Jerry: Here we go. This is from Louis. He says, "With a lease option in place, getting out of the deal is just as important as getting in the deal." Then he says, "In addition to presenting it that [inaudible 00:00:32] what investors are looking for on the flip. Cap rate, cash on cash, ROI, et cetera, and what we should be looking for when considering offering a lease option in relationships too. Of course acquisition costs, total revenue potentials, operating income, et cetera. As you present offering a lease option in a financial model that won't support an investor's interest or purchasing requirements." Louis if you want to maybe sum that up for Dave in a little bit more laymen terms he'll probably understand your question.

Dave: I can probably stop it right there, because this si a more complex question ad we should probably set up a call where we have 15, 20 minutes to go over the scenario. Because it is one of those questions that takes a little bit of time to go ahead and get it dialed in. Because once you get over a certain dollar amount, your return on investment starts to dimension. When an investor is looking at a cap rate of seven, eight percent, and you're buying a home at let's say your option price is at 2.7, 2.8 you're not as worried so much about your cap rate that your return on investment and your return of your investment, most importantly. You got an eight percent cap on a 2.7, 3 million dollars property, probably is less than likely. You're focused more on the overall being able to get out of the property. That's why some of the factors, I'll add that three million dollars price tag, 2.7, 3.5, we're more interested in setting up a program so they can go ahead and help stop the bleeding. More so out here in Scottsdale and your neck of the woods in Fort Lauderdale it's a whole different ballgame.

Dave: Also if you go up north and Northern San Francisco, same issue, they're getting cap rates at two and a half, three percent. It's relative based on the term, you can only get so much out of a vacation rental, even if it's a gorgeous property. We'll probably dialing that boy in on a 15, 20 minute, 30 minute call where we take certain examples and then we get it setup and run through all the numbers so everyone really understands it. You're 100 percent correct.

Jerry: Yeah, and Louis was recommending we do a video on it because it is a longer, deeper conversation. Louis was that helpful for you so far?

Louis: Well, no that's why I suggested in the beginning of the question that perhaps it could be addressed in a stand alone as a video, because if that's the objective to try to get that lease option so we can eventually flip it we have to evaluate that on the front end. Not say, yeah , I got the lease option and then on the back option it's like you can't do anything with it because it's not attractive to an investor. I just wanted to see if Dave could present that somehow so that going in we know that, all right, this is going to be a done for you, we're just going to manage the property, or no this one has the potential to make some money on the back end and we'd like to see if it could turn into a lease option for us, that's all.

Jerry: Yeah make sense.

Dave: Louis the exit on the larger properties like that are when we put them into a portfolio and when we sell those off in a block and like 100 plus properties, where we're getting a

10X. Now if you're doing the 350 a year you're exiting that property at three and a half million, okay. You're able to get out of it where you do make profit. I'll explain more about that and a later version, it will have to put up just for the advanced strategies on taking up larger properties.

Louis: Okay, not a problem, when we can get to it.

Jerry: That's great, awesome, Louis.

Louis: Okay.

Jerry: Next question here, Dave. We have a question from Donna, and it kind of goes right into what were just saying but it says, "What is a done for you deal on a house? John recommended it for me when you have to borrow capital to get a first deal. He mentioned 30 percent." She goes, "I think you're making 50 to 60,000 per year on a property, I need to know how much expenses may be involved before looking at or getting my first account to secure a loan. I know you do cash only, no lease options. I have to get a loan to start, I have not done real estate before."

Dave: Okay. If you're doing a [inaudible 00:06:06] you might not need to borrow any money, so a job for you is typically that there's a done for you. You come in, if they leave it furnished you're basically going in there and you're taking care of the property just like you would if you had looked at Airbnb. You could setup where they have a co host program, co host would more or less advertise and get individuals to come in and rent the place, and they would make 20 percent, 15 percent, eight percent, whatever it was, that was all negotiated. When the guests stayed the host got paid, okay, or the co host got paid. We're doing exactly the same thing, but because what we're doing is taking it to the next level, we're trying to put an option on it as well where we're securitizing ...

Dave: Let's say that home is a million dollar home we'll put in an option on it for let's call it 875 or even 900,000. We then put it in our Done For You Program, where the homeowner will leave that property and have it 100 percent furnished. You come in and you're going to put it up and you're going to start advertising, and we're going to show you actually how to do that. Where you actually now start taking your bookings, and your running the whole day to day. At the end of the day all of the money goes directly to these ... Okay. What you do then is all the money ...

Jerry: We lost you there, Dave, for one second.

Dave: Yeah, I heard that that's why I'm going to talk back. What you'll do then is take, all the earnings that came in will go directly to the homeowner. The homeowner then will pay all the bills, and then pay you your agreed upon amount which should be 25 to 30 percent. If the homeowner earned let's call it $30,000 in that given month, they had $5000 worth of bills, it would leave 25,000, you get 30 percent of that or roughly $7500. Does that make sense?

Jerry: Yeah.

Dave: Okay. Once you've got that for a period of a year now our option is coming up and we are looking to exit that and sell out that property at a million dollars, a million one, and based upon the [inaudible 00:09:06]. We could do a triple net lease on it, we could sell it straight to an investor or we can go ahead and put it in our pool of homes that we sell at a later date. Then we just continue to manage it for a period of four or five years.

Jerry: Very cool. Dave, can you hear me?

Dave: Yep, sure can.

Jerry: Okay. Perfect, perfect. That was great. All right cool. We have another question here from Debra she goes, "I've called a few SP prop managers today in the San Diego area they said anything coastal or La Jolla. In what pocket area do you think would succeed most?" I know we did a boot camp down in San Diego we looked at that whole La Jolla area, there were come really great opportunities down there, to the beach is another area that's really hot. She has a second question here she goes, "For plastic ware for my first house, do you need any kind like from Ikea, grocery store, Big Lots, or more expensive plastics?" She goes, "I truly enjoyed last week's bootcamp, really want to get my first house started to do more."

Dave: Okay. I don't know what we're referring to as plastics, but I have to assume that's plastic cups and dishes.

Jerry: Yeah, plastic wares, yeah, and stuff like that, yeah.

Dave: Right. I have both in all my homes, and you do that for people, because some people just think that's so just not right to be eating off of just plastic ware and paper plates and all that stuff. You have the inside and your outside ware. It's not that expensive to have your inexpensive plastic ware or paper plates so people can go eat out on the balcony or outside, or out by the pool, whatever the case may be, and then have a nicer set, not expensive but you can get something that looks fairly nice and looks like you paid a lot of money. From Costco and also over at Walmart, okay. Big Lots is a good one as well. I wouldn't go overboard, it depends on the quality of the home. If you're in a three million dollar home versus a $700,000 home you should dress it up accordingly to get maximum revenue. Don't go broke putting it together.

Jerry: Exactly, but you also want to meet expectations too. That's the biggest thing with the higher end homes is you've got to meet expectations for your guests. If they're spending $2000 a night, they're not going to want to eat off paper plates, or plastic plates. You may want to [crosstalk 00:12:22].

Dave: Yep. That's true.

Jerry: That's the way it plays out. All right, great question. We have one from Rich here. He said, "Dave mentioned on a past Q&A call the differences in the Fort Lauderdale market compared to the Scottsdale market." Rich is in West Palm Beach. "Can Dave please provide a brief summary of what he's learned from the trip in Fort Lauderdale to help reduce the learning curve for this particular area? Any pointers is most appreciated." Great question, Rick.

Dave: That's probably the best question to ask because it is the most relevant to anyone getting started, an area you choose. First thing I would do is go to the area that you're looking at Airbnb and VRBO, I would set the parameters of 700 dollars plus a night, and I would open up a calendar, I would leave the calendar open, when I didn't collect any day. I would just see how many properties in that particular area are in Airbnb and VRBO. If you see a bunch that means it's probably an area that you might want to dive into quicker, okay. At that point I'd make three or four phone calls to short term rental experts that are in that area and let them know that you're an investor and you're looking to purchase a property in the area, this is what you're looking for, you're looking for properties that generally will bring in 800 dollars plus a night, a larger type home, and wanted to see what's their experience, what type of properties would they recommend, which areas would they recommend. Just start asking them a bunch of questions, we do have that in the back office of what to ask a short term rental expert.

Dave: Because you want to pull out as much information as you can before you start wasting any of your time. Once you see the properties out there that you see that they're ... You get to learn what the cap rate is, which you'll ask them, what can we expect on the cap rate for an investor, what could I expect to achieve as an investor and my yearly return. If I got 800 dollars a day, could I expect to occupy 70 percent, 80 percent? They're going to quickly be able to tell you what the occupancy rates are, and now you're going to be able to start feeling comfortable about that area. You want to call at least three or four, because some of them don't deal with the high end, they might just deal with the low end, so they might not have anything that fits what you're looking for because that's not what they work on. Please, do your self a favor, if you find an area, make sure you're making that phone call, you're talking to people that are in that area and that do manage those type of properties. If you see them online someone is doing it, either the home owner or someone else. You have someone down there that's doing it and taking advantage of that area. All right. Does that help?

Jerry: That's great, Dave. Yeah, it definitely did. Now the second part of his question was, "How do you compare the Florida market to the Scottsdale market?" Give me three takeaways of what makes it different in your opinion. I know we're experts in the Scottsdale area and we're becoming experts in the Fort Lauderdale area just by you being there for nine days, what are some distinctions?

Dave: The key distinctions are the price, okay the prices down in Fort Lauderdale everything is so pricey. Here in Scottsdale you can still get a good home, a good money making home for a million dollars, a million two. It's harder and harder to find a good property out in Fort Lauderdale when the base price is around 1.8 and then it goes up. What I do with the larger homes that are three million dollars in Scottsdale, it's with different expectations. It's not there to go ahead and generate an eight percent cap. It's there to go ahead and stop the blood from coming out of the forehead, because these guys are really, they're hurting and they're not looking for the return, they're just looking for, maybe someone is going to take care of their property instead of selling it now, it may be better for them to buckle down, get a decent income. But at the same time not have someone ... and you have someone to take care of your property. That's a big burden to be relieved from, but that's not what they're trying to do in Fort Lauderdale. Fort Lauderdale they're taking those properties and they want to get ... they want to move, and they want to move out of them, and they want to get compensated well for them, okay.

Dave: The problem is the threshold being at 2.5, 2.7 is harder to achieve that outcome, okay. Doesn't mean it's impossible, the return will be less and it may take a little bit longer to get the volume than it would be out in Scottsdale. I hope that makes sense because you have to really study most markets, and my sweet spot out here in Scottsdale is always right around 1.2 to 1.5. Get that [crosstalk 00:18:37].

Jerry: That's on a lease save, right, not on a [crosstalk 00:18:41]?

Dave: That's on the value of the property, that's on the value of the property. To get that same out in Fort Lauderdale ... the sweet spot is about two million to 2.4. it makes it hard, you don't want a million dollars higher to get those returns based upon just the cash flow generated from the property, it's harder. It's just harder because we're up almost 50, you're almost up 100 percent in cost. Your income is almost identical. I can make 280 from a 1.5 million dollar home. I can't do that in Fort Lauderdale. It's a 2 and a half million dollar home, so you can see how the numbers start to [inaudible 00:19:34] work a little harder at it.

Jerry: Make sense, make sense. Great question. All right. Here's another question, I'm not sure if I read this question before because it dates back 10 days ago, so forgive me if I'm doing this again. But Thomas says, "Hi, Dave and Jerry, love your attitude and [inaudible 00:20:01]." Thanks, Tom. "I am excited about applying your process. I own three single family home rentals now, so I have a little experience in rentals, but no experience in SVRs. Before I jump into the question I keep asking myself is this my question. A lot of folks are talking about the probability of a recession coming to the open market in 2020. I live in Orlando, how do I manage the risk of recession, how do I strategize for being on the hook for a year lease if a recession knocks out a lot of the people from renting? Will that leverage me too much or are these strategies to minimize this risk and SVRs?"

Dave: Great question. This is where my story began, okay. A friend and I, my friend always believed, "Let's buy the property, fix it up, and let's rent it out." He had tons of long term rentals. We had a game, it was a game where lets' see who can generate the most capital with the least amount of risk and the least amount of money out of pocket. I went on to show him how I could take next to nothing, when I mean next to nothing mean under $50,000 and turn it into almost a half a million dollar a year enterprise. I said we take the same, you take a half a million and let's see how much you can get in rent. He couldn't even crack the code and get over 70,000, it jut isn't possible. The numbers are so skewed if you use this strategy in the right area there is no question you're going to be able to crush it in SVR, using our SVR formula. You have to find the right location, and you just have to follow the instructions, okay. If you have capital, don't ... the last thing in the world you want to do is have it deployed into three properties where you own them, because now you have all the risk.

Dave: With SVRs all you have is your lease payment, and if you have a lease payment in a corporation and the market fails, what do you have? A defunct corporation, right. You don't have any more of your money in that. My opinion is by far the best strategy to go with utilizing separate corporations for your property to generate income and mitigate most of your risk. That's my opinion.

Jerry: Cool. Okay, Dave, why don't we do this, I'm looking for a few more questions here.

Dave: Okay.

Jerry: But why don't we open up the lines and see if anybody has a question right now.

Dave: Sure.

Jerry: Before I continue, okay? Awesome. Perfect. Just hit star six, and you can open up the line if you have a question for Dave. You can also feel free to submit the question in the back, your member area under the SA tab, then I'll receive them via email as well.

Marsha: I have a question, Dave. It's Marsha.

Jerry: Hi, Marsha.

Marsha: I put it in, I type it up this morning so maybe if you see it it'll be the same thing. But Dave I went to look at a house this weekend, five bedroom, four bath in Fort Lauderdale on the water with a pool, but it had a lot of floor changes in the house. Good floor changes from wood to marble, but it was an older home that had been updated, but every time they do that they had maybe a one and a half to two inch step up, and that's in at least five to eight places in a house. I was very worried about liability with that, I actually had somebody there with me who knew there was a step up everywhere and she tripped. What's your thoughts about that? Should that be a house I walk away from?

Dave: Well, I don't like a lot of transitions in homes because it does create problems, especially at night and once the lights are out, my first home was a home with several transitions in it and my first renter they almost broke their leg and I ended up putting the yellow tape on every transition. It doesn't look great, and if you've got eight of them in it.

Marsha: At least, yeah.

Dave: No impressions. The good part is you'll get a great deal on the property, okay, because they're not going to be able to sell it. No one wants a home with that many transitions unless they're going to buy it for the land, and you're getting a screaming deal, so that's the good news. I would look at it closer and see if there's a way for you to tape it up and just let people know. I never really let people know that I had a few transitions in it, because homes do, older homes especially, tend to have more transitions. This one house that I had had in the bedroom two transitions. It makes it hard if you have to go to the bathroom and you forget about that you can end up falling on your face, right. I never had an issue after I put the tape up.

Marsha: You still, you'd do the deal, it's on the water, with a pool, it's a real nice house, that's the only thing that made me nervous is should I walk away from that. You're saying you would do it, put the tape down if you got a really good deal.

Dave: If it's a good deal, you do the numbers and make sure the numbers are there, because you're not going to lose the numbers because of a transition unless it really effects the look of the house inside on the pictures.

Marsha: Yeah, it won't, yeah.

Dave: There was, Jerry, do you remember you and I went to a place in Scottsdale, it had the pool, outside the picture was amazing and Jerry and I said this is the house we want and we're going to go and get it because it was absolutely the best picture. We knew that we would go ahead and make a ton on that house. But when we got it those transitions were not only small, they were huge steps in the transition. Instead of being six inches they were like eight inches.

Marsha: Wow.

Dave: There was absolutely no way that we could do the deal, so we walked away from it.

Marsha: Wow. Okay.

Jerry: Yeah, and that was one part of it, the other part was the pool area, right. It seemed a real dangerous an area with the kids, around the pool area in this particular house. Is this the same one you're talking about, Dave? The one with the pool which had no fence around the pool but it was [inaudible 00:27:27] [crosstalk 00:27:28]? Yeah, it was a beautiful home. This was like a Italian villa home, it was perfect outside of those two scenarios. But man I saw a little child falling into that pool, it would just be a dangerous situation. Really dangerous situation, you want to kind of avoid that. That was a deal breaker for us.

Marsha: Okay, so it depends on how good the deal is. Would that be a house where you wouldn't want little children? Might restrict the age on that house.

Dave: You would probably want to do so, you would have to say it on there not kid friendly. Not child friendly.

Marsha: Okay.

Jerry: In the listing itself.

Marsha: Yeah. Okay. Thank you. That was my question.

Jerry: Okay. Do you have another one [inaudible 00:28:18]. I've seen a couple other ones come through Marsha and we may have answered them on previous calls.

Marsha: I think they were previous ones that's the only one I have today.

Jerry: Okay. Perfect.

Marsha: Thank you. If I think of one I'll ask it.

Jerry: No problem. Who else has a question for Dave?

Tom: This is Tom, from [inaudible 00:28:38]. Jerry, I emailed you the question last night so you may not have seen it yet, but I'll go ahead and ask now. Dave, I'm trying to furniture a new place in Scottsdale that I picked up. I talked to Donna over at American Furniture she didn't know anything about the two twins that you stick together with a bridge on top. Who do I call or who do you use to get that setup?

Dave: Okay. If you send me an email or send it to Jerry, [inaudible 00:29:10].com we've got a special private supplier that does the beds and also the headboards with two different people. Donna doesn't work the way we need them to, so absolutely.

Tom: Okay. Thanks.

Tim: Hey, Dave, Dave. This is Tim, I have a question real quick. I'm looking at an initial investment here on a property it's an unfurnished property that I want to get on average. I know you've talked a little bit about the cameras, the furniture, the mattresses, the recreational equipment and things like that. However, I'm just trying to wrap my arms around, what are you looking at really for an initial investment for all those kind of things? I was figuring around 10 to $15000, am I high, am I average? What are we looking at there to get a place like that furnished?

Dave: Okay, so that's a great question. I use [inaudible 00:30:14]. Eight to $10000 per thousand square feet, okay, so it could be a little more, a little less all dependent on the quality of the home and the area and all that stuff. How big the backyard is, what you're trying to accomplish.

Tim: Okay.

Dave: Generally eight to $10000 is ... If I had a 4,000 square foot home I'm planning on spending 35, $40,000.

Jerry: That's on furniture and everything though, Dave.

Dave: Furniture, camera, linen, [inaudible 00:30:49] furniture for outside, the whole bit.

Tim: Okay, so about 35 to 40,000 for a 4,000 square foot home on average?

Dave: On average, it could be a little bit more, a little bit less all depending on your taste and how much you add value into it. The game rooms and stuff, all that stuff can jack you up really, really fast. If you plan to up your game room you can get that down for 1,000 to 1500 where that could easily cost you 10 to 15,000 if you really just watch it. Just the backyard can too. If I want a couple [inaudible 00:31:40] it's seven, 800 dollars a piece and you've already blown your budget. You got to watch that and just make sure those are the two areas where you can blow it really easily, so just ... That's what I would call this value shop, you can find some nice pool tables for five, six, $700, and have them moved and maybe resurfaced and you're all in for 900 to $1000.

Tim: Okay. Well, thank you very much.

Dave: Sure.

Jerry: You're welcome, Tim. All right. I have a question here from Debra that just came in. It says, "Is it possible to completely setup a lux rental in another area than where we live? Wouldn't you have to initially go there to the homeowner and get it setup, or is there a way to do it with Lux Home Pro Specialists or someone on the ground?"

Dave: Okay. Well, that, yes, it's getting easier and easier and the more and more people we have doing the easier and easier it becomes. Because we have lots of people out there looking at properties. As time goes by in another four or five months we'll have a number of them available. To the right people that they can pick them up and move to there, but for now I would recommend if you're ... Let's say you are in Tennessee and you want to get something in Scottsdale, okay. You don't know us, okay, or you wanted to put together your own team, well the first thing I'd do is call a couple short term rental specialists in this area, okay, and ask a ton of questions, and you'll get to a point where you feel like you really understand it then. You could hire them to do certain aspects for you that you can't do. You might do all the management, you might deploy certain packages, but you have them run the day to day. You're going to do all the booking, you're going to run the [inaudible 00:34:07]. But you're going to get them to go ahead and make sure that they check your guests as they come in. They make sure that all the house is in perfect condition for the next one. They make sure that the maids come in and do what they're supposed to do.

Dave: Instead of paying them 20 percent to manage that you might only pay 10 or 11 or 12 right and you save yourself quite a bit of money. But now you have the professionals down on the ground that do that. Also, when you're looking at properties once you've located the types of properties you want, you can interview a bunch of realtors that understand this is an out of the box deal, and after calling maybe 10, 15, you may find one or two that you really feel comfortable with and they may make all your presentations for you, okay, and close the deal. The things that you can do to make that happen without you being there, but you'd have to have a lot more trust. I would definitely think before you pull the plug on anything fly out to the area and at least take a look around before you sign on the dotted line just to make sure you're doing the right thing.

Dave: Okay. [inaudible 00:35:28] anyone to do if you have a property, sight unseen, think there's going to be in one area, find out they're in another area. They think the numbers are the numbers and they find out they're getting half the daily rate because they're not in the right location. You always want to check it out and you can always do that better when you're looking right at the property and looking at the area and dialing all that in, so hope that makes sense. But yeah you can do it but you have to really, I would spend a little bit of time getting to know that area before you really pull the trigger.

Jerry: Yeah, and another thing Dave a lot of the people in our industry really want to feel the energy of the house. I know that might sound a little woo woo, but it's important that you relate to the house because you may want to use it for your own vacation time or have your family stay there, or have your family stay there. You're going to rent the property out maybe say 70 percent of the year as a vacation rental you still have 30 percent of that house that could be used by yourself or your friends. You may want to make sure that it's a nice place that you would feel comfortable staying in as well, right. [inaudible 00:36:46] but you definitely want to be there in the area to check out the area for sure.

Debra: Hi this is Debra or Debby, I'm just going to add to that question a little bit. I guess what I meant also, that's very good what you, everything that you just said. But what I guess I'm leaning to is how would I like living in San Diego and negotiate with a home owner in Nashville or Scottsdale, or something like that when I'm here. Would I have to find ... if I found a house in a different area go there to negotiate with the home owner to get started in this?

Dave: Here's how I would do it, if I was, I'm looking all around of where I might do this, before I go out and pick any time I'm going to go ahead and reach out to three, four specialists in that area. What that confirms this in fact is an area that I want to be in and I'm looking at the pricing of homes and everything feels right, looks right, now I'm flying out. Okay, I'm going to fly out and I'm going to meet with some of these experts that I dealt with and I'm going to have appointments set up for when I do go out, I want to be [inaudible 00:38:01] properties. Once I can ... Now I'm able to do something because I know the area, I've spent the last two months researching it, now I feel comfortable with what's going on. I think that's what you need to do is you're comfortable that's the area you want to be in you need to just start making those phone calls, getting to really know the area, getting to know the areas that you need to stay away from. Then plan a trip to solidify your relationship. When you're there for a period of three months, or not three months but three days you're able to get a lot accomplished. Now when you go back, even though you may not have found exactly what you wanted, you've solidified those relationships.

Debra: I see. I'm just looking at the price points of the luxury homes in San Diego I don't know if the numbers are going to work to do some of these strategies so that is why I chose to look at other areas. Okay. Thank you.

Dave: Okay.

Jerry: Yeah, there's no question that San Diego is a doable area. We have students that have properties in San Diego. But it is a higher price point, like what Dave was mentioning before like in regards to Fort Lauderdale, San Diego is a really high end market. When we were looking at homes in La Jolla, which is a really beautiful area for the luxury properties, you're like at 2200 square foot for like just under a 2 million dollar home. Two million dollars buys you 6,000 square feet or more in Scottsdale, in that particular area. As far as how many people can sleep is going to change, and our business is really based on heads in beds. Because that's the trends that are happening right now, how many people are traveling together, families are traveling together and you can get enough people in these properties, the cost for them to stay at these properties is the cost of renting a hotel. But they get the private pool, the jacuzzi, their own bedroom, their own bathroom in many cases, so that's kind of the difference. I hope that helps.

Debra: Thank you.

Jerry: Sure. Okay. Who else has a question for Dave?

Marsha: Hey guys, Marsha. Hey guys I got ... My question is quite optimistically if you had a lot of houses most of those cameras that you use for the outside you're monitoring from your phone or your iPad, how many of them can your phone or your iPad take, or how many of them do you have on one device? Because I'm being optimistic. Does that make sense?

Dave: It does make sense, yeah, that's always the challenge when you have different channels and so forth. Especially if you go with a base rate like an [inaudible 00:41:29] system. Because you're limited to how many connections you have on there and then it has to dial into it ... you just have different accounts. That's what I've done is just setup different accounts and I just have it set up so it actually dings my phone. If I hear it dinging, and you can look at the house, because I have them all really labeled. You can just go right to the ... you just click on it and it will open up that window and you'll be able to see, but I typically don't care about who's there unless they're not supposed to be there.

Dave: If I know that no one is at one of the homes and all of a sudden I see a ding, I say, "Wait, a minute who's there?" Or if the next morning I get up and I say, "Oh my god, look at all the activity that's going on between 12 midnight and three in the morning. Let me go to the camera and just se what was going on, because that's not going to happen again tonight." That's when you have to have the conversation with the guests and let them know that you had a number of complaints and here's what's going on, and if it happens again tonight they're going to have to leave. Don't think I'm out there stalking and looking at the camera. When you first get your property that's what you're doing, you're looking and you're like, "Oh my god, what's going on?" But once you've had it for awhile [inaudible 00:43:18]. I'm there to really filter out and that's why I make my phone ding so I know which house it is.

Marsha: Okay.

Dave: But you can get different camera systems, Cox has one, ADT. You can set it up. If you're good at that type of thing you certainly might want to invest in a little bit more money.

Marsha: I'm not.

Dave: Get better. But start off on basics at first right, you can always upgrade.

Marsha: Okay. All right. Thanks for that.

Dave: Okay.

Jerry: All right. Moving along here, who else has a question for, Dave?

Male: Hey, Jerry.

Jerry: Yep.

Male: You guys are still working on the back office?

Jerry: Oh, yes. Lots of changes happening.

Male: Okay. You got a time frame for that?

Jerry: Yeah, we're going to do a first version hopefully by next week, it's going to be exciting because it's going to be more function-able but not as pretty. The second version is going to be really pretty so we're hoping to get that done in the next couple weeks.

Male: All right. That's cool. Thanks.

Jerry: Yep you bet. Who else has a question for Dave? You know what I'll just break in here right now while somebody is thinking of a question to ask you Dave, and I'll just plant a little commercial. We had just got finished with our boot camp in this last week which was super exciting. We had a great group of people who have come it was an extraordinary experience for everybody that was there. I just want to thank anybody that's been at that event that's on this call right now, thank you for coming out, it was just such a thrill to see so many people come out on such short notice. It was just terrific and we're just getting back to it now. Dave and I are truly back, today is our first day back to work from that last event.

Jerry: Our next event is going to be a much larger sized event, and so if anybody is planning on attending that event please let us know. There will be some emails going out to you guys in regards to confirming your attendance, because we need to know because we prepare for food and the room size and making sure that we have enough sleeping rooms for everyone. If you guys could do us a favor we'd really appreciate it and let us know ahead of time if you're coming. You should have gotten an email and you'll probably continue to get some more emails until you let us know if you're going to attend this next event or you're going to push it off to another event down the road. Please let us know.

Jerry: Our next event is June 17th to the 20th, it at the Scottsdale at McCormick Ranch. We have a 99 dollar room rental rate which is off the charts for that property. It's a four star property but it happens to be in June in Scottsdale so it's pretty hot there. You're going to get some really warm weather but it's going to be nice, we'll be in an air conditioned room for three days. Please let us know if you can make it, it's an awesome event. We're looking forward to it. We're anticipating about 60 guests, roughly around 60 guests if not more. Awesome. Any other questions?

Male: I'll throw one more out there.

Jerry: All right throw one more, you bet.

Male: Dave, you've addressed this before but the strategy of how you find to place yourself in the pricing of your competition when you know you can get more as you add more bodies into the home. I don't know if you understand what I'm trying to say. You've spoken before about how you placed yourself with your competition and then you make that additional money as you get more bodies into the home above the numbers as you're given the price for.

Dave: Okay, so all the homes that I've priced accordingly based upon a base number of heads in beds, right. If I have a home that sleeps let's call it 18 to 20, my base rate that is advertised is for eight people. If you book my home for 750 a night that's for eight people, and if you have an additional 10 people that are coming, it's an additional 25 to 40 dollars extra per night per person. That's another, up to 400 dollars a night in booking bringing my rate up from 750 to 1150 dollars a night.

Male: You would [inaudible 00:48:48] by two people per the number of rooms? If it's five rooms, that would be 10 people, four rooms, that would be eight people?

Dave: I gauge it based upon sleeping arrangements that can comfortably be put into a home, because some are for kids where they may have three or four as long as you have two bunk beds, right. One may be, you may have sleeping quarters in the great room, murphy bed, something of that nature to be put in. There's also a science that I do, I've converted some very large closets into a bed and a bedroom. There is a door and they can closet and they have plenty of privacy. Every home is a little bit different, you have to look at it that way, and then you can [inaudible 00:49:57] a way that you see fit. Hope that helps.

Male: No, no, that's good I just wanted to see how that additional charge gets put in there above and beyond.

Dave: Yeah, it's very, very simple once you get your listing up you're going to see exactly how it's done and if you ever have any issues you can [inaudible 00:50:17] VRBO or Airbnb and they'll tell you exactly how to put it in. But it's the standard, it's a standard add on, so it's nothing that you have to do rather than check a box and let them put in the value if it's up and above a certain amount, so for each additional guest add an additional 30 dollars a day. That base rate will start off at whatever you want to start it at. You can do that for [inaudible 00:50:52] too, you can start it off a base rate of two and then if they bring in another two or three then 20 dollars a day, right. Now you're giving an additional for three extra heads you're getting 60 dollars a day. It works on large and [inaudible 00:51:11] properties.

Male: Okay.

Jerry: All right. Anybody else have another question for Dave? All right. Dave, you've done a great job today.

Dave: All right.

Jerry: Lots of great questions.

Dave: I will put that [crosstalk 00:51:40].

Mark: Can you hear me okay?

Dave: Yeah, we can hear you.

Mark: Hi this is Mark [Gatone 00:51:45] in New Jersey outside of Atlantic City. How you doing?

Jerry: Oh awesome. Great.

Dave: Good.

Mark: Listen so my question for you is, I live in a very seasonal town, even though there's gambling 24/7 that's not Las Vegas where you have warm weather 10, 11 months of the year, you have a lot of crappy weather, east coast weather. Probably about, I would say a good five months where you don't have, you have seasonal opportunities. I think we may have touched on it before, I just kind of narrow it down the easy way of trying to find a short term rental property that you can maximize the rental opportunity with the short time frame that you have to rent them. Maybe I'm overthinking them, and maybe we could rent all year around but charge much lesser of a rate off season. How do you justify when to lower the cost of your rental unit?

Dave: Okay, so here's what I would say, Mark. [inaudible 00:53:05] expert in that area.

Mark: I'm sorry, I can't hear you.

Jerry: Dave, yeah, you're not coming in really good. Are you switching to Bluetooth, Dave?

Dave: It's possibly the area. So is that better?

Jerry: Yeah, yeah, much better, much better

Dave: Perfect, so what I would do if I wanted to really become an expert in that particular town, okay, Atlantic City I would go to the experts and find out who's doing what, what's the occupancy rates, what's the dollar a day rates. Get to really understand it.

Mark: You're saying check out Airbnb experts?

Dave: Check out Airbnb experts, then I would dial in to the ones that seem to have most of the clients. Because just because they have the most of the clients doesn't mean they're happy. But once I understand the methodology and what people are getting and the occupant rates, the whole deal, it changes the game, because now I can start picking things apart. I would then view the different managers out there.

Mark: Okay.

Dave: Some of them that are just, they're not real managers, like you don't have the [inaudible 00:54:28], you have turnkey, you don't have [inaudible 00:54:32], you have [inaudible 00:54:33] trip. You have just your basics, and you've got to learn your competition. You got to really be up on your competition.

Mark: Right.

Dave: Because people that have listings with them, they're either brainwashed or they don't care.

Mark: Right.

Dave: Because if you think over some of thee properties you can simply up the ante, maybe 20, 30 percent just by you taking over and doing a great job. That is an easy way to grab a lot of that market share, and really, really quick by just doing a bunch of [inaudible 00:55:15]. I would spend two weeks getting to know that whole area, getting to know all the players. Because what you do and now you can start identifying them on Airbnb and VRBO, and that's one of the things we taught over at the boot camp of how to go ahead and find these people, you'll be blown away. You'll be blown away how much business you can get.

Mark: You didn't [inaudible 00:55:41] boot camp did you?

Dave: What's that?

Mark: Did you record your boot camp?

Jerry: No. [crosstalk 00:55:53]. We recorded some of the parts of it, specifically for some bonus content that will probably add to the course update what we already have in there, because some of the footage in the course mark was taken from one of our first events and we've come such a far way from a production standpoint. The production value is off the charts compared to when we first started.

Mark: When's your next camp, I heard you say out there in Arizona? You said June sometime?

Jerry: In Scottsdale, yeah June 17th to the 20th.

Mark: Looks like I got to get my butt out there to the 20th.

Jerry: You do.

Mark: Seems like you get a lot more value in face to face, okay.

Jerry: Not only that [inaudible 00:56:35], there's networking, there's money in the room, there's partners, there's all kinds of opportunities to go deeper. With all these strategies and we open it up. It's really, really good.

Mark: How do you [inaudible 00:56:49], because we're in May and primetime seasons starts in about three weeks in New Jersey.

Jerry: Mark, we've had a couple conversations on the phone and I'm from there, right. I spent the first 33 years there, and I really haven't looked at that market for ourselves yet because we've been out here. I've been living out in California for the last 20 years, but I love that area. I don't know what's happened since the crash and some of the storms that has taken place in Atlantic City, because you remember that big storm came through there. I don't know how well rebuilt it is or whatever, but it's always been a fun place to be patient, and there's a lot of people going to Atlantic City.

Mark: Yeah, people are ... Hotel occupancy is rather strong, it is very strong in the summer time, and weekends. Weekends it's a whole different world on the weekends, during the week it's dead but on the weekends it's real busy. The next three weeks it's going to be back to, kids out of school in college, and people are down at the shore area, so September, October. I want to jump on it before, and I think there's probably great opportunity, just wanted to find out after the season has ended then how do you justify your rental. Bringing prices down on the rental is just to drive more volume of business.

Jerry: Yeah, no, it's very [inaudible 00:58:20]. When you evaluate the Atlantic City area please let us all know.

Mark: I will, I definitely will. You guys are smart guys I'm glad I'm a part of your program.

Jerry: That's awesome. Thank you so much.

Dave: Thanks, Mark.

Mark: Thank you.

Jerry: All right. Awesome, everyone. Well, what a great call. This was fantastic. I look forward to seeing you guys on another call. We're at the top of the hour now, so perfect timing, and just go ahead and submit your questions as you can see we can get through more of them when we do that. I so appreciate everybody on the call and have a great week.

Male: Okay, guys.

Male: Take care.

Male: Take care.

Jerry: All right, everyone.

Male: Bye.