"The Power of Buy and Hold" Monthly Meetup
with Judi Paré
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Quick Start to Leverage
- The easiest way to get started is your primary residence. It becomes your first bank.
- Your rental properties can also be used as banks.

Loan to Value:
- There's money in the attic (the 20% down payment). This is the money that the banks want to keep.
- The remaining 80% can be put in a mortgage.
- A combination product is also possible (such as 65% as a line of credit and 15% remains as a mortgage).
- Example products: TD Flex Line, Manulife One, Scotiabank Step, CIBC HELOC, RBC Homeline.
- In the US there are similar products, called readvancable mortgages.
- Ask your mortgage brokers whether there is a readvancable compontent

Start with Your Primary
- If you don't have the right product, then when it's time to refinance, you can either pull the equity out or add a LOC.
- Start with your primary residence and unlock that equity sitting there. With this equity, you can go buy one or two more properties.
- Buy one property at a time, and unlock that principal recapture (equity) by setting up the right products.
- "Real estate is a slow investment" but you're setting this up for your future and your family.
- Get your properties appraised, and increase the equity available, without affecting or changing your mortgage.
- When you qualify for more, ask for more.

No primary residence? No problem?
- Property 1
  - Buy a house in rehab. Get your first mortgage that has a 1-year term or an open term.
  - Flip to Yourself to pull out equity and lock the property in a mortgage
- Property 2:
  - Recycle that money you pulled out and purchase your second rehab property
- Rinse and repeat until you get 5 properties
- It's important to ladder your mortgages and investments to avoid risk

Watch that LOC Grow
- The more properties you own, the more available line of credit you're going to have access to.

Be Your Own Bank: Passive Investing

- When you hold your property, you can still access the equity without selling.
- Each property has the potential to earn more monthly cash flow by investing the equity available.
- Holding the property is the best ways to maximize The 4 Ways to Win
- Don't overleverage yourself.

The Power of Buy and Hold activity

- **Answer key:**

	How much equity do you have available to you at the end of the year?	If you leverage this equity at 6% return, what can you expect to receive in monthly cash flow?
Year 1	$7,044.15	$422.65 / 12 =$35.00
Year 5	$38,209.96	$2,292.60 / 12 = $191.05
Year 10	$84,864.18	$5,091.85 /12 =424.32
Year 15	$141,828.82	$8,509.73 /12 =709.14

Questions:

- "Should the leveraged equity investment pay monthly?
  - Not necessarily. You might find a great investment that has a much higher percentage, but in the meantime you still need to service the interest. However, you can ensure you have another investment that pays monthly that covers your costs.
  - Worry less about whether your property cash flows or whether your portfolio cash flows.

- "Should you consider tax?"
  - Yes, you should always know your specific situation and needs when it comes to tax. Tax is always something you need to consider because your tax bracket is different than others and your strategy should reflect this. In any case, tax is good because it means you're making money. How you get taxed is up to you. Important to build your team and work with a real estate focused accountant.

- What if you don't qualify for an increased LOC?
  - Go to a private lender
  - Bring a JV in and have them buy in on some equity
  - Sell the asset
  - Bring all of your assets together and see if you can qualify
  - You can hold the property with the right product in place and just slowly let the LOC increase and leverage it

- What's the different between retail and private banking?
    - Private banking/wealth management is for people that are of high net worth.
    - Banks will look at your entire portfolio, and they're going to give you great interest rates and access to equity because they want you to invest with them. Whatever equity is left over you can invest elsewhere.
    - When you get more, you make more.