

## **Codrington Reno Joint Venture Opportunity**

### **Contractor**

*Artisan Fine Homes Inc. – Timothy Kent, President – [www.artisanfinehomes.ca](http://www.artisanfinehomes.ca)*

Artisan Fine Homes is a Barrie area builder with a wealth of experience in the residential home building, estate homes and renovation market. Their customer-centered approach and attention to fine detail have earned them a reputation for excellence, integrity and unsurpassed quality in their industry.

Timothy is the founder and President of profit based Artisan Fine Homes Inc. and charity Redwood Park Communities. Redwood Park Communities provides affordable transitional housing for women and children leaving the local women's shelter. In doing so, Timothy is putting money back into his community.

Timothy has a Barrie team that works for him, and he brings in sub-contractors when it is expedient to do so. He knows that planning is important up front, and that buying well is often the main ingredient to success in a flip. Beyond that, he carefully monitors costs regularly, and builds in the "wow" factor for that faster sale on the end product.

Timothy has completed 6 residential renovations, and 1 commercial renovation in the past three years. He has also built 5 new custom homes in the last year which sold for between \$465,000 and \$600,000. He has a house designed and ready to build that would be in the \$1,000,000 range plus lot costs. He is a Tarrion registered builder.

### **Mortgage Broker**

*Michael Brooks – The Mortgage Centre – Tock Capital Investments Inc. – [www.MyHomeFinancing.ca](http://www.MyHomeFinancing.ca)*

Having lived in Barrie for the last twenty-seven years, Michael is knowledgeable of the Barrie area. He grew up travelling the world in Formula Car Open Wheel Racing as a driver in every level up to Formula 1. Racing was his passion until he gave it up years ago after a bad accident in which he injured his back. He got involved with the mortgage industry three years ago and started working with The Mortgage Centre because the company philosophy is to provide quality of service to their clients. Michael builds trust and loyalty in his clients by going above and beyond in every way he can when working with a client to provide financing, both during and after transactions.

Michael was Rookie of the Year in his first year in the mortgage business, was Most Improved in his second year, and he has grown his business by over 50% in his third year.

Michael and Timothy have known each other for over ten years.

## **Real Estate Agent**

*Lois Brusse – Century 21, B.J. Roth Realty Ltd., Brokerage - [www.loisbrusse.com](http://www.loisbrusse.com)*

Lois Brusse works with Century 21 and lives in the Barrie area. She left the corporate world of Sales in Travel groups and Incentive Programs and entered the real estate profession three years ago. She believes in the true sense of customer service and goes above and beyond with each and every client. In 2011 she received three “Outstanding Achievement Award of Excellence” awards, and was honoured with a Masters Ruby Award for the year ranking her in the top 30 out of 225 agents. Quite an accomplishment! She participates in ongoing professional development, including achieving a Certificate of Achievement with Bruce Keith – Sales Trainer and one-on-one coach. Lois brings very good negotiating skills to the Team, and she works in all areas of real estate. Her client base encompasses builders, investors and residential sales and resales.

## **Investor 1**

*Marlene Pettit, MBA, BEd, BA - President Realty To Build Wealth Inc.*

Marlene has been a real estate investor for three years. She has a combination of buy and holds, and Rent-To-Own properties. She is a full-time high school teacher in Toronto, and will be retiring into full-time real estate investing in a year or two. She has invested in Canada in Kitchener, Brantford, Barrie and in Prince Edward Island. She has also invested in the US in Ohio. So far, her investments include single-family detached homes, townhouses and condominiums.

She is a member of the Private Investment Club (PIC) and Real Estate Investors’ Network (REIN) for educational purposes and also for networking.

Marlene is setting up a self-directed RRSP to provide second mortgage funding for flips.

## **Investor 2**

*Barry Pettit, MEd., BA. – Pettit Integrated Inc.- President – [www.pettitintegrated.com](http://www.pettitintegrated.com)*

Barry is been an entrepreneur all of his life. He currently develops and markets online learning systems and hosts them with proprietary software. He has experienced some disappointments in non-real estate investments, and is looking forward to enjoying some earnings with a solid team through direct real estate investment. He is also setting up a self-directed RRSP and will be providing third mortgage funding for flips.

### **Codrington Property Description – 405 Codrington St.**

We are proposing purchasing, renovating and reselling 405 Codrington Street in Barrie, Ontario, MLS1204149. See Appendix 1 for the MLS on this property. These are the primary features of this property:

- Bungalow with car port
- 54-56 years old with some updates & changes over the years
- 64' x 130' lot
- Unobstructed panoramic view of Kempenfelt Bay
- 1,300 square feet footprint, and 2,335 square feet finished space
- Finished basement with walkout
- Purchase from original owner
- Sought-after street with mostly private sales
- Originally listed at \$495,000 – Timothy able to have offer accepted at \$420,000, conditional on financing
- Mature lot with trees
- Boiler heating system
- 2 fireplaces
- 2.2 bedrooms, 2.0 bathrooms

When the city creates a scenic lookout (Vancouver Lookout) steps away from a property, you know that there's a million dollar view closeby.

There is a property nearby at 413 Codrington, MLS1201797, currently listed for \$769,000 that has been on the market for since March 8<sup>th</sup>, or almost 5 months as of this writing, which was totally modernized. This property is 1,603 square feet with a finished space of 3,196 square feet – so it is a little larger. See Appendix 2. However, the house sits down the hill and the lot shape is irregular as you can see from the map. It sits at the corner of Codrington and Blake. On the MLS, the lot size is listed a partially irregular. So it shows 60' x irregular. We believe that this property has not sold yet because it is over-priced, and also because in the renovation, they reduced the number of bedrooms. They reduced the number of bedrooms on the main floor from 3 to 2. Overall, there are 2.2 bedrooms in this property. We are looking at increasing the number of bedrooms in the 405 Codrington renovation.

405 Codrington was originally listed at \$495,000 but the offer fell through and the property is listed at \$449,500. Amazingly, Timothy was able to have an offer accepted at \$420,000, conditional on financing. The house is 54-56 years old and has had some updates and changes through the years. The original owners had plans to renovate the property, adding a half storey over the garage, with some building permits in place, and it was appraised at \$799,000 for resale. Family matters interrupted this plan, and this is the first time that this property has been on the market.

## **After Repair Value (ARV) & Financial Projections**

Given the location, the property, the walkout feature and the renovations that our builder is suggesting, but keeping the same footprint, Lois appraises the ARV as between \$680,000 and \$710,000. For the sake of our calculations, we are using an ARV of \$680,000, but there is the potential for more profit.

Based on the financial projections in Appendix at the low end, we expect to an actual return of 53% on our investments, based on an investor putting 5% down. See Appendix 3. If we find that we have to increase the downpayment, then the ROI will be lower. This would be an annualized ROI of 106% based on a holding term of 6 months. At the high end, there is the potential to earn 70% actual ROI, and an annualized ROI of 140%.

On this basis, we would share the profit with Timothy Kent. The profit share would be 50:50 with the investors earning a return pro-rated to the dollars that they invest.

## **Renovations Proposed**

Our builder, Timothy Kent, is suggesting the following renovations to the property. See Appendix 4 for the detailed calculations for the budgeted renovation of \$121,520:

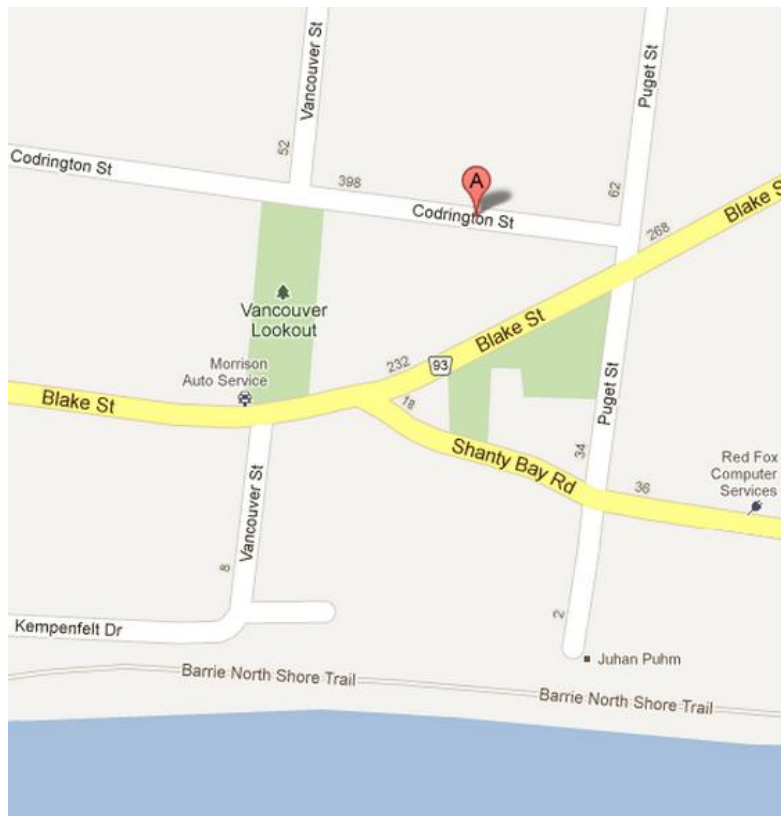
- Urban and sleek look
- Modernize the look of the fireplace
- Refinish & modernize basement
- Install Central vac
- Upgrading attic insulation
- Upgrade kitchen
- New hardwood in entire main floor – wire scraped kilimanjaro
- New carpeting basement
- New exterior rear decking
- New garage doors
- Painting throughout
- New tile & trim in bathrooms

The “wow” factor will be removing the wall between the kitchen and the great room and adding a large island with breakfast bar in order to open things up and give the entire kitchen and great room the panoramic view of the lake. He is also looking at the possibility of turning the two huge picture windows into large sliders or folding glass wall sections in order to join the newly enlarged room with a new rear deck. In general the approach will be to capitalize on the view and pull it into the house and make it more accessible to more of the rooms in the house.

Area	Renovation Cost
Foundation	1,200
Framing	7,700
Mechanical	3,800
Interior Finish	58,600
Exterior Rinish	13,200
Landscaping	7,200
Clean-up & Garbage Disposal	1,950
Building Permits	1,500
Project Management	26,370
<b>TOTAL</b>	<b>121,520</b>

### Eastend – Area 1

405 Codrington is located in the Eastend, Area 1 – a prestigious area of Barrie. Exact comparables are difficult to find, as all homes originally were built as custom homes, and they have such different features. The location, the view, the closeness to amenities and the maturity of the area, along with the larger lot sizes create higher demand for this area. Most properties do not even hit the MLS as availability is limited, and original owners are able to sell privately and do quite well. Fifty years ago it was one of the upscale neighbourhood of Barrie, and it still is. 405 Codrington is a rare find.



## Vacant Land

A vacant lot on Collingwood, roughly the same size as the Codrington property but a bit deeper, sold in 2008 for \$336,500. Our agent, Lois Brusse, conservatively appraises the land value alone of 405 Codrington to be \$350,000.

## Comps

96 Kempenfelt Dr. just sold on Aug 9, 2012 for \$750,000, MLS 1205892. See Appendix 5 for the MLS. It was on the market for 21 days (DOM). This renovated home included 3 bedrooms, 3 bathrooms, lot size 67' x 150', on a footprint and finished space of 2,680 sq.ft. It was purchased in 2008 for \$513,000.



## Search results for bungalows with lakeview, sold within the last 5 years, located within a 5 km radius of 405 Codrington

See Appendix 6 for the detailed MLS data.

MLS #	Sale Price	DOM	Sale Date	Sq Ft	Lot Size	Age	Bdrm	Bthrm	Street
1201804	560,000	18	03/26/12	1,625	76' x 200'	56	2.1	1.1	Codrington
1105230	585,000	76	19/08/11	1,797	67' x 130'	45	3.0	3.0	Kempenfelt
1000850	575,000	39	03/13/10	2,346	69' x 150'	1	4.0	2.1	Cook
0702986	675,000	9	04/24/07	2,325	136' x 224'	9	2.0	2.0	Collingwood
0701372	645,000	36	03/29/07	1,367	100' x 225'	36	3.1	2.0	Shanty Bay

## Location in Barrie, ON

