



# Wise Savings For the Wise Investor

**Optimum Property Management – WS Realty Inc. – Western States Development**

## Investors Score Big with Sage Commercial

July 17, 2013  
Volume 1, Issue 1

Sometimes an investment is so good you have to shout about it.

In December 2012 we found a commercial building of about 19,000 SF on Sage in Victorville. Known as the Hart Building, the property had long been rented by the San Bernardino County. The County, at least this department, decided it no longer needed to rent the space.

We aided our investors in purchasing this vacant building for \$815,000.

We negotiated the sale of the Hart Building to –

believe it or not – the San Bernardino County (albeit a different department than was renting it) for \$1,325,000.

Our investors will see a profit of about \$510,000 when the deal closes (expected in September 2013). That is a return of

about 63% on their investment in only ten months.

We will be the first to admit this investment was unique and will be hard to duplicate. Our congratulations go to this wise investor who listened when we presented an offer.



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## Western States to Build in La Puente

Western States Development announces the formation of Country Club Court LLC. The LLC has purchased a 20,748 SF lot at 15909 Sierra Vista Court, La Puente. The City had previously approved plans for the development of a five unit PUD on the site.

We have brought the plans up to current code and expect to receive a demo permit

momentarily. A grading permit will follow shortly and then the building permits.

We retained the engineer and architect in June. Plans are to be substantially completed by June of 2014 to maximize market timing.

The investor has agreed to capitalize the project at \$350,000, including the land purchase. We will seek a construction loan of

about \$1.03 million. Conservative estimates are that the homes will sell for \$369,000 each, for gross sales of \$1.845 million with total project costs of about \$1.5 million.

At this projection, the investor should receive about \$190,000 in profit after the return of initial capital. Based on an absolute worst case of a 24-month investment, this is an estimated 27.5% annualized rate of return.

## Flipping Houses Makes Investors Look Smart



### 16431 Arcata Court, Apple Valley

Have you ever wondered about the outcome of solicitations made to you by WS Realty? On December



### 16695 Desert Star Victorville

We helped our investor purchase this property in June 2011 for \$124,000. He enjoyed two years of

26, 2012, Katherine sent our investors a letter that outlined an investment opportunity. She wrote, "We are continuously looking for properties that we can acquire, rehab and resale (flip). . . . This property (16431 Arcata Court, Apple Valley) fits the criteria. We can acquire the property and do the rehab for a total of \$115,000. We believe we can sell this property for \$150,000+ with a net of \$25,000 in estimated profit. We project this total transaction should not exceed 90 days."

It turns out we were over optimistic

**"Flipping houses can be profitable if the subject property fits the right criteria."**

constant rental income.

With the fluctuating market conditions of the high desert he decided to cash out his equity on

**"All investments carry some risk. Let WS Realty advise you and reduce that risk."**

on the amount of time it would take to sell. The original Buyer fell out of escrow in May. The second Buyer closed escrow on July 2.

However the extra wait was worth it for our investor. The final selling price was \$159,000, a 6% increase over the original estimate. This deal was split 60-40 with the investor.

A wise investor risked the capital and received his initial capital back of \$115,000 plus a check for \$18,610.60. That's a 16% profit in virtually six months, an annualized return of 32%.

the property.

Escrow closed on June 20, 2013 at a sales price of \$173,000!

This investor cleaned up with a \$49,000 gross profit in 2 years in addition to his rental income. The annualized return on capital is 19.75%.

These examples are not typical, but they do show our investors that with the right house and the right market conditions, the sky is the limit on your potential profit.

## Fat Jack's to open in Apple Valley

At the end of 2012 we helped one investor purchase a 10,000 SF Restaurant and Night Club in Apple Valley.

After months of renovation the newly remodeled club is scheduled to open in time for this year's holidays.

Fat Jack's will feature full meals and bar fare, all under \$10 a serving. The full bar will feature

over 20 TVs showing current sports with live bands on the weekends. During the week there will be special comedy shows and karaoke events.

**"Fat Jack's will serve the best hamburger anyone has ever had. Period."**

Fat Jack's will be the tenant in this investment. Plans are to develop a successful business and then offer the business for sale to another wise investor.

The owners of Fat Jack's say that everything they will offer will be fresh. They will blend their own hamburger, bake their own breads and rolls and make special recipe gravy's.

## CD & G Completing Two Custom Homes – Eying New Project in Huntington Beach

CD & G Inc., the General Contracting arm of Western States Development, is nearing completion on two custom homes.

We are finishing the construction of the 3<sup>rd</sup> spec home we have built for our investors in Pasadena, CA, within the San Marino school district. The first home sold for \$1.9 million, the second for \$1.98 million. This last home will have an estimated value of \$2.4 million at completion.

The other custom home is in Mandeville Canyon located in the

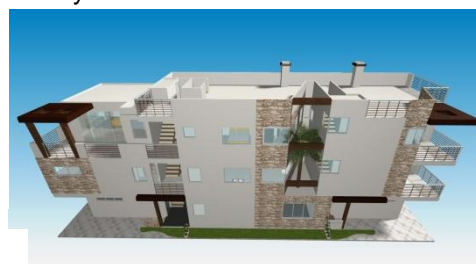
Brentwood section of Los Angeles. This home was a particularly hard build as it is a canyon with steep walls. The home is listed on the market now at \$2.2 million. We expect construction to be completed within the next 30 to 60 days.

Meanwhile, another investor has given CD & G the contract to build a 2 unit PUD, each about 2,100 SF, in Sunset Beach, a section of Huntington Beach in desirable Orange County (see architects conception to the right). This

property is virtually on the shore.

New Omni Bank is supplying the construction financing. They very conservatively estimate the finished value of this PUD at \$1.04 million each. We estimate \$1.5 million at the time of completion.

Construction is scheduled to begin in September and be completed in May of 2014.



## Inventory in High Desert Dwindles

It is getting harder to find investment properties in the Victorville – Apple Valley – Hesperia areas of the High Desert. Inventories are shrinking and the prices are climbing.

In our opinion, we are still about one to two years away from seeing the area ready for new construction.

We are still discovering properties

that fit our criteria for successful investments, but there are less of them every month. Fortunately, we have found niche markets where

**“We are still one to two years away from seeing the area ready for new construction.”**

there seems to be a sufficient quantity of available homes and they are profitable investments.

Katherine Hall of WS Realty warns investors not to sit on property offers. If it looks profitable it will be sold in less than one day.

The wise investor moves quickly in today's economy.

## Patience is a Profitable Virtue



**15874 Barrel Cactus  
Victorville**

Back in May 2010 we had an investor looking for a property to rent out. He wanted an investment that would produce a steady monthly income.

We found him a nice property on Barrel Cactus in Victorville for \$148,500.

After almost three years of constant rental income, the

investor decided it was time to sell.

The escrow closed on April 17, 2013 for \$198,000. That's a gross profit of \$49,500, or 33.3% of investment. And that's after three years of income.

Patience is a virtue. Sometimes it can be profitable, too!

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*Optimize your capital investments with  
the Optimum Experts*

We're on the Web!  
[www.wsrealtyinc.com](http://www.wsrealtyinc.com)

Welcome to our first issue of what we plan to be a regular newsletter informing our investors of new projects, investment opportunities and success stories about other investors. We hope you find this newsletter useful as you plan your capital investments.

You are invited to comment on our endeavor. Let us know what you found useful and what ended up being a waste of time. What would you like to see in the future?

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## Investment LLC Forming for 10-Lots in Rancho Cucamonga

Western States Development announced their intention to begin development on about three acres in at the corner of Beryl and 19<sup>th</sup> in Alta Loma (an affluent section of Rancho Cucamonga). The site was the heart of the Stoebe Ranch which operated from about 1912 to 1955. At the northeast corner of the site sits an old Victorian home, known as the Charles Stoebe House, built in 1895. The house is an historic site and will be preserved as a professional office building. The house and surrounding area are not included in this project.

Jack Hall has owned some of the parcels since the 1970's and

added on his holdings in the 1990's. Originally he intended to develop this property in 2006 and he received an approved Tentative Tract Map. With the Real Estate crash of 2008, development plans have been on hold.

We are approved to build to build ten new homes, with three designs. Two homes will be single-story at 2,353 square feet, five will be two-story homes with 2,494 square feet and the remaining three homes will also be two-story, but with 3,051 square feet. The average home will have 2,633 square feet and a projected selling price of \$550,000.

This will be a great investment opportunity as we are looking at a quick approval process and a short interval before building permits will be issued. The properties are appreciating as the market heats up in this area.

Investment details have not been finalized at this time. The lots in their current state are valued at \$1.5 million. The LLC will need to purchase the property and supply pre-construction loan capital.

Interested parties are urged to call Jack Hall at 909-380-2416 to discuss the opportunity.