

How Fortunes Can Be Made

Southwest Florida Real Estate Investment Association



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Why you should be Bold while others are Fearful?

- Over bought, Euphoric, Buy, \$\$ Rise
- Over sold, Panic, Sell, \$\$ Fall

Money is made when you can program your thinking to work in reverse.

- Over bought means sell
- Over sold means buy

Why there are “Riches in Niches”

- Flight to Quality – Cost below replacement
- Intrinsic Values – Always has value > 0
- Extreme Markets – Volatility - Opportunity
- Masses are usually wrong – Cattle Theory

- All points above equal Opportunity

Building Wealth

- Assets make money
- A/R's – Take more than you give
- Residual Income vs. Ordinary
- Get paid everyday
- Money makes money
- Pay yourself first
- Cash Flow
- Protect profits – Roll them with 1031's

What you do with assets - CHL profile

1997	2005	Today
-300k net worth	160M net worth	50-60M net worth
Zero Cash	10M cash	4M cash
Ø A/R	25M A/R	16M A/R
Bad credit 460 Beacon	25M Line 780 Beacon	12M Line 780 Beacon

Risk vs. Yield

- In a perfect world
 - Low Risk & High Yield
- Lets take an example:

2005 \$1,000,000 asset	Today \$600,000	Decrease 40% or \$400k
\$80,000 Lot	\$8,000 Lot	90% or \$72k

Its all about the ROI

- Assume the market made 25%, 50%, and 100% recovery over the next X years.

2005 1M	2008 600k Risk Med- High	Dollars loss/ % -400k or -40%	25% 100k ROI 16.66%	50% 200k ROI 33.33%	100% 400k ROI 66.66%
2005 80k	2008 8K Risk Low- zero	Dollars loss/ % -72k or -90%	25% 18K ROI 225%	50% 36K ROI 450%	100% 72k ROI 900%

- *Excludes Impact Fee's & Taxes

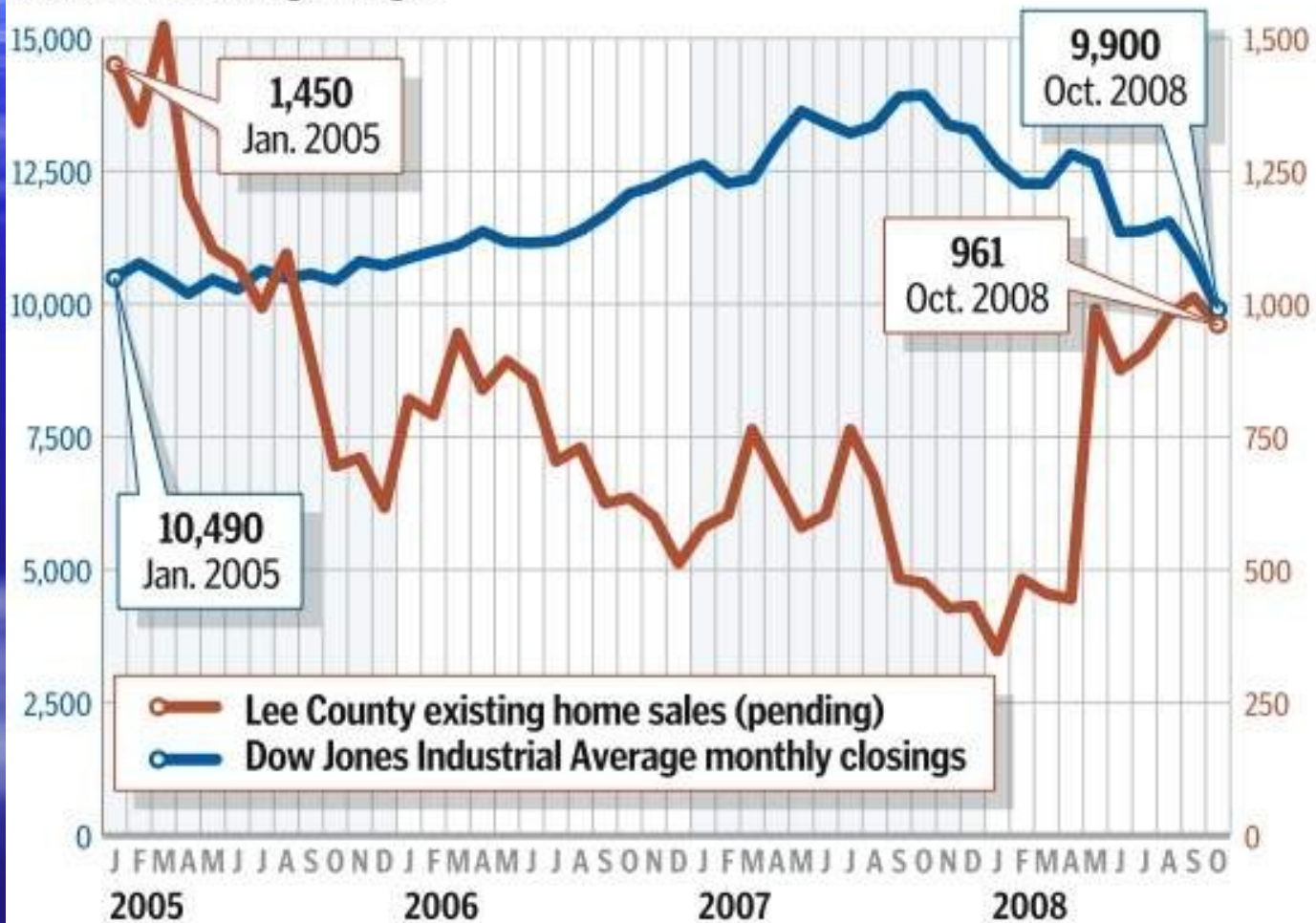
Leveraged Seller Financing

\$8000 Lot	1 Year	3 Years	5 Years
Down payment	\$2000	\$2000	\$2000
Payment \$61.72 (P&I)	740.64	\$2221.92	\$3703.20
Total Invested	\$2740.64	\$4221.92	\$5703.20
25% - 18k correction	657%	427%	316%
50% - 36k correction	1314%	854%	712%
100% - 72k correction	2628%	1708%	1424%

■*Excludes Impact Fee's & Taxes

Lee County home sales vs. stock market

Lee County pending sales of existing homes have picked up in recent months, while stocks have fallen. Here are sales shown in comparison with the Dow Jones Industrials three-month moving average.



Risk vs. Yield (cont)

- Banks can fail
- Stocks can go to zero
- ROI on Cd's, money market, below inflation
- Hedge funds are toxic filled

- Land can never go below zero, always has an intrinsic value $>$ zero

Why land is a good investment

- They don't make more land, limited resource, capped supply
- Populations grow – feeding growing demand
- Wall Street builders dumped their land holdings to improve balance sheet
- Buy entitled land or “ready to go”
- Florida growth 17m to 30m, next 20 years
- Baby Boomers retiring over 77M

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