filed for Chapter 11 bankruptcy protection following the massive exodus of most of its clients, drastic losses in its stock, and devaluation of its assets by credit rating agencies. The filing marked the largest bankruptcy in U.S. history, and is thought to have played a major role in the unfolding of the late-2000s global financial crisis.

The following day, Barclays announced its agreement to purchase, subject to regulatory approval, Lehman's North American investment-banking and trading divisions along with its New York headquarters building. A revised version of that agreement was approved by the U.S. Bankruptcy Court two weeks later.

The next week, Nomura Holdings announced that it would acquire Lehman Brothers' franchise in the Asia-Pacific region, including Japan, Hong Kong, and Australia, as well as Lehman Brothers' investment banking and equities businesses in Europe and the Middle East. The deal became effective on October 13, 2008.

Lehman's bankruptcy was the largest failure of an investment bank since Drexel Burnham Lambert collapsed amid fraud allegations 18 years previously. Immediately following the bankruptcy filing, an already distressed financial market began a period of extreme volatility, during which the Dow experienced its largest one day point loss, largest intra-day range (more than 1,000 points) and largest daily point gain.

What followed was what many have called the "perfect storm" of economic distress factors and eventually a \$700 billion bailout package (Troubled Asset Relief Program) prepared by Henry Paulson, Secretary of the Treasury, and approved by Congress. The Dow Jones Index eventually closed at a new six-year low of 7,552.29 on November 20, followed by a further drop to 6626 by March of the next year.

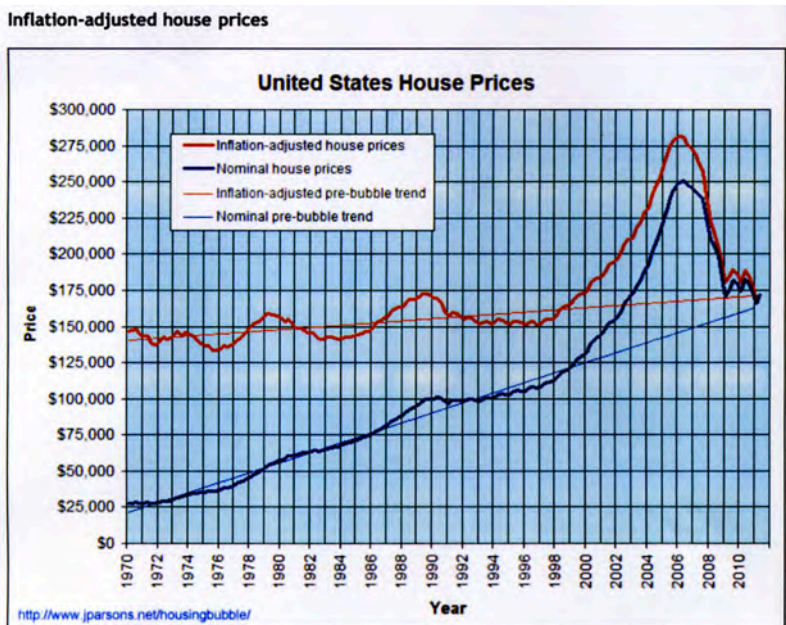
The fall of Lehman also had a strong effect on small private investors such as bond holders and holders of so-called minibonds. In Germany, structured products, often based on an index, were sold mostly to private investors, elderly, retired persons, students, and families. Most of those now worthless derivatives were sold by the German arm of Citigroup, the German Citibank now owned by Crédit Mutuel.

The Subprime Meltdown

The financial crisis that arose in the mortgage market after a sharp increase in mortgage foreclosures, mainly subprime, collapsed numerous mortgage lenders and hedge funds.

The meltdown spilled over into the global credit market as risk premiums increased rapidly and capital liquidity was reduced. The sharp increase in foreclosures and the problems in the subprime mortgage market were largely blamed on loose lending practices, low interest rates, a housing bubble, and excessive risk taking by lenders and investors. It is also known as the “subprime collapse” or “subprime crisis”.

Following the tech bubble and the events of September 11, the U.S. Federal Reserve stimulated a struggling economy by cutting interest rates to historically low levels. As a result, a housing bull market was created. People with poor credit got in on the action when mortgage lenders created non-traditional mortgages: interest-only loans, payment-option ARMs, and mortgages with extended amortization periods.



The above chart estimates the market value of today's median-priced U.S. house over a 40-year period, thus controlling for the fact that housing

sizes have changed over time. The thick red line represents real house prices. For those unfamiliar with economic terminology, "real" prices are prices that have been adjusted for inflation. The thick blue line represents nominal house prices. The thin lines represent the pre-bubble (1970-1999) trend lines.

Eventually, interest rates climbed back up and many subprime borrowers defaulted when their mortgages were reset to much higher monthly payments. This left mortgage lenders with property that was worth less than the loan value due to a weakening housing market.

Defaults increased, the problem snowballed, and several lenders went bankrupt.

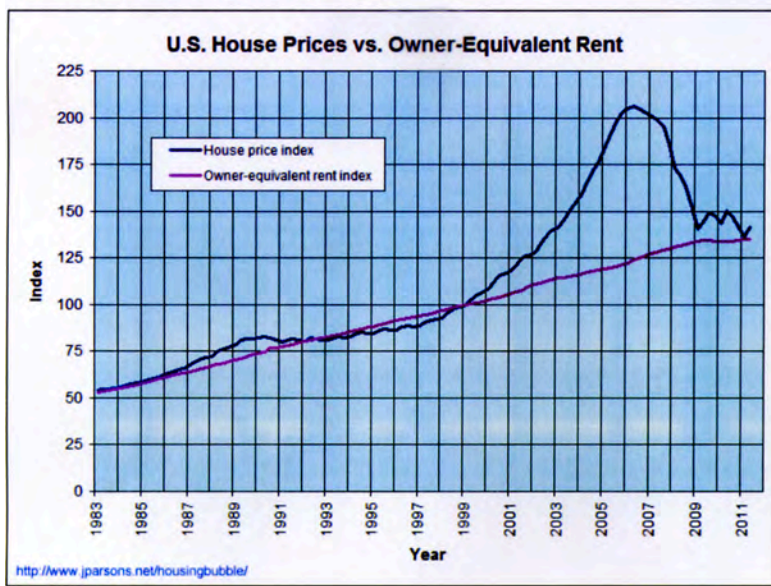
Investors and hedge funds also suffered because lenders sold mortgages they originated into the secondary market. Here the mortgages were bundled together and sold to investors as collateralized debt obligations (CDOs) and other mortgage-backed securities (MBSs).

When the higher risk underlying mortgages started to default, investors were left with properties that were quickly losing value. In the wake of the meltdown, central banks released liquidity into the market place, which allowed struggling lenders and hedge funds to continue operations and make the necessary payments on their obligations.

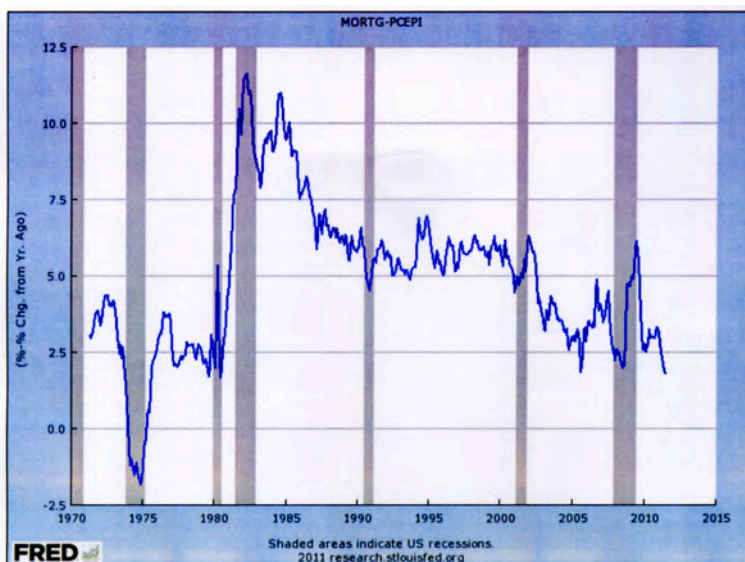
One commentator on www.jparsons.net/housingbubble wrote, "When I first noticed the U.S. housing bubble in spring of 2001, I never imagined it would last as long or get as big as it did. Real estate activity peaked in the summer of 2005, but home prices kept rising for another year. In spring of 2006, I couldn't believe that real estate prices were *still* rising even though housing inventories were also rising. Therefore, at a time when many people denied the existence of a housing bubble, I created these real estate charts in an effort to warn people that they were overpaying for real estate.

"Now, a decade after I first noticed the housing bubble and five years after I first created these real estate charts, the U.S. national housing bubble is completely deflated. However, there are still many local housing bubbles, especially in many Northeast and West Coast metropolitan areas. This site aims to inform people about the current state of the real estate market with inflation-adjusted charts and spreadsheets showing today's real estate prices compared to their historical norm."

Nominal house prices compared to owner-equivalent rents



This chart shows the change in U.S. nominal home prices vs. the change in nominal rents since 1983. Over the long run, home prices and rents should increase at roughly the same rate.



This chart shows the real (inflation-adjusted) cost of a 30-year conventional mortgage since 1971.

The Mess

Eric Petroff of Wurts & Associates, an institutional consulting firm offers this insight into the sub-prime crisis.

“The economy was at risk of a deep recession after the dotcom bubble burst in early 2000; this situation was compounded by the September 11 terrorist attacks that followed in 2001. In response, central banks around the world tried to stimulate the economy.

“They created capital liquidity through a reduction in interest rates. In turn, investors sought higher returns through riskier investments. Lenders took on greater risks too, and approved subprime mortgage loans to borrowers with poor credit. Consumer demand drove the housing bubble to all-time highs in the summer of 2005, which ultimately collapsed in August of 2006.

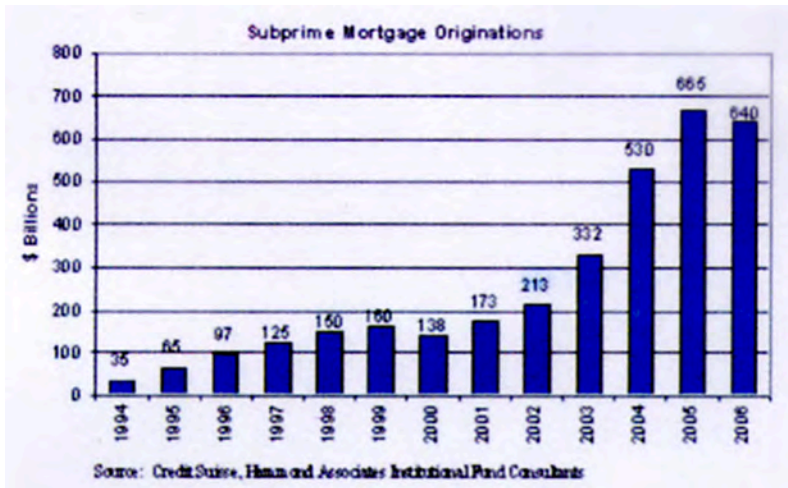
“The end result of these key events was increased foreclosure activity, large lenders and hedge funds declaring bankruptcy, and fears regarding further decreases in economic growth and consumer spending. So who's to blame? Let's take a look at the key players.”

Biggest Culprit: The Lenders

Most of the blame should be pointed at the mortgage originators (lenders) for creating these problems. It was the lenders who ultimately lent funds to people with poor credit and a high risk of default.

When the central banks flooded the markets with capital liquidity, it not only lowered interest rates, it also broadly depressed risk premiums as investors sought riskier opportunities to bolster their investment returns. At the same time, lenders found themselves with ample capital to lend and, like investors, an increased willingness to undertake additional risk to increase their investment returns.

In defense of the lenders, there was an increased demand for mortgages, and housing prices were increasing because interest rates had dropped substantially. At the time, lenders probably saw subprime mortgages as less of a risk than they really were: rates were low, the economy was healthy, and people were making their payments.



Subprime mortgage originations grew from \$173 billion in 2001 to a record level of \$665 billion in 2005, which represented an increase of nearly 300%. There is a clear relationship between the liquidity following September 11, 2001, and subprime loan originations; lenders were clearly willing and able to provide borrowers with the necessary funds to purchase a home.

Partner in Crime: Homebuyers

While we're on the topic of lenders, we should also mention the home buyers. Many were playing an extremely risky game by buying houses they could barely afford. They were able to make these purchases with non-traditional mortgages (such as 2/28 and interest-only mortgages) that offered low introductory rates and minimal initial costs such as "no down payment". Their hope lay in price appreciation, which would have allowed them to refinance at lower rates and take the equity out of the home for use in other spending. However, instead of continued appreciation, the housing bubble burst and prices dropped rapidly.

As a result, when their mortgages reset, many homeowners were unable to refinance their mortgages to lower rates, as there was no equity being created as housing prices fell. They were, therefore, forced to reset their mortgage at higher rates, which many could not afford. Many homeowners were simply forced to default on their mortgages. Foreclosures continued to increase through 2006 and 2007.

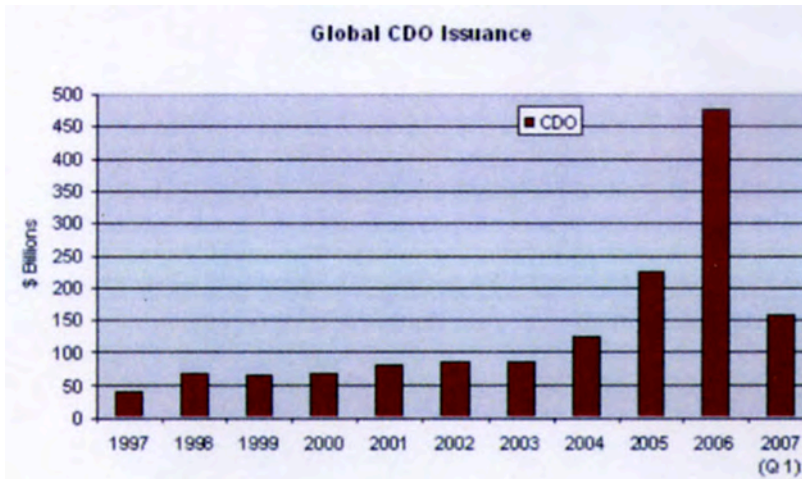
In their exuberance to hook more subprime borrowers, some lenders or mortgage brokers may have given the impression that there was no risk to these mortgages and that the costs weren't that high; however, at the end of the day, many borrowers simply assumed mortgages they couldn't reasonably afford. Had they not made such an aggressive purchase and assumed a less risky mortgage, the overall effects might have been manageable.

Exacerbating the situation, lenders and investors of securities backed by these defaulting mortgages suffered. Lenders lost money on defaulted mortgages as they were increasingly left with property that was worth less than the amount originally loaned. In many cases, the losses were large enough to result in bankruptcy.

Investment Banks Worsen the Situation

The increased use of the secondary mortgage market by lenders added to the number of subprime loans lenders could originate. Instead of holding the originated mortgages on their books, lenders were able to simply sell off the mortgages in the secondary market and collect the originating fees. This freed up more capital for even more lending, which increased liquidity even more. The snowball began to build momentum.

A lot of the demand for these mortgages came from the creation of assets that pooled mortgages together into a security, such as a CDO. In this process, investment banks would buy the mortgages from lenders and securitize these mortgages into bonds, which were sold to investors through CDOs.



The chart above demonstrates the incredible increase in global CDO issues in 2006.

Rating Agencies: Possible Conflict of Interest

A lot of criticism has been directed at the rating agencies and underwriters of the CDOs and other mortgage-backed securities that included subprime loans in their mortgage pools.

Some argue that the rating agencies should have foreseen the high default rates for subprime borrowers, and they should have given these CDOs much lower ratings than the 'AAA' rating given to the higher quality tranches. If the ratings had been more accurate, fewer investors would have bought into these securities, and the losses may not have been as bad.

Moreover, some have pointed to the conflict of interest between rating agencies, which receive fees from a security's creator, and their ability to give an unbiased assessment of risk. The argument is that rating agencies were enticed to give better ratings in order to continue receiving service fees, or they run the risk of the underwriter going to a different rating agency (or the security not getting rated at all). However, on the flip side, it is hard to sell a security if it is not rated.

Regardless of the criticism surrounding the relationship between underwriters and rating agencies, the fact of the matter is that they were simply bringing bonds to market based on market demand.

Fuel to the Fire: Investor Behavior

Just as the homeowners are to blame for their purchases gone wrong, much of the blame also must be placed on those who invested in CDOs. Investors were the ones willing to purchase these CDOs at ridiculously low premiums over Treasury bonds. These enticingly low rates are what ultimately led to such huge demand for subprime loans.

Much of the blame here lies with investors because it is up to individuals to perform due diligence on their investments and make appropriate expectations. Investors failed in this by taking the 'AAA' CDO ratings at face value.

Final Culprit: Hedge Funds

Another party that added to the mess was the hedge fund industry. It aggravated the problem not only by pushing rates lower, but also by fueling the market volatility that caused investor losses. The failures of a few investment managers also contributed to the problem.

To illustrate this, there is a type of hedge fund strategy that can be best described as "credit arbitrage". It involves purchasing subprime bonds on credit and hedging these positions with credit default swaps. This amplified demand for CDOs; by using leverage, a fund could purchase a lot more CDOs and bonds than it could with existing capital alone, pushing subprime interest rates lower and further fueling the problem. Moreover, because leverage was involved, this set the stage for a spike in volatility, which is exactly what happened as soon as investors realized the true, lesser quality of subprime CDOs.

Because hedge funds use a significant amount of leverage, losses were amplified and many hedge funds shut down operations as they ran out of money in the face of margin calls.

Plenty of Blame to Go Around

Overall, it was a mix of factors and participants that precipitated the current subprime mess. Ultimately, though, human behavior and greed drove the demand, supply and the investor appetite for these types of loans. Hindsight is always 20/20, and it is now obvious that there was a lack of wisdom on the part of many. However, there are countless examples of markets lacking

wisdom, most recently the dotcom bubble and ensuing "irrational exuberance" on the part of investors.

It seems to be a fact of life that investors will always extrapolate current conditions too far into the future - good, bad or ugly.

How to Learn More about Investing in the U.S. Property Market

Opportunities available within the current economy allow you to diversify your property investments to achieve a high yield cash flow with safety - from the Australian 2-4% rental yields to the U.S 10-20% rental yields.

In addition to this, you are able to purchase 5 to 10 properties in the U.S.A for the same cost as one in Australia and with NO STAMP DUTY!

You will need help though through the entire process to:

- Set up your U.S. bank account
- Set up your LLC and EIN
- Provide building inspectors for your due diligence
- Provide you quotes for your property insurance

To access a free video on U.S. property visit:

www.21stcenturyusproperty.com

My team at 21st Century U.S. Property who help our members access the U.S. property market safely and have provided these frequently asked questions (FAQ).

Can Foreign Individuals Purchase US Property?

Yes, a foreign individual can.

Why Should I Invest In Phoenix Arizona, Kansas City, and Atlanta?

We believe that these three areas would bring in high capital growth and positive cash flow.

Do I Need to Travel to the USA?

Not necessarily. We can assist you throughout the entire process right from the comfort of your own home. All inspection, accounts, and paper work are done through our U.S. partners.

There are several ways to purchase property and determining the “best” structure depending on your personal circumstances and goals.

However, if you wish to travel to visit your property we can organize a private tour. Please visit our seminars page for further information.

Can I Claim it as a Tax Deduction?

Yes, if you own a U.S. property your trips to inspect it are tax deductible. There are many other advantages and tax deductible options when owning an investment overseas.

We do not provide financial, tax or legal advice, as we are not licensed to do so, but we can provide you with contact details for professionals who can provide any advice you feel you may need.

What if I can't Find a Tenant?

Solved. In most cases before you acquire your property our U.S. property managers have already secured you a tenant. The property managers assigned to your investment look after all of these aspects. And we will be at your service with any of your concerns once you have purchased your property. It is in their best interest to look after your property and make sure it is tenanted out.

How do I Collect Rent?

We set you up with a U.S. bank account. This ensures your money is deposited weekly/monthly into your U.S bank account while you build up your U.S. credit history. You will be provided with a Visa Debit Card and access to internet banking ensuring you have full access and control of your finances.

Should I Buy the Properties in my Personal Name?

It is not usually recommended, due to the U.S. being a very litigious country. We can have our independent legal partners provide inexpensively, correct U.S. structures and assist with U.S. bank accounts, etc. You may wish to invest

using a Limited Liability Company (LLC), which is commonly used to own real estate because of several legal and tax advantages. All this can be arranged for you by '21st Century US Property' hassle free.

How do I Know my Property does not Have an Undisclosed Tax Lien on it?

This is very important. Some investors have discovered this too late and lost their property. That is why you need on the ground professionals like our U.S. partners who do all the required checks prior to purchase, to ensure this does not happen. We ensure all properties on our lists are cleared prior to advertising.

I Heard we can't Borrow Money from the U.S. Banks.

Generally true. It takes often 2 to 3 years to build up a credit score with U.S. banks for them to lend you money. However you have a few options for payments, after speaking to your accountant you may choose to use your superannuation to invest or pay cash.

If you do not have the finances to purchase a property in some cases we can arrange a 50% loan using our private money contacts to assist in property acquisition, meaning you can afford to buy twice as many properties all as part of one service. Then after 2 years you simply refinance your loan to a U.S. bank where rates are currently as low as 4% p.a.

How do I Know if my Property Will Go Up in Value?

You don't, and no one does. However, the properties we select for our investors are only in the most ideal suburbs of the best growth cities in America. We have purchased similar properties in the same suburbs and cities as the properties offered to investors, so therefore they meet strict criteria for a long-term hold. We are buying in the fastest growth cities in America that have massive upside potential.

What if the Australian or New Zealand Dollar Crashes?

Great. As the AUD is at better than parity at the time of writing with the USD, if it falls back to its weighted average of around 75 cents then you have just made a massive 25% gain even if your U.S. property has not increased in

price. Imagine also if your U.S. property increased by 25%, you have now made 50% on your investment.

Do I Get the Title to the Property?

Once the property has settled you will receive a clear title.

Worst-Case Scenario: What if the U.S Economy does not Recover?

We know when buying U.S. property that, even if the U.S economy does not recover for 10 years, as the properties offer 10% to up to 20% rental yields they will pay themselves off and produce an income for life.

Actually as more foreclosures occur rents will continue to rise as people have to live somewhere, so we expect rental yields to grow.

What we expect is prices will recover at least 50% of their previous highs within 3 to 5 years making our investors a small to large fortune depending on whether you have acquired one or two or 5 or 10 properties or more, although no one can guarantee this.

Are other Companies Offering Properties in the USA?

There are other companies who source unknown properties and sell them to you. However, you have to ask yourself if these properties are:

1. Tenanted?
2. Renovated?
3. Do they bring in high rental yields?
4. Have they been checked entirely?
5. Do they have undisclosed tax lien on them?

Why do People Use our Service if they Could do it Themselves?

The main reason is we help with saving you time and money!

Imagine the costs of most investor's time alone, then the time to fly to America and spend months researching city after city and suburb after suburb to find deals like this, yet alone the physical costs. If you're a full-time employee this is even more of a difficult process. Imagine researching the demographics of investment hot spots.

We save you from the cost of making errors such as buying the wrong property in the wrong area and by not having a team of successfully tested and trusted, experienced, and professional property managers to look after your property, maintenance, and tenants, which saves you time and money. Furthermore, paying accounting and legal fees to obtain the correct advice regarding structures could cost thousands, where alternately we provide a short cut by providing information and access to our independent accounting and legal partners who ensure our clients have a hassle free experience.

In the Event of Natural Disasters, will I be Covered for Natural Disasters?

Yes, most insurance companies do cover natural disasters 100%.

7.

**BUSINESS
ADVICE FROM
DONALD TRUMP**

The sun doesn't shine forever.
Every business has its dark days and
you need to be ready for that.

"You can't know it all. No matter how smart you are, no matter how comprehensive your education, no matter how wide-ranging your experience, there's simply no way to acquire all the wisdom you need to make your business thrive," Donald Trump wrote in the introduction to his book *The Way to the Top*.

In this book Trump provided a wide and diverse range of advice from successful business people and entrepreneurs. Some of that advice was so simple that is it often overlooked by people who are so busy running a business, whether a small one or two person business or a huge corporation; they overlook the basics.

For instance, "The sun doesn't shine forever. Every business has its dark days and you need to be ready for that. Knowing that this is part of the life of every company is vital to overcoming the inevitable problems and disasters that businesses face and surviving to see the sun again."

"Strive to satisfy the customer." That essential pearl of wisdom, so obvious, but often forgotten was handed down by Ray Kroc, the founder of McDonald's

"Bloom where you are planted. As much as we would all like to begin our career in the executive suite, nobody starts out there. And the best way - the only way - to get to the top is to do the best that you can in what you are doing right now."

"Experience comes in two different flavors: your own and the experience of others. Most people can learn from their own experiences quite well, but many people simply ignore the experiences and lessons of others. This is foolish. If you rely entirely on learning from your own mistakes, it's inevitable that you will make too many, possibly disastrous, mistakes. Pay attention, people! Learn from those around you. There's no excuse for making the same mistakes that others have made. If you do, it's your own fault and you should expect no sympathy, no compassion.

"The other side of this coin, however, is that you can benefit from others' wisdom. It's not just the mistakes that people in business have made that are valuable, it's the good decisions, the inspiration, the insights and revelations

that people in business have to offer. Watch, listen, and learn. You can't know it all yourself - anyone who thinks that they do is destined for mediocrity."

Here is an edited selection of some of the advice Donald Trump provided in his book *The Way to the Top*.

"Whenever you meet somebody, whatever his or her position may be, be gracious and friendly because you never know (who they might be)."

"As much as possible, deal only with good and honorable people. If you deal with good people, you won't need a contract, and if you are dealing with bad people, no contract can protect you."

"Don't confuse efforts with results."

"Watch what other successful leaders do, how they do it, and what worked or didn't work for them. Copying successful people and ideas, emulating them, and improving upon them is a strategy we shouldn't be embarrassed about."

"Communicate simply, clearly, and truthfully. Customers, employees, and investors are smart. They don't need business people who use complicated words or who are less than candid in their communication. Tell the truth and keep it simple."

"Forget all the marketing stuff. Worry about the people you hire. Focus on getting the right people in the right place on your team, and the rest will follow."

"If you walk with the lame, you will learn to limp."

"Be honest with yourself and do what you are comfortable doing instead of concerning yourself with what you think others want you to do."

"Good things, in various and unexpected ways, will occur naturally."

"One of the most overlooked parts of a network are the assistants to the people you are trying to cultivate. I have absorbed some valuable truths regarding assistants. If you are doing business with a chairman or CEO of a company, become friendly with their assistant - even if you already know the boss.

"Having a good relationship with the assistant will secure a spot for the meeting you've been wanting but have had trouble fitting on the executive's calendar. After the assistant schedules the meeting, the chairman or CEO most likely will not change or reschedule it."

"Ideas have consequences. Whether you realize it or not, you become what you believe."

"The purpose of business is to create value year after year, forever. Value equals discounted cash flow, which equals revenue multiplied by margins plus the change of net assets. So, create products and services your customers want, and do it more productively than your competition. To accomplish that, you need a skilled and motivated team."

"You should always be willing to reassess the value of things. A corollary to that is, the value that others place on something is secondary to its value."

"There is no substitute for hard work."

"Never accept the conventional wisdom that something cannot be done, and then, be willing to invest the sweat equity to make it happen."

"If you can't write your strategy or idea on the back of a business card, it's too complex to execute."

"If it sounds too good to be true, it probably is."

"When hiring an executive assistant, I do not go with the candidate with the highest IQ. I go for the one who has the best all-around attitude. I prefer someone giving me 100 percent of what God gave them than someone with a high IQ giving me 50 percent. Having a good attitude makes for a successful relationship between the boss and the assistant."

"Making mistakes gives one a great opportunity to grow and learn."

"Be passionate about your work because it will make your life so much more enjoyable in the long run. Don't do anything just because it will make you a lot of money. Most of all, listen to your heart and your mind and they will guide you in the right direction."

"Any time your output exceeds your input, your upkeep will always be your downfall. So never spend more than you take in."

"The first step to being a real leader is to figure out exactly who you are - and be that all the time. It's a matter of creating your own personal brand. And like any strong brand, you have to back it up by what you do."

"Prior planning prevents poor performance.' This is a mantra in many organizations."

"As you move up in an organization, there is an increasing importance on 'how you get things done' and a decreasing importance on 'what you get done.' It's all about leadership and a focus on the 'how.'"

"People want to trust in leaders, but they have a lot of reasons not to. The day of the leader as an icon has passed. Trust must be gained rather than conferred. People will give it only to someone who is real - to a person, not a

title. A person who over time and through all conditions proves to be exactly who he or she says he or she is.”

“If we focus on satisfying our customers and take care of the top line of our business, the bottom line will always follow.”

“As a young person, hang out with older people. It is important to associate with older people who have a track record of accomplishment in their professional careers. Interaction with those people allows you to benefit and grow from their knowledge, experience, and wisdom. Never pass up an opportunity to develop relationships with those who have gone before you and achieved, in any field. Ask questions of them and learn to be a good listener.”

“Keep going, gather good people around you to do what you can’t, and focus on your gift.”

“You’re not a man until you have had to fire someone and you’re not a good man unless every time you do it you hate it.”

“Fortunes come and fortunes go. You are only really financially self-sufficient if you can make it again from scratch. The self-confidence that comes from knowing you can repeat your success gives you a terrific mental edge.”

“The harder you work, the luckier you get.”

“Two tenets of communication, ‘the size of the cannon’ and ‘the twenty-four-hour rule,’ have proven very useful to me in business.

“Always put yourself in the place of the audience when sending a message, because the size of the cannon making the noise is significant. Bearing this in mind, I have adopted what I call the twenty-four-hour rule.

“Whenever I receive a communication that elicits an emotional reaction, anger in particular, I am very careful about how I respond. If there is a chance that my drafted response is tainted by anger, I set it aside overnight or for a twenty-four-hour period. I then reread what I have written to determine if it reflects my true views or if emotion may have caused me to say something I might regret later. I then revise the communication to reflect the less emotional state I am in after the cooling-off period.

“This rule applies to letters, memorandums, and especially e-mail communication. E-mail is potentially the most dangerous, as it is so easy to press the SEND button versus posting letter or circulating a memo.”

“One of the ways to continually advance a business is to take risks. And this can be a daunting prospect. But one must be able to take risks and try new things and even fail sometimes. Some of the most bountiful lessons actually do come from failure. If we don’t keep challenging ourselves and each other, continue pushing the envelope, we run the serious risk of becoming stagnant.

“A company that is stagnant will eventually fail and a person in a state of torpor isn’t experiencing life to its fullest. After all, who wants to sleepwalk through life? So while the advice may seem simple, it’s actually predicated on continually choosing to do those things that are often most difficult.”

“The final result of the eye-for-an-eye, tooth-for-a-tooth theory is two toothless blind men. In the end, good old common sense and logic always prevail.”

“Work hard and do the best you can do no matter what job you are given. Don’t get caught up in the politics of a corporation, and treat all individuals as you would like to be treated.”

“If you are not criticized, you may not be doing much.”

“Philosophically, have a big front door and a small back door. This involves bringing a lot of opportunities for revenue and growth into your operation, while allowing a very small number of those prospects to go unexplored. It is an attitude of being open and available to aggressively pursue and develop as many opportunities as you can. You reel in your fish nets, but you don’t let much leave the boat.

“The small back door also relates to key managers who are capable of performing multiple tasks. Have a small number of talented people. Develop them. Take care of them. Allow them to produce and grow.

“Then hold on to them and don’t let them leave. If you do retain large numbers of employees, it is important to do so in the areas that involve creating revenue.”

“My first immediate supervisor out of graduate school sat me down and explained that I would never get ahead in the business world by doing what was expected of me. That would only lead to stagnation and mediocrity. Instead, I would need to perform well above and beyond those expectations.

“I would need to find spare time to deliver business-building initiatives that were not actually part of my job description and duty. That was the only way

to get ahead: complete what was expected, and then exceed it wildly with a proactive initiative designed to build the business, and, in turn, my career.”

“Get in too late and get out too early (that’s how I made all my money).”

“When developing a product, make sure that it is market driven. Great products that lack champions, identified markets, or customers are destined for failure.”

“Build and maintain a good reputation. Ultimately, business is about trust. If you want to be in the game for the long-term, what people think and say about you matters a lot. This is particularly true when people invest money with you - they are taking a risk and they want to know that they can trust you.”

“The pace of revolutionary change is usually overestimated in the short run and the magnitude of such change is usually underestimated in the long run.”

“Sometimes the greatest runs in football are the ones that just get you back to the line of scrimmage. Many times an individual is very successful if he or she is consistently capable of being able to stay in the game.

“In terms of taking entrepreneurial risks, I know of very few really successful people who made the correct decision much more than 50 percent of the time. They became successful, however, by cutting their losses and getting back into the fight.”

“Accept, change, or leave. In other words, don’t try to change that which cannot be changed. Accept that which is a given, change what you are able to, or move on to something else.”

“Go where the traffic isn’t.”

“During a presentation, conversation, interview, or a sales pitch, too many people really do not listen to what is being said to them. Instead, they are anticipating opportunities to state their case or to make their pitch. This will almost always, whether you are a manager, salesperson, or someone on an interview, fail to create a connection between you and the other person involved in the conversation. Important opportunities to pick up information and apply it spontaneously to the task at hand are lost, and the probability of success in whatever the endeavor declines substantially. Learn how to listen - don’t just wait to talk.”

“Adam Smith got it right in the eighteenth century when he said that a market economy is only sustainable with an educated citizenry and when

large organizations don't have significant political influence. Without an education, people lack opportunity and are more prone to rebellion.

"When large businesses have too much political power, it leads to monopoly, followed by consumer and political rebellion. Therefore, all business leaders have a responsibility to support public education and oppose the concentration of political power in business."

"You will never achieve more than you are willing to settle for."

"I have found that the biggest successes and failures in business are most often determined by whether or not the right people are in the right jobs. You can have the best strategy, but it has no value without the right people to execute it. Conversely, if you have the wrong strategy but the right people, they will correct it. The right people truly do build businesses."

"Half drunk is a waste of money. If you're going to do something, do it right, with 100 percent commitment."

"Be discreet. Indiscretion sends all the wrong signals and lets others know that you can't be trusted. Someone who knows that he can count on you is more likely to do business with you."

"Problems are a good thing. Any company that doesn't have its share of complicated problems probably doesn't have a very hearty business. In the middle of any difficulty lies opportunity. When things are going good, no one wants change. Greet difficulty as an opportunity for creative and financial enhancement. And keep in mind that those toughest potential customers, who seem impossible to crack, will turn out to be your most loyal ones."

"The only currency that has finite limits is time - so spend it wisely."

"Have someone in a high position become your mentor. That person will become your protector, confidante, and biggest supporter and defender. In return you will become the senior person's eyes and ears for the rest of the company."

"You make your money when you buy, not when you sell."

"No matter what your organization, the ability to get employees fully engaged in leading and running the business is absolutely critical. When companies engage their employees, they are rewarded with innovation, greater loyalty, increased productivity, less tolerance for poor performance, and an overall increase in morale. It doesn't have to be difficult. Simply ask employees for their help. What ideas do they have to improve the company?"

What's working well? What isn't working well? Where can we save money? How can we grow the business?"

"You are only as good as the people who work for you."

"Spend time building relationships, not chasing accomplishments. We were created for relationships, and it is in the relationships, not in the accomplishments, that we find our fulfillment.

"Not only does the pursuit of meaningful relationships with others produce a more rewarding life, but it is also good for business. People like to do business with those whom they like and trust. Honest relationships lead to long-standing business partnerships and significant future opportunities.

"Building relationships requires a focus on the needs of others instead of ourselves. This attention to others produces strong loyalty from many different constituencies, including employees, customers, business partners, and those to whom we report, all of which is good for business.

"The relationship-focused executive places an even greater priority and emphasis on family relationships than those at the office. Without deep, lasting relationships at home, business and financial success is of little value."

"Do business with good people. Be one of those good people and people will do business with you."

"Optimism and pessimism are infectious and they spread more rapidly from the head downward than in any other direction. Optimism has a most extraordinary effect upon all with whom the commander comes in contact. With this clear realization I firmly determined that my mannerisms and speech in public would always reflect the cheerful certainty of victory - that any pessimism and discouragement I might ever feel would be reserved for my pillow."

"Pigs get fat and hogs get slaughtered. That is businesses, empires, and families can be destroyed by greed. In business, greed can manifest itself in pricing, investing, and capital expenditures. In one's personal life, greed can cause a lack of balance between professional responsibilities and family obligations. Greed must be ultimately controlled by good common sense."

"Don't bullshit me and I won't bullshit you, and together we might make the right decision."

"There are only two bad decisions: (a) the decision not to make a decision when there is time to make a decision and (b) a decision not to change a decision when you know that the earlier decision was wrong.

Lessons We Can Learn From Donald Trump

"A decision made with perfect information is too late."

"Don't be afraid to charge enough for your products or services."

8.

QUOTES FROM THE DONALD

Sales is a profession and sales is as hard as any job in the company. Nothing happens until a sale is made. There must be a sale in order for the production employees to have anything to do. Everyone in the company should have the skills of a salesperson.

From *The Way to the Top*, by Donald Trump

There is no doubt that Donald Trump is charismatic. His interviews command respect. Apart from doing real estate deals there appears to be nothing that Trump would rather do than sit in front of an audience and provide his perspectives on a range of questions thrown to him by an awestruck interviewer. The effect is clearly pleasing all round. The Donald's opinions are strident and bold.

Donald Trump brings new meanings to the words outspokenness, egotistical, and brash. He is never short of an opinion, quote or retort. Here are some of them.

Trump on Real Estate

"It's tangible, it's solid, it's beautiful. It's artistic, from my standpoint, and I just love real estate."

"Well, real estate is always good, as far as I'm concerned."

"I had loftier dreams and visions. And there was no way to implement them building housing in the outer boroughs."

"I don't believe you can ever be hurt by buying a good location at a low price."

"When I build something for somebody, I always add \$50 million or \$60 million onto the price. My guys come in, they say it's going to cost \$75 million. I say it's going to cost \$125 million, and I build it for \$100 million. Basically, I did a lousy job. But they think I did a great job."

"I'm the number one developer in New York, I'm the biggest in Atlantic City, and maybe we'll keep it that way."

"I avoid the commonplace and give tenants and buyers more than they might expect. That's a big part of the Trump brand."

Trump on Life

"You can better your best at anytime."

"The most important thing in life is to love what you're doing, because that's the only way you'll ever be really good at it."

"A little more moderation would be good. Of course, my life hasn't exactly been one of moderation."

"I feel a lot of people listen to what I have to say."

"I love beautiful women, and beautiful women love me. It has to be both ways."

"You can't know it all. No matter how smart you are, no matter how comprehensive your education, no matter how wide ranging your experience, there is simply no way to acquire all the wisdom you need to make your business thrive."

"In a nutshell, my branding strategy is 'to thine self be true.' Like a lot of pithy wisdom, Shakespeare said it first, and I second it here - and everywhere else I put the name Trump."

"Being positive can give you tremendous resiliency. The best mentality to have is to never give up - ever!"

"Anyone who thinks my story is anywhere near over is sadly mistaken."

Trump on Money

"Money was never a big motivation for me, except as a way to keep score. The real excitement is playing the game."

"I don't make deals for the money. I've got enough, much more than I'll ever need. I do it to do it."

"You know the funny thing, I don't get along with rich people. I get along with the middle class and the poor people better than I get along with the rich people."

"The point is that you can't be too greedy."

"I wasn't satisfied just to earn a good living. I was looking to make a statement."

"It's a great thing when you can show that you've been successful and that you've made a lot of money and that you've employed a lot of people."

"That's one of the nice things. I mean, part of the beauty of me is that I'm very rich. So if I need \$600 million, I can put up \$600 million myself. That's a huge advantage. I must tell you, that's a huge advantage over the other candidates." (While he was thinking of running for President.)

Trump on Investments

"Sometimes your best investments are the ones you don't make."

"Sometimes by losing a battle you find a new way to win the war."

"Get in too late and get out too early."

"Becoming your own asset and adopting the mentality of an investor -- making decisions and taking or delegating actions now that will bear fruit later -- is the key to wealth creation."

Trump on Politics

"One of the key problems today is that politics is such a disgrace, good people don't go into government."

"Well, I am a Republican, and I would run as a Republican. And I have a lot of confidence in the Republican Party. I don't have a lot of confidence in the President. I think what's happening to this country is unbelievably bad. We're no longer a respected country."

"I think Ronald Reagan was one of the great presidents, period, not just recently. I thought he had the demeanor. I thought he had the bearing. I thought he had the thought process."

"So Bush certainly wasn't the greatest, and Obama has not done the job. And he's created a lot of disincentive. He's created a lot of great dissatisfaction. Regulations and regulatory is going through the roof. It's almost impossible to get anything done in the country."

"I do have my ducks in line if I want to do it, but I'd love to see the Republicans pick somebody that was going to win and take over this country and frankly, to use the expression, 'Make America great again.'"

"The debt limits have to come down. The whole world of debt has to be changed as far as this country is concerned. We have to create jobs and we have to create them rapidly because if we don't things are just going to head in a direction that's going to be almost impossible to recover from."

In summation of his experiences that qualify him to be President of the United States, Trump told NBC interviewer Michael Isikoff: "My successes...have been vast. I don't even view myself as having failures, and I certainly learned from things that don't work out as well."

Trump on China

"China gets their oil from Libya. Why isn't China involved? They're going out spending billions of dollars a day on trying to take over the world economically. And we're spending billions and billions and billions of dollars on policing the world. Why isn't China involved with Libya? That - we don't get oil from Libya, China does."

"It's not like I'm anti-China. I just think it's ridiculous that we allow them to do what they're doing to this country, with the manipulation of the currency, that you write about and understand, and all of the other things that they do."

"But I believe in fair trade, and I will tell you, I have many, many friends heading up corporations, and people that do just business in China, they say it's virtually impossible. It's very, very hard to come into China. And yet, we welcome them with open arms."

"My big focus is China and OPEC and all of these countries that are just absolutely destroying the United States."

"So we really need jobs now. We have to take jobs away from other countries because other countries are taking our jobs. There is practically not a country that does business with the United States that isn't making - let's call it a very big profit. I mean China is going to make \$300 billion on us at least this year."

At a speaking engagement at the Sydney Entertainment Centre in September 2011 Trump advised Australia to "screw" China by raising its commodity prices.

"I say raise your prices. You really screw them on the sale of raw materials. They need you badly. You have all the cards."

Criticizing America's lack of tough negotiators in business dealings with China, Trump said: "One of the reasons I love Australia is because you're selling them all sorts of s***."

Trump also praised "your financial genius", referring to Treasurer Wayne Swan's selection as world finance minister of the year. "I don't know who gives him that award, maybe he does," Trump said.

"I do that all the time, give myself awards. But I think you are doing OK."

Trump was giving a motivational talk at a business seminar on a one-day visit to Sydney in which he also fitted in a round of golf and a cameo appearance on TV's *Celebrity Apprentice*.

He arrived on a commercial flight this time, leaving his own \$100 million Boeing 757 back at home.

Trump who is a single-handicap golfer, and owns four courses in the US, headed straight to the exclusive Australian course for 18 holes.

"After flying for 22 hours I honestly didn't even know where I was," he said.

He also taped a segment for the Nine Network's Australian version of *Celebrity Apprentice*, the ratings hit he hosts in the US.

Trump on his TV Shows

"I mean, there's no arguing. There is no anything. There is no beating around the bush. 'You're fired' is a very strong term."

"Every time you walk down the street people are screaming, 'You're fired!'"

"All of the women on *The Apprentice* flirted with me - consciously or unconsciously. That's to be expected."

"Well, yes, I've fired a lot of people. Generally I like other people to fire, because it's always a lousy task. But I have fired many people."

"I could never have imagined that firing 67 people on national television would actually make me more popular, especially with the younger generation."

"I'm a bit of a P.T. Barnum. I make stars out of everyone."

Trump on Work

"If you're interested in 'balancing' work and pleasure, stop trying to balance them. Instead make your work more pleasurable."

"My passion spills over to everyone around me and motivates them to do their very best."

"In the end, you're measured not by how much you undertake but by what you finally accomplish."

"The first thing the secretary types is the boss."

"What separates the winners from the losers is how a person reacts to each new twist of fate."

"Without passion you don't have energy, without energy you have nothing."

"Get in, get it done, get it done right, and get out."

"I learned a lot about discipline and about channeling my aggression into achievement."

"Somehow the word 'organization' made it sound much bigger.

Always look out for yourself."

"What I admire most are people who put themselves directly on the line."

"Make your work more pleasurable."

"Watch, listen, and learn. You can't know it all yourself. Anyone who thinks they do is destined for mediocrity."

"It pays to trust your instincts."

"If you don't tell people about your success, they probably won't know about it."

Trump on Petrol (Gasoline)

"If you look - look at - I mean, look at what's going on with your gasoline prices. They're going to go to \$5, \$6, \$7 and we don't have anybody in Washington that calls OPEC and says, 'Fellas, it's time. It's over. You're not going to do it anymore.'"

"I saw a report yesterday. There's so much oil, all over the world, they don't know where to dump it. And Saudi Arabia says, 'Oh, there's too much oil.' They - they came back yesterday. Did you see the report? They want to reduce oil production. Do you think they're our friends? They're not our friends."

Trump on Deal Making

"Other people paint beautifully on canvas or write wonderful poetry. I like making deals, preferably big deals."

"My style of deal-making is quite simple and straightforward. I aim very high, and then I just keep pushing and pushing and pushing to get what I'm after. Sometimes I settle for less than I sought, but in most cases I still end up with what I want."

"If you go for a home run on every pitch, you're also going to strike out a lot. I try never to leave myself too exposed, even if it means sometimes settling for a triple, a double, or even, on rare occasions, a single."

"If you want to sell a car and you spend five dollars to wash and polish it and then apply a little extra elbow grease, suddenly you find you can charge an extra four hundred dollars, and get it."

"If you want to buy something, it's obviously in your best interest to convince the seller that what he's got isn't worth very much."

"You can't be scared. You do your thing, you hold your ground, you stand up tall, and whatever happens, happens."

"My experience is that if you're fighting for something you believe in - even if it means alienating some people along the way - things usually work out for the best in the end."

"I was relentless, even in the face of total lack of encouragement, because much more often than you'd think, sheer persistence is the difference between success and failure."

"I knew that if I was patient and kept my eyes open, a better opportunity would eventually arise."

"Part of being a winner is knowing when enough is enough. Sometimes you have to give up the fight and walk away, and move on to something that's more productive."

"Experience taught me a few things. One is to listen to your gut, no matter how good something sounds on paper. The second is that you're generally better off sticking with what you know. And the third is that sometimes your best investments are the ones you don't make."

"I try to learn from the past, but I plan for the future by focusing exclusively on the present. That's where the fun is."

"I have made the tough decisions, always with an eye toward the bottom line. Perhaps it's time America was run like a business."

"It's always good to be underestimated."

"I couldn't sell him on my experience or my accomplishment, so instead I sold him on my energy and my enthusiasm."

"Make it appear that we'd spent a huge sum on the drawings. A good-looking presentation goes a long way."

"When somebody challenges you, fight back. Be brutal, be tough, Just go get them."

"I'm a great believer in asking everyone for an opinion before I make a decision. I ask I ask I ask, until I begin to get a gut feeling about something. And that's when I make a decision. I have learned much more from

conducting my own random surveys than I could ever have learned from the greatest of consulting firms.”

“Getting things done in this country, if you want to build something, if you want to start a company, it’s getting to be virtually impossible with all of the bureaucracy and all of the approvals.”

Trump on Thinking Big

“Most people think small because most people are afraid of success, afraid of making decisions, afraid of winning. And that gives people like me a great advantage.”

“Sometimes it pays to be a little wild.”

“We took our strengths and promoted them to the skies.”

“From day one, we set out to sell Trump Tower not just as a beautiful building in a great location but as an event.”

“The results have been spectacular because I paired both instinct and logic.”

“Most of my people at first favored putting paintings on the wall. To me that was old-fashioned, unoriginal, and just not very exciting. As it turned out, the waterfall proved to be an art form in itself, almost a sculptured wall. And it attracts far more attention than we’d have gotten if we’d put up even some very wonderful art.”

“Somewhere out there are a few men with more innate talent at golf than Jack Nicklaus, or women with greater ability at tennis than Chris Evert or Martina Navratilova, but they will never lift a club or swing a racket and therefore will never find out how great they could have been. Instead, they’ll be content to sit and watch stars perform on television.”

**“In the end, you’re measured not by how much you undertake
but by what you finally accomplish.”**

Donald Trump

In conclusion there is many key sentences to sum up the lessons we can learn from the larger than life “Donald Trump.”

Lessons We Can Learn From Donald Trump

'Think big' comes to mind, 'make your work art' and perhaps one of the biggest keys to his success in deals being the question he asked himself, *"How can I lose on this deal?"*

Whether you like or dislike the "Donald" is of less importance to the many lessons we can learn from his outspoken and often controversial views.

It's hard to argue that the man has not produced significant results in his life and changed the world of real estate via his passion and high standards.

James Packer, Australian billionaire and son of the late Kerry Packer, has even learnt and modeled Trump's success, noting the power of branding in real estate and thus using his 'Crown' brand to expand not only the casino's interests but Crown's prestige premium quality property interests.

It doesn't matter how successful a person is, one can always learn from others and only a fool thinks otherwise.

I trust that you have taken many valuable distinctions from the "Lessons We Can Learn From Donald Trump" not only for real estate success, but success in business, and even valuable life lessons.

Now it's time to take action and create your imprint on the world.

In the words of Mr Trump, "Think Big and make your work a piece of art"

Jamie McIntyre
CEO of 21st Century Education
November 2012

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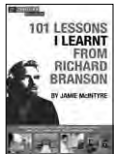
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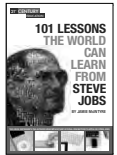
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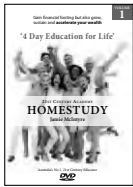
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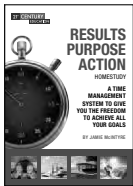
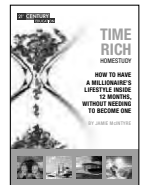


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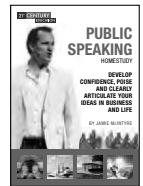


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Discover the Potential to Profit Financially in the 21st Century as an Investor and Entrepreneur

- ✓ **Avoid the mistakes** that cause most people to fail financially
- ✓ Access Property in the US from **as little as \$28,000** with up to 20% gross rental yields – already renovated and tenanted!
- ✓ Business strategies for the 21st century, including how to start or **grow a business with zero outlay** or simply profit more than the owner by becoming an **entrepreneurial manager**
- ✓ Acquire wholesale land deals almost no money down and with an unheard of 4-6 year settlement – Make the potential **capital growth with zero holding costs!**
- ✓ Powerful **property investing strategies** taught step-by-step by the experts including, property buy-and-hold strategies, property trading strategies, property options strategies, property renovation strategies – And lots more...
- ✓ How to take your slice of the **\$4 Trillion Dollar** Forex Trading pie
- ✓ Discover strategies used by professional traders to trade the **Billion Dollar** Eminis Market

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Would you like to book Jamie McIntyre to speak at your company conference or seminar?

Jamie is available for limited speaking engagements and can cover a range of topics, including:

- Why do most people fail?
- 5 Major Strategies to succeed in the 21st Century
- How to raise your energy levels fast!
- Developing the Mindset of a millionaire by rewiring your subconscious.
- Entrepreneurship & Innovation
- Perseverance, Goal Setting, and Positive Thinking
- Your leadership Journey – are you a leader or manager
- Customer Service and why it is vital to the survival of any business
- Business & Management
- Marketing & Creativity
- Motivation & Inspiration
- Time Management and Business Productivity

Jamie is also available to speak to limited amount of schools per year as part of our Youth Program.

“ **The only speaker in Australia that can speak on creating wealth in property, the stock market, business and internet business. Many can specialise in one discipline, but only a true financial master can create wealth from many disciplines.**

Wealth Creator Magazine

”

21st Century also has other available speakers

ERIC BAILEY



**Corporate training
and Motivation
Coach**

LOU HARTY



**Trading
and Internet
Entrepreneur**

KONRAD BOBILAK



**Property Strategies
and Finance
Expert**

WARREN BLACK



**Accounting
Tax and Asset
Protection Specialist**

For select organisations Jamie may waive his speaking fees or donate them to charity.

FOR ANY ENQUIRIES EMAIL ENQUIRIES@21STCA.COM.AU OR CALL 1800 999 270

JAMIE McINTYRE

Co-Founder of 21st Century Education

Jamie McIntyre is the founder of over 12 companies that turn over in excess of \$40 million dollars annually. With reach in industries such as education, trading, accounting, finance broking, stock broking, financial services, recruitment, media, publishing and TV, the 21st Century Group has grown to be the largest financial education resource in Australia.

17 years ago Jamie realised the world needed a 21st Century Modern day education rather than the current out-dated education system created in the industrialisation era of the 19th Century. A “21st Century” education that was better than school or university and taught by those with a PhD in Results, not just theory. An Education – For Life!

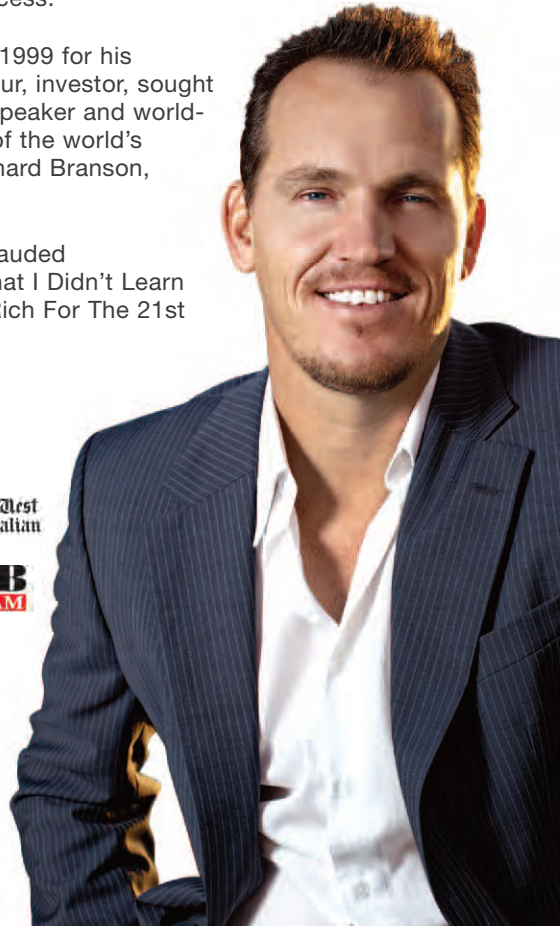
Only 5 years from being almost bankrupt, he had succeeded - Jamie had become a self-made millionaire. This incredible turnaround can be credited to Jamie’s extensive research and to the knowledge he gained from his somewhat unconventional approach of modeling multi-millionaires, entrepreneurs, investors and success coaches.

After producing such outstanding results in so many areas of his life, Jamie decided to fulfill a promise he made to one of his personal mentors and pass on what he had learnt to others. From this, the 21st Century Education and the 21st Century Group was born.

Today, Jamie has educated more than 450,000 people worldwide and helped thousands achieve financial abundance and long-term success.

Nominated for ‘Young Australian of the Year’ in 1999 for his achievements, Jamie is a successful entrepreneur, investor, sought after success coach, internationally renowned speaker and world-leading educator, sharing the stage with some of the world’s most successful entrepreneurs (such as Sir Richard Branson, Harry Dent, Tim Ferriss, and more).

He is also the author of numerous globally applauded publications such as the best-selling books ‘What I Didn’t Learn At School But Wish I Had’ and “Think & Grow Rich For The 21st Century”.



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Jamie McIntyre -Author

BRIMMING WITH SWAGGER, EGO AND CHARISMA, 'THE DONALD'S' COLOURFUL PERSONALITY HAS BEEN COMPARED TO THAT OF A CENTRE STAGE CIRCUS PERFORMER... BUT HIS ABILITY TO TRUMP A DEAL IS NO JOKE!

Love him or loathe him, there's no denying that Donald Trump is one of the most successful property developers and entrepreneurs of all time. This fascinating read outlines the life and lessons of this wildly successful billionaire. Investor and author, Jamie McIntyre, looks beyond Trump's swagger and analyses his sound real estate investment and business principles.

Everything about Trump is larger than life from his personality to that famous hair! This entertaining read is packed with humorous anecdotes of Trump's extravagant life story and is infused with numerous thought provoking quotes on life, money, real estate, politics and more.

Much more than a biography, Jamie provides lots of case studies of how he, and others, modeled Trump's lessons to make millions. Even the beginner investor can apply these detailed and practical real estate investment steps to enter the realm of the real estate entrepreneurs.

Learn how to 'apprentice' Trump without giving him the chance to use his favourite TV show catchphrase, 'You're fired!'

"I like thinking big. I always have. If you're going to be thinking anyway, you might as well think big"

Donald Trump

Here is what you will learn:

- How to model one of the world's greatest entrepreneurs and real estate developers
- Valuable lessons for managers
- How to apply Trump's real estate investment principles to the Australian market
- How to become a self-made millionaire by modelling a billionaire
- How to profit from strategies such as Property Options used by Trump to make a fortune
- Learn the exact real estate investment rules that Trump uses to select properties
- Little known profitable strategies, such as buying US property, and Land Banking - an exclusive strategy once the domain of large developers
- How Trump started his career and built a multi-billion dollar portfolio
- Valuable life lessons with famous quotes from Trump himself
- Why you should see yourself as an artist and make your work the best it can be

Jamie McIntyre has been featured in:



THIS BOOK REPRESENTS THE AUTHORS VIEW WITHOUT ANY OFFICIAL CONNECTION TO DONALD TRUMP

RRP \$19.95



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