



REAL ESTATE RESCUE  
**CASE STUDIES**



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# SUCCESSFUL CASE STUDIES FROM DG INSTITUTE'S REAL ESTATE RESCUE PROGRAM

**W**hen people first learn about the DG Institute's Real Estate Rescue (RER) approach to buying and selling distressed property, they typically have two reactions.

The first is to become excited. After hearing a little bit about how the system works, they see the potential it brings for making money, for building wealth and for changing lives.

The second reaction is to ask for proof. Understandably, people want to see evidence that ordinary Australians can use the system to generate profits from distressed property deals. The proof of the pudding, after all, is in the eating!

This book aims to address this second need. In it, you will find real-life case studies

taken from the countless successful distressed property flips that RER graduates have undertaken.

In putting the book together, we have tried to meet several aims. practising or one, we have tried to include a broad range of deal types, including mortgagees-in-possession, mortgage take-overs, deceased estates and partnerships. You will also find case studies from the various states and territories of Australia, including deals carried out in small towns, regional areas and cities.

One particular aspect that we have tried to highlight is that distressed property deals undertaken by DG Institute graduates tend to be win-win

situations. Where possible, our graduates are encouraged to look for ways to work with the owners of distressed properties, by creating partnerships and sharing in the profits. At the DG Institute, we believe that there is simply no need to take advantage of people; nor is it a smart business strategy going forward.

In this book you will also read how the RER strategy has helped change the lives of our graduates and how they are supported in an ongoing way by the DGI team and the DGI community.

So, read on. We hope you find these stories inspiring and that you can see yourself learning the skills needed to rescue distressed properties and achieve similar levels of success.

# DOMINIQUE GRUBISA

Dominique Grubisa is a practicing legal practitioner with over 22 years of legal and commercial experience.

She is a property investor and developer, an entrepreneur with businesses in Australia and Southeast Asia, a speaker, educator, writer and published author.

Dominique has successfully built the business from start-up to turning over tens of millions of dollars in Australia and internationally. She writes and speaks internationally on law, business, wealth and property.

Her passion is making the legal system fairer and more accessible for everyone, and empowering people by sharing knowledge.

Dominique knows how to build wealth and succeed in business and property, and she educates, coaches and advises thousands of clients on how to grow and protect their wealth.



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CASE STUDY  
**SMITHFIELD, SA**



It was a *classic win-win situation* that disproves the stigma that all property investors are greedy and challenges the perception of distressed sales as being somehow exploitative.



# A WINNING PARTNERSHIP: HELPING DISTRESSED PROPERTY OWNERS WHILE MAKING A PROFIT

**Buying and selling distressed property needn't mean taking advantage of homeowners in trouble. Many of the best deals come from entrepreneurs forming partnerships with vendors - like the case of Michael\* from SA and DGI graduate Marika.**

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Way behind on his mortgage and with thousands of dollars in bills owing, South Australian homeowner Michael was stuck between a rock and a hard place. With no money coming in and his creditors screaming, he was on the

verge of losing his house to the bank and walking away with nothing.

That's when DGI graduate Marika got in touch. Having seen Michael's name on a court list, she realised that

he was a distressed-property owner and suggested she could help. Following Dominique Grubisa's strategy, Marika was able to execute a plan that generated the best possible outcome for both parties involved. It, a) stopped ▶





▶ the bank selling Michael’s Smithfield house; b) provided Michael with funds to start over; c) and gave Marika a healthy profit. And all without Marika having to buy the property.

Just a few months after meeting, Michael and Marika realised a \$121,600 profit on the sale of Michael’s house. Out of pure generosity-- not obligation-- Marika voluntarily decided to give about  $\frac{2}{3}$  of the profit to Michael (\$81,600) while still keeping a significant profit of \$40,000. It was a

classic win-win situation that disproves the stigma that all property investors are greedy and challenges the perception of distressed sales as being somehow exploitative.

“[Michael] is now a referee for me when I talk with other homeowners,” explains Marika. “[In the area where he lives], a lot of people find themselves in distress, and it’s a tight-knit community. He knows a lot of people who are in distress, and has brought them in saying, ‘I’ve got a friend who’s in a similar

situation. Do you mind talking to them?’”

Marika’s first step in her deal with Michael was to meet with him and discuss his financial situation and goals. “[Michael] was living in a five-bedroom home on his own and so was really motivated to downsize and to be in a smaller house,” explains Marika. “He wanted to have enough money to put a deposit on a [smaller] property. So, we figured out a percentage of the profit that would allow him to do that.”

Marika’s rescue plan involved negotiating with Michael’s bank to halt repayments on the \$182,000 that was owing on the property for four months, with a view to selling the property at the end of that period. By working closely with the bank, she was also able to arrange insurance for the property – an essential ▶



▶ consideration to protect the property during renovation.

Marika also went above and beyond what most investors would do. She made an initial \$2,000 payment to Michael to tide him over, and also handled his long overdue council and water rates. She successfully negotiated to remove various charges and caveats on the property, and oversaw four months of renovations, including recarpeting and retiling, that converted the property to a highly desirable family home.

After paying around \$5,000 in agent and marketing costs, Marika was able to sell the property for \$340,000. With the mortgage, project and sale costs removed, this represented the total profit of \$121,632 for her and Michael to split as previously agreed. Marika says she also couldn't be happier with the outcome and the profit ▶





► split. “I have spoken to other people who have said I could have negotiated harder with [Michael],” she says. “I could have, but I was also aware of the power of word of mouth. He brings people to me now because of the relationship that we have. And that’s more profitable than squeezing

another 10,000 out of him.”

The case of Marika and Michael highlights the positive role graduates of DGI’s Real Estate Rescue program can play in helping owners of distressed properties solve their financial problems and move on. Far from exploiting distressed property

owners, Dominique Grubisa encourages DG Institute graduates to offer them a lifeline that helps them avoid court proceedings and to build a more secure financial future. At the same time, the graduate entrepreneurs build wealth and financial independence for themselves. ★

\* Name changed to protect privacy.

# ANATOMY OF A RENOVATION:

SMITHFIELD, SA

Mortgage	\$182,000
Project costs	\$31,605
Selling costs	\$4,763
Total	\$218,368
<hr/>	
<b>SELLING PRICE:</b>	\$340,000
<hr/>	
<b>PROFIT FOR MICHAEL:</b>	\$81,632
<b>PROFIT FOR MARIKA:</b>	\$40,000



REAL ESTATE  
RESCUE

CITY CIRCLE -  
VIA LATROBE ST

TAXI  
CABS





CASE STUDY  
**GREENSBOROUGH,  
VIC**

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Many regular  
buyers would have  
run a mile. Vince  
and Lisa *saw*  
*potential.*

# FAST EARNERS: QUICK PROFIT FROM AN UNWANTED PROPERTY

Do you like the sound of earning \$20,000 a month? That's what DGI graduates Vince and Lisa and did when they turned over a property in Victoria, earning more than \$80,000 in four months. Their story shows that fast flips are very often the sweetest.



DGI graduates Vince and Lisa remember it as “the stinky house”. This unassuming 1970s family home in the north-eastern Melbourne suburb of Greensborough was out-of-date, run down and had an unpleasant ‘on-the-nose’ quality when they conducted their inspection.

“When we went through, you had to hold your breath,” recalls Vince with a laugh.

Despite the odour and countless other attributes that would have put off the majority of buyers, the pair saw potential and acquired the property. After carrying out external and internal

renovations, they put it back on the market four months later in a far more buyer ready – and nose friendly – state. It was then snapped up for \$715,000, earning the flippers a cool \$83,000. Not bad for four months’ work!

The pair, who are prolific and highly successful flippers, ▶



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► explain they first became aware of the property through their relationship with a local agent. In the state it was in, the property had little to offer most buyers.

Visitors were greeted by an unkempt and overgrown yard and path and a tired-looking exterior. Inside the amenities were extremely worn. The bathroom, kitchen and laundry had not been renovated since the home was built – and it showed. And then there was that smell...

While many regular buyers would have run a mile. Vince and Lisa saw potential. The bones of the building were good and with the right renovations and staging, it would have much to offer a family.

The property was being sold through a 'set

sale' process through which prospective buyers submitted their proposed purchase prices, which were then evaluated together by the vendor. Vince and Lisa made an offer, and initially lost out to another bidder.

But luck then went their way. The top bidder was an overseas buyer who was unable to complete the purchase due to foreign-ownership regulations. When Lisa and Vince were offered the property at their price of \$485,000, they jumped at the chance.

The pair then spent some \$78,000 on renovations, completely remodelling the bathroom, kitchen and laundry and lifting all the living spaces. Landscaping was conducted on the outside of the property, converting it into a highly attractive dwelling. Staging and the right furniture completed ▶





► the job, making the property one that buyers would find hard to walk away from. Total additional costs, including the sales campaign, staging and agent fees amounted to \$68,674.

One of the most pleasing aspects for seasoned flippers Lisa and Vince was the speed of the process. Within four months of starting they had turned the flip around, selling the home for \$715,000. They were then cashed up and free to move on to another successful flip.

However, the couple reiterates that polishing their negotiations skills was essential to achieve the desired outcome. They also explained that despite finding a trustworthy agent, they always do their own research before making decisions on price. ★

# ANATOMY OF A DEAL:

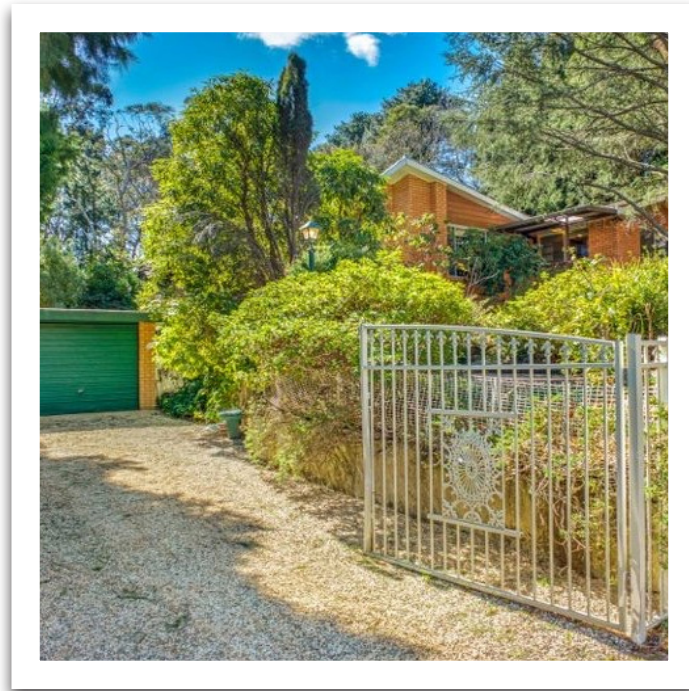
## GREENSBOROUGH, VICTORIA

Purchase price	\$485,000
Renovation costs	\$78,281
Other costs	\$68,674
Total	\$631,955
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<b>SELLING PRICE:</b>	\$715,000
<hr/>	
<b>PROFIT:</b>	\$83,045



REAL ESTATE  
RESCUE





CASE STUDY  
**WENTWORTH  
FALLS, NSW**

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While most buyers were put off by the house's *Brady Bunch-style façade and interiors*, Julie was impressed by the large amount of land which the dwelling was sitting on...

# THREE-IN-ONE DEAL: BUYING UNDERMARKET AND SUBDIVIDING TO INCREASE PROFIT

You can lead a horse to water, but you can't always make them drink. When DGI graduate Julie spotted the potential to turn a big profit on a Blue Mountains property, she offered the vendors a piece of the action. While they declined, Julie has gone on to create a mind-blowing potential profit.

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Wherever possible, DGI graduates look for ways that both they and the vendors of distressed properties can benefit. After all, there's no need to take advantage of people when everyone can walk away winners.



So, when NSW developer Julie spotted a Blue Mountains distressed property with major potential, she did her best to give the vendors a piece of the action.

The elderly couple's 1970s

home at Wentworth Falls was so outdated and run-down that it had sat stagnant on the market for months. With the wife suffering from ill-health, the pair desperately wanted to sell up and move on. ▶





► While most buyers were put off by the house's Brady Bunch-style façade and interiors, Julie was impressed by the large amount of land that the dwelling was sitting on, as it took in three separate titles. She saw the potential for three new-build homes that would meet market demand for smaller houses on land.

"[There are] a lot of cashed up retirees around saying, 'We don't want large properties anymore,'" Julie

explains. "They want to have small homes they can easily manage and brand-new homes that are very comfortable and allow them to stay in the same area."

Julie approached the vendors and offered them the chance to be part of the deal. If they contributed to the development costs rather than selling up-front, they would get one of the new-builds plus a share of the profits. However, they declined, preferring to take

the cash and make a clean break. Due to its extended time on the market, Julie ultimately acquired the property for \$985,000, about \$90,000 less than market value.

Without the financial investment of the vendors, Julie next needed to source money partners -- which she found through the DGI community.

Work is currently underway on the development of three houses on garden blocks that are expected to sell for between \$920,000 to \$940,000 each. If all goes to plan, Julie stands to bring in revenue of over \$3 million. Even with the high costs of building, her profit stands to be many hundreds of thousands of dollars.

While work is underway on site, Julie has been living in the original 1970s Brady ►

▶ Bunch home of the vendors. The home attracts plenty of interest from tradespeople who are eager to see its unchanged, period interiors. “It’s like a 1970s museum,” jokes Julie. “The only thing that actually works is the gas-ducted air conditioning. Everything else is broken and not working. So, you run outside, turn the hot water on and have a shower, run outside, and turn the hot water back off again.”

While there may be some hardships on the road, Julie has plenty to look forward to when her payday arrives.

Julie says the support of DGI was an integral part of her success. She also praises DGI’s alternative funding solutions, such as peer-to-peer lending. “One of the benefits of the DGI community is that you can find money partners, people that can help come on board with your deals,” she says. “They might learn just as much as you do along the way, but they haven’t got enough confidence yet to actually do the project. So, you can go through it together and you can be of support for each other.” ★



# ANATOMY OF A DEAL:

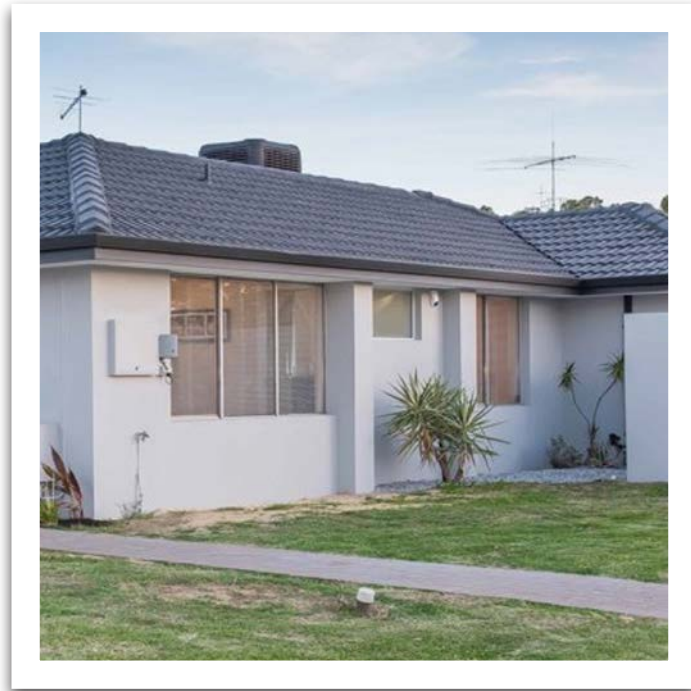
WENTWORTH FALLS, NSW

Purchase price	\$975,000
Purchase costs	\$890,000
Development costs	\$135,000
Total	\$2 million
<b>EXPECTED SELLING PRICE (3 HOUSES):</b>	<b>\$3 million</b>
<b>EXPECTED PROFIT:</b>	<b>\$1 million</b>



REAL ESTATE  
RESCUE





CASE STUDY  
**BELDON, WA**



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# A COMPLETE MAKEOVER: FROM DUMP TO BEST HOUSE IN THE STREET

Smart property flippers can see potential in even the saddest and most unloved of dwellings. Buying and renovating an abandoned house in Beldon, WA, earned DGI graduate Michael a handsome profit of \$110,000.



With its smashed windows and graffiti-covered walls, it was no wonder the home in Stadia Court, Beldon, WA, had a reputation with locals as a ghost house. With the original owner having defaulted on the mortgage, the property had lain derelict for more than two years and vandals and the elements had taken their toll.

That's when DGI graduate Michael came across the house while searching court lists for distressed properties. While most regular buyers would have run a mile given the condition of the house, Michael saw the good prices houses in the neighbourhood were fetching and decided it could be worthwhile rescuing the property.

After securing the rights to the house with the use DGI's legal kit, Michael carried out extensive renovations to produce a comfortable and well-finished family home. He was then able to sell the former ghost house for \$583,000, realising a \$110,000 profit for his efforts. In a matter of months, the worst house on the street had ▶



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▶ become the best!

Michael explains that after spotting the property in the court lists, he entered into negotiations with Moresol, a company that was providing property liquidation services to the lender that owned the property.

Given the poor state of the property, Moresol's options were to renovate the property themselves, auction it, demolish it and sell the land, or the property in an as-is state. The company's preferred option was demolition. However, armed with the negotiations skills that Michael had learned from Dominique Grubisa's course, he convinced the company to sell the property to him in its current state for \$325,000. (By comparison, the previous owner had paid \$437,000 for the property.)

Michael then set about bringing the house up to a liveable standard. Tradespeople closed up unfinished walls, installed a ▶

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Without *the negotiation skills that he learned* at DGI, Michael would never have been able to buy the property.







► new kitchen and bathroom, and refinished the graffiti-covered surfaces. The façade was painted, the ugly cyclone fencing was removed, and new plants and turf added to the garden.

At sale time, the right staging and furnishings made the house an extremely attractive prospect to buyers. The bank valued the renovated

property at \$520,000 and Michael was delighted to be able to achieve a final sale price of \$583,000. He spent about \$12,000 on agent commissions, advertising and marketing and legal fees.

Michael says he had several learnings from the process. One of these was to exercise patience when negotiating with banks and their intermediaries. **Without**

the negotiation skills that he learned at DGI, Michael would never have been able to buy the property.

Michael says carefully choosing the right selling agent is also crucial to achieving the sale price you want. Flippers should seek agents with thought-out strategies and a game plan for the sale.★



# ANATOMY OF A DEAL:

BELDON, WA

Purchase price	\$325,000
Renovation costs	\$135,218
Selling costs	\$11,850
Total	\$472,068
	<hr/>
<b>SELLING PRICE:</b>	\$583,000
	<hr/>
<b>PROFIT:</b>	\$110,932



REAL ESTATE  
RESCUE



CASE STUDY  
**EATONS HILL, QLD**



AFTER



AFTER

# BUY AND HOLD: INVESTING FOR MAJOR RENTAL RETURNS

By stepping in and buying a distressed Queensland property, DGI graduate Larisha helped the divorcing owners to move on while providing herself with an ongoing source of rental income.

While the house in Eatons Hill Queensland was only 18 years old, it looked far, far older. In addition to the usual wear and tear, there was visible cosmetic damage in almost every room.

“Every wall was bashed in; every door handle had been through the walls,” says DGI graduate, Larisha who viewed the house in 2017. “It was just very badly

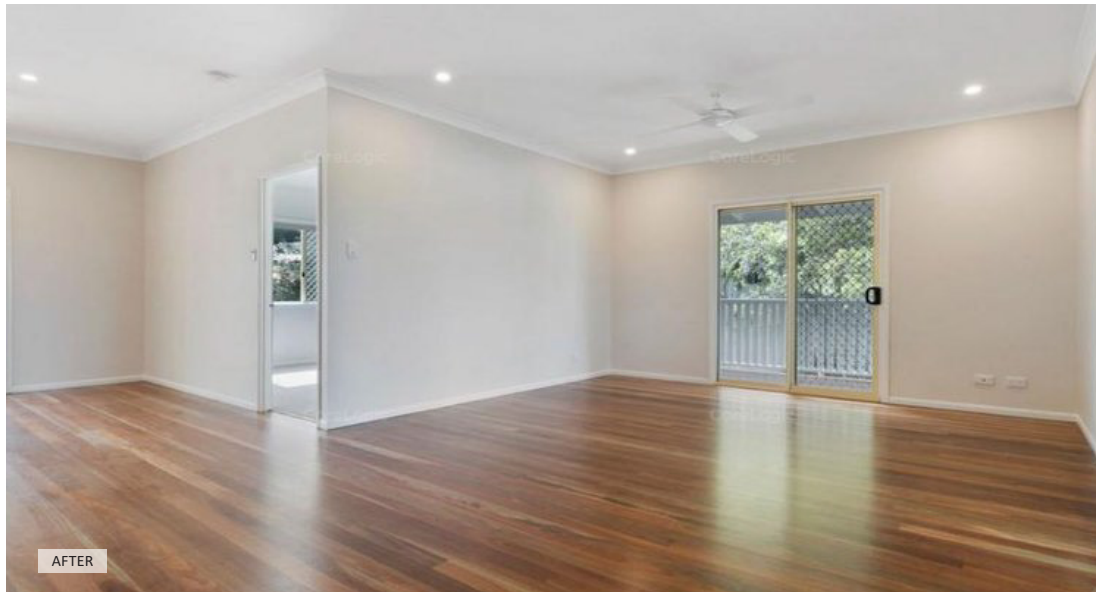


looked after.”

The state of the property would have put most buyers off, Larisha saw potential. She reasoned that if she could buy it at the right price, she could renovate it and rent it out to provide herself with an ongoing source of rental income.

After negotiations, she

purchased the home for \$475,000 – about \$100,000 below market value. After outlying about \$130,000 on renovations and associated costs, she raised the home’s value to \$700,000. It now produces a healthy stream of rental income for her, allowing her the freedom to explore other projects. “At ▶



▶ the moment it's got a positive return on cashflow, which is fantastic," says Larisha.

Larisha explains her journey with the property began when it was placed on the market by an estate agent who specialises in helping owners of distressed properties to move on. Larisha moved quickly and did a pre-market inspection, immediately offering \$475,000 – below the \$500,000 being sought by the owners. Keen to secure a quick sale, the vendors consented and were able to free themselves of the property and move on.

Given the state of the property, Larisha had her work cut out for her. "We had to do a full renovation inside and outside, plus concreting," she says. "The deck was cement fibreboard with carpet on it. It looked horrendous and wasn't in the style of the house. The balustrades on the front and back had all been bashed out."

To save money, Larisha acted as project manager coordinating all the ▶

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The house is  
now tenanted  
and *produces*  
*about \$28,600*  
*in rental*  
income a year.



► required trades with the skills she had learned from one of DGI coaches. “We asked some small builders to quote for the renovation, but it worked out too expensive,” she says. “So, in the end, I organised everything myself.”

Once the renovation was finished, Larisha was keen to seek a new valuation from the bank. She was delighted when it came back at \$700,000.

**The house is now tenanted and produces about \$28,600 in rental income a year.** Once the mortgage and agency fees are accounted for, this leaves a tidy annual profit of almost \$6,000.

Larisha says one of the key learnings from the project was to not leave concreting until last, as this delayed completion of the project. “It didn’t have any concrete [around the house], so basically it was just like a mud bath if it rained,” she says. “I thought, ‘I’ll wait until all the trades are finished’. Then it started raining for six weeks solid. So, everything was finished, but we couldn’t do anything until the concreting was done.” ★



# ANATOMY OF A DEAL:

EATONS HILL, QLD

Purchase price	\$475,000
Purchase costs	\$17,050
Holding costs	\$7,505
Renovation costs	\$105,000
<b>MARKET VALUE AFTER RENOVATION:</b>	<b>\$700,000</b>
<b>NOTIONAL PROFIT:</b>	<b>\$95,445</b>



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