



Learn How to Make Wise Real Estate Investments In Today's Marketplace

- Teleconference Call Transcript -

With

Mark Huber and Dave Peniuk & Julie Broad



- The Audios -



MP3 Click this link to listen to the entire recorded interview...streaming audio
<http://HowToBeSetForLife.com/Audios/RevNYouRealEstateTeleconferenceCall.mp3>



Click this link to "download" the interview...
<http://HowToBeSetForLife.com/Audios/RevNYouRealEstateTeleconferenceCall.zip>

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

Mark Huber: Well, hello, and welcome to “Learn How to Make Wise Real Estate Investments in Today’s Marketplace” teleconference call. My name is Mark Huber and I welcome each and every one of you on the call that are listening in this evening. For those of you that don’t know me, I’m a certified financial planner. I’ve worked in the financial services industry for over 22 years. And this evening the guests are husband-and-wife team, successful entrepreneurs and real estate investors, Dave Peniuk and Julie Broad, who are in their 30’s and essentially semi-retired. We’ll ask how that is possible a little later when we bring them on the call. However, of course, we don’t want to be misleading as most people think of retirement as drinking little umbrella drinks on the beach somewhere. They, of course, defined retirement or semi-retirement in this case, as doing what they want to do and when they want to do it. And the reality is that they are still working a lot in their company, Rev N You and, of course, in their investments. So, frankly, I agree with their definition of retirement because in my mind we are all working towards that date or a period in our lives when we will each hopefully have the luxury of not having to work anymore. And if, in fact, we are working we are doing it because we wish to and love to, not because we have to. And I trust that this important distinction is not lost on those of you listening in. So shortly we’re going to be finding out how Dave and Julie are in this enviable position at such an early age and, of course, that’s why you’re all here. However, before I introduce them and give them up to you

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

and ask them to share their secrets, briefly my reasons for hosting this evening's call is that I've long believed and recognized that my role as an advisor is to partner with individuals and to assist them in creating prosperity and financial peace of mind for themselves and for their family. And so to that end, I work proactively to bring the most innovative planning tools, strategies, ideas, people and products to the attention of my clients on an ongoing basis. And I subscribe to the idea that when we discover something of great value, it is our obligation and pleasure to share it with others, and that's why I have Dave and Julie on the call today. Don't worry about writing anything down on paper unless it's questions that pop into your mind that you'd like to have answered later on on the call. We will have a Q&A, bear that in mind. But in the meantime, just sit back and relax and listen and enjoy. Of course, we are recording the call and the call will be available as a replay audio with a transcript very shortly. We'll apprise you of that. You've just got to love technology when you can download the information, listen to it again and again on your iPod or when you're jogging or driving and, of course, share it with friends. Because you want them to succeed as well. Today's topic, of course, is entitled "Learn How to Make Wise Real Estate Investments in Today's Marketplace." I think a very timely and aptly called title. So I'm delighted to be joined by husband-and-wife team, Dave Peniuk and Julie Broad who are in their 30's and are essentially semi-retired as I had mentioned earlier. Their list of real estate accomplishments span over eight years of work in the real estate investing arena. And they also

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

maintain a full-on website and blog which I encourage you to check out. And I believe that's how I initially got involved with them and their program. Their website is very cleverly entitled and is a play on words, revnyou.com, that's r-e-v-n-y-o-u.com and their blog is by the same title r-e-v-n-y-o-u.wordpress.com. As well they are fresh off of launching their very first tell-all, real estate investing secrets, home study course, and I have asked them to talk about that as well on the call today. To say these two individuals are not busy would be a huge understatement and that's why I'm so pleased that they're able to make the time to be with us and to share their story on the call this evening. So it's with great pleasure to welcome Dave and Julie to the call. So welcome both of you.

Dave Peniuk: Well, thank you, Mark. We really appreciate you inviting us and we're looking forward to chatting, me in particular.

Mark: Well, I know you have a lot to say and it's good quality information and people I know will hang on the call to hear everything that you have to say. Because everyone wants to succeed. Real estate is a very near and dear topic to all of our hearts. And perhaps you could just take a few moments and set the stage, perhaps a brief overview of your backgrounds, credentials, and then, of course, bring us into the meat and content of the call.

Julie Broad: Yeah, sounds good.

Dave: Sounds good. So I'll just try and briefly talk about my background. Basically, the only thing that I've done really consistently over the past eight years or so is investing and talking about real estate. My career actually has changed a few

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

times. I started in market research with a background in psychology and then I moved into being a residential mortgage broker and now I'm doing kind of some part-time work as a commercial mortgage broker. So I'm very much involved in real estate in all facets of my life especially over the last eight years. But my education, my kind of informal education, came from my parents who did a lot of fix and flip its over the years. My dad's very handy. He's a commercial fisherman and loves building houses and my mom's very good with interior design. So I learned from a young age just kind of what they did and how they're involved with real estate. And, in fact, I bought my first rental property when I was 19, doing my undergrad, with my mom. And we bought it as a property and actually held on to it for about 13 or 14 years. But I kind of stopped investing when I was busy with school and spending large amounts on tuition until I met my now-wife, Julie, in 2000. And we got going again then.

Julie: And that was after we read the book *Rich Dad, Poor Dad* by Robert Kiyosaki. We both decided that we wanted to get our money working for us so we set about starting to buy our first couple properties.

Dave: But after those first two properties I didn't think we were getting rich quite fast enough, which a lot of people seem to think about real estate, they can make it quickly. And sometimes you can. But after two, I definitely thought, there's more to it. I got to make some more money.

Julie: Okay, we'll come back to that. I don't know if you guys were on the call before we started but Dave's a big talker. So you may find I have to interrupt him a

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

few times just to get a word in. [laughs] I'm sorry. So my background is similar to Dave's in that I also came from an entrepreneurial family and almost everybody in my family, my parents, grandparents, even aunt and uncle, they've always been real estate investing although most of them were focused on commercial real estate. But I always had an interest in real estate and I solidified that interest when I made it into a career choice when-- not only did Dave and I start buying residential properties together but I decided to go back to school and do my MBA. And I did it real estate and finance. And we did that in Toronto at the Schulich School of Business. After that I took a job in the real estate industry with Canada's leading real estate information services company, RealNet Canada. And with them I learned all about the new homes industry, the new home construction industry in Toronto and Calgary and got a really good foundation in commercial real estate, too, across Canada. So as Dave started to allude to, after the first couple of properties we purchased, we were making money but we weren't getting rich and this was a little frustrating for Dave. So one night when I think I was at school studying, Dave was sitting at home in our condo and was watching TV, you know, late-night TV. And one of these guys came on talking about all of these people who had retired within 12 months after taking this course. So he went to the free little seminar they had at a hotel near his office at lunch hour the next day, and he signed us up for a weekend course. And I think that first weekend course cost about \$2,000?

Dave: About that.

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

Julie: Yeah. And we sure learned a lot but what that course really taught us was how much more there was to learn. It's actually really interesting looking back at that because the course was really effective at getting us really excited about real estate, you know. We had dreams of rich, being rich, retired and free, you know, pretty much instantly. But they also were very effective at scaring us absolutely to death. So we were so pumped and so excited to get property but we also were terrified of all of these horror stories they told us. So we signed up for \$15,000 more in courses. And we even spent \$3,000 with them to set up a fancy triple-tiered corporation to protect our assets because they did everything in their power to make sure that we thought that had to be done. And it's not to say that these courses didn't work. I don't want to leave you guys with that impression because they actually did. We bought three properties with a total of 12 units and had about \$1,5000 a month of cash flow coming in, you know, pretty much right after taking all of these courses. And we also did a quick flip that put a few thousand dollars in our bank. So we were making money but that only lasted a few months. And that's where I start to let Dave take the blame. [laughs] It's easier for me to let Dave take the blame for all of these properties and problems that followed.

Mark: Of course.

Dave: Yeah, but, of course, if we had made millions and millions of dollars on those deals, then she would have taken the credit and I would have--

Mark: Yeah, of course.

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

Dave: I would have [inaudible, laughing] so-- anyway, so that's okay. That's what lovely partners are for.

Mark: That's right.

Dave: When it's good and not when it's bad.

Mark: That's right.

Dave: But anyway, thanks to two of those three properties that I bought and, yes, just my name was on title. Julie wanted no part of them. Probably a couple of years after I was fined in court for fire-code violations which I fought, but that's a whole other story. And I also got lovely publicity in the local newspaper about the absentee owner is charged with a fine for crack house.

Julie: And that was actually the title of the headline in the newspaper was, "Absentee Owner of Local Crack house Charged." That was the title of the newspaper headline.

Dave: Yeah. 'Cause I lived about a two-hour drive away from where these properties were and, of course, the journalist didn't bother calling me for my comments. She only wanted the nitty-gritty from the police officers and fire marshals and all the people that were up against me. But anyway, I digress.

Julie: But we also-- telling all our bad stories here, but we also had a property manager steal rent money from us and we managed to lose money on a property in one of the hottest housing markets in history. But we'll actually tell you the simplest trick in the book that will save you from making that same mistake, and we'll talk about that near the end of the call.

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

Dave: Yeah, and thankfully we recovered from most of our mistakes. We, of course, still make the odd one here and there but we've refined our process considerably. And although we're not living the life of luxury that everybody wants but we're, you know, we are very comfortable and we're free to do what we want to do each day which is, you know, alludes to a semi-retired lifestyle that Mark pointed to earlier. And we're very fortunate for that and we've worked very hard for it. But the hardest part, actually, is to acknowledge and accept that most of the financial problems and stress that we've dealt with with these properties over the years, about 90 percent of it, was totally preventable. And that's kind of, I guess, the most difficult issue. But also it's enlightening as well to know that we could have prevented most of these mistakes we've made. And that's one of the reasons why we started Rev N You about three years ago, talking to--

Julie: Yeah, it was actually three years ago in April was when we started our newsletter.

Dave: That's right, yeah. And we decided we had some great stories to share, not only from laughing at some of the mistakes we've made but sharing this with other potential investors to avoid these mistakes. Because you can prevent, well, as I said, at least 90 percent of them.

Julie: And now we set our goals and we only buy properties that meet our goals and we've stopped trying to get rich tomorrow. And we started to focus on a very steady path to massive wealth and it's not overnight but it's not going to take a

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

lifetime for us to get rich, either. I mean, we're already millionaires if you want to-- we don't like to-- it makes us uncomfortable to say that but, you know, our balance sheet is we're millionaires so that's pretty good.

Mark: Well, we are Canadian. We like to down peddle the fact the we have money or resources, right?

Julie: Yeah, it's true. It's true.

Mark: That's the Canadian way. Our investment style and philosophy are very similar, it's all about having assets grow with constancy and consistency. And I believe and encourage our clients to believe that the ballgame is not necessarily trying to always hit one out of the ballpark. But instead just to get on base, steal second and finally be in a position to slide home.

Julie: I like that analogy. That's great. So we're going to dive into it now, Mark, if that's okay.

Mark: Awesome. Let's go for it.

Julie: Okay. So before we do I'm just going to say a quick caveat, of course, you know, any advice and anything we say here is specific to our situation and as much as our process we firmly believe it can apply to just about anybody, we also highly recommend that-- kind of like they always say before you start a diet program, speak to your doctor. Well, before you do this make sure you're getting advice from accountants and lawyers and the people that you need to get advice from, 'cause everybody's situation is different. And depending on where you live, your laws and things that you can and can't do in your area will be

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

different as well.

Mark: Well said.

Julie: So with that caveat, I'll let Dave go back to talking.

Mark: Okay, Dave. You're on.

Dave: Okay. So before we jump right in, I'm excited to do a little quiz here and Mark's told me that he should be able to register and count roughly what the answers are from you our listeners. So I'm going to give you a little quiz on a couple of different properties and these are two deals that we bought in the past. And I'm going to just go quickly over the numbers and the descriptions and then I'm going to ask which deal is the better deal.

Julie: So does everybody know how-- Mark, do they know how to raise their hand?

Mark: Not yet. For anyone to raise their hand in a virtual environment, all they have to do is hit the number 5 and then the star button on their touchtone pad. So it would be 5-* and that would raise their hand virtually. And then they would do that again to lower their hands.

Julie: Okay, great.

Dave: Okay. So I'll start with the details of these two properties and then we'll get them to raise their virtual hands on which one they think is the better deal.

Mark: Awesome.

Dave: Okay. So the first property, we'll just call it "Buchanan." And Buchanan was a property that had an estimated rent, so this is going into the deal, of about \$3,600 a month. It was a small apartment building, about six units. So

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevYou.com>
All Rights Reserved

averaging about \$600 per unit per month. And the price, approximately, was going to be about \$150,000 which seems very cheap these days. And in essence what it was, it was in a city of about 80,000 people and fairly close to a major metropolitan area. And this six-plex-- what we often use is our one-percent rule and in the one-percent rule we quickly take what the approximate monthly rent is going to be and we divide that into the either purchase price or the anticipated purchase price. So in this case, you take \$3,600 and you divide that into the \$150,000 and you get 2.4 percent. Typically, as a general rule of thumb, the one-percent rule, as we call it, is basically going to be a cash-flowing property. So we always use that one percent every time we're starting to look at a property.

Julie: Yeah, anything one percent or over is typically going to be a cash-flowing property. It's just a general rule of thumb.

Dave: Yeah, and that takes into account your expenses and your financing and your down payment and all those different factors. But anyway, just to kind of give you an indices to use. So that's at 2.4 percent. As we said about a one percent or better is usually a good deal. On the second property, we'll call that Marshren, on Marshren the estimated rent was about \$1,600 a month. The approximate price was \$152,000, so pretty similar although the rent was a lot less. It was in a city of about 100,000 people and fairly close to a larger metropolitan area and it was a duplex. So only two units in this particular property. On a one-percent rule, basically you take the \$1,600 a month and

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

divide that into the \$152,000 and that comes out to be just over 1 percent , 1.05 percent on the one-percent rule. So based on that alone you would think, okay, they both should be cash-flowing properties. So based on those numbers and those little bit of stats I gave you, would you choose Buchanan, the first property, the six-plex, or Marshren? So let's start with Buchanan.

Julie: So if you would have chose Buchanan over Marshren, raise your hand which you do by pressing 5-*

Mark: Okay, and counting the score, some people just like to listen and lurk as well, so that's okay.

Dave: Of course.

Julie: You could just say percentage, well, yeah, percentage, I guess you can't really do that so-- yeah.

Mark: No.

Julie: Okay, so take a note of the number, Mark, and then we'll get people to raise it for Marshren and you tell us which one had more.

Mark: Oh, okay.

Julie: Okay? So if you just put your hand up, now you have to put your hand down.

Mark: That's right, which is 5-* again.

Julie: So please put your hand down.

Dave: And then so how many of you would choose the second property, Marshren which was the duplex with the \$1,600 a month rent?

Julie: So once again 5-* to raise your hand.

Mark: The group doesn't look quite as sure on that one. I'm seeing some hands raised.
A little tentatively, actually.

Julie: Okay.

Mark: Okay, I think that's about the same length of time as the first one. Okay, we have the statistics. Number one was the one that beat handily over two.

Julie: Okay, so Buchanan, people would have bought Buchanan, okay. So just so we don't get confused later, make sure you put your hand down if you put it up, so hit 5-*

Mark: Excellent.

Dave: All right, so with that note, congratulations, you would have bought the crack house with me all those that chose Buchanan. So I'm not the only one that made that mistake, I guess.

Mark: Now can you explain some of the rationale behind that or is that coming later?

Dave: Of course, of course, I will. Yeah, it's an interesting little test that we like to do. The rationale being is-- I'll tell you on a qualitative perspective first why Buchanan was not a good buy and Marshren was a very good buy. Basically, qualitatively wise, and this is really we've learned this over the last several years and in more of our recent purchases, is we didn't do enough research on the market itself, both the city it's in and the submarket itself. So when I found Buchanan it had great cash-flow numbers as I just discussed. I mean, \$3,600 a month rent on \$150,000 purchase price seems like a no-brainer. It looks absolutely fantastic. And it was fantastic for the first few months. I was

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

bringing in a lot of money from that. However, as I said, I didn't do enough research on the market. I didn't look at the vacancy rates, for instance, in that particular city. The vacancy rates were sitting about three, three and a half percent and they were rising. So they were trending upwards. Whereas the Marshren property, they actually were trending downwards and were only about one and a half percent. So three percent or three and a half percent vacancy is still very low but when you can compare it to one percent or under one percent, it's actually pretty high.

Julie: And the trend is important.

Dave: And the trend is very important as well. So that was one of the factors that I didn't really look at. Another factor I didn't look at was the actual local, the submarket itself. So Buchanan was actually in a very, I don't want to say a very poor part of town, but it was in a more neglected part of town where there was some drug trade. I later found out there was some prostitution, et cetera, et cetera, which you didn't see, or I didn't see, every time I drove over there. So it's not like I just bought this sight unseen but I'd go over there on a Saturday afternoon and it was sunny out and it looked pretty nice. And I didn't see bad people around. But the problem was that the bad people showed up at night or the were inside all day and you wouldn't see them. So I didn't study enough about that submarket at all. And then there's other indications as well such as management, property management, which is a very, very key component to being a successful real estate investor. And the big issue with Buchanan was I

couldn't find a reputable, well respected property manager to take on this property and that is almost always your first indication that this might not be a good sign. Whereas Marshren we actually knew a property manager at the time and he was very well respected and he was more than happy to take it on from us, and we knew him and we trusted him. He was actually a family friend for many years. So those three or four items were absolutely huge and paramount in one of the main reasons why Buchanan was such a failure. Another issue was just that I didn't anticipate how much time I had to put into that property because it was a very high-stress property. The manager, the only person that would take it on was somebody that I wouldn't recommend you, I don't know, walk down a dark alley with, put it that way. [Laughs] He was an okay guy but he was not a professional, let's just put it that way. And it took a lot of time to, for myself, to drive back and forth to the city and manage it. So it was very stressful as well.

Julie: And not to mention the numbers. So now you can tell them the numbers.

Dave: Yeah, so that's all the qualitative side and the research side of why it was a poor decision. But numbers wise, as much as it started at \$3,600 a month and it was a cheap buy, what happened over time is as the manager I had started to get lazier and he didn't feel like working and I won't get into all the details. Basically, there was more and more vacancy and we more-- we wanted to try and get better tenants in but we just kept getting worse tenants or we wouldn't rent it at all because we didn't want worse tenants in there. So what happened is

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

the six units became five, became four and there was stretches of time where I only had two or three units rented for three or four times at a time. And I couldn't devote any more time to renting it out nor did I want to. So the rent started at \$3,600 but by the end when I finally sold it a year ago, it was only bringing in an average of about \$1,500 a month. Whereas Marshrend had increased from \$1,600 a month when we bought it, it's up over almost \$2,500 a month now rent. And it's worth almost \$400,000.

Mark: When it comes to real estate, location, location, location is still the key.

Julie: It plays a big part.

Dave: It plays a very big part and, you know, so you look at all these figures and stats and you wonder, wow, it's amazing that the \$3,600 a month one could be such a poor buy. But unless you're a very hands-on person and you're living in that area and you have no issues, you know, working with any type of person, you can do a lot of the work yourself, it can be a great valuable property. And there's people that have made millions on those types of properties. But believe me, they are a pain in the butt and we do not recommend, most people, jumping into them. So it really comes down to that numbers are not everything. It's quality of life as well. And that's-- we've chosen quality of life over making an extra \$400 a month with a stressful property.

Mark: Good choice.

Julie: We think so. [laughs]

Mark: Can I just ask a quick question and play-- just jump in here?

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

Dave: Sure.

Mark: When you were doing your initial research, looking at vacancies and trends, you know, for people that maybe would like to go down this path, explore it, I'm sure you'll lay it out in your course, but maybe just as a little tidbit, where does one go to find this type of information? Is it disseminated to the public at, you know, municipal halls or places like that?

Dave: Yeah, that's a very good question, Mark, and by all means, we do talk about it at great length in our course. But to give people a bit of feedback and tidbits of information, in Canada probably one of the best places to go to is CMHC, so Canada Mortgage and Housing Corporation. So C-M-H-C. And that's our Crown corporation that insures, you know, billions of dollars in mortgages every year for residential mortgages and apartments. And they do vacancy rate studies at least twice a year in all the markets across Canada which is a fantastic resource. And you can trend with them as well. So CMHC, I think it's-- it's got a French title on it, too, but maybe just look up CMHC, you can Google it online.

Mark: Okay, so this is an online service.

Dave: Yeah, it's an online service, exactly, and it's free. It's free. There's no cost to get the reports. You have to just have access to a computer, the Internet and have Adobe PDF on your computer.

Mark: Which most people should have.

Dave: So that's a great way. And in the States you can actually do the same thing. Do

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevYou.com>
All Rights Reserved

a Google by vacancy rates, by your particular city or area you're looking at, and the States actually has a ton more stats and research online than Canada does, unfortunately. But-- or fortunately for U.S., unfortunately for Canadians. So that's kind of the best. That is Google the stuff and look up vacancy rates and population growth and employment by your particular city and there's a ton of information online to get it.

Mark: One last thing before we move on. Now you had said that you should have maybe spent your time in the neighbourhood, you know, just to try and see, you know, who's living and walking and moving around. Would you advise that people do, in fact, spend more time and how would you do it or how would you now do it to suss out the neighbourhood?

Julie: Yeah, absolutely, I mean, we do some of our buying from long distance so we're not always there. We always go and check it before we make a purchase but we might not necessarily live where we buy. So you might not have the luxury of being able to be there at all times. But you can get a lot of stuff online nowadays just by doing searches and keeping your eyes open. And then I would say if you can't walk around and check things out at all hours of the day and night, which I would recommend you do if that's possible, but if you can't you want to make local contacts anyway. And if you start looking for a property manager and you find property managers that don't want to manage this property, then start asking why and talk to real estate agents and see what they have to say about that area and about that property. You don't have to be

there to figure out if it's going to be a decent area. You just got to be inquisitive and ask some questions and, you know, keep your mind open and always kind of dig a little further whoever you're talking to.

Mark: It would be interesting to know what went through the mind of the owner who sold you Buchanan, what his reasons or her reasons were at the time.

Julie: Well, actually, we took a mortgage from that person so we actually understand them quite well but--

Mark: Okay.

Julie: -- that's a story for another day. [Laughs]

Mark: Yeah, of course. There's always stories with real estate.

Julie: Exactly.

Dave: Yeah, exactly.

Mark: Anyway, we'll move on.

Dave: Yeah, so, I mean, I'll just lead into kind of-- it's a good segue into our course.

Not so much that we're trying to sell it or anything because it's only available to our current revenue subscribers anyway at this point. But it does break down nicely kind of what process we follow stringently now to avoid the Buchanans and to buy more and more of the Marshrends. So in that course itself, basically we have five steps and they start with setting your goals and that's very, very important. And Julie is the goal master so she'll talk a little bit more about that. Step two is researching the markets which we've talked about a little bit. Step three is finding and analyzing properties, again, looking at the numbers and

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

what is a good deal and what's not. Step four is, of course, making your offer and actually buying the property. And step five is making money from the property and potentially managing it.

Julie: And if those steps sound simple, it's because they are. And real estate investing is absolutely simple.

Dave: But it's not always easy and we always stress that. It's not an easy game but it is simple.

Julie: Yeah. And don't listen to anyone that says it's easy. Don't believe them. Sorry, the easier someone makes it sound it probably is more likely going to be a disaster. Not always but-- anyway. There is some work involved, you know, we're not going to try and pretend that we don't do any work when it comes to real estate investing. But what we do now is we set our goals and in our goals we dedicate time up front. So we do the research on the properties and on the market so that when we own the property, we're not spending a whole bunch of time. But our goals are going to be different than other people's goals. Some people are going to have more time than they have money. You have to look at your own goals and figure out what works for you. For us we don't want to have a bunch of properties that are taking time away from us. One of the reasons we love real estate and we got into it in the first place is because real estate allows you to make money while you're sleeping. And when we say that we just mean that real estate allows you to not be there. So you don't have to be there, you know, nine to five to answer the phone to handle your real estate

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

investments. You can make money anytime, anywhere. So if you want to pick up and go to France for two weeks, no problem. You've got your email and you're good to go. So in our goals, we're specific about the amount of resources. And resources includes energy, time as much as it does money. And we think about what we're willing to invest. And in other steps of the process, I know goal setting in the first place would have prevented us from buying Buchanan. But in our steps that we've now implemented, we would have eliminated Buchanan even if it got past our first check which is always, does this property meet our goals?

Dave: And, yeah, basically it didn't meet our goals or at least my goals because I didn't really have goals except to make money from real estate which that could be considered a goal but it's not really. It's not an attainable goal. It's not a measurable goal just to make money. You need to know specifically how much money you want to make, how you're going to make it and what steps you're going to take to make that money. And I didn't take all those steps to firmly know what my goals were. But if you want to look at things in the long term and real estate we really strongly believe is an absolutely amazing moneymaker and net-worth builder over the long term. But if you look at those and you look at it over a ten-year term or even a five-year term, then you just keep breaking it up into pieces shorter than that, of course. Start from five years, then what do you have to do in the next three to five years? What do you do in the next year to reach each of those goals?

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

Julie: And basically-- that's good, I like how he's saying it, but I just want to add that basically what you want to look at is where you are today, where you want to be and how to fill that gap in between. You want to figure out what resources, what knowledge, what are you missing to be able to get to where you want to be. So to me, goal setting is all about filling in the gaps. And basically, you have to figure out what resources are you willing to invest to achieve your goal. And that would have stopped us from buying Buchanan because we did not want to invest 20 hours a month in a property, and that's inevitably what happened. I don't know how many-- you can't own very many properties if all of them are costing you 20 hours a month, especially if you're holding down a full-time job at the time. I do want to note, we did an article not too long ago, we responded to a reader email who asked us if we could outline a plan for producing \$20,000 a month passive income in the next five to seven years. So this is-- one of our readers wrote in and asked us to give them that and, of course, knowing absolutely nothing about him, we weren't able to say, you know, "Here's your plan." But what we can do and what we can say to a lot of people is \$20,000 a month passive income is quite a bit of money. If you're starting with more resources than a lot of people have it's doable. And even if you're not, it's still possible to do it. It just takes a lot of time and effort to get there. But what is very reasonable and very feasible is what-- the plan we did put together and it ends up after five years or six years, I can't remember.

Dave: Six years.

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

Julie: After six years, you are making \$5,000 income passively, if you want to call it that, you know, basically after all of your expenses are paid, \$5,000 a month is going in your pocket from your real estate investments. And so the link is really awkward, so I'm not going to tell you guys. I'll just tell you that this article is on our blog and you can download the spreadsheet as well that has that whole plan on how you would get to that in six years. And you're welcome to go and download it. The title of the article is "Outline for Producing \$20,000 a Month Passive Income in the Next Five to Seven Years." And I'll send the link to Mark after this call so he can send that out in the follow-up email that you'll get after the call.

Mark: Oh, that's awesome. That's great. Appreciate it.

Julie: Yeah, no problem. So once you know your goal, you can start searching for a market that might have properties to meet your goal. And this is where Dave is an absolute master. He actually found our current home. We live in Burnaby, B.C. He found it in a crazy hot housing market several years ago and we actually bought it for \$15,000 under market at a time of housing bidding wars. So he did that because he is a market research guru and he snapped it up before it hit the market. And so he teaches all of these secrets in our course but he's going to talk to you guys a little bit, too, about how he does market research which is step two of our process.

Dave: Yeah, so market research, I mean, I've touched on it a little bit in terms of vacancy rates and all those things. But really what it comes down to is find an

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

area that is healthy or getting healthy. And we have a check list that we use to kind of indicate whether it's a healthy economy or not or it's a healthy area. And really what that check list includes are a few different key components and that's population growth. Is the area growing or shrinking or neutral? Is there good employment opportunities? Is there a large manufacturer or a Dell or an IBM that have moved into that area recently and they're looking for work and they're increasing their employment? Is there good transportation? So how-- is there a good highway or a good infrastructure in place for your tenants or perspective tenants to get to A to Z, to their work, to their school, whatever they're doing? We also look at what is a healthy housing economy. So in terms of that, we really want to focus in on what are the prices doing there on the average house. Is it going up, going down, is it going sideways? You look at rental rates. Are rent rates going up? That's very important. You don't want to necessarily buy into a market where rent rates have been doing over the last five years. It's really going to hurt your cash flow. And you also want to look at potentially appealing opportunities. And appealing opportunities are really almost the more-- they're still tangible but they're not necessarily-- you're not necessarily going to find a lot of stats on them and they can include infrastructure, like a new hospital going in or a new university or new highways or new buildings going into the area. Lots of development in that area. And, again, that's a good indicator that that economy and that market is doing well.

Julie: And just quickly, one more point, is that you want to look at long-term trends

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

when you're looking at the numbers that Dave was talking about, population growth and vacancy and things. Don't just look at current. Look at what it was in 2008, 2007, 2006, you know, where's it going? And also look at areas. So compare your area against the larger area around it, against the province, that kind of thing. So you're looking at comparisons and long-term trends.

Dave: Yeah. You want to be buying in the area that looks strong in relation to comparables. That's all it comes down to. You don't want to buy the weak little town that's not doing well when the town next door is doing super well. So that's very important. But one of the really key points we want to make is that once you find an area that had potentially good deals, the economy is strong, you don't have to worry about timing the market. Everybody wants to time the market and that's-- you hear that all the time.

Julie: We get at least an email a day asking us, "When's a good time to buy?"

Dave: Yeah, exactly and that's something that you really have to-- we try and avoid. Like, we don't want to get caught up in the hype. We just want to know is it a solid market? Is it a good, strong economy there? And can we find a deal where the property's going to cash flow? And who cares if it might depreciate over the next five years. As long as it's cash flowing and it's not costing money and it's not costing us stress.

Julie: And you've bought it in a good area.

Dave: And you bought in a good area then, you know, you can wait five, ten years and that's what we want to do. If you want to flip it well, that's scary.

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

Julie: And this actually brings us nicely into the third step which is finding and analyzing properties. And this is another area where Dave is, you know, a master. And he's actually created a spreadsheet, he loves spreadsheets, and he's created a spreadsheet that pretty much analyzes properties for you. All you have to do is input a few numbers at the bottom, and it basically tells you whether this property's a good investment or not.

Dave: Yeah, and, again, it's having a system in place that we've developed over the last several years and as Julie says, I love spreadsheets. So it's something that I use religiously and it's a great way to just quickly compare properties and understanding where there might be cash flow in one property versus not in another one. So really finding and analyzing properties really just comes down to getting a grasp of what the rent is going to be in that particular property you're interested in and some comparables. It's looking at the approximate price that you are either going to pay or willing or hoping to pay. And it's looking at things like the square footage of the property, whether it's a condo or it's a house. So you can look at it on a per-square-foot basis. So the cost per square foot. And then you also want to look at a few other more intangible things, how close is it to schools? How close is it to public transportation? How close is it to shopping 'cause these are all things that a perspective tenant is going to want to be near by. And the closer you are to these things, the more easier you're going to be able to get rent, and potentially the higher you're going to get in rent which, of course, helps your bottom line.

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

Julie: Yeah, and I think--

Mark: If I could just jump in for a minute, it sounds like all the reasons that we, as individuals, would seek out a principal residence.

Julie: Yeah, I mean, it is. In a lot of ways, I mean, you might invest in a place that you'd never live in but, you know, at the end of the day you're buying for people to rent from you. So you want to buy a place that people want to live in.

Mark: Exactly, that makes sense. I mean, that's what real estate's about. A place to live.

Dave: Exactly.

Julie: So I think the one thing that I'll just quickly touch on with regard to finding properties is as you do your market research, you'll want to narrow it down to a smaller market area. And as you get to know that smaller market area really well, that's when some of these deals will, you know, you'll find the deals and you'll plug them into your spreadsheet or however you use to compare properties so you know what's a good deal.

Dave: Yeah, no, that's very true. So once you find a property or two or maybe three to meet your goals, it's time to make an offer and buy it. And that leads us into our fourth step.

Julie: Yeah, step four is buy the property and here's the big secret. One of the things we talk to people a lot about when they're working on offers and the big secret to any negotiation, really, is that negotiation is not about winning. And I'm going to mention Steven Cubby who wrote the book *Seven Habits of Highly*

Effective People later but he even says it's not about-- or he says it's about win-win. And I actually, don't even think it's about win-win. I think negotiations are about problem solving and as long as you know what the other person's problem is, you can solve it and get a better deal. So basically what you want to know when you're buying property is why is that person selling their house? And what's the biggest issue? So a lot of people assume price is the only thing and that's a mistake. I mean, obviously price is important to most sellers and it's a critical factor. But sometimes the seller might be in financial trouble or, you know, this has happened a few times in this market is they've bought another house and they haven't sold their old house. So now they've got two houses, you know, there could be a lot of reasons. And a fast close may be more important to them than getting full price. So if you find out that they've already got another house or that they're, unfortunately they just lost their job, well, you can solve their problem by buying the house. And you'll get them out of their situation faster and you can get a better deal because of it. But it might not just be price. Sometimes you'll find a seller who doesn't want to concede on price and perhaps they're willing to do other terms, you know, maybe they want to throw in their furniture. And furnished rentals aren't a bad thing or as a rental property owner you can always use a few extra pieces of furniture or you could sell them. But you might be able to get terms like extra furniture or maybe what we love is the vendor will hold the financing on the property so you don't have to go to a bank. You have to spend a bit of time and dig a little

©Mark Huber 2009

<http://HowToBeSetForLife.com>

© Dave Peniuk & Julie Broad 2009

<http://RevNYou.com>

All Rights Reserved

deeper and ask a few more questions. Find the problem and if they won't tell you why they're selling the house or an agent's being evasive and says it's none of your business, move on to the next deal. You want to spend time and you want to figure out why the property is being sold and why, if it is a deal, you want to find out why it's a deal. And if you can't find figure out why it's a deal, you probably don't want to buy it. And we've got lots of stories about that, too, but we won't go into those.

Dave: Yeah, so, I mean, basically there's obviously a lot more to buying the property than just the negotiation but that is a key component to actually getting the deal. Of course, there's property inspections, there's financing, there's insurance. There's all the fun that comes with making the offer and actually closing on the deal.

Julie: Yeah, I guess that's why this module in our course is almost a hundred pages long plus videos and it's just way too much to cover in this one call. But I will add that before you finalize a deal and remove conditions on a property, we just want to reinforce that you have taken a look to find a reputable property manager, even if you're planning on managing the property yourself. You still want to look around and make sure that a reputable property manager would take it on. If they won't and your situation changes, you know, you have kids and you don't have the time for the property anymore or you move away, you want to make sure that you have reputable property management that would take this property on. You can also learn a lot from property managers, you

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

know, rental rates, what's working and what's not. But I think that's an important point before you close on a deal to make sure that somebody would manage it if you need them to.

Dave: Exactly, and, of course, before you hire a property manager it's another thing that we're very much sticklers with nowadays is making sure that you research that property manager. So talk to-- find out what associations they belong to. Are they licensed? Do they have any training? Talk to some lawyers or realtors in the area. Do they know who this property manager is? Just do a little bit of digging, again, we've felt the mistake or felt the pain of hiring one or two bad property managers in the past. And it stung us and now we know. Got to research it.

Julie: Yeah. So now we've kind of moved on, without saying so, but we've moved on to step five which is make money from the property. And there's a lot of lessons here. I do want to mention one other article that we've written, actually. And it's called "Eight Ways to Know if You Should Hire a Property Manager." And that's on our website and I'll send a link for that one as well. And it's the story of how I thought I could be a property manager for our triplex in Toronto. Turns out I don't make a very good property manager. And there's also a list of questions to ask yourself when you're considering whether you're up for the challenge. So I'll send that link to you as well, Mark, because I think that's a good article to refer to with this.

Mark: Awesome. I'm looking forward to it myself.

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

Julie: And there's a very charming picture of me on that article. [Laughs]

Dave: Oh, yeah, it's quite funny. I take all the pictures and Julie does all the work so there's lots of scowls in the pictures of Julie doing all the work. And I said, "Hey, somebody's got to take pictures. We got to document this."

Mark: That's right.

Dave: You keep painting, honey. So basically, I mean, beyond-- once you own the property, kind of the final step and a very, very important step is starting to learn how the property is running, how it's working. How can you now start cutting expenses? How can you start increasing your revenue to get more and more cash in your pocket all the time? You want to be looking at the furnace or the heating you have. Can you get a high-efficiency furnace? And often companies will give rebates for that if you put one in and you can buy them monthly if you want. So pay them off over a few years to keep your costs down. And are there ways to increase revenue on your property? Maybe you have tenants that only bus to and from work and you've got a garage and it's basically sitting empty. Well, you can certainly rent that out to either them or to someone as storage especially if you have locks on it you can rent it out to somebody for \$100 or \$200 a month, just to boost your revenue again. So that's kind of the final stage of being a real estate investor and a landlord is making sure you maximize your profit.

Julie: Yes, I think that's good. So our five-step process is quite simple. And I hope we've made the point that if you follow this process, you really don't have to

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

worry about timing the market. You just start with setting your goals and check everything against it, you know, is this market right for meeting my goals? Is this property right for meeting my goals? And, you know, do I need to hire a property manager to make this fit my goals? And so on. And spend time researching the market and get to know the smaller market areas to uncover the deals. And when you're finding and analyzing the properties, and when you go to the property figure out the problem that the sellers have and when you do that, you'll find the best deal. And when you own a property, set up systems and checks and balances. We didn't really get into some of the things we do to protect ourselves from property managers but once again, there's lots of articles on our website that we've written about this. And a property like Buchanan was making us money for awhile but it was taking up a ton of Dave's time. And eventually it all fell apart and cost us lots and lots of money and, like, Dave mentioned at the beginning, we got unwanted publicity in a local paper as an absentee owner of a crack house. Which really isn't something you-- it's not something you want to have in your life. So, I mean, if you start with your goals and take the steps it really is-- those problems were all avoidable and now that we don't do that, we're making a lot of money in real estate and we really enjoy it.

Dave: Yeah, and a lot less stress, too, which is very important. So I'm sure there's some questions brewing.

Julie: No, not yet. Not yet. We still have one more thing. So we promised we'd

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

share the biggest house buying tip ever.

Mark: Oh, yes, right.

Julie: Yep. So the biggest house buying tip ever is a tribute to Steven Cubby's Seven Habits. So I kind of said I don't agree with one of them but begin with the end in mind is a critical thing when you're buying real estate for investing. Before you buy a property, think about selling it.

Dave: Exactly. And we referenced our condo before, maybe we didn't, I can't remember we've talked about so much. But our condo in Toronto that we lived in for a couple of years, we actually ended up losing money on that property when we sold it when the market was just going up, up, up and up. And there was two reasons why we lost money. And the first simply was that there was about 2,500 new condos that were built in the Yonge and Sheppard area of Toronto over the course of the five years that we owned the condo. And we knew that there was some developments but we didn't know there was that many developments.

Julie: And that they were all going to be the same darn sized condo. [Laughs]

Dave: Yeah, exactly. So that was the first mistake. Again, we just didn't do enough research. And the second mistake was simply that we didn't consider how or sorry, that we didn't realize that the same things that we used to negotiate a better price on that condo when we bought it in late 2001, were the same damn things that people were going to negotiate against us five years later when we sold it. So we didn't have the end in mind.

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

Julie: I mean, this condo was really-- it was nice to live in and it was very quiet. It was close to a subway, very well located. But the two things that we used to negotiate a better deal when we bought it was the fact that it was on the second floor above the lobby. And it didn't have a balcony. And the reality is it actually was extremely well insulated and you never heard anything. And the balcony didn't matter to us because nobody could have barbeques on their balcony and that's the only reason we'd want a balcony anyway. So we didn't really care about those two things when we bought it, but we used it to negotiate a better price. And when we went to sell the unit, other units that were identical to our unit, except they didn't have a balcony or they did have a balcony, I should say, they sold for \$15,000 more than our property did.

Dave: Yeah. So the key point is when you're negotiating a deal, any deal, remember that if the faults are something that you can't fix, which you can't necessarily put on a balcony in a condo and we couldn't move the unit from above the lobby. So we couldn't fix those problems, those problems are still there when you're going to sell. And that's where you always have to have the end in mind. So we got stuck with that and we learned from it and now we're passing it on to you.

Mark: That's great.

Julie: And we've pretty much talked about our course. You know, the steps that we walked you through, those are all the different modules that are in our course. And, I mean, we-- I kind of say that we've done the exciting real estate, you

know, we did the no-money-down deals and we did some flips and the exciting real estate led us to be very stressed and lose money. And so now we kind of like the act of-- Dave doesn't like it when I say this, but it's boring real estate and we like the boring act of depositing a cheque every month from a property that we barely think about. And that's what we built-- the course is basically how to find properties like this. But you can use it as fundamentals. You can help, you know, our course is actually built so you understand the fundamentals of real estate period which are critical to doing any kind of technique in real estate. But anyways, I say that we help people find boring properties to get rich from.

Mark: Well, I think you say it very well and very succinctly. And in my mind, what you have just articulated and the thoughtful step-by-step process to say there's nothing wrong with boring and cashing passive-income cheques, et cetera, I can hear myself saying that to my clients. You start with the goal. Where you want to end up and then we just say, well, what timeframe are we looking at? What vehicles are we going to use to get there? With safety, with comfort and with some peace of mind.

Dave: Exactly, and I think that's key to anything in life is having a goal and having a plan set. It doesn't have to be set in stone, and it doesn't have to be this 10-page document, but just giving yourself a measurable milestone or event will help you get to it.

Mark: Well, exactly. And I think, unfortunately, people find themselves in trouble

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

with real estate, with their personal lives, 'cause they haven't really sat down and figured out what do I really want and why do I want it and how will I go and achieve it? But more importantly I liked your notion of the exit strategy because especially with property which tends to be illiquid, there's more implications around ultimate pricing for profit. And yeah, you're right, you can't remove your condo from the second story and move it elsewhere just because you'd like to for a better price.

Dave: Exactly. So I think that's a very wise strategy for anybody is if you're negotiating something off of somebody but it's something that's [cuts] moveable you can't change it, well, then you're going to get the same negotiation against you down the road. So you probably shouldn't be buying it.

Mark: Yeah, right.

Julie: I mean, if people have questions about our course we're not here to pitch it, but it is available and we love to help people. That's why we started our newsletter three years ago was to help people. So we'd love to have you in our program and just love to have you as a reader of our newsletter if you don't already subscribe. So I think we're done the main part. So, Mark, if you want to have people ask questions, we're fine with that.

Mark: Okay, good. I will open up the virtual board to see virtual hands and what I will do is when I see a hand raised which, again, is 5-* on the touch pad, I will call out that individual's last four digits of the telephone number and that's the only way I have of tracking an individual. And then I will unmute them so that they

can ask their question directly to you and then when they have received the answer, I will then mute them back. So we are going to 8616. Okay, you're on.

Hello?

Dave: Hello.

Q: Hey, this is Anthony Russell from Santa Monica. I've actually exchanged emails with Julie about Dave Lindahl's book, *Multi-Family Millions*. How are you, Julie?

Julie: Great, oh, good hear your voice. I'm good, thank you. How about yourself?

Q: Oh, thank you. Thank you, I'm doing fine, thank you. First of all I want to congratulate you guys on a fantastic teleconference.

Julie: Well, thank you.

Dave: Thank you.

Q: Absolutely. I'm an avid reader of the newsletter. I'll probably be getting my hands on your course as well 'cause I like what you folks represent and have to offer. And I have a question for you. What type of legal structures are you using to hold your properties and why?

Julie: Okay, so at the beginning of the call we kind of mentioned that we bought this \$3,000 corporation from the program that we signed on for. And what we found, and now keep in mind this is one of the critical areas where U.S. and Canada are, in fact, different. I think there are a few more benefits to holding property in corporation in the U.S. But what we have found here is that especially when bank financing is involved, and even if there isn't, but it's very

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevYou.com>
All Rights Reserved

difficult to purchase the property and finance it in a corporation. So we actually-- we don't hold any of our properties in a corporation. We just hold it--

Q: Wow.

Julie: Yeah, so and it's very different than what a lot of the gurus will teach you is they will say it has to be held in a corporation. Now everybody's different and a lot of our partners don't hold it in corporations but we do have partners that we've been talking to that are going to insist on holding it in a corporation. But, you know, they have different reasons for it and they have different, you know, there's family trusts involved and different things that are leading them to need it to be in a corporation. So we personally hold our properties. At some time when our accountants or our lawyers tell us that we need to, we will put it in a corporation. But we actually just dissolved our corporation this year because we were unable to use it. So it was costing us money and we had to pay to file taxes and we had to pay fees every year to keep the corporation open. And in the end we weren't able to use it. There just wasn't benefits for us to pay the fees to put the properties in there. 'Cause at the end of the day we still had to personally guarantee our mortgages for all of our properties.

Q: Okay. I guess living in the States, someone walks past your building and trips on the sidewalk, they want to sue you for \$50 million down here.

Dave: Yeah, and unfortunately, Anthony, we've heard those stories and we understand that that definitely is more commonplace down in the States. I guess we're fortunate that we don't deal with that so much. But--

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevYou.com>
All Rights Reserved

Julie: And that's why I say it's critical for anybody, even in Canada, to get good advice on this. Somebody who you can speak to openly about your own financial and personal situation because even in the U.S., I have a few colleagues that I've talked to down there, they hold it in the corporation. But the benefits-- they're actually still liable at the end of the day because of the way they've had to finance the properties. That they're still holding personal liability on the property so there's different reasons for doing it and there's definitely some really good reasons for doing it. But it's one of those things where it's different for every person and it's very different in Canada than the U.S.

Q: Okay. Well, Mark, David, Julie, thank you. I'm going to be on to the rest-- till the end of the call. So I appreciate what you guys are doing.

Mark: Awesome.

Julie: Thank you and it's great to hear your voice.

Dave: Thanks, so much.

Q: Absolutely. Yours as well. Thank you, very much. You guys have a great evening. I'm going to listen to the rest of the call.

Dave: All right, thanks, Anthony.

Q: Bye bye.

Mark: Well, that was great. Okay. We are ready for someone else to raise their virtual hand. They can just hit 5-* on their touchpad keyboard and we'll get their question out to you. We still have a ton of people on the call. Obviously more

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

interested in lurking than [inaudible, laughing].

Julie: Well, I mean, if people do have questions and they're shy, you know, we'll give our email address and our website and I do, you know, it's mostly me that responds to the emails that come in, but we respond to every single email. Sometimes it takes us up to a week but we do respond to every single email.

Mark: That's great to know and you're very diligent and on top of it when it comes to email and communication as I have found out. You're a delight.

Julie: Thanks, Mark.

Dave: Julie loves email and I love talking.

Mark: Well, it's a match made in heaven. I see a hand raised so I'm going to go to 8800. Go ahead to Dave and Julie.

Q: Yes, good evening, how are you?

Dave: Good, thanks.

Julie: Hi, who are we talking to?

Q: This is James Wyman from Greenville, Michigan.

Julie: Hi, James.

Q: And I am 50 years old and I wanted to ask a question-- you mentioned in the beginning of the program one percent from a revenue standpoint. Where did that one percent come from?

Julie: The one-percent rule.

Dave: Yeah, the one-percent rule. So what that is, basically, is it's a very quick and easy way to quickly evaluate the potential cash flow of a property. So just to

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

make numbers simple, if you had \$1,000 a month rent coming in, so just-- that's your gross rent. Comes in every month and the property price is about \$100,000, that would be one percent. And we actually wrote an article on our website called "How to Evaluate a Property in 60 Seconds." So if you go to revnyou.com you can go and read that article on how to evaluate a property in 60 seconds and go into our past articles page, I believe.

Julie: I'll send the link to Mark, as well.

Dave: Yeah, she can send the link. But basically it's just a real quick and easy way and I don't want to get into all the numbers in terms of why the one percent works exactly, but in essence what it takes into account is, I mean, it takes into account your approximate expenses of around 35 to 40 percent of your monthly rent goes to expenses and the rest basically are another, say, 50 or 60 percent, goes towards financing. And at one percent you can almost buy almost any property with, not zero percent down, but, you know, as low as 5 or 10 percent down as long as the interest rate isn't outrageous, like more than 7 or 8 percent. You can pretty much get that property cash flow as long as the expenses aren't really crazy, like, if it's an old, beat-up house and you need to spend a ton of money renovating it, well, then that's going to increase your expenses and your expense ratio above 35 to 40 percent. But the one percent is just a nice, quick easy rule and it's not very easy to find one percent properties and that's why, again, in some of our articles we'll go down-- we'll talk about .8 percent or even .7 percent will still work.

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

Julie: Yeah, the point of it is really-- it's something I use more than Dave does because I don't like to complicate things and I don't really love spreadsheets and details. So to really keep things simple when we're shopping around looking at property, I use the one-percent rule as a rule of thumb. But it's not your ultimate decision maker. It's what I would use, you know, we're looking at ten properties and I want to quickly decide which three I want to go and see, I would use the one-percent rule to figure out which three. 'Cause just-- if it's one percent or greater, there's a really good chance it's a moneymaker. If it's less than one percent, you can still make it a moneymaker, but you have to play with it a little bit. So it's just a rule of thumb.

Q: Okay, all right. 'Cause one of the challenges that my Dad and I are having that, being in the State of Michigan with the economy struggling that it is, there's a lot of good location, locations out there. But is the community striving? Or is it just kind of stagnant? Or is it even going backwards? So that's been a real challenge.

Dave: Yeah, no, I definitely-- I mean, we read a lot about Michigan and how it's struggling, you know, along with some of the--

Julie: Canadian side.

Dave: -- the Canadian side, like, Windsor, Ontario. We have good friends from Windsor and we've been there several times and we have lots of enquiries about the cities that are struggling a little bit more but they're good locations and what do you do. And, you know, I wish I could give you a path to it but--

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevYou.com>
All Rights Reserved

Julie: Do good research.

Dave: Yeah, it really comes down to your research and what's going on in that area.

Q: Yes. Well, we are just so thankful for your time this evening so--

Julie: Thank you.

Dave: Oh, thank you so much. Thanks for listening in.

Q: You bet. Thank you. Bye now.

Mark: Okay, ready for another question?

Julie: Yeah, sure.

Mark: Well, I guess just from my perspective some of the greatest fortunes or the seeds of the greatest fortunes, especially in real estate, are made in the times of the greatest despair.

Dave: Oh, for sure.

Mark: So if one has, you know, a somewhat significant time horizon, you know, 10, 15, 20, 25, 30 years, well, a mortgage is 25, 30--

Julie: My dad says that makes me-- the other day he said, "Ten years? They're going to go buy whether you own the property or not. So you might as well own the property." [laughs]

Mark: So if you have the resources, if you've hired Dave to do the due diligence which is critical but a lot of people don't want to do it. Or utilizing the one-percent rule and feeling comfortable to a degree with that. And just hanging on, you know, real estate, like anything, given long enough really, unless you buy Florida swamp you will be profitable by. No?

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

Dave: Yeah, oh, definitely. Definitely. And it's traditionally, apart from creating your own business, real estate is the greatest millionaire-maker in the history of our time. And will always be.

Mark: Exactly. And I don't see that changing any time soon and I think, unfortunately, people tend to focus-- because of the media and the selling headlines as far as a business medium, if people are more focused on the telescopic end of things rather than the microscopic, they'd have, you know, some happier lives. And we still are all working toward our goals and ambitions. Just because we are at this place in time and history doesn't mean we're staying here.

Julie: No, exactly. And I think-- the one thing I always like to remind people is the newspapers are, and the media, are out there to sell newspapers and eyeballs. And they do that by promoting, you know, fear, greed and more fear, really. So when things are good they make them seem like they're exceptionally good. And things are, you know, I don't think, ever as bad or ever as good as they media makes them seem. So just focus on what you're doing. Focus on your goals and just focus on what you're trying to do day by day. And just ignore the media for the most part.

Mark: Well, I agree. I read an interesting survey that was done recently in the U.S. where the respondents that were polled, 77 percent which is a very high percentage, suggested that if they could they'd love to sue the press because they have felt that the press has overblown things and they have not done balanced reporting. And I must say I agree with that.

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevYou.com>
All Rights Reserved

Julie: That's a good one.

Dave: That's a very good stat. I like that stat.

Mark: Well, guys, I think we should wind things down here a little bit. We still have a lot of people on the call, but no one has raised their hands.

Julie: Okay, well, we'll tell them where they can find us if they do have questions.

Mark: Well, please do. That's a perfect segue. So where can we find you?

Dave: You can find us, certainly on our website at www.revnyou.com and I came up with that name, by the way. Good or bad.

Mark: No, it's very clever.

Dave: It initially was-- yeah, certainly a play on words with putting the revenue with real estate. But revnyou.com or you can go to our blog where you can actually comment on the blog. We post, I don't know, every few days. We welcome your comments at revnyou, again, r-e-v-n-y-o-u.wordpress w-o-r-d-p-r-e-s-s.com. And, of course, the most direct route is email and you can email us at info-- so i-n-f-o@revnyou.com r-e-v-n-y-o-u.com.

Julie: And plus we've created a special report for everybody that took the time to join us on this call and it's called, "Eight Tenant Tips for the Highly Effective Landlord," and it's about six pages. And just gives you eight little tips on how to deal with tenants and be a good, effective landlord. And I think, Mark, you'll be sending that out after the call?

Mark: I will, and I appreciate that. It's a great bonus. I had a quick read through this afternoon and picked up some great little tips. I want to also thank everyone for

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

being on today's call from all over North America, obviously, by the sounds of it with just two of the people who asked questions. But I'm just looking at some of the zip codes here and it's fascinating. So great interest, great content. We will, as promised, follow up this call with a transcript of the call, the audio and any email from us will come, legitimately, with the Set for Life in brackets in the header so that you know that it's coming from us and that it's okay to open it up. It contains the information that you want. So thanks, everybody, Dave and Julie for being on the call. Glad that it worked out so extremely well. It was awesome.

Dave: Yeah, well, you're very, very welcome. And thanks so much for having us. We think it's a great venue to get this kind of information out there and enable people to take charge of their financial affairs. So thanks, Mark, for hosting and thanks to everyone for joining us and listening in.

Julie: Yes, thank you, very much.

Mark: Well, that's just great. That's why I enjoy hosting these events. It's really a great opportunity to keep one's finger on the pulse and, again, share quality information by quality, talented people, you know, all in the interests of helping growing, you know, personally as well as financially. So in closing, my name is Mark Huber from <http://howtobesetforlife.com> And, of course, on behalf of our guests today, Dave and Julie, of revnyou.com, we trust that this call will serve as a beacon for you in your quest for financial enlightenment and we wish you all a very pleasant evening. All the very best to you and yours as you continue

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

on your journey to create true and lasting wealth and that financial peace of mind. And remember, it is your life, so plan for it and then live life like you mean it. So good luck, and good bye for now.

- End Call -

Who Is Mark Huber?



Mark Huber, CFP

Mark Huber is a practicing certified financial planner (CFP) with over 22 years of experience in the industry.

The focus of Mark's financial planning advisory practice is to British Columbian (BC) Canada residents.

Mark's boutique planning practice works with a select group of clients who all share a passionate vision for creating true wealth and living their dream lives.

Mark has made innovative cash flow and creative mortgage reduction strategies core disciplines in his successful practice and also the core wealth creation process for his clients.

Many of these programs and strategies are detailed in various audios, videos, reports and Ebooks which he has authored and generously made available to Canadians - everywhere...

You can get more information at:

<http://HowToBeSetForLife.com>

and

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

<http://HowToGetRidOfYourMortgage.com>

Contact Information:

Mark Huber, CFP
SetForLife Financial Services
Richmond Tel: 604-207-9970
Richmond Fax: 604-207-9971
Burnaby Tel: 604-439-3341
Burnaby Fax: 604-439-1900

E-mail:
mhuber@HowToBeSetForLife.com

Listen to Marks radio show

<http://blogtalkradio.com/theun canadianway>



Follow Mark on Twitter

<http://twitter.com/TheUnCanadian>



©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

Who Are Dave Peniuk & Julie Broad?



Dave Peniuk & Julie Broad

Making money with real estate can seem intimidating – there’s a lot to learn, and it seems like every mistake can cost you a lot.

We know. We’ve been there.

We’ve made a lot of money in real estate investment and we love doing it, but we had to go through a lot of traps and pitfalls along the way. We had to figure out where to invest, how to start buying and selling to make a profit, and how to avoid industry swindlers.

We want to help other newcomers to real estate investment get past their initial fears and avoid the traps that make it seem so scary. That way, they can experience the fun, freedom, and financial benefits of real estate investment without the fear.

Sound good? We thought so.

Now, we set our goals, and only buy properties that meet our goals. It's not about getting rich tomorrow, it's about a slower but very steady path to massive wealth.

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved

Want to learn more? Please send us an e-mail, visit [our blog](#), check out our [past articles](#), but most importantly... GET OUR NEWSLETTER! We only post part of the information we send our list.

Get your free starter tips guide to real estate investing by "[Clicking Here](#)"

Follow Julie on Twitter

<http://twitter.com/revnyou>

The Twitter logo, consisting of the word "twitter" in a lowercase, rounded, blue font.

All we ask in return for all this valuable information, is that you comment on our site - let us know what you thought of the call...

Just click the link below to get going...

<http://www.howtobesetforlife.com/ask-an-expert/learn-how-to-make-wise-real-estate-investments-in-todays-marketplace/>

Tell A Friend: They say that “sharing is caring” – so share us with those who you care about and would also like to see become successful!

Invite your friends to drop by...

<http://howtobesetforlife.com/with/revnyourealestate/>

Copyright 2009 SetForLife Financial Services. All rights reserved world wide.

Neither Mark Huber, SetForLife Financial Services assume any liability whatsoever for the use of or inability to use any or all of the information contained in Mark's Web Sites, Blogs, emails, ebooks, Podcasts, audios, teleconference calls, reports, broadcasts and newsletters.

The information expressed and contained in Mark Huber's Web Sites, Blogs, emails, ebooks, Podcasts, audios, teleconference calls, reports, broadcasts and newsletters are solely the opinion of the author based on his personal observations and 22 years of experience in the financial services industry – and that of his guests – based on each of their own experiences.

As with anything involving investments and investing strategies, you agree to always consult with your professional adviser before making any investment decisions.

Use this information at your own risk. Be responsible! Always do your own due diligence.

You have free "Giveaway Rights" to this report. You may freely print and/or electronically transmit this report. It may be used as a free download on your Website or blog. You must not charge for this report and you must keep the report intact – as is.

- End Report -

©Mark Huber 2009
<http://HowToBeSetForLife.com>
© Dave Peniuk & Julie Broad 2009
<http://RevNYou.com>
All Rights Reserved