

Knowledge leads to success

In less than seven years, Helen Collier-Kogtevs has turned \$12,500 into a \$7.2m property portfolio. Here she tells Jane Howdle how she did it

Aged 31, with no money and masses of bad debt, Helen Collier-Kogtevs knew something had to give.

Her partner Ed was going through an expensive divorce and only had his superannuation left, while she was ploughing her salary into credit card bills after years of over-spending.

So in 2001, sitting around a campfire in Victoria's Barmah Forest, knocking back a few glasses of red wine, the couple resolved to turn their finances around. "Camping was all we could afford to do," says Collier-Kogtevs. "We added up our combined superannuation and realised we'd be living on \$28,000 a year at retirement. That was the moment for us where we went: 'Oh, my goodness! We can't survive on that'. That gave us the drive to want to do more."

Although both partners were earning good incomes in the corporate world, they were struggling to get ahead without a plan in place. Determined that things were going to change, they made a five-year commitment to invest in property, starting in April 2001, with their own home.

"Thank goodness for family, who came to the party by assisting us with the balance of the deposit we needed," says Collier-Kogtevs. "We didn't count on stamp duty and all the operational costs. But we've taken that \$12,500 and turned it into \$7.2m."

Investing in their future

While the wealth obviously didn't arrive overnight, their determination to get an education in property did, and the couple wasted no time in getting started. "When you become a property investor, you're spending hundreds of thousands of dollars," says Collier-Kogtevs. "Getting it wrong could greatly impact your future. We realised we needed to learn about investing in more detail."

With this new resolve firmly entrenched, they quickly commenced their expensive property education. After reading books and attending free seminars they invested \$22,000 – financed through a personal loan – in a two-year course.

Not surprisingly, their friends and family were a little concerned, and one pal has since admitted she thought they were "bloody idiots" to spend so much when they had so little.

"Most people thought we were insane," Collier-Kogtevs admits. "They thought that we'd go broke. When you get that much negativity thrown at you, you do start to doubt yourself and think, 'maybe I *am* making a mistake'. Then it's a case of whether you have the fortitude to stick with it – and we did."

The couple got married and began to buy, purchasing their first investment property in November 2001.

They were so committed to the investment cause that the finance for their second property was arranged while they were on honeymoon the following April.

"I think the lender was the only person that got the phone number to the resort we were staying at!" laughs Collier-Kogtevs. "The finance clause on our contract ended while we were away so we needed to finalise the paperwork as soon as possible."

Things were going well for the couple, and by April 2004 they had six investment properties – but they were determined not to get carried away with this early success. "Sitting around that campfire, we'd decided that we would commit to a wealth creation strategy for five years, so that meant keeping our lifestyle lean and consistent," she says.

"We continued to go camping. Even when we accumulated properties, we continued to keep our life fairly simple. We enjoyed ourselves but we didn't say, 'great, we're going to Europe' or, 'great, we're going to buy that plasma TV'."

Part of their inspiration to keep life simple came from a book called *Millionaire Next Door* by Thomas J Stanley and William D Danko. "Most people you think are wealthy can only really survive for a month or two before they start to struggle," Collier-Kogtevs explains. "True wealth is about creating an asset base that pays you forever, whether you work a day job or not."





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Mentor matters

A strong believer in the value of a solid property education, Collier-Kogtevs carried on investing in expert advice and guidance, and she heaps praise on her various mentors for their help.

“[Mentors] push you,” she says, advising wannabe investors to “look for mentors that have done what you want. If you want to own 10 properties, find a mentor that owns more than 10 properties. That was our philosophy.”

Even now, as the brains behind Real Wealth Australia (www.realwealthaustralia.com.au), which provides education and mentoring programs for property investors, Collier-Kogtevs hasn't put the brakes on her own education.

“There's still so much more to learn,” she says. “And the more we learn, the more we realise how little we know. There's so much more out there, so many more possibilities. Having

mentors just helps you achieve these possibilities so much more quickly.”

She's always seeking more experienced experts to become part of her panel of advisers, and these days her focus is on the development of her business. Writing is a part of this, and she credits her current mentor with encouraging her to pen her first book, *47 Biggest Mistakes Made by Property Investors and How to Avoid Them*.

Of course, this kind of service doesn't come cheap – but that doesn't deter Collier-Kogtevs. “It's really a case of, ‘do you feel you're going to meet your objectives with having a mentor on board? Can you see value?’ When you see value in what you're getting, the fee becomes insignificant. We spent almost \$100,000 on getting our education from courses and mentors. But today it's worth it. We own a multi-million dollar property portfolio and we started from nothing.”

As for those who choose to do it alone, Collier-Kogtevs says that they'll get there – eventually. “We did exactly the same thing in the beginning,” she says. “Sure, yes – you'll get there – it'll just take you a lot longer and you'll potentially make mistakes, hopefully they're not big ones. What you would do in five years, the right mentor could get you achieving in just one or two, with minimal risk.”

Wise words

With 18 properties spread throughout Australia – in Melbourne, Sydney, Perth and Queensland – Collier-Kogtevs' philosophy is that, “as long as the deal stacks up at the time and as long as it meets your investment strategy and your buying rules then go with it. I think what we've achieved is very doable for most.”

Convinced that strategy is key to this success, she says: “For those who are starting out and really have no idea, I can't stress enough how important it is to get an education. Learn everything there is to know about property. Get a mentor. They'll stop you from making mistakes and reduce your risk; they'll let you know if you're going off the rails; and they'll offer you suggestions and contacts to put you on the right path and get you where you need to go sooner rather than later. Our last six properties were bought over [a period of] months. Once you have your

strategy in place, buying property is as easy as A-B-C!”

She agrees that it's a financial shock to the system initially, but says that if you really believe that you're going to get the outcome you desire then that money becomes insignificant. “If someone had said to me six years ago that I would spend \$100,000 on my education or that that education would have afforded me a multi-million dollar property portfolio, I would have just said, ‘yeah, sure’. But now when I hire a mentor, the price doesn't stop me. I just focus on the outcome.”

A mental shift

Collier-Kogtevs admits that her views have changed radically over the years where money is concerned. “I remember saying to Ed when we first bought our own home: ‘I really don't want a mortgage of more than \$100,000 because I don't think I could sleep at night!’ We bought it for \$250,000 and already that freaked me out.”

Now when she looks at debt she thinks: “No problem. As long as it's good debt, I have no issue with it.”

Learning how to hang on to money while also making it work for them has been key to their success, and the couple's own mental shifts lie at the heart of this. “The majority of the journey has been about our mindsets rather than about how we spend our money,” says Collier-Kogtevs. “My thoughts around money back in the early days were very negative. When Ed and I had the huge shift in our attitude towards money it just became so much easier to attract it.”

She advises wannabe investors to concentrate on building a panel of experts who can be relied upon. Be a little wary, she says, of people who have a vested interest in the outcome, such as real estate agents or developers who may be motivated more by commission than your own best interests.

“With Real Wealth, I don't sell real estate, I don't sell finance, I don't sell anything other than my education programs,” she says.

“When people pay the fee to join the program, then that's it. That frees me up to play devil's advocate if people are trying to sell them something. If you're buying property, looking for people that are independent of the transaction is really important.”

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Keep it balanced

While their portfolio may be successful now, getting to this stage hasn't been seamless, and Collier-Kogtevs admits that she and Ed have come up against a number of brick walls along the way. One of the major lessons she's learned came six properties in – all of them negatively geared. Despite the fact that the couple had spare income, the bank refused to provide further finance because of the perceived risk involved. “But we weren't stopped by that,” says Collier-Kogtevs.

Instead, they looked for seminars, coaches and mentors that could help them around the problem – and that's when they discovered the importance of cash flow properties.

“We ended up buying six more properties – all cash flow positive; that's when we really learned about finance and its impact on our borrowing capacity,” she says.

A balance of cash flow properties is vital if you're to sustain capital growth properties which are often negatively geared and eat a hole in your hip pocket, Collier-Kogtevs explains: “To create real wealth you need capital growth properties, but you need cash flow to be able to sustain them in the long term, and let's face it, property is really all about the medium to long term. When we understood the power of finance, the power of a balanced portfolio, and how the banks operate, it just opened up our world to real wealth.”

Since the purchase of the six cash flow properties, the couple have continued to invest in this even-handed, balanced portfolio fashion. “That's been our strategy,” says Collier-Kogtevs, “and believe me, it works!”

Doing things differently

Now 37, Collier-Kogtevs' one big regret is that she didn't start investing earlier. “I wish I knew about this stuff 20 years ago,” she says. “Imagine where we'd be today if we had an extra 20 years.” She admits to “jumping for joy” when she

hears of great property deals that her clients in their early twenties are doing. “I love hearing their stories,” she says. “I know, with the right education, that person will make it. They understand the power of property. They could potentially have what I've got by the time they're 30, plus some, and that really excites and inspires me.”

Who's an idiot now?

These days, Collier-Kogtevs' friends and family don't call her a “bloody idiot” – and the pal who did so back in 2001 has been inspired to invest in seven properties of her own. “That was the irony of it all,” laughs Collier-Kogtevs, who insists that life is now much the same, despite the enhanced bank balance.

“We continue to keep our life low key; we still live in the same house that we first bought but we're about to embark on a major renovation and extension. The one thing we do enjoy is our holidays; we love going overseas, resort island-hopping and exploring new destinations.”

And what of the budget trips to regional Victoria? “We haven't been camping for a while!” ■

Helen's

10 biggest mistakes made by property investors:

- 1 Failing to budget
- 2 Not leaving enough to live on
- 3 There's a reason why there are experts
- 4 Waiting for the market to change
- 5 Not having an exit strategy
- 6 Not doing your homework
- 7 Not looking at demographics
- 8 A balancing act
- 9 What's yours is yours – keep it that way
- 10 Information overload