

Erik & Kevin Mitchell

Professional Investor, Author, Educator



Who Are We?

FULL TIME
PROFESSIONAL
Real Estate Investors



About Us

- Full Time Real Estate Investors
 - Quit day job at 22 and 24 years old
 - Over 35,000 hours and 50 Real Estate Transactions over the last 9+ years
- Educator
 - Strategic Real Estate Investing, The FENAR System, The Action-Alysis Program
 - **Investor Agent Conference**, Investor Agent Training
 - The Investor's Approach Podcast, and much more...
- Author
 - Canadian Bank Conspiracy
 - The Mutual Fund Scam
 - The Investor's Approach To Homeownership



Agenda

- Maximizing ROI
 - Why its so important
 - Main objective for everyone!
- Running the Numbers
 - Real life examples

Scary Statistics

- If you Earn More than **X%** You are an Above Average Investor

3%

Ispos Reid, RBC's 20th annual RRSP poll shows, Canadian Securities Administrator



\$50,000 to Invest...

3%

15%

**Over \$720,000
Difference**

\$100,568

\$820,654

How Hard Is your Money Working For You?

	<u>3%</u>	<u>8%</u>
Starting Year	\$ 100,000	\$ 100,000
5 Years	\$ 115,000	\$ 140,000
15 Years	\$ 152,088	\$ 274,400
25 Years	\$ 201,136	\$ 537,824
Difference		\$ 336,688

Note that the in the above example the interest is being compounded every 5 years

How Hard Is your Money Working For You?

	<u>3%</u>	<u>15%</u>
Starting Year	\$ 100,000	\$ 100,000
5 Years	\$ 115,000	\$ 175,000
15 Years	\$ 152,088	\$ 535,938
25 Years	\$ 201,136	\$ 1,641,309
Difference		\$ 1,440,173

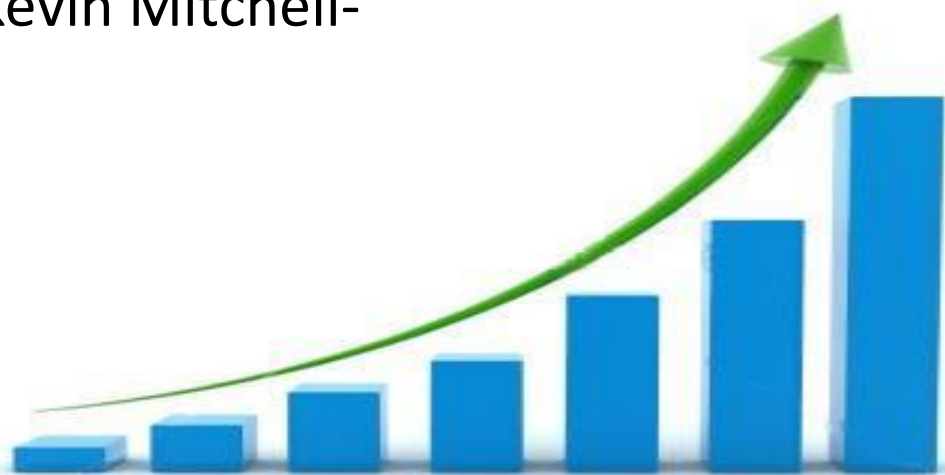
Note that the in the above example the interest is being compounded every 5 years

Maximizing Your ROI

“From the time we started school we have been taught by our teachers, our parents and the rest of society how to work hard for our money.

Unfortunately, this is only one half of the equation. Mastering the art of making our money work hard for us opens up a faster and easier path to financial freedom.”

-Kevin Mitchell-



What Is ROI?

ROI = Return On Investment

$$\text{ROI} = \frac{\text{Returns/Money You Make (R)}}{\text{Money Invested (I)}}$$

-Only way to compare different types of investments
(apples to apples)

Only 2 Ways to Increase ROI

1. Maximize Returns

- a) Increase Equity
- b) Increase Cash Flow

2. Lower Your Investment

Ex: Invest \$20 & Receive \$5 back → $\$5 / \$20 = 25\%$ ROI

1) Increase Returns to \$10 → $\$10 / \$20 = 50\%$ ROI

2) Lower Investment to \$10 → $\$5 / \$10 = 50\%$ ROI



1. Maximize Returns

A. Equity

- = AVR (After Repair Value) – (Purchase Price & Renovation Costs)

B. Cash Flow

- = Income – All Expenses

B. Lower Your Investment

Simply put - Find ways to reduce the money you invest into the property

- Working With The Seller
 - VTB opportunities - THE SKY IS THE LIMIT!
- Abatement Clause
- Mortgage Plus Improvements
- Rehab and Refinance



Lower Your Investment

2. Second Mortgages

- RRSP Eligible
- Friends and Family
- Other Real Estate Investors

Lower Your Investment

Abatement Clause

- The Seller agrees and directs his lawyer to credit the buyers \$3,000.00 (three thousand dollars) as an abatement on closing for the deficiencies and work to be completed as per the home inspection report. \$3,000.00 is the maximum abatement regardless of work to be done.



Lower Your Investment

Mortgage Plus Repairs Scenario

- Example: Buy a house for \$400,000 that needs \$30,000 worth of work
 - Most Investors → **Money Invested = \$125,000**
(\$80,000 Down + \$15,000 Closing Costs + \$30,000 Reno's)
 - Sophisticated Investors → **Money Invested = \$101,000** (\$86,000 Down + \$15,000 Closing Costs)



Lower Your Investment

Rehab and Refinance

- Renovations > 10% of purchase price
- Similar to Mortgage + Repairs
 - Banks lends more → More Money in Pocket = Higher ROI
- Expertise Required!



Maximize Returns – Develop a Niche

- Student Rentals
- Rehab and Refi (Multi-Unit Residential)
- Short Term Rentals
- Vacation Property
- Executive Suites
- Low Income Housing
- Zoning (Duplexing, Change of Use, Legal Recognition)

The 'Decision Maker'

Property Analysis Software



Running The Numbers

30 Day Trial Membership

Text DM30DAY to +1 855-969-5300 to receive a link to sign up for a month free!

Next Action Steps

- Join the Community – Text TIANEWS to 1-855-969-5300 to sign up for our TIA Newsletter
- Get Your Free Copy – text TIABOOK to 1-855-969-5300
- Connect on Social Media
 - *Facebook – RealtorInvest*
 - *Twitter - @investdrei*
 - *Linked In – Kevin and Erik Mitchell*



How To Reach Us

BankConspiracy.ca

(Free e-Book about the Financial Industry)

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