

My first buy

Todor Yordanov, Mississauga, Ont.

What, when and where was your first investment property?

The first property I bought was a power of sale freehold townhouse, in 1995, in downtown Toronto. My wife happened to be passing and saw the sign. We ended up buying it without any idea of what we were getting into and though it worked well for us, we wouldn't advise other investors to start off this way.

What made you decide to become a real estate investor?

Real estate was something that I'd been considering for years because I wanted

financial independence for myself and my family. Then after reading about investing and speaking with other investors, I decided to do it. One of the major tipping points was when I read *Real Estate Investing in Canada* by Don Campbell. I thought to myself, 'I can do this.'

What led you to buy this specific property?

When we first looked at the property, it was a mess. It was full of garbage and didn't exactly show well, to say the least, but I still

saw the potential. It was obvious it wouldn't need a lot of money to clean and paint it, and convert it into two apartments.

How much did you pay for it and how did you finance it?

We bought it for \$128,000 and financed 95%. Most of my down payment and renovation costs were funds from credit cards and other debt. I wouldn't recommend anyone do this since there are risks involved. It worked out for me but looking back I consider myself lucky.



Todor Yordanov and family

How much was your down payment and what was the interest rate on your mortgage?

My down payment was 5% and the interest rate at that time was around 6.5%.

What was your strategy?

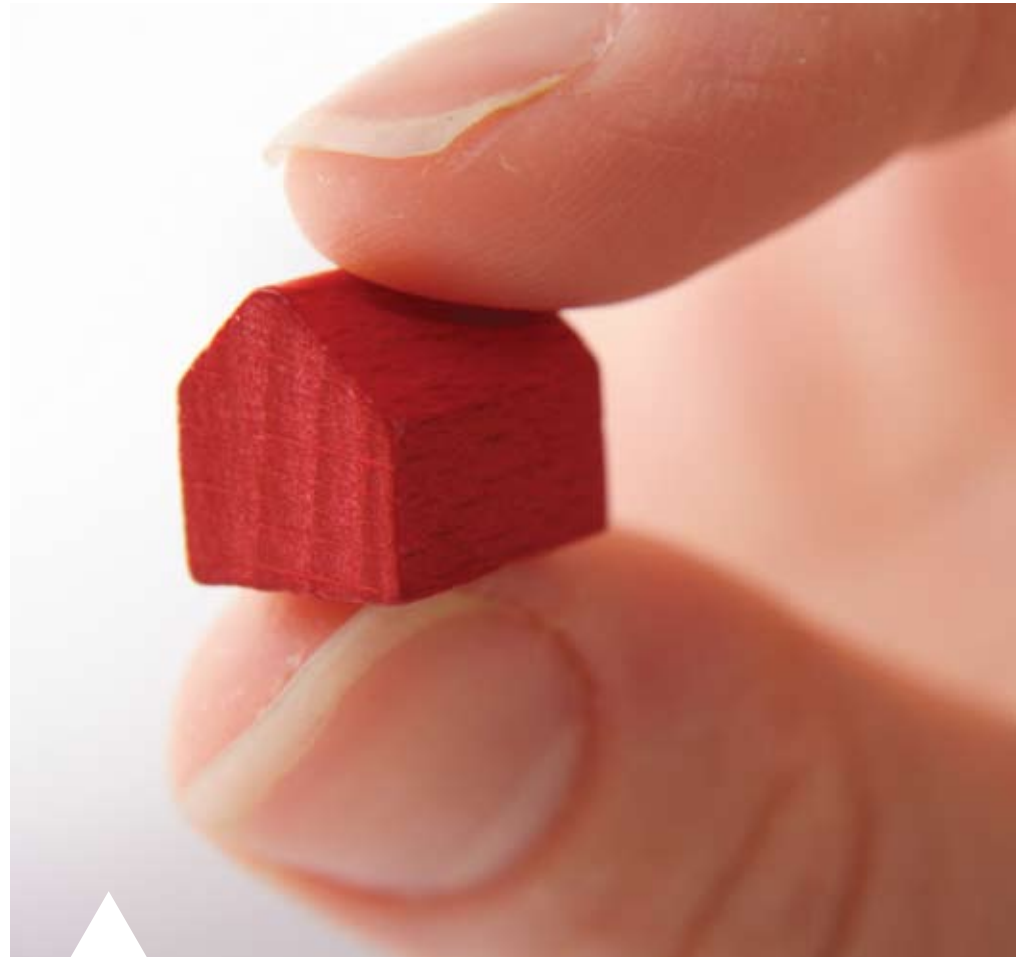
I didn't have a system at the time. My goal was simply to cover all expenses – including mortgage, insurance, property taxes and credit card payments – and have a little left over. We spent \$5,000 in renovations, converting it into two apartments and made \$400 a month in positive cash flow.

What is the status of that property now?

In fact I sold the property less than two years after I bought it. We sold it for \$155,000 which was a good price at the time. We made a profit and got a lot of experience, and most importantly we proved to ourselves that we can do it. This property is an empty parking lot now, waiting for the next condo building to go up. Every time we drive by, my wife tells me we should've held onto it longer.

What was your next step as an investor, following this acquisition?

It took me a long time to get back into investing. But since the beginning of 2008, I've been very active and bought three properties in Hamilton – all of them cash-flow positive. This time around, I have specific goals in mind and every step I take fits a plan. I also have systems in place for everything and run it as a business.



What were the biggest lessons learned from this experience – good or bad?

It's important to learn from the experience of others and use their knowledge – this saved me thousands of dollars. Also, not having a long-term plan was a beginner's mistake that I made. Shortly after I did the deal and the initial excitement was gone, I began to feel like we were treading water. Now I realize that I should've had a long-term plan instead of being swayed by the short-term gains.

How many properties do you own now and what are your real estate investment goals going forward?

At this point, we have the three properties that I bought in 2008. I'm in the process of buying more in 2009 through joint-venture partners. Some properties will be buy-and-hold and some, rent-to-own.

My goal going forward is to continue to make steady, long-term decisions that will help me become financially independent and provide excellent returns. 🏠



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