PROPERTY CASHFLOW / INNER CIRCLE / Nov 1-23

LEARN, INVEST, RETIRE

THE MYTH OF PASSIVE INCOME AND WHY IS A LIE

The allure of property investment often revolves around the tantalizing concept of passive income. It's a phrase that catches the eye and warms the pocket but is devastatingly misleading for the average investor.

The Passive Income Mirage

Let's demystify this. At the heart of this illusion is the idea that you can buy a property and *the rent will effortlessly trickle into your bank account.* While it sounds charming, the reality is far removed. Your investment in property is not a hands-off stock or a set-and-forget bond; it's a business.

Loops and Hoops

Imagine this: you find a property

THOUGHT OF THE MONTH

PROPERTY INVESTMENT IS NOT FOR THE WEAK OF MIND, THE IMPATIENT OR THE MEDIOCRE. IT'S A TOUGH BUSINESS LIKE ANY OTHER.

that seems like a good deal. You've crossed the first loop—finding the property. Now comes the hard part—financing it. Unless you have a substantial amount of liquid capital, you're probably looking at loans or seeking joint ventures. After financial closes, you are already well into the realm of spreadsheets, tax implications, and negotiations. Now enters the brigade of builders and contractors for refurbishment. Don't forget, each renovation comes with its own set of licenses, permits, and certificates. Fast forward, the property is finally ready for tenants, but now you need to market it, screen applicants, and manage leases.

The Mediocre Vs. The Property Renegades

The average investor tends to look only at the end—**(To Page 2)**

IN THIS ISSUE

CALENDAR

Property Massive Bootcamp, Sept 23

1 day with the investor, Sept 29th

Inner circle Call, CIP, Sept 25th

Property Elite Mastermind, Sept 30

6 week master class, Sept 15

PHRASE OF THE MONTH

THE MORE FREEDOM YOU GET THE LESS SECURITY YOU WILL HAVE

HOW A BUILDER MADE ME LOST LOADS OF MONEY

By Noel Cardona

Property investment can be a lucrative venture, but it's far from hands-off. Among the myriad tasks an investor must navigate, managing builders is paramount. Failing to effectively manage them can result in delays, increased costs, and legal complications—challenges that can cripple a project. My team and I learned this the hard way when our otherwise reliable builder caused significant delays in multiple refurbishment projects.

A Case from Our Experience

Our builder, who had been performing well initially, started to lag severely. Despite repeated assurances and reasons, weeks turned into months without meaningful progress. Compounding the issue was our complacency; we had been paying in advance rather than for work completed. Eventually, the untenable situation forced us to change builders, resulting in both time and financial losses. As if this weren't enough, we discovered that our original builder had not paid his plumber, who subsequently vandalized one of our properties, exacerbating our losses further.

Five Tips for Effective Builder Management

1. Don't Pay in Advance, Only for Progress

Never let money leave your account unless it's for work that has been satisfactorily completed. This ensures that the builder is financially motivated to maintain a steady pace and quality of work. Create a payment schedule that aligns with project milestones to keep both parties accountable.

2. Have a Written Refurbishment Plan

Before work **(To Page 3)**

(**From Page 1)** rental income. They disregard the multitude of obstacles that precede this outcome. Unlike the Property Renegades—the astute, diligent investors who treat every property as a full-fledged project—the mediocre investor is often unprepared for setbacks and complications. They look at the price, but they don't look at the context. Failing to evaluate a property within its larger ecosystem of variables makes them not only weak but a ticking financial time-bomb.

The Ever-Expanding Game Board

Let's say you've crossed all these hurdles and finally have a tenant. Does the term 'passive income' apply now? Hardly. To protect your investment, you must continuously expand your portfolio. Otherwise, your risk is concentrated and your income stagnant. For true passive income, you'd need a capable team managing these properties for you, transforming your role from an operator to an overseer.

Even then, resting on your laurels is not an option. The real estate market is dynamic. Tenants come and go. Laws change. Economic downturns happen. In essence, your property empire demands your constant attention and adaptation.

From Noel Cardona's Dictionary

Pro Investor: The one who can navigate fast and with the least costs, all the intricate steps to invest in property and make off-the-chart gains.

Conclusion

Yes, property can offer a rewarding financial future, but labeling it as a passive income stream is not just misleading—it's a dangerous underestimation of the effort involved. So, before you dive headlong into the property market with dreams of easy income, remember: you're not buying a cash machine; you're starting a business. Only with this mindset can you truly unlock the riches that property investment promises. After all, if it were so easy, wouldn't

HOW A BUILDER MADE ME LOST LOADS OF MONEY

(From Page 2) commences, both-parties should agree to a detailed written plan that outlines the scope, timeline, and specifications for the refurbishment. Payments should be tethered to the completion of tasks outlined in this document.

3. **Visit Your Properties Under Refurbishment Often**

Regular site visits not only show the builder that you are actively involved but also provide an opportunity to catch any issues before they escalate. While it may seem tedious, this level of oversight can preempt significant problems down the line.

4. **Use Building Control as Your Quality Manager**

Building control officers can act as an independent quality check. Their professional scrutiny can validate that the builder's work complies with building regulations, offering an additional layer of security.

5. Ensure You Have a Signed Written Contract

In the unfortunate event that disputes arise, a comprehensive, signed contract is your most potent legal weapon. This document should encompass everything from payment schedules to quality standards and dispute resolution mechanisms.

Conclusion

Navigating the complexities of property refurbishment requires vigilance, meticulous planning, and active involvement. By implementing these tips, you position yourself as not just another investor but a Property Renegade—one who is acutely aware of the risks and the requisite steps to mitigate them. Always remember, in the world of property investment, the adage holds: failing to plan is planning to fail.

THINK POTENTIAL FIRST THEN RESOURCES

By Noel Cardona

In the world of property investment, success often hinges on the ability to see potential where others see obstacles. This is a fundamental principle that applies not only to property entrepreneurs but to all entrepreneurs—a mantra that guides their actions and decisions. In this article, I will share a personal anecdote from my journey as a property investor, demonstrating the paramount importance of prioritizing potential over resources.

Let me take you to my third House of Multiple Occupancy (HMO) project, a pivotal moment in my real estate journey. This particular venture taught me a valuable lesson about the mindset required to thrive in the world of property investment and entrepreneurship as a whole. It all boils down to placing potential at the forefront of your strategy.

At that time, I had invested nearly all my capital in the creation of one HMO, a project that had faced unexpected delays and escalating costs. The situation was far from ideal, but I remained committed to my goal of finding promising properties that demanded unwavering dedication and discipline.

Then, a game-changing opportunity presented itself—a 5-bedroom property with an enticing feature: a spacious cellar. This property had been repossessed, and the bank was offering it at a bargain price of £120,000. The catch? I had depleted my resources on the previous HMO project, leaving me financially strapped.

In such a predicament, many would simply pass on the opportunity, resigned to the limitations of their resources. However, the mindset of an entrepreneur is wired differently. It's about seeing opportunities where others see obstacles.

So, I made a bold move. I approached a trusted colleague, a dear friend who had the financial means to seize this golden opportunity. I posed a question to him that would change the trajectory of my property investment career: "Why don't you lend me the money to purchase this property, and I'll repay you when we refinance the nearly completed project?"

To be honest, I didn't hold high hopes for a positive response, but to my surprise, my friend agreed to my proposal. This arrangement gave me the time I needed to secure the necessary funds without missing out on the chance to acquire a valuable asset that could have slipped through my fingers forever.

This experience underscores a fundamental truth in business—there will be times when you lack the financial resources to take the next step. However, a true entrepreneur doesn't allow this limitation to hinder progress. Instead, they find innovative solutions, leverage their network, and, above all, prioritize the potential of an opportunity.

Successful entrepreneurs understand that many of the perceived obstacles are, in fact, excuses holding back the average individual from taking action and changing their reality. It's about confronting challenges head-on, embracing risk, and relentlessly pursuing opportunities.

In conclusion, as a property investor and entrepreneur, it's crucial to remember that success is not solely determined by the resources at your disposal. Rather, it's your ability to recognize and capitalize on potential that sets you apart. So, when faced with a seemingly insurmountable obstacle, take a page from the playbook of property renegades—think about potential first, and then, with determination and resourcefulness, find a way to make it happen.

A PROPERTY MARKET REVIEW AS OF NOV 2023

By Noel Cardona

As I have always said, it is very important to follow the main financial indexes to understand what the market in property is likely to do. So let's see:

Bank of England Base Rate

The rate is currently a 5.25% and was not increased during the last communication which gave breathing space to investor.

Inflation

According to the office for National Statistics the inflation 12 months to August 2023 was 6.7% on a downward trend.

Mortgage Average Rates

For property investment based on a 75% LTV is about 5.6% per annum. As you know these are strongly related to the Bank of England number so not surprising.

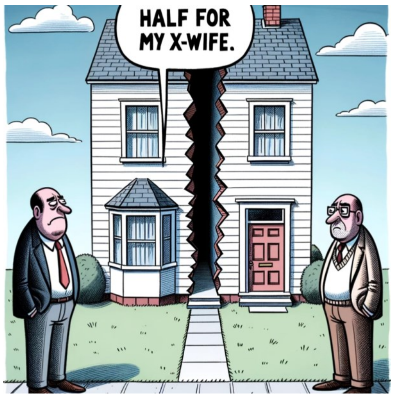
Bridge loans average rates are currently at about 1% per month.

Property Prices

According to Zoopla: "All regions across southern England are registering year-on-year price reductions of up to -1%. All other regions and countries of the UK are posting low, single digit price growth. Scotland is registering growth of +1.7%". So in practical terms we have no supergrowth but there is no a crash coming at the moment. It seems to be just the normal cycle the property market goes through.

Rent Increases

Due to the increases in mortgage costs, rent have increased tremendously around the UK, we have seen increasis between 15% to 30% which is clearly hitting tenants as normally costs increases to landlords are paid by tenants.



Regulations

We are definitely not looking forward to the Renter Reform Bill to come around but are monitoring the situation as the removal of Section 21 will have a disastrous effect in property investing. This regulation is still being studied by Parliament.

Property Energy Standards

Recently the Prime Minister removed the need for Landlords to have the energy efficiency of their rental properties improved to a minimum Energy Performance Certificate (EPC) rating of C by 2025 and 2028. We not longer need to do that which is a relief as for many properties this would mean a lot of money.

New How To Rent Guide

As you know, when you rent a room or a whole house, one of the documents you need to provide is the government issued "How to Rent Guide" there is a new version issued in Oct 23 which you must use instead of the last one for any new tenancies. This is very important in case you need to take this tenants to court.

Analysis

The market is becoming almost flat in comparison with two years ago where there were big property price increases took place. The costs of mortgages lead by high inflation have had a tremendous effect making it more difficult for people to get onto the property ladder and opening the door for the liquid investor to pick and choose better, without rushing that much what investments he or she was to put their money into.

Having said that, the government in the UK definitely protects a lot more tenants than they do landlords, and are currently making it very tough, via regulations, to hold property and manage it.

It's important you learn the trade and do everything as if your tenant was taking you to court tomorrow.

Planning For Investors

https://tinyurl.com/PlanningSecrets

Investing in property is particularly difficult because as an investor you need to know about the planning system in the UK.

Not an easy one as is very complex at many different levels.

If you are serious about investing and want to know how the system works I suggest you take my course on Planning For Investors you can see find on the link above. Worth every penny If you ask me.

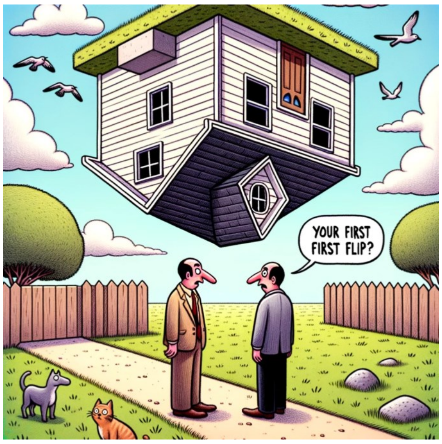
BUSINESS PARTNERS WHY IS IT SO DIFFICULT?

By Noel Cardona

In the world of property investment, the allure of lucrative opportunities often necessitates collaboration with others due to the capital-intensive nature of the business. While you may possess sufficient funds for one or two properties, the reality is that your resources can quickly be depleted. In such cases, the logical step is to seek a trustworthy business partner. Partnering not only enables you to expand your property portfolio but also allows you to share the burdens and joys of the journey. However, finding the elusive "Good Business Partner" is a challenge in itself, and this article delves into the complexities of this quest.

Many assume that their lifelong best friend would naturally be an ideal business partner. While this may hold true in some instances, it's far from a guarantee. The pursuit of the perfect partner can even jeopardize long-standing friendships. Based on my experience, a good property investment partner should align with you on various crucial aspects:

1. Financial Risk Tolerance: A successful partnership requires individu-



als who share a similar threshold for financial risk. If you're comfortable with taking calculated risks to reap substantial rewards, your partner should have a compatible risk tolerance. Misalignment in this area can lead to disagreements and potential conflicts in decision-making.

2. Willingness to Share the Workload: Property investment demands significant effort, from property scouting to managing tenants and handling unexpected challenges. A reliable partner should be willing to shoulder their share of the workload. The ability to collaborate effectively and divide responsibilities can make or break a partnership.

3. A Mindset of Patience: Patience is a virtue in property investment. Properties may not yield immediate profits, and hurdles can arise unexpectedly. Both partners should possess the patience to weather the storms and wait for the right opportunities to materialize.

4. A Hands-On Approach to Problem Solving: Property investment often presents unforeseen challenges, whether it's a sudden maintenance issue or a tenant dispute. An effective partner is one who approaches problem-solving with a hands-on attitude, taking initiative to find practical solutions rather than shying away from difficulties.

5. Alignment in Profit Goals: Clear alignment in profit objectives is paramount. Partners should share a common vision regarding long-term or short-term profitability. If one partner seeks quick returns while the other prefers a more extended investment horizon, conflicts can arise when defining investment strategies.

Finding an individual who embodies all these qualities is no small feat. It's crucial to conduct thorough due diligence when considering potential partners. Open and honest communication about your expectations, goals, and values is key to evaluating compatibility.

Moreover, it's prudent to start with a smaller joint venture before committing to more significant investments. This allows both parties to gauge compatibility and assess whether the partnership can withstand the rigors of property investment.

In conclusion, the search for a good business partner in property investment is indeed challenging. While lifelong friendships may offer promise, shared values, risk tolerance, and a willingness to work together are the true markers of an ideal partner. A successful partnership can unlock new opportunities and amplify your investment potential, but it requires careful consideration and alignment on critical aspects. Choose wisely, and your journey in the world of property investment will be all the more rewarding.

Ladder OF Success

Property Investment Mastermind & Inner Circle: These are not for the faint of heart. Are you ready to accelerate your results while working and discussing your strategies with me and other investors like yourself? Are you willing to be on the hot seat and put your ideas to the test? If so, **send a message to info@propertycashflow.co.uk enquiring about the Property Investment Elite Mastermind or Inner Circle (CIP).**

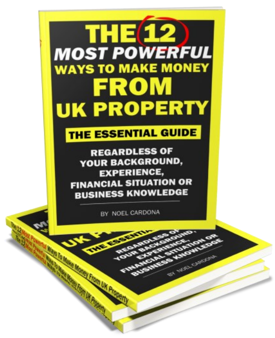
Let me Invest in Property For you: if you have neither the time or the experience but you do have the funds to invest in property (from £50K) at extraordinary returns and capital gains, then I can help you using my several years of experience building portfolios for me and other investors. I do everything for you, from the beginning to the end and you get the value increase and the monthly income. All from the comfort of your home. **Request a 30 mins Free consultation With me on info@propertycasflow.co.uk.**

Hunt Properties with me: Do you want to discover how it is to be in the trenches with an investor looking for properties which have the kind of hidden value that will yield extra-ordinary value for you? Are you ready for a full on day talking to real estate agents and investors, sifting the good from the bad and looking over my shoulder as I uncover the hidden value that the average invertor will never see? **Enquire about the next days available at info@propertycashflow.co.uk**

Attend my 6 week Masterclass: Want to uncover my most important secrets to start from zero and get to freedom in less than four years? Do you want me to break down my strategies, contacts, software, legal packs, everything you need to become a master in property? If you do, then you need to attend my 6 Week Masterclass. Learn about R2R, HMOs, deal packaging, raising finance, buy to let, investing mindset, service accommodation and more. All the tools you need to succeed in property. **Enquire about dates available at info@propertycashflow.co.uk**

Ultimate Property Boot Camp: For those members of my circle who want to start from scratch and get sound bases for their future property investing this is the second step of your journey (The first is to read my books). What is a good deal? Where to start in property? This outrageous boot camp will give you the big picture required to make the right decisions and get where you need to get to. I am aware there is so much information out there that it causes the opposite of what it should do: show you the clear path to move fast and create money speed.

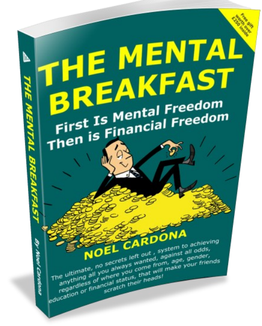
Other Resources from Noel Cardona



The 12 Most Powerful Ways to Make Money From UK Property. Get to know how investing in UK property is a unique ladder where you can start with no money and get to create a tremendous amount of value. My Story is all layout here for you to get inspired. **Buy the book in amazon: tinyurl.com/Noelbook**

The 10 Golden Rules of UK Property Investment will give you access to the 10 most important high leverage actions you must use to achieve money speed. Being busy is not the same as being productive and this book is the key to answer that puzzle. **Available to members of my CIP.**

The 5 Pillar of Successful UK Property Investing is about mindset, about the 80% that will make you successful: You. I've seen many investors fail because they retreat on the first sign of difficulty instead of pushing and winning the war. They give up too early. **Free here: tinyurl.com/5pillarsbookNoel**



The Mental Breakfast? This book challenges your beliefs about what you can achieve. This book works with the most valuable assets you have, that is, your mind and your time. If you don't know how to manage those two, you will just give up when problems come. **Free Download here: https://tinyurl.com/MentalBreakfast**

HE DOESN'T HAVE THE MIND SET REQUIRED TO BE A RENEGADE

Let me share an enlightening story about an investor I recently collaborated with, someone who lacked the indispensable mindset of a Property Renegade. For several months, I worked closely with this individual and his business associate on a challenging property project. It was their inaugural venture into property investment, and securing financing proved to be a formidable task. However, once we crossed that hurdle, we entered the refurbishment phase, where unforeseen issues necessitated additional expenditure.

At each juncture when a problem emerged, this investor's demeanor would shift dramatically into stress mode, casting a pall of anxiety over everyone involved. His emotions ran high, and it was evident that he was struggling to cope with the inevitable challenges of property investment. Eventually, the breaking point came, and he made a critical decision mere weeks before completing the project and securing tenants – he chose to sell his share to his business partner and walk away.

So, what does this tale reveal about the mindset required to endure and thrive in the world of property investment? It underscores a fundamental truth: there is no property purchase devoid of problems to be resolved. In fact, there are often multiple issues that demand solutions.

If you lack the patience and fortitude that stem from a clear understanding of your objectives, the rewards that await, and the recognition that the path to success is rarely linear, you might find yourself making the same choice as this investor did – quitting and disqualifying yourself from the elite 1% of Property Renegades.

Property Renegades are not quitters; they are winners. They roll up their sleeves and confront challenges head-on because that's the only way to reach their goals. There's no dwelling on past setbacks; instead, they focus on minimizing the time it takes to move from identifying a problem to finding a solution.

If you've been following my magazine, you're likely familiar with one of the most potent concepts I discuss – the Cash Cycle. It's the duration between initiating the search for a property and having it refinanced, with the assumption that it's already occupied by tenants.

The Cash Cycle is intimately tied to your ability as an investor to swiftly address issues and have the contacts and resources to do so. Why? Because problems invariably lead to delays, elongating your need for financing and consequently increasing your overall costs.

Property Renegades understand that the resilience required in entrepreneurship aligns closely with the bulletproof mindset needed in property investment. Ultimately, there's no distinction - investing in property is as demanding as any other business endeavor. It necessitates unwavering determination and the willingness to navigate the inevitable hurdles along the way to success.

This is why I encourage you to sign up for my CIP and expose yourself to the kind of mindset that you must start developing so what happened to the investor in this story doesn't happen to you, either in property of in any of your dreams. You can join here: https://tinyurl.com/investorsCIP.

Property Renegade Principle

RENEGADE INVESTORS REACT TO PROBLEMS WITH SOLUTIONS NOT WITH MOANING.

BIGGEST LESSON I'VE LEARNT ABOUT MONEY

By Noel Cardona

As a reader of my magazine, I want to share with you one of the most significant secrets I've learned during my investing career. The lesson is a fundamental one: you must have a career for yourself and a career for your money.

You see, wealth isn't accumulated through your job; it's accumulated within the confines of your own financial decisions. This is where you determine whether to acquire assets or liabilities, where you decide whether to bolster your cashflow or let it dwindle to a point where you become enslaved to your job due to a lack of additional funds for investment.

It's essential to grasp that in life, you're making decisions even when you think you're not. If you exclusively focus on earning money without that money working to generate more income for you, you'll find yourself trapped in the endless cycle of chasing a monthly paycheck. You'll perpetually lament how unfavorable circumstances are and feel as though the world is conspiring against you.

I hope this lesson resonates with you as well.

ALL DONE FOR YOU

BY NOEL CARDONA

LET ME BE YOUR MENTOR

In the bustling world of UK property investment, there exists a clear divide: the cautious newcomers and the bold, knowledgeable Property Renegades. The newcomers often stumble in the dark, unsure and hesitant, lacking both time and understanding needed to make a mark in the investment sector. In contrast, the Property Renegades are the pioneers, ready to harness their substantial financial power to carve a prosperous pathway for their families. However, they too grapple with time constraints, unable to fully immerse themselves in their investment endeavours. This is where I step in, offering a guiding light and a firm hand to lead you on a prosperous path.

Let's step back and consider the stark reality: many venture into this domain with little more than ambition. These average investors often dawdle, missing out on golden opportunities due to indecisiveness and lack of knowledge. This is where the journey of becoming a Property Renegade begins, a journey of stepping up with confidence, backed by financial strength and the willingness to act quickly and decisively.

Allow me to narrate the transformative journey of two individuals, Carlos and Olimpo, who embarked on their investment journey with cash in hand but a dearth of time and expertise. They were like many others, teetering on the edge of uncertainty, aware of the potential gains yet held back by the fears of the unknown and the complexities of the property market.

Venturing alone in this labyrinthine market posed a myriad of risks. The danger of overpaying for a property, the potential pitfalls in legal processes, and the daunting task of property management without a nuanced understanding can lead to costly mistakes. The lack of a mentor in this journey could mean navigating a stormy sea without a compass, risking financial losses and wasted time.

But Carlos and Olimpo chose a different path. They chose to align with a mentor who could guide them, step by step, turning potential pitfalls into stepping stones towards success. Their first project was a promising venture at 32 Bishop Road. Initially a modest three-room property, it bore the potential for something far greater, something that could set the foundation for a prosperous future.

32 BISHOP ROAD, LIVERPOOL

Under my guidance, Carlos and Olimpo embarked on a transformative journey. The property at 32 Bishop Road is now blossoming into a lucrative service accommodation unit, expanding from three rooms to a spacious five-room haven. This change is not just a physical transformation but a strategic move, offering the flexibility to convert it into a single let unit if required, ensuring a steady stream of income in fluctuating market conditions.

Yet, this is just a fragment of the journey. I guided them through the intricacies of negotiation, helping secure a deal that was both favourable and within their budget. Together, we navigated the legalities, aligning with proficient lawyers to ensure a smooth and secure transfer of property ownership.

Moreover, I stood as their pillar during the refurbishment process, ensuring compliance with UK standards and regulations without overshooting the budget. The critical aspect of tenant management was handled with utmost care, selecting individuals who would treat the property with respect, thereby fostering a harmonious landlord-tenant relationship.

<u>Property Renegade Principle</u>

A MENTOR IS THE FASTEST WAY TO SUCCESS IN PROPERTY.

Carlos and Olimpo's journey is a testament to the power of mentorship in the property investment realm. It demonstrates that with the right guidance, even those new to the sector can rise to become Property Renegades, commanding respect and achieving substantial financial growth.

I invite you to embark on a similar journey, where your financial dreams are not just fantasies but attainable goals. Step into the realm of the Property Renegades, where financial freedom is not a distant dream but a tangible reality, nurtured and guided by expert hands.

Reach out at **info@propertycashflow.co.uk**, and together, let's forge a path of success, crafting a narrative of triumph and prosperity in the vibrant world of property investment, a journey where risks are mitigated and opportunities are seized with both hands.