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A dream TEAM

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Jason Wilcox partnered with Shane Curtis in 2008 to purchase their first investment property. Now, with a successful real estate business and 70 doors to their name, Wilcox reveals to Jemima Codrington the secrets to multi-property success, and how they're advocating for landlord rights

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When Jason Wilcox met Shane Curtis, he was still a student at the University of Waterloo. Curtis, a few years older, already owned a rental property and was generating strong cash flow with half the effort of running his landscaping company. The two partnered in 2009 to form Curtis Wilcox, a real estate investment company.

"In the first year of operations we purchased eight properties throughout southwestern Ontario – a mix of properties, each of which was a great learning experience," says Wilcox.

"Two of these were bank foreclosures, which required extensive renovation and rehab; one was a single-family home (where we realized much lower return on investment), and the rest were multi-family residential, including a foreclosed four-plex that was purchased for \$90,000 and sold 15 months later for

\$240,000 after a \$70,000 renovation."

To date, Wilcox and Curtis have bought a total of 70 properties, 62 in southwestern Ontario, west of Woodstock. They have also invested in eight single-family properties in Arizona and Florida, favouring the appreciation on these properties over the next 5–10 years, as opposed to monthly cash flow.

"There's also the opportunity to make returns on the currency gain," adds Wilcox.

The partners flipped some properties initially to garner more capital to invest with, but now prefer to hold on to properties yielding strong cash flow. Wilcox and Curtis select residential properties that will have above 20% ROI – based on a 20% downpayment – after all renovations are completed. While they focus on multi-family residential, the partners also own a few mixed-use properties.

Armed with a sound investment and financing strategy, the young investors set out

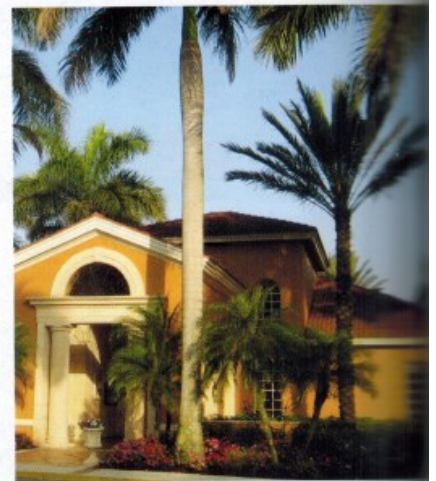
to amass a healthy portfolio. However, they quickly realized that there would be some difficulties along the way.

Teething trouble

Wilcox says that the more properties they acquired, the more it became an issue if tenants did not pay their rent. "It is always our intention to negotiate with tenants before reaching the tribunal; however, if rent was not paid, the eviction process was initiated shortly after," he explains. As they specialized in multi-residential, the partners soon realized they were facing another challenge that would hamper their cash flow – if they didn't find a solution fast. "We quickly developed a system in which tenants in arrears received an N4 notice by the 4th of the month. Although this was a strict policy, it was very important in order to maintain cash flow without receivables getting out of control."

With so many properties to manage, finding a reliable and reputable company to carry out repairs and maintenance was also a challenge. After a year of struggling, Wilcox and Curtis hired a crew of their own to service their buildings.

Financing so many properties with such an aggressive growth strategy was a challenge, reveals Wilcox. "Dealing mainly with our primary lender, we were fortunate when they changed their policy to \$2 million per person from 10 doors, which re-opened the ability to borrow," he says. "We also started to look to private investors for additional capital in order to continue purchasing."





Wilcox and Curtis focus on acquiring properties below market value, and now try to purchase in cash where possible.

“The property is owned outright, and we will complete the necessary renovation and improvements needed to increase appreciation. Furthermore, we’ll fill vacant units with good tenants or look to replace current tenants that are in arrears. With strategic renovations completed and 100% occupancy, we will then get an appraisal and financing with a goal of leaving very little, if any, of our own capital behind. Utilizing this strategy a few buildings at a time has enabled continued growth and acquisitions without having to sell or liquidate for capital,” Wilcox explains.

Wilcox chalks the learning experiences up to being the “inherent pains in growing too

quickly”. However, with all the initial teething troubles aside, the Curtis Wilcox portfolio is an impressive one – and it is also its own exit strategy. “With a very high ROI across the board, it would be of great interest to a larger investor. Originally, our plan was to buy and hold for 15–20 years; however, after recent investor interest in our entire portfolio, the option to sell all assets as a package has become possible.”

Making changes for landlords

With years of experience behind him, Shane Curtis is active in the Chamber of Commerce, and has presented a policy to help protect landlords in Ontario, with suggestions for amendments to the Land Titles Act. Presented on behalf of the Tillsonburg Chamber, it

was accepted by the Ontario Chamber of Commerce.

“The first two recommendations deal with shortening the process for eviction in the case of non-payment of rent, making it similar to the process in BC,” says Curtis, “and the third deals with changing the last month’s rent to a security deposit. This requires the tenant to pay the last month’s rent in the last month they occupy the unit, and their deposit is returned the day they move out, assuming they take all their belongings, there is no unreasonable damage, and they return the keys to the unit.” Curtis hopes his policy changes will help make Canadian real estate investment more attractive, and continues to lobby for changes that will help to protect and encourage landlords in their investing. ■