



THE LANDGEEK

The Land Geek Podcast With Mark Podolsky, AKA The Land Geek

Mark talks with Jeran Fraser, ReserveLand.com

Transcript

Mark: Hey, it's Mark Podolsky, the Land Geek with your favorite real estate nichey land website, for all things real estate investing as far as land is concerned TheLandGeek.com and today our regular guest is he even a guest anymore? He's the man, the myth, living off the beach in Carlsbad, California, he needs no introduction but I'm going to introduce him anyway. From ReserveLand.com and LandHub.com and 18 other domains; Jeran Fraser. Jeran what's going on buddy?

Jeran: How are you my friend?

Mark: Pulse is normal, respiration is fine, I can't complain. I've had three cups of coffee this morning, I'm wired and my ADD is kicking in but I'm so happy to be on this podcast with you on this fine day.

Jeran: That's awesome. You know like you I'm on my third cup but I'm actually drinking tea with honey so that I can get my voice back. I've been a little concerned that people tell me that I talk too much, well my wife primarily and those who listen to the podcast can probably assume that as well. So when I am talking a lot I don't really, like a senior with protected voice, I don't do a really good job of supporting my voice so I had to actually go get a voice... Listen to this, I had to get a voice coach to learn how to talk

and then I have to probably have to go on vocal rest for a few days, that's pathetic.

Mark: That's a real first world problem, that you have to go out and hire a vocal coach so that you can talk in more than you're talking.

Jeran: Maybe if I talked slower like this it would be better for me.

Mark: You think so? I can see how you're enunciating better when you are talking more slowly people are going to click off the podcast if you continue talking like this.

Jeran: So tell me anything new in the world of land for you Mark this week?

Mark: Yeah. All right I've got a great deal, I'll tell you about it. I found a bulk seller; she had five lots and these lots all owe \$2000 to \$3000 in back taxes. So I'm spending about 15 grand just to pay off her back taxes. They come each, the five lots, each come at 40 grand. So I'm going to spend \$15,000, I'll probably going to make about 150,000 to 200,000. It's a great realtor deal and I love it when these deals come up. They don't come up often like that where you get such huge margins in such a big hit like that but when they do come up I'm very, very grateful.

Jeran: Mark, I've got a question for you. Are you thinking 40,000 short term or are you thinking 40,000 [00:03:16] [indiscernible] to the market, hopefully sell in 60-90 days? What are your thoughts on them?

Mark: Yeah, 60-90 days. I mean this is a realtor deal. It's 500 ft. from power, there's homes all around the area. I mean this isn't raw undeveloped land. This is in the middle of development which is why the last property that sold for over '40 in that subdivision.

Jeran: Are you thinking owner financing or not?

Mark: Yeah, I would like to get half down, get a hundred out and then finance another hundred.

Jeran: That's a beautiful deal my friend.

Mark: Yeah.

Jeran: Beautiful deal.

Mark: So because the margins are so high I have total flexibility and I'll definitely get my 15 out very quickly.

Jeran: I like it. I like it a lot.

Mark: So that's what's going on with me. I'm still selling land Texas, Arizona, Nevada, Colorado. Colorado is selling fast for sure, Nevada is selling pretty quick. Texas is not that fast, but selling.

Jeran: Yep. You know it's interesting that it ebbs and flows in interest for certain states I think but Nevada seems like a pretty steady market, Colorado is going to make a pretty steady market which is always nice. I mean over the years if you want to liquidate property you can do so in those two states I know that for a fact.

Mark: Right. Where are you looking these days? Are you still sticking to Nevada? What's going on with your project? What's going on the coal mining or the gold mining?

Jeran: I don't want to get into too much detail but we've got some very, very promising things happening right now. Any time you're looking at raising significant capital from an investment bank it's a challenge and a process and we're working on a kind of a multi land deal that is taking a little longer than expected but everything has sort of come to hand this past week and we are in some heavy negotiations right now and I'm pretty excited. We look to have the financing wrapped up by next week and in the project we will be hopefully drilling by years end or beginning of 2015.

Mark: I love it. So not to jinx you but I did get this question from my coaching student Adriel which I thought was a great question, no one has really asked me. He's like what do you do with all your money? How do you allocate it? So let's say for example you get a seven figure payday on your mining deal and I make 200 grand or whatever it is. What percentage of that goes back into the business? What percentage of that do you save for taxes? What percentage of that do you then maybe diversify into other investments and how do you handle that as far as cash allocation?

Jeran: In a situation like that the money project which will be a fairly significant number for me on an exit now. So, it's a little different now because we're actually just taking investment in so it wouldn't necessarily be a bigger paycheck to me initially but it will a couple of years down the line. But in a situation like that I would first put aside what I believe to be the tax ramifications of that sale in account and just don't touch the money and

then sit down with my tax attorney and my CPAs and discuss how to pay that money back to the IRS and some strategies there.

And then in terms of the way I would spend it and the way you would spend it we're a little different because I have a couple of businesses that are currently running but all things right now are sort of focused on real estate. So I will probably put 10-15% back into my land business, and then I would probably diversify a little bit into some businesses that I'm currently invested in now and then of course keep some cash on hand. It's in case you always want to have a good chunk of change for that deal when it comes along. You know it's always nice to not use your own capital. If there is a deal that needs to close in 24 hours and you've got the cash it's nice to have it in the bank.

Mark: You know it's so funny because that's pretty much the same type of answer I gave Adriel. This is the problem with our business we can't find a better investment, right?

Jeran: Yeah.

Mark: You just can't. You can't get a higher return anywhere else than land if we're making 300% to 1000%. Let's just say worst case scenario we get 100% where else do you get those returns honestly?

Jeran: Yap, I agree.

Mark: I guess if you got an IPO that was a high foreign IPO, I don't know but that's gambling.

Jeran: Yeah, that's legalized gambling.

Mark: I mean so if we're doing a little bit of extra work and hustling and we make this huge returns and I was telling Adriel once you get to \$10,000 a month passive that's literally like saving \$2.4 million that's hard to do. To save to \$2.4 million buy a bond at 4% and have \$10,000 a month coming in passive that's really tough for most people to do. If you're working a job that could take a lifetime.

Jeran: Unless you worked at Instagram [00:08:36] [indiscernible].

Mark: Exactly. So you have this huge exit then you take your 2.4 million or whatever it is and you put it to an account. So that's the beauty of this business is the passive income and the notes and getting that cash flow in

because it is literally like saving millions of dollars and it doesn't take that long.

Jeran: Yeah, I agree a hundred percent. I think land is probably the safest investment you can make. Of course you have to do your due diligence and we've talked about it forward the cheaper you buy the land the safer it is in terms of... again you just have to know the market. So if you're spending \$50,000 on a piece of land really do your due diligence and know what you're buying. You know if you're buying... I'm not saying you don't do your due diligence in buying a \$5000 piece of land it's just that generally speaking there is a lot of things you have to uncover on a \$50,000 piece of land because that's a huge risk. You could be sitting on that 50 grand for 20 years if you buy wrong.

Mark: Right, yeah exactly.

Jeran: And I'll actually give you a for instance or an example and it's really interesting and there might be some people interested actually on the podcast listening. My grandfather owns a lake up in Spokane, Washington it's called Horseshoe Lake. I actually have it on my website at Reserve Land and it's one of things I've been trying to help for years marketing. It's a gorgeous piece of land, it's an 80 acre lake, and it's got 22 subdivided parcels I think like 15 on the lake.

Mark: And there's access to power on all these parcels?

Jeran: There's power I think to several of them, correct. A beautiful, beautiful property. He wanted to sell it as a whole piece of land for a while. I think he spent about I want to say over time 500 or 600 grand on that land which is kind of a lot but he's asking I think one million bucks for it.

Mark: That's it?

Jeran: That's it and he has had a hard time getting it but I think at top of the market he turned down a couple of offers that were a lot more than that. So I think it's kind of in hindsight like in our business Mark we look at the margin and go hey if I'm making and it's not just margin. If I've got a million dollar property that I've got under option I can sell for 1.5 million I'm going to go hey that's a good deal, that's 50% return you know short term.

So for him I think because he had the property for so long he's mentally and I think it's just kind of comes with that like old school real estate mentality that I'm just going to hang on and price it. I think because of the way the markets fluctuates, it's a lot of different. People talk about 10 year cycles

and we can talk about it longer about the manipulated cycles and what's going on today how they and I wouldn't say purposely manipulated but at some level I do believe that. Like we talk about mortgage backed securities being purchased by the Feds that pushes rates down. So in effect that sort of manipulates the market indirectly and so with this land he could have sold it and he could have made a huge profit and he decided against it. So he's been sitting for over 30 years now on this property. I'm just trying to help, he's in his 80s and he just wants to move it but he's getting a lot of offers now and I've been helping him market it.

Mark: Let me ask you how are you marketing that property? Are you using a realtor? Are you doing Facebook? I mean how are you doing that?

Jeran: Facebook, Craigslist, Land And Farm, Land Watch several websites and all the leads that we generate so he's gotten. Because we've broken it up now it's a great term property, right?

Mark: Right.

Jeran: So he can sell one parcel for 40 to 50 thousand and then maybe on the lake sell them for 80 grand but you give him 500 bucks down and 600-700 bucks a month depending on how much the property is. Maybe 300 bucks a month if it's of the lake but there are CCRs in place so you have to abide by the rules and reg's that are on the property which I think is like a minimum 2000 square foot house. So if you're going to build you have to build right.

Mark: Well Jeran, why don't you focus on just selling to local builders in Spokane?

Jeran: We tried that. It's not in the heart of Spokane it's about 20 minutes away.

Mark: Right.

Jeran: But I think that the dilemma is there's a lot of property. Like given the Spokane auction there's property everywhere. So now lake front is a different story and this is legitimately lake front property.

Mark: That's interesting because I would think if I was a builder and I could sell lake front lots custom...

Jeran: Trust me I've called probably seven or eight myself and talked to them.

Mark: Really.

Jeran: And you have to remember...

Mark: Oh yeah the market was so depressed nobody wanted to build anything for a while.

Jeran: Yeah, exactly and I think that's the idea. Like creatively you could joint venture with a builder and take some risk with the builder and hopefully flip maybe flip a home but again you're talking about it's really speculative: you're 20 minutes outside the city, what is the home going to sell for, what are building costs. So if you look at those whole numbers you know homes are very speculative. I mean how many times have people built homes and lost money and that's the scary part.

Mark: Right, but historically they haven't been that speculative. I mean historically they've increased in value by about 1% a year, is that right?

Jeran: I think the average is 3% a year.

Mark: 3% a year, really? Maybe in California. I don't think that's national.

Jeran: I think the national appreciation average yearly for real estates is 3% per year. I don't know if you looked at the last... that's what I thought, that's what has always been talked about, sort of like the 10-year cycles. But I do know that 3% is always certain have been that rule of thumb with appreciation. Now of course if you look at it over the last 12 months or maybe 18 months in southern California appreciations is up like 25%. So that makes up for all of the down years.

Mark: Yeah, and you can make an argument for almost another housing bubble.

Jeran: It's not argument we are in a housing bubble.

Mark: We are in a housing bubble not nationally though just pockets.

Jeran: Yeah, I know there are pockets. So the high demand pockets are definitely. I had a dinner last night with a couple of people and we sort of just discussed the market about where is the market for single family homes, where are we going to be at a year or two years from now and my thought we are literally at the tipping point of sustainability. I mean I don't know how, like in southern California I don't know how these people can

afford their homes, I don't get it. Putting \$200,000 down on a million dollar home and still having a \$5000 to \$6000 mortgage payment, with property taxes, HOM. These people are... I don't get it. I don't know how they and there are tens of thousands of main hall homes in San Diego and I don't know how people can afford it, I just don't get it.

Mark: They're millionaires.

Jeran: They are people that have...

Mark: Or they're house poor.

Jeran: Exactly and I think that's kind of what we're back to that 2006, 2007 bubble where people just wanted all about buying the big house, and buying the nice, fancy cars. We're right back there again which is sad, but the good thing it goes to people that are in this business of buying and selling land. Like Mark and I have never been in that bubble of like uh we want these amazing homes and these amazing cars. We just want to focus on land because we knew that land was a safe investment.

Mark: Right. Well you know the problem is we're not going to get a return anywhere else that we're getting on land and especially when you think about your time. I mean I did a house flip back in the day I think in 2006 and it was very tough to market. I made \$100,000 on it in tier three but I was up there every other day meeting the subcontractors and watering the plants. When I factored in my time it was miserable. I could have been doing more land deals and made probably just as much money.

Jeran: Yeah. You know I think that in reality that's the hard part: it's the management aspect, it's the contractors. I did a flip about seven or eight years ago, nine years ago of a condo down in San Diego and it was right to a really, really beautiful school and I thought gosh should we sell the house, should flip it. Anyway we put money into it and we flipped it and it was just a nightmare. I mean the contractor would skip town like three times, I had to bring him back. It's just managing those types of people can sometimes be a challenge.

Mark: And I'm not a construction guy. Do you know construction at all?

Jeran: I do a little bit.

Mark: You do. I don't know at all and these contractors could have done the worst work ever and I wouldn't know. I wouldn't know if it was shoddy, I wouldn't know if it was good at that point because I wasn't flipping it. I was

just looking at what's the cheapest price I can get to get these cabinets replaced or this low ceiling fan and just kind of updating it. Now, it worked but at the end of the day to do that continually would just be miserable.

Jeran: You know I think one of the interesting things about that is like we've talked before I love educating myself on these types of situations. Like I want to know more about contracting and how they do their job so that I can sort of manage them. I don't want to micromanage them but I want to go and manage the process and know hey that's a really bad job or you need to fix that or you need to change that because those are things that they'll come up along several times in your life whether you like it or no. So it's good just to know that stuff. So I've always sort of been there, I've installed hardwood floors; I've done a lot of different things for nothing more than just to learn.

Mark: That's great.

Jeran: [00:18:42] [indiscernible].

Mark: I'm always afraid it's going to cost me twice as much.

Jeran: You don't look like a guy that likes to put [00:18:46] [indiscernible].

Mark: I'm definitely not. I pay for everything. I pay for everything Jeran. I do nothing myself.

Jeran: Wow, I like it.

Mark: But then where is my time more valuable?

Jeran: Right here on camera man.

Mark: Right here exactly: Land Geek and land investing. I'm losing money installing hardwood floor.

Jeran: Yeah exactly. Again going back to what you said earlier just land is a very, very safe investment.

Mark: Well, you know it's safe the way that we do it.

Jeran: Yeah.

Mark: The outside world looks at land and say oh that's highly speculative and that's a terrible asset class. It's only for the most professional investors.

Jeran: Which is totally untrue.

Mark: Which is not exactly. I mean not the way that we do it.

Jeran: Yeah, but you can be professional by going through your program pretty quickly and understanding just the basic aspects of due diligence.

Mark: Right. But typically when people think of land investing they think of going vertical, going through the entitlement process, planning out a subdivision, selling it to a builder, talking about putting infrastructure, doing phase one and phase two environmental and that is not we're doing.

Jeran: Yeah. There's four words that I can share with people don't be a developer.

Mark: Yeah, 80% of developers go under, right?

Jeran: Yeah, it's a very, very challenging... No, granted there are times when developments are good. My mining project, we're developing this project but it's such a different type of business that it makes things very challenging and there's a lot of risk involved.

Mark: Tons of risk. Tons and tons of risk. Most developers run out of money.

Jeran: Yeah. I mean just the permitting processes alone like going to a local county and tracking. Because you're not going to know everyone and how to get things done so it's always going to be a challenge because the power that be in the county they sort of control what you do and if they don't want it there it's not going to be there.

Mark: Yeah exactly. Did you ever get the grass is greener syndrome? You look at what other people are doing and think oh maybe I should be doing that instead. That looks more lucrative, that looks more fun. Do you ever get that?

Jeran: Only when I've got 19 projects that I'm managing and realizing that focusing on one could be a lot more lucrative than 19.

Mark: That's right. I was talking to somebody about you. I'm like Jeran has got business ADD you're in everything.

Jeran: Yeah. You know that you're right but here's the really cool part it's like you a lot of the things that I'm involved with aren't things that take my time, they're not day to day things that I need to be involved with. You know like certain aspects of the magazine which I don't talk about very often but it's a really cool magazine, it's doing very well. I've been involved in several aspects of the process but I'll spend an hour or two here and there. I'll write an article for the magazine, I'll call up a few people; I've got contacts that are in the industry that I can chat about some national advertising campaigns to the magazine.

Like just different things that I sort of use my network to kind of help and that goes to the surf company that I'm invested in, that goes for the headphone company that I'm invested in, it's goes for a couple of software companies I'm invested in. So a lot of the things that I do I'm not the CEO I am basically an advisor helping build that brand by my network and connections. So yeah it sounds like I've got a lot going on. The mining project I am spending a lot of my time and I have over the years and it's a risky project but there's a big reward at the end of the tunnel if I can and no pun intended tunnel, but if I can get there.

Mark: Right yeah that's interesting. But when you go to bed at night do you ever feel like oh my gosh there were 10 things in my to-do list that I wanted to get done and I couldn't get done? Do you ever feel like you've so much in your plate, you have so many different areas of focus? Do you ever feel like that you didn't get enough done?

Jeran: Occasionally I do but for most part, again because I'm so structured and regimented with what I do on a daily basis, I think that I've got myself in a position where I'll push things off of my plate. Like if things are moving too slow or like there's something very big that I fell on my lap a couple of weeks ago here local in San Diego and a couple of big businessmen that I ran into with some deep pockets came and asked me to help on a big project and it's a project of \$200 million project. That could be something very... when I say \$200 million not from me but for the city of San Diego or the Country of San Diego could be and it's a game changer. But do I want to take my time and focus on that entirely? No, because it takes away from what I'm currently making money but it's something and I have to assess the project. If I assess the project is it something that I could see myself spending three to four hours a day on for the next month and a half or two months or five months to make this thing come to fruition. Does that make sense? But I don't ever go to bed and go gosh I forgot to do this or that because I'm very like... Like my inbox is clean every single day.

Mark: No, it's not.

Jeran: I promise you Mark.

Mark: Jeran how is that possible?

Jeran: Dude, I should send you a snapshot it's clean every day Mark.

Mark: You know what, I want to see that snapshot and I'll put it up on my website.

Jeran: Okay.

Mark: You don't have to do it right now. Don't multitask. We just did a coffee talk on that.

Jeran: Any way I think we're about that time Mark. I know you've got something very special for the listeners. So why don't you go ahead and tell me what is your tip of the week?

Mark: How many times do we have to go over this? How many times do we have to talk about this?

Jeran: What's the problem?

Mark: It's the Land Geek Podcast. You are my guest. I put you on the spot and I say Jeran we're at that time what's your tip of the week? Now you're being me.

Jeran: I thought this was the Land Freak website.

Mark: That's what you call me off air.

Jeran: No, I'm the Land Freak, you're the Land Geek.

Mark: Oh yeah that's right Land Freak yeah. You're like the doppelganger. You should start the Land Freak podcast that competes with The Land Geek podcasts.

Jeran: Well, that's funny.

Mark: Come on Man. What's your tip of the week?

Jeran: My tip of the week is a wonderful little website it's called Swiftly.com.

Mark: I've heard of that. Let me check it out.

Jeran: S-W-I-F-T-L-Y.com, Swiftly is basically a spinoff from a company that we talked about in the past called 99Designs.com and basically I think you can get stuff done in like 30 minutes is the average turnaround and the average cost I think it's 19 bucks to do it. So photo reattaching, logo changes, business card changes, [00:25:57] [indiscernible], banner ad updates and a lot of other things all can be done on Swiftly.com.

Mark: Oh this is great. Let me ask you is this better than Fiverr?

Jeran: You know what it's a little bit more advanced than Fiverr. You're dealing with people that are real graphic designers, Fiverr there are a couple of them that are and they'll have the add on packages that you pay 10 or 15 or 20 bucks more and that's who you're dealing with here. So you're dealing with kind of like these are like the add on packages at Fiverr if that makes sense.

Mark: Okay. So let me ask you for 19 bucks they say they do it in less than an hour and you can request revisions until you're completely happy with the work. Then do they charge you more?

Jeran: No.

Mark: Huh, interesting. I wonder if they'll help with landing pages. If I have the copy would they go in and make it look better for 19 bucks?

Jeran: Sure, possibly. So check this out for 25 tasks you can pay 275, that's only \$11 a task.

Mark: Yeah, but what would you do with this update your Facebook cover photo, I mean your logo, business cards?

Jeran: I'm just saying you can buy in bulk too which is pretty cool.

Mark: That is cool.

Jeran: So you can buy like you know 5 tasks are 16 bucks a task, 10 tasks are 14 bucks a task. But again it's kind of like a Fiverr on steroids a little bit.

Mark: This is cool. Great tip, you're on fire with your tips.

Jeran: Thank you. You're going to have a good one probably.

Mark: I'm going to have a good one. Mine is I'm really enjoying this new *18 Minutes to Focus* book that I'm reading and implementing into my life and you having these five areas of focus for the year and having to-do lists and putting them on my calendar. But one of the ways that I am making a to-do list is I'm using an app and it's also a web app and it's free. It's WunderList.com and I'll spell that for you W-U not W-O like the bread, W-U-N-D-E-R-L-I-S-T.com check it out. WunderList.com it syncs among all of your devices and it's free and it's great. I am really enjoying it and then for my to-do lists I have my five year focus and to-do list part of the focus and then I just put those things in my calendar in the morning and it keeps me focused and energized throughout the day. So that at the end of the day I feel like oh I've got a lot done and I had really good control of my calendar.

Jeran: You know what Mark, I'm just going to say this. I have to break it out there for all the listeners Mark actually brought this up on like podcast number 10.

Mark: I didn't bring up WunderList.

Jeran: Yes, you did.

Mark: It was Productive. It's similar.

Jeran: Now, you're French on me. Come on I'm just trying to tell you you've dealt this type before, I've heard it.

Mark: WunderList?

Jeran: Yeah. You need to step it up a little because I've been here. I'm giving these listeners something really good to go play with and you give them WunderList, come on.

Mark: Really, I'm sorry.

Jeran: I'm just kidding. Now this isn't bad. I actually like it.

Mark: You're so graphic. When we had Graphic River and now it's Swiftly come on man. You know what next week I've got a great due diligence tip. I'm not telling you. Everybody listen to the podcast next week because I've got an amazing due diligence tip but I'm not going to give it out yet because I still have to test it. But it's something that might be able to replace my other due diligence site that we use.

So if you want more tips, tricks, techniques on how to make an incredible income actively and passively buying and selling raw land please visit TheLandGeek.com, download *The Passive Income Blueprint*, get the eBook *How To Avoid The Three Fatal Land Buying Mistakes* and of course get this amazing, engaging and informative podcast delivered each week to your email inbox.

If you want to acquire some wholesale land check out ReserveLand.com. If Jeran doesn't have anything you want check out FrontierPropertiesUSA.com, subscribe to my VIP list, get some shackles off your first piece of property and of course visit LandHub.com. So Jeran are we good? Anything else you want to discuss before we close?

Jeran: No, I think we got it. We didn't really argue too much there which kind of bumps me out.

Mark: We can argue if you want about something.

Jeran: We'll do it offline.

Mark: Offline. Hey, you know what, thanks everybody for listening. Jeran I really appreciate you taking time out of your extremely hectic, busy, crazy, chaotic schedule.

Jeran: Thanks Mark.

Mark: Thanks buddy. So we'll see everybody next week. Have a good one.

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