

Summerland British Columbia, Land Assembly Webinar, Redgum Real Estate | *The Educated Investor*, September 4, 2024

Hello, everybody

: for those who haven't met me before my name's Cameron

: and also known as the Educated Investor in keyspire circles.

: I'm also a full time professor in the sorta school of business

: at Ubc. In Vancouver.

: We just had the brand new semester starting this week. So it's been very interesting week getting all those students back into class again.

: Today's webinar is about how I have put together a land assembly

: transforming resistance into gratitude. This is where I'm going to look at the recent purchase of 4 lots of land in Summerland, BC. What it took to get from 0

: to sellers, not wanting to sell to eventually getting the prices I was looking for.

: and having all these lots ready to close, and the expectation will be in the New Year.

: We will start constructing a hundred 20 rental apartments

: that we will specifically make suitable for older citizens.

: because Summerland has quite an older demographic population.

: There's a few other things I want to bring in to this as well, including negotiating tactics.

: the sorts of tools that I use well, a couple of them that I've used in this project.

: and how you might be able to use them in your projects as well.

: So the 1st thing is discussing the psychology of sales. This is something that I teach my students.

: There's much more to it than just this simple slide. But I'm going to encapsulate. The idea for us of being just

: engaging in relaxed

: get to know conversation with your sellers

: and trying to understand what their motivations are.

: what is causing them to want to sell their property right now.

: and

: how they can specifically sell to me.

: and in entrepreneurship.

: in teaching, and in practice every entrepreneur is told to say.

: what is the problem I'm trying to solve

: when they're starting a new company.

: and it's exactly the same. When you're negotiating for a house, it is. Figure out what is the problem that's motivating this person to sell their property

: quite often. It's not the one the seller thinks it is, and the only way to truly find out what their motivations and issues are is to engage in that psychology of sales. Lots of gentle get to know how you're doing types of conversations.

: They don't have to be selling conversations. They're just let me tell you something about me.

: And now I can ask a few questions about you.

: And the reality today is that most people are good at talking and not very good at listening.

: and so I find that it's always a revelation to allow other people to talk about themselves.

: and to only introduce things about myself when they post questions, because that way I'm allowing them to dominate.

: And they feel like they're in control.

: whereas I'm actually using the psychology of sales to gather as much information as I can about my audience.

: because the more I know, the more I can tailor my offer to the needs of the seller.

: Here's 3 negotiating strategies that I actively use and use in this particular land assembly.

: The 1st one is getting yes, through to No.

: This sounds counterintuitive.

: I always

: pitch something to the seller

: that's guaranteed to get them to say no.

: as my opening gadget

: most people want to get to. Yes, straightaway.

: It's rarely from one to 2. It's usually traveling from one to 10 and trying to figure out what the 2 to 9 pieces are going to be.

: and I recommend one of the best ways to get started is to ask them a question or make an offer of something where I'm going to get a guaranteed note.

: and when you do that it's much easier to say. Well, if that wasn't acceptable for you, how about this?

: And so psychologically, when you juxtaposition, those 2 next to each other, the offer that they couldn't possibly say yes to

: that. This more reasonable offer which they could say yes to

: they're more likely to give you a yes.

: whereas if you went straight into that second offer, then they might have seen that one as being a bit too extreme.

: So psychologically, human beings are more likely to say Yes, if you give them a question when we just previously you got them to say no.

: and I actually teach this. And I had one of my students

: tested unbeknownst on me.

: He asked me in the corridor, walking downstairs after class, if he could change the submission date on an assignment and change the topic and rewrite the assignment instructions.

: and for the sake of uniformity, he knew that would never fly. I said, No, no, you got to stick with the instructions as they are.

: and then he hit me with a second offer, which was, okay.

: I guess we can do that.

: And then he revealed that he played me, using my tactic of getting to guess through none.

: So even when you know what the tactic is, it's very hard to resist it.

: Another tactic I use in negotiation is asking for something I don't want.

: I will specifically ask for

: an extra piece of property, for instance, on one sale, not this land assembly. The homeowners had a side by side, a snow shovel. They would attach to it to clear the driveway and a few other toys, and I didn't really want them, and they weren't realistically ever going to be part of the purchase because they weren't physically attached to the property, so I had no right to actually ask for them.

: but they didn't know that, and so I got a hard no, but then they gave me a few other things instead that I did want. So, I got to yes to no.

: so, I always find something in a deal that I really don't want

: that. I know they're going to give me a No. To.

: and then I'll go in, and then I'll as my second offer kind of my climb down. That's when I get the things that I really do want.

: The 3rd one, which I did use on 2 of these 4 properties was requesting a price reduction for efficiencies and remediation.

: This is usually centered around asbestos.

: Asbestos was used in building materials in Canada many, many years, and I know that it's going to appear somewhere in a property after X date and before X date.

: So if something was built

: let's see, roughly speaking, sixties, seventies, eighties, I can't remember the exact date when

: asbestos and lead were

: outlawed from construction law in Canada, but I know in many of the properties I'll bid on. There will be lead in paint. There will be asbestos in insulation.

: in wrappings around hot water pipes

: in floor tiles.

: many innocent looking construction materials because it was fire retardant. It was incorporated. In fact, there is the town of Asbestos in Quebec.

: One of the world's biggest miners of asbestos. Fiber has been Canada.

: and I'm not even sure if the mines in asbestos Quebec have been completely shut down, even though asbestos is outlawed in Canada, because I believe there are still countries in the world that will accept asbestos containing construction materials.

: much to my shock and horror.

: All right. So let's have a look at the properties. So let me give you some context as to where they are. There's the addresses. It's in Summerland, British Columbia. There's 4 lots.

: They're located on Armstrong Avenue. Here's a lovely overview of Summerland. If you don't know it.

: it is in the South Okanagan region, very popular with holiday makers and outdoor adventurers.

: There is a series of very long, deep, glacial lakes

: that sit between the 2 mountain mountains on either side.

: So if we look at this image, this is Summerland, very agricultural, small town, only about 12,000 people.

: If you go down one side of the lake you'll end up bumping into Penticton.

: If you go down this way you'll bump into Kelowna. That's 70 kilometers down the road.

: and then the lake continues on, and you'll end up in Vernon.

: This is what the Chamber of Commerce in Summerland has to say, they see themselves as a community that provides an entrepreneurial spirit.

: coupled with a great employee pool committed progressive local government proximity to larger centres, meaning and Tipton and Kelowna

: airports. That's in Kelowna. We've also got one in Penticton, a small one.

: and education, including tech and business studies.

: To put it on a map for you is Google Maps. Here is British Columbia.

: There's the border

: is the border with Alberta on this side.

: Come way down the bottom.

: This is Vancouver Island, with Victoria, the capital of BC.

: Come to the Mainland. You'll see Vancouver right down near the US border.

: and you'll see just how big the province is, because this is a 4 and a half hour drive.

: Get from Vancouver

: to Summerland.

: So if we zoom in, you'll see.

: Is Vancouver love the mainland.

: We come out through the Fraser Valley.

: We start getting up into the mountains.

: go up the merit around through the mountains and double back down again. And there's Kelowna, and there you see the enormous

: Okanagan lake stretching all the way up through Lake country, going up to Vernon.

: This is the actual streets where we're going to be developing. It's this entire side of the street.

: It actually looks quite rural. But technically this side of the street, over counts as part of Summerland's, downtown core.

: small town, where everything is concentrated very close to walk everywhere.

: I think we should switch over to Google maps. And we can have a

: quick peek at the area and the street from Google Maps.

: You should now see Google Maps. Here is lot number one. This is a point 3 4 sized lot.

: We come down the street a little bit.

: You'll see it's got

: whoops. I'm going in the wrong direction.

: Who wants to do?

: Let's go this way

: alright. So let's have a look at the street. As it is.

: that is one of the houses that will be in the Land Assembly.

: There you'll see that house has a garage behind the back

: this space back here.

: It's a very large

: property. It's commercial, industrial.

: It is the BC Fruit co-Op

: all those that those red back there. They're actually boxes that we use for apples

: and the Co Op

: sends them out to the orchards. They drop the boxes off, the growers, drop in their apples, they get brought back to the Co-OP,

: and basically, those boxes just sit there in the open.

: So this is why this street is such a great street for rental housing, because there's not too many people who, despite its wonderful location next to Town Centre, would want to have a view right over into the commercial area.

: But it's very quiet, like there's no

: activity that goes on there most of the year at all. That's basically forklifts, moving apple boxes around.

: All the sorting goes on inside the facility.

: There's lot number 2

: go down the street a bit further.

: Lot number 3

: and Lot number 4,

: you'll see

: the lovely rolling hills of the Okanagan in the background.

149

:21:32.460 --> :21:38.819

: This is a very quiet like a rental co-op, if you like, Armstrong Manor.

:. We have lovely bungalow houses on the side

: at the end of the street. This is an important building right here.

: This is a facility that caters to older, impaired citizens.

: It's not actually a care home, but it is monitored by staff. I think you get maybe one meal a day, and they look after washing.

: but you're otherwise relying on family and friends to make sure they're coming in and helping you. So it's like assisted living, if you like.

: We just go around the corner. This is a 2 min walk up to one of the main roads and come to the secondary school.

: In. When families live in those rental spaces, it will be walking distance to the secondary school as well as elementary.

158

:22:34.420 --> :22:38.540

: This is one of those main ring roads that goes around the village.

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:22:41.070 --> :22:45.4

: This is also a 2 min walk to get this intersection, and then we can go

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:22:45.460 --> :22:49.670

: straight down Main Street and you start to see the shops

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:22:56.250 --> :22:58.1

: or within walking distance.

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:23:.0 --> :23:03.469

: This is a brand new civic library.

163

:23:06.280 --> :23:11.810

: A lot of effort goes into making the town look neat, well kept.

164

:23:11.820 --> :23:12.880

: curbing

165

:23:12.940 --> :23:14.919

: flowers in the side boxes.

166

:23:15.660 --> :23:19.330

: This is a newer facility over the back.

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:23:20.860 --> :23:26.199

: You keep going, though. You get into the very cute part of downtown Summerland. Lots of little stores.

168

:23:27.730 --> :23:28.990

: cafes.

169

:23:29.930 --> :23:31.460

: sitting areas.

170

:23:35.5 --> :23:37.590

: everything you'd want.

171

:23:38.570 --> :23:40.570

: and when you need

172

:23:40.950 --> :23:48.780

: the bigger experience. You've got Penticton with about 30,0 people. It's a 10 min drive, not 15 min. Drive down the road.

173

:23:48.880 --> :23:55.850

: Peachland is about a 25 min drive, and Kelowna is about about a 45 min drive.

174

:23:57.010 --> :24:01.829

: so that'll give you the proximity of the houses.

175

:24:02.640 --> :24:04.250

: Let me

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:24:04.630 --> :24:12.710

: show you now a couple of these listings, right? So this was one of them that ended up being bought. This one was a challenge to buy.

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:24:13.6 --> :24:16.540

: I'll give you the details on that in a sec.

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:24:18.0 --> :24:20.570

: Here's the reason why it was a challenge to buy.

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:24:21.150 --> :24:23.160

: So in 2007

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:24:23.230 --> :24:25.849

: it sold for 317,

181

:24:28.790 --> :24:34.209

: and then in 2,022, it sold for \$739,000

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:24:34.860 --> :24:44.050

: and May 2022, was the absolute peak of prices in BC. For real estate. It was a terrible time to be buying anything.

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:24:44.860 --> :24:53.080

: and so these buyers lock themselves into a very difficult situation, because when you bought at the Absolute High.

184

:24:53.360 --> :24:57.269

: There was realistically no way they could ever get that price again

185

:24:57.370 --> :25:01.060

: for a long time when they were selling, and that led them to get stuck.

186

:25:04.330 --> :25:07.289

: This particular one is the one next door.

187

:25:09.570 --> :25:11.390

: They had a similar problem.

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:25:12.010 --> :25:14.590

: 2017, sold for \$380,000.

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:25:14.810 --> :25:17.480

: They also bought high at 675,

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:25:18.540 --> :25:27.860

: and these were not smart looking houses. When they were bought. They both got fixed up a bit by the owners, but they were run down.

191

:25:27.970 --> :25:30.910

: Not much curb appeal.

192

:25:31.030 --> :25:40.510

: you know, silver foil covering the windows. The owner of this one. He put \$45,000 of repairs into the lot.

193

:25:40.570 --> :25:52.2

: so you can see he stopped too. He's paid 6,75, and he's put in 45,000 in on top of that. And now he wants to sell in 2024 when prices have significantly declined.

194

:25:53.9 --> :26:07.479

: Alright, let's go back to the slides, and I'll tell you the story of how this came about, because there was resistance on all the lots with the sellers, which meant, this is where the psychology aspect had become in to figure out

195

:26:07.992 --> :26:09.879

: what could be done

196

:26:10.460 --> :26:14.940

: to get the sellers get from No to yes.

197

:26:18.430 --> :26:21.260

: should be able to see the slides again.

198

:26:21.850 --> :26:26.130

: Let me tell you how I found these properties. One of my accountants.

199

:26:26.270 --> :26:36.760

: We were setting up some projects, and he said to me casually, My daughter is a realtor who lives in the Okanagan. She's putting together a land assembly.

2

:26:36.780 --> :26:38.479

: Maybe you'd be interested.

201

:26:38.720 --> :26:45.019

: And I said, Sure, I'm always interested in talking to people about real estate. So we had that conversation.

202

:26:45.270 --> :26:47.870

: and this is what was being offered.

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:26:48.950 --> :26:55.180

: So this was the image that they were promoting. They said they had 2 lots.

204

:26:55.470 --> :27:02.460

: and the total price was \$1.567M, so that worked out at \$783,500 per lot.

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:27:03.720 --> :27:06.169

: and that would have given a total of point 4 acres. Now, they also tried

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:27:09.550 --> :27:12.439

: selling them for \$800,000 each

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:27:12.890 --> :27:19.609

: when they 1st put these lots on the market in September of last year, and they basically sent.

And nothing happened.

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:27:21.430 --> :27:24.559

: As far as I'm aware, they'd never done a land assembly before.

210

:27:25.140 --> :27:35.279

: They didn't seem to have much clue about their pricing because I asked them questions about how they came up with the price they were looking for, and they didn't have an answer.

211

:27:35.840 --> :27:37.769
: And if you're a developer

212
:27:38.250 --> :27:42.960
: buying a land assembly, and you want to sell to me. You have to think like a developer.

213
:27:43.210 --> :27:54.649
: because I'm going to have to calculate the numbers for me to be able to build on those properties, to be able to sell on those properties, have a cushion, and still make sure my investors and I make a profit.

214
:27:55.010 --> :28:04.570
: and it's only by reverse engineering what the developer can do that you actually arrive at a reasonable price that you could sell the lots for.

215
:28:04.9 --> :28:09.350
: and it was pretty clear to me during the conversation. They hadn't thought about any of those things.

216
:28:09.590 --> :28:19.709
: They just seem to have in their mind that a developer has fountains of gold money coming out their ears, that they will sit, use to buy land and build on

217
:28:19.980 --> :28:22.520
: in the magical location of someone.

218
:28:22.950 --> :28:34.159
: And 1st of all, Summerland is a small but attractive area. When developers are looking for projects, they'll be looking in Kelowna. They'll be looking in Penticton, and also in Vernon.

219
:28:34.260 --> :28:37.319
: So it's not going to be the type of

220
:28:37.470 --> :28:41.229
: market that's going to draw a lot of attention from developers.

221

:28:42.180 --> :28:47.539

: Here's the video they put together that they thought would make this attractive.

222

:28:49.320 --> :28:55.530

: So I do like the 1st bit which gives you the bird's eye view. That's the realtor's house right there.

223

:28:55.7 --> :29:05.199

: That's the second house right here. This is a very large outdoor pool. And the strange thing for me is this pool doesn't have an actual

224

:29:05.640 --> :29:07.749

: bottom. It's basically Sam.

225

:29:07.860 --> :29:18.389

: So the walls of the pool are dug down into the soil and sand is pulled in, and there's a pump that refreshes the sand, which is just over here, and it's like

226

:29:19.090 --> :29:21.650

: going to the beach when you walk inside that one.

227

:29:22.890 --> :29:30.520

: So they put together this marketing video with drone footage to show the appeal of Summerland

228

:29:31.230 --> :29:38.569

: what was strange for me here also, as you watch the video was that I don't know why a developer

229

:29:38.820 --> :29:40.670

: would want to have this video.

230

:29:41.040 --> :29:49.139

: This is something that a retail person would like to have if you want to move to Summerland, and you're not sure this is the place you'd like to live.

231

:29:49.190 --> :29:51.419

: and this helps you sell some of them.

232

:29:51.950 --> :30:06.819

: But as a developer I've chosen my target markets already. I know the places where I build and develop. You don't have to tell me that Summerland, in Penticton, Kelowna, Vernon are attractive markets.

233

:30:06.9 --> :30:10.580

: So for me this was another marketing misunderstanding.

234

:30:10.920 --> :30:21.810

: and I think it was also prompted by the fact that this realty company, the agency, was based out of Kelowna, and really, I don't think understood the local market in some of them.

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:30:22.280 --> :30:31.829

: So these are all queues that I picked up from on. And for me that misalignment of information was an enormous opportunity for me.

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:30:32.430 --> :30:35.849

: because if I've got realtors that don't know what they're selling.

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:30:36.090 --> :30:38.030

: don't understand the price.

238

:30:38.3 --> :30:40.669

: and don't know what the advantages are.

239

:30:40.7 --> :30:47.230

: then it's not up to me to tell them it's up to me to make the purchase

240

:30:47.460 --> :30:49.830
: and exploit their lack of knowledge.

241
:30:49.940 --> :30:54.529
: because that's what a market is. Buyer finding seller, a seller finding a buyer.

242
:30:54.660 --> :30:57.7
: and the only sticking point was going to end up being price

243
:30:58.870 --> :31:04.309
: alright. So houses one and 2, these are the ones. So this is the realtor's house.

244
:31:05.207 --> :31:10.129
: built in 1950.2 acres. You'll see there. They've got their listing sign up.

245
:31:10.310 --> :31:18.860
: She had the bright idea of. If I can get my neighbor to come in and sell at the same time, I'll get 2 listings, make 2 commissions.

246
:31:19.130 --> :31:26.979
: and I could promote it as a land assembly. So this was the lot next door, 1971, also point 2 acres.

247
:31:27.430 --> :31:28.220
: So

248
:31:28.530 --> :31:33.329
: with the seller, what's her problem now? I didn't know all this information at the beginning.

249
:31:33.640 --> :31:36.539
: but I discovered it as I went along.

250
:31:36.740 --> :31:38.940
: because I needed to know

251

:31:38.960 --> :31:44.079

: what was their motivation in order for me to solve their problem. So it turned out.

252

:31:44.440 --> :31:48.039

: The house was owned by the realtor and the husband, but they were divorcing.

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:31:48.380 --> :31:53.120

: and the wife, the realtor was driving the sale, and the husband was kind of

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:31:53.490 --> :31:55.070

: being pulled along

255

:31:55.9 --> :32:.520

: husband decent, nice, not objecting to anything.

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:32:.760 --> :32:03.980

: but definitely, I felt, being

257

:32:04.8 --> :32:08.909

: not taken care of by his wife. Very well, in this particular sale.

258

:32:09.5 --> :32:15.189

: It also occurred to me over time that the realtor, the wife, was not very good at what she did.

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:32:15.220 --> :32:18.890

: because in the end you listed a house for 10 months and couldn't sell it.

260

:32:19.080 --> :32:21.909

: And that's her actual job to sell houses.

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:32:22.570 --> :32:28.559

: So after we had an initial conversation. I went away because their pricing to me

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:32:28.590 --> :32:38.429

: seems strange, but I needed to go and do some research to figure out details. Why, I'm feeling that feeling I have to get a good handle of the market.

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:32:38.570 --> :32:48.459

: So I went and did some basic investigations. And I put together this document which I presented to her. At a future meeting. This was in February earlier this year.

264

:32:48.760 --> :32:50.340

: and I started off

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:32:50.570 --> :32:57.450

: by going to the Local Association of interior realtors, because they are the ones that gather all the data

266

:32:57.540 --> :33:.739

: about home sales in the Okanagan

267

:33:.990 --> :33:02.540

: different parts of DC,

268

:33:03.170 --> :33:10.119

: so I was basically quoting back to the realtor information that she should have known which I didn't think she did.

269

:33:10.850 --> :33:12.4

: So anytime

270

:33:12.470 --> :33:18.089

: in the classroom, and I talk to students about charts, graphs, tables.

271

:33:18.560 --> :33:26.660

: I always say charts, graphs, and tables. Only tell you something if you indicate to the audience what that something is.

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:33:27.050 --> :33:35.809

: So I did that with this little red box where I said, the key message you should know from this chart is that inventory is up more than 50% in 23

273

:33:36.010 --> :33:37.940

: compared to the 10 year average.

274

:33:38.560 --> :33:51.439

: So that tells you that properties aren't selling either. Prices are too high interest. Rates are too high. Sellers have gone on holiday and aren't coming back. Your market is not attractive for some reason.

275

:33:53.080 --> :33:56.3

: That's problem number one. On your pricing

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:33:56.740 --> :33:59.420

: the next one sales of down

277

:34:02.870 --> :34:06.909

: the next one, the Median number of days for listings

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:34:07.120 --> :34:13.910

: 54. The lot she was trying to sell. They've been on the market at that time for 124 days.

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:34:14.340 --> :34:21.180

: so more than twice what properties were actually selling for. So there was a whole bunch of markers

280

:34:21.3 --> :34:26.609

: inside the data and inside her own performance that indicated she was doing something wrong.

281

:34:26.659 --> :34:33.580

: and I didn't want to be rude, but I did have to stake a negotiating position, saying, I've got to set you up

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:34:33.670 --> :34:39.019

: with my data, because at the end I'm going to give you my price. Expectations of what to make here.

283

:34:41.590 --> :34:43.889

: Of course, we go over to comparables

284

:34:44.860 --> :34:50.209

: chopped around for all the comparables I could find within the proper area

285

:34:50.570 --> :34:55.750

: and for the prices they're being listed at or being sold at.

286

:34:56.090 --> :34:57.840

: So here

287

:34:58.1 --> :35:03.499

: all these prices, active means they're still on the market. So they're not moving.

288

:35:04.390 --> :35:09.890

: So that means only one sold \$8,0,

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:35:10.560 --> :35:15.140

: 1973. So in July 2023. So

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:35:15.522 --> :35:24.619

: I didn't want to dig too far into these because they didn't seem to be good comparisons. It was more interesting to me that their price expectations. There were so many houses that were not moving.

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:35:25.730 --> :35:29.389

: and I pulled out some specific ones that I thought compared quite well.

292

:35:29.430 --> :35:31.979

: that was sitting on the market and not moving.

293

:35:32.280 --> :35:38.379

: or ended up moving for a lower price. So this one set on the market. They wanted 7, 30 it went to 75,

294

:35:38.4 --> :35:41.119

: only 18 days on the market, though, which was pretty good.

295

:35:42.780 --> :35:52.469

: This one, I thought, was a better comparison. They wanted \$759,000 they dropped it to 749, eventually went to 720. It took the average about 49 days online.

296

:35:52.960 --> :35:54.080

: That's interesting.

297

:35:55.730 --> :36:.750

: This one sold for \$740,000 not too much of a drop on that one.

298

:36:02.9 --> :36:05.470

: Now this was the one that really stuck out for me.

299

:36:06.060 --> :36:12.830

: This is a property. I thought that was polluting the market at that time the same way that the realtor was polluting the market.

3

:36:13.060 --> :36:21.970

: So there's no known way that this property. If you have a look at it is worth \$808,000 in a little community of 11,000 people in South Okanagan.

301

:36:22.580 --> :36:35.629

: And I'm positive so hadn't sold that particular time. I'm positive the pricing was put on there because the realtor initially listed her 2 properties in 2023 for \$800,000

302

:36:36.050 --> :36:47.719

: and so I think she set an incorrect expectation, and these poor owners have been convinced by their realtor, or maybe told their realtor. We see this other house not far away.

303

:36:47.810 --> :36:52.059

: similar in size. They're asking 800. Let's ask 808,000.

304

:36:52.230 --> :36:57.830

: so I don't know the fate of this one, but for me it was significant that it had not sold

305

:36:58.266 --> :37:11.720

: it being reduced from 815,000 to 808,000, which I think is kind of a silly price reduction. \$7,000! I would have said if I were the realtor. Go \$20,000 lower at least. Get it under the \$800,000 psychological barrier.

306

:37:13.530 --> :37:17.839

: So we go back to the house that the realtor is trying to sell that to own house.

307

:37:18.1 --> :37:19.780

: That's the neighbor's house.

308

:37:19.910 --> :37:25.010

: I presented some photographs to indicate that these were not high quality

309

:37:25.190 --> :37:26.190

: houses.

310

:37:26.330 --> :37:31.5

: because they were asking high quality prices. Right? So it's winter. The backyard looks messy.

311

:37:32.054 --> :37:37.450

: You're putting these houses on the market, and this is what buyers will look at when they come in.

312

:37:38.090 --> :37:44.030

: and they're looking at one of the juiciest prices. \$700 to \$800,000.

313

:37:44.1 --> :37:46.190

: It's not realistic at all.

314

:37:46.410 --> :37:52.440

: So I was confident that these properties were not going to move. It was up to me to convince the realtor.

315

:37:52.920 --> :37:58.450

: So then I thought numbers should hopefully speak a language, put some calculations together.

316

:37:58.860 --> :38:01.690

: doing different.

317

:38:01.820 --> :38:04.370

: I would call this a sensitivity analysis.

318

:38:04.390 --> :38:10.5

: You have the same object, and you put different metrics in. So this is with an 8.2 loan prime plus one

319

:38:11.070 --> :38:13.489

: prime at 7.2 at that time

320

:38:13.680 --> :38:17.1

: did the calculations, and I was showing her like, if you

321

:38:17.180 --> :38:19.670

: think anyone's going to pay 8 0, 8,

322

:38:20.140 --> :38:30.630

: have a look at how much an investor is going to lose on those properties, so no investor could possibly ever countenance buying those. That's your entire market gone from investors

323

:38:30.860 --> :38:34.450

: and then go back and have a look at the images. Do you really think

324

:38:34.660 --> :38:38.0

: a homeowner is going to pay premium price

325

:38:38.180 --> :38:39.550

: to own a house

326

:38:40.130 --> :38:41.979

: whose backyard looks like that?

327

:38:42.020 --> :38:44.040

: And the answer just has to be, no.

328

:38:44.3 --> :38:46.020

: So I'm hoping that she's

329

:38:46.3 --> :38:50.789

: figuring this out. I'm just putting the numbers together. I'm walking through

330

:38:51.439 --> :39:.670

: is right here without what I think. A true valuation is going to be, I'm thinking, at most 7, maybe 6, 55.

331

:39:.850 --> :39:04.289

: But this lot now that's the real term. That's the swimming pool lot next door

332

:39:05.570 --> :39:09.329

: again throwing more calculations for the neighboring lots.

333

:39:10.320 --> :39:12.170

: I spell it out

334

:39:12.250 --> :39:18.370

: right? So I say, here's the pros of buying on that street. Now have a look at all. My cons

335

:39:19.140 --> :39:23.919

: prices are too high, I mean, banks simply will not lend on a property

336

:39:24.090 --> :39:39.099

: that is priced too high. Even if this buyer makes an offer of \$8,0, they won't get financing, because the bank will not fund that purchase, because their appraisal will tell them it's not worth anything close to that.

337

:39:42.650 --> :39:46.410

: again, I thought, let me show you how a deal can be made

338

:39:47.690 --> :39:49.460

: seller financing.

339

:39:51.660 --> :39:55.369

: 50% of the price upfront. So we'll split the payments.

340

:39:55.770 --> :39:58.140

: I'll let you live in the property.

341

:39:58.550 --> :40:07.270

: You pay me a rent of \$3,000 to stay there. I'll let you even keep the proceeds if you want to live in the property, so I'm ready to develop, and you can

342

:40:07.530 --> :40:09.390

: sublet the basements.

343

:40:09.590 --> :40:16.439

: I was coming up with all kinds of ways. I even said they can invest in the project. They can be LPs when we do it

344

:40:16.830 --> :40:22.389

: alright. So that was my pitch to them at the time. And she basically smiled and said, no.

345

:40:23.030 --> :40:24.739

: She said, I have a different opinion.

347

:40:27.250 --> :40:39.8

: And so then I went away and thought, I can't solve that problem. But I knew that she wasn't going to sell those parts. So I thought, what I'm going to do is I'm going to go around the realtor. I'm now going to find out who owns the 2: lots at the end of the street, and I'm going to talk to them

349

:40:43.810 --> :40:48.650

: because the realtor had happened to drop during the conversation that

350

:40:48.890 --> :40:52.2

: they were involved in an estate sale

351

:40:52.310 --> :40:54.179

: coincidentally at that time.

352

:40:54.630 --> :41:02.030

: and she'd been unsuccessful in convincing them to come into the Land Assembly, which was also another indication that she was not very good at the job.

353

:41:02.430 --> :41:08.619

: He couldn't convince the grandson, as it turned out, who was the executive on his grandfather's estate.

354

:41:09.440 --> :41:12.529

: So that brings us down to

355

:41:13.190 --> :41:14.460

: that house.

356

:41:15.0 --> :41:19.010

: and that counts. Those are the other 2. At the end of the street

357

:41:19.380 --> :41:30.090

: they were owned by an elderly Portuguese gentleman. They had been held by him for so long that they couldn't even find sale records for this particular lot.

358

:41:30.370 --> :41:33.599

: So this one apparently was sold in the 1960s: For 67,000. And this one I couldn't even find evidence of a purchase at any time in the last 50, 60 years, so he must have bought these as a young man

361

:41:45.060 --> :41:47.580

: when he moved to the Okanagan. He was a

362

:41:47.840 --> :41:51.650

: fruit grower, peaches and apples, I believe.

363

:41:52.020 --> :41:55.950

: and so I had to sit down and say, What's the problem? It's an estate sale.

364

:41:56.452 --> :42:02.449

: The grandson's looking after it. They're motivated because they want to get rid of both these houses.

365

:42:03.609 --> :42:04.750

: The the grandson, has to confer with the aunt, and I assume other members of the family. But the good news is, the grandson is in his mid twenties is bright. He's well spoken. He's well put together, and he indicates we want to get rid of these by the end of the year. So that tells me I've got a motivated seller, which is good, because that gives me some time.

368

:42:24.360 --> :42:29.989

: all right. So in the end, after a lot of backing and forcing. Here's what I ended up with on those 2 lots.

369

:42:30.230 --> :42:41.329

: So initially, the seller wanted \$740,000 and \$660,000. The first lot is point 3/4 of an acre, so it's bigger, so that he wanted a higher price. This one is .2. He wanted \$660,00 for that one.

370

:42:41.530 --> :42:44.859

: After lots of negotiation. We agreed on 680,000 - I got him down \$60,000 on that lot - and \$10,000 on this particular lot for a total of \$1.33M

372

:42:51.0 --> :42:59.980

: Now I agreed to those prices because I knew I had my negotiating tool of requesting a price reduction for deficiency and remediation.

373

:43:.210 --> :43:07.070

I knew I would be demolishing these buildings and redeveloping, but I still hired an inspector

374

:43:07.120 --> :43:20.870

: couple of hundred bucks per house, so less than \$400 to \$500 to do inspections, and I knew he would find traces of lead paint, and I knew he would find lost lots of asbestos in both buildings because of the ages when they were built.

375

:43:21.450 --> :43:23.710

: And so then I was able to come back

376

:43:24.1 --> :43:29.449

: and say, Okay, here's copies of the appraisal inspection reports.

377

:43:29.460 --> :43:33.8

: As you can see, an independent inspector has found these deficiencies.

378

:43:34.267 --> :43:40.109

: If I'm to take on these properties, I have to assume responsibility for remediation

379

:43:40.340 --> :43:54.699

: of the asbestos and lead paint, and the problem for you as a seller is that now that I've revealed to you that there is lead, paint, and asbestos in there, you can't not disclose that to any future buyers if we don't make a deal.

380

:43:55.320 --> :43:58.540

: So, in other words, this is a checkmate for me, because

381

:43:58.750 --> :44:05.3

: if we can't reach an agreement if they say because I asked for \$30,000 off, I need \$30,000 to do remediation.

382

:44:05.830 --> :44:11.310

: Guys in Hazmat suits the whole thing. Big tent over the building to remediate it, if

383

:44:11.440 --> :44:14.089

: you plan to live in it afterwards, which I don't.

384

:44:14.590 --> :44:31.979

: But \$30,000 was a reasonable number, and so it's a checkmate, because they now know they have to more or less agree to a deduction, whether it's 25, or 30. In this case they readily agreed to 30, and so I knew I was going to get \$30,000 off. The total price took me down to 1.3.

385

:44:32.840 --> :44:40.789

Now I'm in business now. I have 2 lots now. I have to work on cracking the other 2 lots, and I definitely know they're for sale.

386

:44:40.960 --> :44:47.510

: So I go make friends with the owner of the 3rd house.

387

:44:48.520 --> :44:50.799

: and I figure out what his problem is.

388

:44:50.910 --> :44:55.629

: I just knock on his door. I introduce myself. Leave my business card.

389

:44:55.650 --> :44:59.889

: Hi! He's older 71 very slow talking.

390

:45:.090 --> :45:05.080

: straight and narrow. Good guy. He's very skeptical of me. He's old school.

391

:45:05.130 --> :45:09.649

: He doesn't expect or want someone knocking on his door telling him

392

:45:10.140 --> :45:14.289

: that I want to buy his house. He's used to real estate agents, and the traditional way. So

394

:45:18.470 --> :45:22.280

: it was a lot of getting to know this guy. His name was Dale.

395

:45:22.610 --> :45:27.3

: He was quite closed and cold and skeptical of me.

396

:45:27.693 --> :45:48.029

: I would come meet him. I would have long phone calls in the evening with him. I would run by him all my ideas of creative financing other things to help him out. We had a face to face meeting in Wendy's to get to know each other one morning, and slowly by slowly, we got to know each other.

397

:45:48.1 --> :45:52.120

: and I got him to trust me as a person.

398

:45:52.870 --> :45:55.750

: because one of the things that I

399

:45:56.380 --> :45:57.650

: always

4

:45:57.910 --> :46:03.680

: used to my advantage is that I will be an honest ethical business person.

402

:46:06.490 --> :46:10.080

: as part of my job. I teach business ethics at the school.

403

:46:10.350 --> :46:18.019

: but there are so many in the sales real estate game who are not ethical and not upfront.

404

:46:18.340 --> :46:22.840

: It's such an advantage for me to say what I'll do

405

:46:22.860 --> :46:24.260

: and do what I'll say.

406

:46:24.760 --> :46:27.179

: and if we shake on it. It's a deal.

407

:46:27.4 --> :46:29.219

: and then we put it on paper.

408

:46:29.530 --> :46:33.259

: and then we stick by it, and if problems arise, we fix them.

409

:46:34.130 --> :46:44.2

: So. His story was that he had come to Summerland 4 years previously from Fort St. John, where he'd grown up with his wife and his wife's mum was living in that care facility

410

:46:44.240 --> :46:46.240

: at the end of Armstrong Avenue.

411

:46:46.410 --> :46:50.6

: And so they were there for 4 years, helping look after in the care, facility.

412

:46:50.820 --> :46:55.0

: and after 4 years their time was up. Another family member was going to do it.

413

:46:55.538 --> :47:05.719

: He really didn't like Summerland. It was way too hot for him. So his wife, when I saw him, had already moved out. She'd gone back to Fort St. John, and

414

:47:05.840 --> :47:11.559

: they were really frustrated that they couldn't get the house sold because the neighboring realtor convinced him to list it 8, 9 months earlier.

416

:47:15.620 --> :47:21.240

: And not only could she not sell her own house, but she couldn't sell his again because she was pricing it so high.

417

:47:21.830 --> :47:26.479

: So the problem for him was he was really stuck. He paid 675,000 and he put another 45,000 into the property.

420: this is the offer that I ended up working out with him.
very slowly go through all the details until eventually I got something that worked

426

:48:04.470 --> :48:07.210

: because what he really wanted to do was to go home.

427

:48:07.8 --> :48:13.899

: I found a way for him to go home. I did it in a way where I had to compromise on price. So

428

:48:13.990 --> :48:16.519

: I got his property for \$675,000.

429

:48:16.910 --> :48:18.920

: I wanted to get it for 650,000

430

:48:19.3 --> :48:20.920

: preferably 640,000

431

:48:21.150 --> :48:26.149

: but because he was psychologically anchored on his purchase price of 675, that was the lowest he would go.

433

:48:29.720 --> :48:35.220

: He psychologically got over the fact that he put \$45,000 of renovations in there.

434

:48:35.290 --> :48:37.609

: He had to accept that he'd lost that

435

:48:37.840 --> :48:40.030

: because the market had dropped

436

:48:41.732 --> :48:51.609

: what I offered to do was, I said, you know, normally a deposit is paid to the seller, and it goes in trust until you close, I said, Dale. I'll give you the money upfront.

437

:48:51.990 --> :48:56.8

: and I always offer a low deposit. I'll start with 5, and then people often come back with 20.

438

:48:57.060 --> :49:10.939

: Dale was happy with \$5,000. I, said Dale. As soon as we sign the offer I will interact, which I did on the day we signed \$5,000 in cash, I said. Enjoy it, spend it whatever you want. That money's yours. We're not going to lock that up and trust count.

439

:49:11.340 --> :49:20.640

: Only put 2 conditions in financing insurance, he was able to move out of the house within 2 weeks. Drive back home, go back with his wife, who was already in Fort St. John

440

:49:22.110 --> :49:31.790

: we have a closing date of December 16th So that was one of the things I wanted, because I can't develop these lots until the good weather comes in the spring

441

:49:31.940 --> :49:37.310

: in early 2025. So I don't want to have to hang on to these for months, .

442

:49:37.730 --> :49:39.7

: paying for financing

443

:49:40.270 --> :49:57.280

: at rates where I can't get a rent that's going to cover my mortgage. So he agreed to a long closing. So it's under contract. It won't officially resort to me as an owner until December 16. But the cool thing I was able to negotiate was Dale. I'll look after your property

444

:49:57.370 --> :50:.479

: between now and December 16th

445

:50:.950 --> :50:09.499

: you grant me full possession of the property. I'll manage it for you. I'll look after it, and in fact, I will find some tenants to live in.

446

:50:10.050 --> :50:16.970

: and there was happy that tenants could have a home in the house. So I'm actually now getting \$3,000 rent between now and December on a property I don't officially own yet.

448

:50:22.730 --> :50:25.983

: and the seller's happy. So if you count

449

:50:26.4 --> :50:32.779

: July, August, September, October November, December, that's 6 months, 6 3. Take \$18,000 off 675,000

450

:50:33.480 --> :50:39.949

: and you'll see that's the actual price that I'm paying for this particular house. But again, it's buried in the creative details.

451

:50:41.6 --> :50:49.940

I said, Dale, we'll wait until the realtor listing ends. On the very 1st day after, he listing is officially taken off and we agree on this offer. The listing realtor, the wife of the house next door. She decides to play a few tricks and tries to convince Dale. We've got a whole bunch of new people interested in your house. You should sign up for an extended listing.

453

:51:07.5 --> :51:22.710

: I had to warn Dale that this is the oldest realtors trick in the book. They get their friends in to come and do showings, pretend they're interested. They claim there's a lot more traffic and traction in the property, when actually, it's just a big setup.

454

:51:23.120 --> :51:31.9

: I had to ex tell Dale. Don't fall for that trick. End the listing. We'll do this deal, and you can go home to your wife within 2 weeks.

455

:51:31.230 --> :51:39.349

: and because we had a period of at least a month of getting to know each other and me pitching all these different offers to him beforehand

456

:51:39.440 --> :51:42.339

: He trusted me and he did that.

457

:51:42.430 --> :51:46.860

: And in fact, he and I now email and text each other as friends.

458

:51:47.680 --> :51:56.890

: So now I've got 3 lots, and I've kept all the information about me purchasing the previous 3 lots from the realtor. The realtor has no idea I've snapped up the other 3, and I'm going to grab the final one.

460

:52:01.810 --> :52:10.979

: And the problem is that which I didn't know at the time she's actually moved out. So she divorced her husband, moved out, took the young child to Vancouver.

461

:52:11.330 --> :52:15.353

: and he's left up there on his own, and

462

:52:16.410 --> :52:19.799

: After some time, I track him down, had some conversations.

463

:52:19.850 --> :52:24.350

: I figure out his life story, and I found out he's in a terrible position.

464

:52:24.750 --> :52:28.969

: He didn't want to move to the Okanagan. His wife insisted. They move there

465

:52:29.430 --> :52:34.090

: shortly after they bought the house. At that inflated price she divorced him.

466

:52:34.370 --> :52:38.9

: and then she moved out and took the daughter back to Vancouver.

467

:52:38.330 --> :52:40.039

: and then her father

468

:52:40.160 --> :52:42.529

: bought her her own house to live in

469

:52:43.620 --> :52:46.530

: so not terribly good as a realtor.

470

:52:46.540 --> :52:49.159

: not terribly loving as a wife.

471

:52:49.180 --> :52:51.380

: and then just got given a place to live in.

472

:52:52.160 --> :53:02.729

The reason she was selling the house at such a high listing price was because they had vastly overpaid at \$735,000

473

:53:03.480 --> :53:11.280

: and she wanted money out of it, which is understandable. But what I only found out much later from the husband was that she didn't put a dime

474

:53:11.3 --> :53:13.139

: into the purchase of this home.

475

:53:13.680 --> :53:15.4

: He earned all the money

476

:53:15.870 --> :53:18.250

: he paid every cent

477

:53:18.380 --> :53:20.439

: he qualified for financing.

478

:53:20.7 --> :53:22.479

: but her name went on title in addition to his.

480

:53:24.790 --> :53:30.109

: and so she was willing to play with his future. It didn't matter to her

481

:53:30.360 --> :53:35.370

: whether the house really sold or not, because it was none of her money that was involved, whereas he was

482

:53:35.490 --> :53:37.369

: really stressed. Because he's lost his wife. His little daughter is far away, and he's paying to live in a house he doesn't really want to be in, and he knows the market stats, and you know no one else is coming to buy this property because it's been so mismanaged.

484

:53:50.320 --> :53:52.7

: So then I'm able to come in and say, Matt. I understand your problem.

486

:53:54.660 --> :53:56.140

: I'm going to solve it for you.

487

:53:56.160 --> :54:.260

: I'm going to with your help, convince your wife that this house has.

488

:54:02.530 --> :54:06.089

: I'm gonna build a 6 story building right next door.

489

:54:06.3 --> :54:07.779

: Rental houses.

490

:54:07.820 --> :54:22.999

: It's happening. The whole street is going to be dug up, and be a construction lot for 2 to 3 years. If you thought your house was not worth terribly much now, imagine what it's going to be worth in the shadow of a 6 story rental building and after 3 years of the street being an open excavation pit.

492

:54:26.950 --> :54:38.220

: So eventually that negotiation went through. I managed to have that property come under contract as well.

493

:54:38.510 --> :54:46.230

: The realtor-wife had initially wanted \$808,000. I purchased that property for \$630,000

494

:54:48.860 --> :54:50.560

: Because that's what it was worth.

495

:54:51.140 --> :54:54.590

: and that's what I told her it was worth at the beginning of the year.

496

:54:55.150 --> :54:57.080

: and I even had a bank.

497

:54:57.210 --> :54:58.820

: CIBC

498

:54:59.296 --> :55:01.910

: go in and do an appraisal for me.

499

:55:02.090 --> :55:06.820

: and the appraisal told me that it was worth around about \$630,000

5

:55:06.880 --> :55:11.250

: But she claimed she had her own appraisal for 700 and something.

501

:55:11.790 --> :55:15.669

: And what's ludicrous about that is, if you're a seller

502

:55:15.930 --> :55:17.8

: and you get an appraisal.

503

:55:18.180 --> :55:21.890

: you can ask your appraiser to put any number you want on.

504

:55:22.920 --> :55:25.330
: because you're paying for the service.

505

:55:26.390 --> :55:31.029
: and the appraiser will do that because they're paid, regardless of whatever price is on the appraisal.

506

:55:31.060 --> :55:33.539
: But when a bank requests an appraisal

507

:55:33.640 --> :55:40.049
: they know that they're going to have to stick by that appraisal because they're going to be lending on it. So they've got skin in the game.

508

:55:40.350 --> :55:43.899
: And this realtor couldn't understand that.

509

:55:44.240 --> :56:04.680
: What's really frustrating for me on behalf of the husband was that because she had not a single penny into the property, she wasn't losing any money, but she knew that any price less than \$735,000 – they've got to pay back the mortgage - if she can get anything over that \$735,000, she would get 50% as part of the divorce proceedings.

510

:56:06.150 --> :56:13.630
: So this is something I figured out. I had long conversations with the husband, saying, here is my perception of what's happening.

512

:56:16.730 --> :56:21.119
: and this is why I feel like you're not being treated very well in this situation.

513

:56:21.350 --> :56:25.989
: I will work with you, I said. I can't offer you more than this price. (\$630,000)

514

:56:26.020 --> :56:35.890

: But what I will do for you is I'm not going to screw you, because I know you're losing money on this transactio., I said. I will bring you in as an investment partner in the project.

515

:56:36.520 --> :56:51.940

: You won't get cash out of the deal, because the bank's gonna take it all, all your equity is gone. But if you have registered savings or other money, I will bring you into the deal. I said over time, you can become a limited partner with me on this and other projects, and I will make you whole.

516

:56:51.980 --> :56:57.590

: and not only that, but I'll help you get into projects where you'll actually make money.

517

:56:57.870 --> :56:59.960

: So that's been my long-term commitment to him.

518

:57:.580 --> :57:17.189

: So here's the vision. Here's what's going to go on these 4 lots. Construction is expected in the New Year. So there's the bird's eye view. There's the big packing plants we're going to have screening various tools to make sure this is not a focal point of people looking at it

519

:57:17.460 --> :57:20.960

: right now, we're looking at putting in four 6 story buildings.

520

:57:21.130 --> :57:24.509

: We think we'll do one here. Here, here, here.

521

:57:24.690 --> :57:29.879

: we're going to have a single underground parking lot of one storey.

522

:57:29.980 --> :57:32.080

: 120 units in total.

523

:57:32.581 --> :57:41.990

: We're going to come in off this side street. This actually looks like a main street. It's a little side lane, but have the entrance here, and the car park will extend under all 4 buildings.

524

:57:42.3 --> :57:49.950

: Everything around here will be landscaping benches, paths, nice places to sit outside.

525

:57:50.210 --> :57:51.670

: The sun

526

:57:51.9 --> :57:53.650

: rises.

527

:57:53.720 --> :57:57.119

: Let's see, sunrises on this side

528

:57:57.750 --> :58:04.530

: goes around this side. So whenever I'm developing, I'm always aware of which way buildings are pointing

529

:58:04.610 --> :58:08.259

: because you want to make sure you get maximum light

530

:58:08.4 --> :58:09.480

: coming in

531

:58:09.750 --> :58:13.180

: to make these units as livable as possible.

532

:58:14.750 --> :58:19.309

: So this is what will end up, as it'll be about 35 million dollars to put it together.

533

:58:19.380 --> :58:25.799

: we'll have 120 rental units that will specifically catered toward older citizens, but not exclusively.

534

:58:25.960 --> :58:35.369

What that means is everything on the ground floor you will be able to roll in with a wheelchair. We'll have elevators that are wide enough for a wheelchair to enter and turn.

535

:58:36.660 --> :58:45.479

: We will have significant backing in walls and ceilings in the events that perhaps a bed lift

536

:58:45.530 --> :58:48.620

: or a bath lift has to be installed.

537

:58:48.820 --> :58:58.729

: So anyone else coming into the building will not know that we put in these extra elements because they'll be pretty much invisible to the naked eye.

538

:58:58.810 --> :59:11.579

: But we know that Summerland has a very large retirement community. There's a big gap in Summerland because families grow up, children leave, and because there's little to no housing stock there's no way to downsize to.

539

:59:11.890 --> :59:15.039

: And so older people end up staying in their

540

:59:15.060 --> :59:23.380

: 2, 3, 4 bedroom homes which then prevents a new family coming in. So there's a piece of housing stock that's missing, which is smaller, self-contained rental accommodation. And that's what we're going to offer.

542

:59:28.130 --> :59:31.059

: I've spoken to one city counselor. He loves the idea.

544

:59:35.4 --> :59:38.5

: I've had 2 pre-conversations with the planning dept.

545

:59:38.570 --> :59:39.990

: Love the idea.

546

:59:40.240 --> :59:43.029

: We're going to have that 1st meeting with them

547

:59:43.120 --> :59:46.779

: where we deliver our initial plans, probably in about a week's time

548

:59:48.874 --> :59:56.460

: Unexpected moments. There's always something unexpected that happens the day that I was traveling from, so

549

:59:56.660 --> :59:58.909

: I have never seen inside

550

:59:59.410 --> 01::01.339

: 3 of those 4 houses.

551

01::01.350 --> 01::05.839

: Only Dale, the older guy, ever been inside with the others I haven't even seen, even though I own them.

552

01::06.520 --> 01::20.599

: I would have gone inside the 2 I bought from on the estate sale, but I was driving to the Okanagan with my van loaded up with furniture and other belongings that I was taking to a house where I live when I live in the Okanagan

553

01::20.640 --> 01::28.630

: and in the on the Coquihalla highway in the middle of very steep mountains. My engine died.

554

01::28.740 --> 01::33.930

: The alternator broke. It was a Sunday night, and I got stranded by the side of a highway.

555

01::34.680 --> 01::44.049

: and I eventually, after several hours, wait, got towed into a small town about 30 kilometers down the road. They dropped me off in the Canadian Tire car park late at night.

556

01::44.290 --> 01::46.169

: That's where I had to spend the night.

557

01::46.850 --> 01::47.990

: And so

558

01::48.890 --> 01::49.950

: this is

559

01::49.980 --> 01::52.869

: my dog and I waking up in the morning.

560

01::54.513 --> 01:01:04.750

: There's Canadian Tire. We went inside. It's a very old vehicle, 1994 VW. Eurovan. They refused to look at it on the 1st day

561

01:01:04.860 --> 01:01:06.390

: they said, we're too busy.

562

01:01:06.970 --> 01:01:08.429

: which I couldn't believe.

563

01:01:08.450 --> 01:01:17.169

: That meant I had to spend another night living in the van because I couldn't move it. And I had to like, that's my computer. I've got valuables.

564

01:01:17.180 --> 01:01:22.709

: There's nowhere close by. I have to literally walk each piece to a hotel room, and

565

01:01:23.010 --> 01:01:29.470

: everything is too big, and there's lots of itinerant, homeless people hanging around the park at night.

566

01:01:29.850 --> 01:01:34.110

: In the end I spent 3 nights, and 4 days

567

01:01:34.350 --> 01:01:36.190

: living with my dog

568

01:01:36.370 --> 01:01:37.790

: in that car park.

569

01:01:38.120 --> 01:01:43.6

: I called the inspector. I missed the meeting to look at the house, so he did the inspections on his own.

570

01:01:43.8 --> 01:01:47.440

: I turned the McDonald's up the way into my office.

571

01:01:47.780 --> 01:02:32.9

: I would sit at these benches during the day. I did a quarter million dollars of deals sitting at these picnic benches over 3 nights and 4 days.

572

01:02:05.820 --> 01:02:05.459

: and then at night I would sit in this area.

573

01:02:05.550 --> 01:02:08.790

: which is where the Canadian Tire workers would go out and have smoke breaks.

574

01:02:09.010 --> 01:02:12.599

: and I could pick up some wi-fi from McDonald's here.

575

01:02:13.0 --> 01:02:21.119

: and so it would be, you know, 11 o'clock at night, and I'd be watching Netflix with my dog in the empty car park

576

01:02:21.180 --> 01:02:24.810

: on that computer until magically

577

01:02:25.980 --> 01:02:32.969

: at midnight, the Internet would stop. Netflix would go off, and my dog and I would go back

578

01:02:33.220 --> 01:02:36.029

: and we would camp in the car again for the next.

579

01:02:36.860 --> 01:02:43.858

: The second funny, unusual thing happened. When I received a call from Dale, the older guy.

580

01:02:44.430 --> 01:02:52.420

: Saying he received a message from his neighbor, he said, I'm going to text this to you. Better take a look.

01:03:06.130 --> 01:03:08.859

: And he showed me an image of

585

01:03:08.9 --> 01:03:10.309

: a young woman

586

01:03:10.7 --> 01:03:12.390

: literally sitting

587

01:03:12.490 --> 01:03:14.159

: on top of that roof

588

01:03:14.290 --> 01:03:16.420

: in the middle of day drinking.

589

01:03:18.140 --> 01:03:19.560

: So someone

590

01:03:20.870 --> 01:03:24.369

: had found out that the house was empty because the tenants weren't in there yet.

591

01:03:24.550 --> 01:03:31.260

: There was no ladder left behind. They scaled the house, climbed on top of the roof, sitting next to this vent, just drinking.

592

01:03:31.370 --> 01:03:41.880

: and the neighbor across the street, photographed it, and texted to Dale in Fort St. John. He texted it down to me and said, Do you have any idea? I said. No, Dale, I'll figure it out.

593

01:03:42.3 --> 01:03:45.120

: and in the end I couldn't. I didn't find out who it was.

594

01:03:45.470 --> 01:03:49.070

: So that's the second strange thing that happened on the purchase of these.

595

01:03:50.170 --> 01:03:58.770

: All right. Quick sum up of what we've got, because we're very close to the end. Here's the 4 lots. We've got 6 80,0 for point 3 4. That's

596

01:03:59.150 --> 01:04:02.420

: this particular lot, the big one through the estate sale

597

01:04:02.690 --> 01:04:10.259

: number 2, \$675000, .2 acres. That is Dale's house. The old gentleman. It's that house.

598

01:04:13.580 --> 01:04:23.560

: The 3rd lot is 635,000. That was the realtor's lot and 635,000 was the second lot

599

01:04:23.630 --> 01:04:27.810

: from the exec Executive's estate was that particular one. So all in

6

01:04:28.463 --> 01:04:29.670

: I'll be

601

01:04:29.7 --> 01:04:34.3

: fronting more than 2.5 million dollars. They all closing December 16th

603

01:04:42.154 --> 01:04:49.209

probably late March early April is when we're expecting to start demolition excavation.

604

01:04:50.310 --> 01:05:03.140

: To finish things off for those of you who may watch the recording for everybody who is here. I know many of your names, quite a few of you have invested with me on previous projects.

605

01:05:03.260 --> 01:05:08.959

: Here's the opportunity. I opened this up a couple of weeks ago to those in my investor network.

606

01:05:08.970 --> 01:05:13.230

: We're half sold out on this on this already.

608

01:05:19.560 --> 01:05:35.779

: We're raising a million dollars total for the duration of the project, and the duration is going to be 3 years. I believe it'll be shorter than that, because we're going to do an all in one very interesting, unique, creative financing, whereby we're going to get one lender.

609

01:05:35.990 --> 01:05:38.381

: They're going to give me purchase mortgages on all 4, 20% down.

611

01:05:45.150 --> 01:05:57.340

: Then we'll segue straight into a commercial construction loan. Normally you would have to break those original mortgages and start a new construction one. But we're going to segue straight into construction, which will save costs.

612

01:05:57.470 --> 01:06:12.6

: And then at the end of it, when we finish construction. The same lender is accredited with CMHC. But then we will move straight into seamlessly an MLI program which is what encourages developers like me to build rentals.

613

01:06:12.750 --> 01:06:15.980

: and so we will likely only have to leave

614

01:06:16.040 --> 01:06:20.820

: 5% of equity inside the 35 million dollar deal.

615

01:06:21.180 --> 01:06:29.820

: So we get the cash out a lot of our equity. We'll end up with 4 buildings, lots of rental suites, a good return

616

01:06:30.2 --> 01:06:36.760

: and because I have a business trust, my investors - you if you wish to join me can use cash. Or you may also use your registered funds to your IRA or your TFSA.

618

01:06:43.350 --> 01:07:06.9

: Final pitch for a project. We closed the 1st tranche on this earlier in the year. We're doing a very small second tranche on this one. This is a project in Vernon, in the North Okanagan. It is a very large project. We control 350 acres, 350 acres of rural land. It's near the luxury resort of Predator Ridge. It's 10 min away from Vernon.

620

01:07:13.310 --> 01:07:17.989

: Part of the area you see, there will be turned into an entire new satellite city.

622

01:07:20.510 --> 01:07:25.170

: with potentially up to a thousand new small footprint homes in the space.

623

01:07:25.320 --> 01:07:33.7

: if that longer term project. Because we're talking 6 years interest you. I still have some space in the second tranche.

624

01:07:35.040 --> 01:07:41.210

: Alright, everybody. That's officially the end. That's officially the end. I don't want to keep you any longer.

625

01:07:41.250 --> 01:07:52.570

: If you do have any questions about anything, though I'm happy to answer those questions now. But if you are done and dusted, feel free to head off on your way.

626

01:07:52.580 --> 01:07:58.340

: I'm going to end the recording, and I'm ready to hang around and chat for anybody who'd like to chat.