

RISING FROM THE ASHES

Lorraine Rishworth's marriage breakup was the catalyst for a property investment journey that's yielded great results and allowed her to be mortgage free in her own home.
By **Joanna Jefferies**. Photography by **Stephanie Creagh**

Rishworth's investment journey hasn't been without its challenges - she had to remedy a 40.00mcg/100cm² methamphetamine contamination in one of her rentals.



Getting divorced at any age is a painful experience. But when you're in your late forties, with nothing to your name and staring down the barrel of retirement, the future can look particularly bleak.

For Lorraine Rishworth, the trauma of this experience was so profound it made her physically unwell. But the determined mother of two gave herself one year to regroup before setting out on a new path in 2012.

The first step was to secure her own place and she managed to put a deposit down on a two-bedroom home in Dannemora, Auckland.

Rishworth had always been interested in property investment but it had never been a priority, so with only 15 years until retirement, she knew now was the time to commit.

She said to herself, "I have to do this, I need to get rid of this mortgage - \$300 per week isn't nearly enough to live on".

With that in mind, she set herself an audacious goal to be mortgage free on her Dannemora home by the time she was 55.

A BUYING SPREE

Rishworth began reading as much as she could on the subject of property investment. She attended free seminars, signed herself up to mailing lists and educated herself, without spending any money.

She was working fulltime in admin and had one of her daughters, who was in her early-twenties, living at home with her, so she couldn't afford to invest any real money in her property education.

Being time poor, when she finally decided to take a leap of faith and buy, Rishworth engaged Maree Tassell from iFindProperty to locate a property that met her buying criteria.

The property had to be low risk and at an entry level price point, and even though Rishworth says Rotorua was considered "an investor's graveyard" in property circles at the time, she went ahead in June 2013 and purchased a house for \$130,000.

It rented for \$260 per week and had recently been repainted and re-carpeted. The excellent yield gave Rishworth the confidence to buy again and only one month later she secured a second investment property in Rotorua for \$152,000.

That property needed around \$20,000 of improvements, which

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were made before it was rented out at \$275 per week.

Following the boom in values and rents in Rotorua, the first property is now worth around \$290,000 and rents for \$360 per week. The second house is currently under contract for \$370,000 and rents for \$370 per week.

But because both houses had deferred maintenance, Rishworth was plagued with extra costs. She says she was "robbing Peter to pay Paul" and therefore gave herself some time to regroup before going again.

In 2014, she was contacted by iFindProperty about a rental in Hamilton's student area. The four-bedroom house had significant water damage due to a leak in the bathroom, but the rest of the house seemed sound, so Rishworth went ahead and bought it for \$217,500.

She had the bathroom refurbished for \$10,000 and rented it out for \$340 per week. But the stress of tenanting the property each year was too much pressure for Rishworth, despite having the property managed, and after three rounds of student tenants she sold it in December 2017 for \$380,000.

She used the proceeds of the sale to pay off the mortgage on her Dannemora home.

"My goal was to be mortgage free by the time I was 55. I made it well and truly in that time. It was a very surreal feeling to know that I'd done that all myself. I took a few little risks and jumped off the diving board."

LENDING GETS TIGHT

In only six years, Rishworth had achieved the goal of paying off her own home, but she still had her sights set on a comfortable retirement and wanted to grow her portfolio further.

However, bank lending requirements had tightened, and her office temping

work wasn't considered a "proper job" by lenders. Fortunately, in 2017 Rishworth was offered a permanent fulltime gig and a year later, while perusing property listings, she found a two-bedroom flat in Claudelands, Hamilton.

She purchased it for \$249,000, and spent \$13,000 doing it up. Her brother was available to help her with the renovation, and he got stuck in, ripping out the kitchen and replacing it, fixing the bathroom and giving the place a repaint - "it came up amazing".

Initially it rented for \$285 per week, but has now increased to \$350 per week and she says it would currently be valued at around \$330,000.

The final property Rishworth added to her property portfolio was in June last year. She had decided to diversify, geographically speaking, and noticed that the Wellington market was "affordable but moving".

She flew down and looked at a couple of properties, and came across a two-bedroom home which was identical to the property in front of it, albeit in a comparably tatty condition.

An offer of \$312,500 was made and accepted, meanwhile the house in front sold for \$349,000.

Rishworth spent \$15,000 doing it up, replacing some of the electrics, upgrading the kitchen and bathroom, landscaping and re-painting throughout.

It rented out straight away for \$440 per week.

METH CONTAMINATION NIGHTMARE

If the whirlwind of property purchases sounds like a dream, Rishworth assures that it was not. Some of her properties have been plagued with maintenance issues, which put an incredible strain on her budget at times, while others attracted transient tenants.

The most significant issue she experienced was a meth reading of 40.00mcg/100cm² (the acceptable limit was 1.5mcg/100cm² at the time) in one of her Rotorua properties. And no, that's not a typo.

"I had an absolutely model tenant ... but after a couple of years something went awry in her life. All of a sudden, there was evidence that a dog had been there, there were different people there, the tenant was being evasive and she'd stopped paying rent."

Rishworth got the Tenancy Tribunal involved, the tenant was evicted, and the



RISHWORTH'S TOP TIPS

1 Going through divorce "absolutely crushed me - but what doesn't kill you makes you stronger".

2 It's never too late to start planning for retirement and the sooner you start the better. "To find myself single in my late-40s and I was soon going to be staring down the barrel of my 60s - [I think] the sooner you can do it the better."

3 There's been so many changes since Rishworth started investing

in property: LVR rules, financing difficulties, Healthy Homes. "It's constantly changing - still, don't let that put you off."

4 Rishworth uses property managers but advises that you need to actively manage them and move if you're not happy with the service.

5 Using a property finder takes the hard work out of property investment. "I've used them four

times - I'm an avid fan of theirs and I love Maree Tassell, there's no way I would not consider using them next time."

6 Educate yourself, read books, talk to people, read property magazines, go along to seminars - you don't have to spend a lot of money.

7 "Then just do it - it's very easy to start overthinking things."

'The best analogy for me is I was looking down a dark tunnel to that prick of light at the end - I knew I was taking steps in the right direction'

whopping meth contamination reading was revealed.

"With the rent no longer coming in, it was a huge deal," says Rishworth.

Thankfully her insurance covered her for \$30,000 of costs. It paid for the house to be stripped of curtains, carpet and HRV system - the house was basically gutted. But because it wasn't considered contamination due to manufacture, the plaster board was thankfully left in place.

Once the house was stripped, the remainder of the \$30,000 was paid out to Rishworth in cash, and she managed to find a painter just before Christmas who could repaint the whole house.

It was the second meth scare for that house, and Rishworth decided to take the hint, so after it was completely refurbishing she listed it for sale.

"It's pristine now and I have a lovely young couple dying to move into it."

LOOKING AHEAD

For Rishworth, the trials she experienced since buying her first investment property have meant she's learnt how truly tenacious she is.

"The best analogy for me is I was looking down a dark tunnel to that prick of light at the end - I knew I was taking steps in the right direction. Every time bad things happened I was really staunch and really determined that this was going to work."

Rishworth feels she's reached that light at the end of the tunnel. It means she can now help her adult daughter into buying a home in Auckland, something she couldn't dream of ever being able to do just eight years ago.

"I can make much different decisions for myself, for my life and for my kids. I could never have done that before and it's nice to know you've got that freedom of choice." ■

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