



Detailed Summary of Course Material by Day, Hour and Time Code

The following is a minute-by-minute summary of all the topics discussed in the 36 hours of recorded video of the Landlording in Ontario real estate course as taught by Christopher Seepe.

The course is separated into 36 approximate-one-hour video sessions. The timecode appears on the left and the topic on the right. The video player typically shows the elapsed time in a progressive bar at the bottom of the screen.

To find a topic and determine where it's being discussed, use the search function, type in a keyword, note the day, hour, minute and second of the time stamp, open the respective video file and fast forward to that minute and second.

Day 1, Hour 1

00-00; Introduction

02-33; Preamble

04-05; What do we want from our investment?

07-34; What one word mitigates or reduces risk?

08-04; What one word built confidence to engage a risk?

09-57; What do you have when you ably apply knowledge and experience?

11-34; What kind of investment products generate monthly income?

12-35; The power of leverage

14-35; Difference between 'investing' in a residential property to live in and an income-producing property

14-53; Choosing and buying a residential property is a highly emotional decision.

15-34; Discussion about swimming pools

17-37; Basic tenet of an investment property

19-56; Discussion about zoning by-laws

21-00; Another basic tenet of rental property –rent represents the value of the property

21-40; \$1 of NOI (net operating income) = \$20 of joy (or 'oy' if you mess up)

23-09; Essential to always raise your rent by the legally allowable maximum

25-58; Why did I choose to invest in multiresidential properties?

26-00; Everyone wants to give you money (in principle)

26-03; Opium = OPM = (using) Other People's Money

26-16; Using leverage properly
26-38; Risk tolerance and Debt Service Coverage Ratio (DSCR)
27-10; 25% down to buy 100% ownership
27-55; What is equity?
29-14; Fundamental measurement of your asset wealth
29-44; ROI - Return On Investment and Return Of Investment
30-28; Inflation protection
32-06; Worst case – safety net
32-42; In Ontario, multiresidential investment properties are in high demand and low supply.
33-00; 87% of purpose built rental properties in Ontario were built before 1979
33-23; What's the write-off time for an apartment building (depreciation or RCCA)?
34:40; Banks love multires
35-52; Benefit of a long amortization rate
35-55; Multires is not passive income but it can eventually become relatively passive if you hire a property manager
36-42; Real estate can be volatile in short term but very stable in long term
37-23; Attendee asks if 83% of all the wealth in Canada is in real estate
39-00; Real estate is improvable
40-45; I ruled out investing in condos
40-43; August 2017, government passed Rent (un)Fairness Act, especially all rental properties are under rent control
42-26; Can't control condo maintenance fees
46-10; Began 10 reasons to be a landlord

Day 1, Hour 2

00-09; What makes a good investment property
00-26; Commercial lending
00-29; Most lenders treat 4-plexes and smaller as a residential mortgage and 5+ as a commercial mortgage
00-42; Commercial properties must have an environmental assessment. Generally don't ask for 4-plex or less
00-53; You are locked into a commercial mortgage. You can't change, blend, increase or pay it off early
01-36; Discussion on how Improvements increase the value of a property
01-49; Tangible improvements can be leveraged
03-07; You can collateralize (borrow against) it
03-12; Modest increase in NOI = exponential increase in ROI
03-28; My 5th property was paid for by refinancing from the 1st one
05-07; If property tax goes up \$1,000 = \$20,000 loss in property value. Lost \$15,000 in borrowing power
05-22; Not increasing rent because you want the tenant to stay will cost you tens of thousands of potential borrowing dollars (leverage)
06-23; N1: Annual rent guideline increase – do it every year
06-40; When the lease ends, the law states it automatically converts to month-to-month
07-45; You can increase the rent any time after 12 months from when you last increased it, with three months' advance written notice
08-11; In the 9th month of the first lease, issue an N1 rent increase notice to state that the rent increases by the authorized guideline in three months
10-18; Well-maintained and fully occupied rental property rarely depreciates

12-20; Stigmatism is an influence without merit that affects the value of a property
 16-09; Do you have to disclosed a stigmatism?
 17-50; Ontario's Limitations Act limits how long a consumer has to make a claim for anything they think has a material defect
 18:00; There are two kinds of defect: patent or obvious defect, and latent (meaning 'late') defect
 19-34; Filing a court action starts from the date of discovery of the latent defect
 21-26; Multires investment property as a safety net
 21-57; Insurance or hedge against downside in other income streams
 23-13; 'Hoping' for appreciation in a multires property is speculation
 24-00; Another benefit of multires is the satisfaction of helping provide quality housing
 25-17; Began 40 reasons not to be a land lord
 25-36; Risk of long term investment financial lost, no equity and/or no liquidity
 29-18; Bad tenants. Also not paying rent on time or at all is most common
 30-00; What to do with a tenant who has an incessant barking dog?
 33-36; Are you a people person?
 35-40; Are you a master of cash flow?
 36-00; You must keep on top of you contractors
 36-17; Review property taxes every year
 36-31; Many people who formally appeal their property taxes receive some kind of adjustment
 37-03; Don't succumb to the pressures of a vacancy
 37-34; Bad legislation traps many unwary landlords
 38-32; In 2017 government took away landlord's ability to pass on electricity cost increases to tenants
 38-42; Who created the rapid increase in electricity costs?
 38-45; What is causing the rapid increase in electricity costs?
 39-38; Mainstream lender qualification process is very difficult
 41-00; When buying an investment property you will inherit the previous owner's problems
 41-31; You must quantify, monetize and resolve such issues
 43-16; Right of quiet enjoyment
 44-46; Stigmatism examples
 49-07; Unpleasant life experiences
 49-20; New law for early lease termination due to domestic violence
 49-56; Unattended death
 50-05; Who pays, and how much, to cleanup a crime scene or unattended death?
 52-24; If the fire or police department kicks in a door in the commission of a crime, the owner pays for repairs.
 52-41; Tenants call after hours
 54-04; Security deposits are illegal
 55-14; Professional tenants exist in Ontario primarily because of bad government policies and procedures
 58-36; Time commitment
 59-48; Rent policy – tenant must pay on the 1st

Day 1, Hour 3

00-00; Polite reminder on the 2nd of rent due
 00-21; N4 issued on the 3rd if no response or payment plan established
 01-11; What forms of rent payment can a landlord demand?
 05-10; LTB rules are hash on landlords - write the wrong name, date, etc. and application might be

disallowed

- 05-21; To schedule an LTB hearing can take 2+ months
- 05-38; Discussion about L2 filing for eviction, especially violating neighbour's right of quiet enjoyment
- 06-18; Procedure for delivering N5 before filing L2 notice for eviction
- 06-07; Evicting for consistently late payment of rent. What defines 'consistent'?
- 09-42; 91% of applications to the LTB are from landlords
- 09-47; 75% of applications to the LTB are for non-payment of rent
- 10-08; Ontario has the longest eviction process in Canada
- 10-49; Attendee question regarding illegal second suites
- 14-52; Discussion about educating brokers on the new Standard Lease and the new Cannabis Act
- 15-15; Real estate agents who place tenants for landlords need to know Human Rights Code, Charter of Rights & Freedoms, Municipal Act, Residential Tenancies Act, by-laws, Building Code, Fire Code, Electrical code, Privacy Act, maybe the Limitations Act (may be) ... doesn't include possible need to know Corporations Act, tax laws, etc.
- 17-00; Attendee question about renters looking to move towards ownership
- 17-20; Housing crisis
- 19-07; What is the fatal flaw with seniors?
- 23-40; Attendee question about whether the City will allow an illegal second suite to be made legal
- 28-12; I wrote article that criticized the Real Estate Council of Ontario (RECO)
- 29-40; Attendee question about the 50,000+ rent non-payment applications at the LTB
- 29-59; RentCheck, a tenant credit check service also collects tenant rental history
- 32-05; Hoarders
- 33-00; How to evict for violation of the rights of a landlord or neighbour
- 34-30; Human Rights Code and a landlord's obligation to 'accommodate to the point of undue hardship'
- 37-09; What is 'vacancy de-control'?
- 39-00; Capital gains when selling a property
- 40-09; Recoverable Capital Cost Allowance (RCCA) must be repaid when selling a property
- 42-57; Discussion about rent control
- 43-54; Attendee question – do you know the formula calculating the rent control guideline?
- 45-55; What is variable refrigerant flow (VRF)?
- 47-56; Who pays for damage (including latent odours) caused by pets?
- 49-30; Business and legal challenges can come from unlikely places
- 55-34; 'Landlords are rich'
- 57-34; Know the fire code
- 57-52; Finding 'good' trades people
- 57-57; The five pillars of Landlording in Ontario

Day 1, Hour 4

- 00-24; Municipality property taxes – multires taxes are much higher than single family homes in many municipalities. Can't pass on to the tenants more than 3% of capital costs per year
- 02-54; Empirical evidence that tenants with utilities included in rent consume almost twice that used by non-inclusive tenants
- 06-02; Suite metering
- 07-22; Rooming house challenges
- 09-06; Evicting for landlord's use
- 09-27; 'Renovictions'
- 13-30; Multires investment is definitely not passive income

19-44; Know your tenants' rights.
20-44; Discussion about being dealing with tenants who declare they know their rights
22-22; Rent control guidelines
24-31; When can a realtor take off their realtor hat?
25-58; The business relationship with buyers and sellers is with the real estate brokerage, not the individual realtor
26-19; What do you need to know before making an investment in a property? Who is working against you?
28-04; How can the rent goes up 11% in one year if there's rent control?
31-11; Most municipalities are not friendly towards landlords
31-38; Tenancy legislation is written for the 'average' tenant but for the lowest common denominator of landlord, that is, every landlord is treated as a slumlord
32-31; Tenant advocacy groups and imbalance of landlord and tenant rights
37-12; What are the risks of a multires investment? What do you want to be protected against?
38-44; The issue with refunding a buyer's deposit
42-13; Build a 'legal fortress' with the right experts
42-42; What cost do you want to recover when you buy a property?
46-10; Depreciation of capital cost versus write-off of repair cost
46-55; Does a landlord need a reserve fund?
49-43; Discussion about corporate and personal tax
50-07; What knowledge do you need to assess a property's investment potential?
54-19; While MLS rules state property tours must be allowed, tours before an accepted offer rarely happen

Day 1, Hour 5

00-03; Can you inspect the common areas before putting in an offer?
02-25; Multiple tours can be infringement of the right of quiet enjoyment
03-52; The high the property's expenses the lower the value of the property
04-07; \$1.00 of net operating income can increases or decrease the value of a property by 16% to 20%
09-35; What does the move-in date of each tenant tell you?
11-10; Discussion - good luck collecting the LTB court fees or award if the landlord wins
11-47; Discussion on credit score report
13-39; Do you ever use your gut instinct when're screening a tenant?
17-17; Discussion on property line and right of way
20-25; Who holds title to the property?
21-23; What is the most litigious type of property?
25-57; Paying the right price
28-47; You must know local market rents
31-20; Introducing financial analysis
36-10; Know any get-rich-quick schemes?
37-08; You can't leverage 90% of property value
37-36; You can't refinance a commercial property
38-07; Look out for the lender's 'evil' first right of refusal clause
41-52; Everyone is looking for obvious upsides
44-08; Install a hot water tank in each unit
45-35; Discussion on cost versus for installing hot water tank in each unit
48-35; Three hot water tanks alone consume more than 85% of the total common area cost

49-14; Are solar panels financially viable?
49-36; Ontario rent control limits
49-48; What about converting rental units to condos?
52-00; Municipalities can't 'touch' co-operative housing
51-53; Municipalities are bound by the Municipal Act
52-22; Places to Grow Act
54-13; Can a new buyer evict an existing tenant?

Day 1, Hour 6

02-02; Insure for replacement value, not market value
02-43; Know your numbers—you only need high school math to crunch most numbers
03-15; Determining a 30-unit apartment building cash flow is generally same as a duplex
04-00; Why can the water bill be an issue even if the tenant says they'll pay the bill?
10-30; Can you split the bill between two tenants sharing one meter?
15-29; Simple example of cash flow analysis
21-08; What sources of income might be possible with an income-producing property?
21-18; Why separate out parking rent from the apartment rent?
32-34; What kinds of operating expenses might be expected with an income-producing property?
34-24; What types of inspections must be done every year?
39-47; Discussion on depreciation
43-00; What is Capital Cost Allowance (CCA)?
43-59; Use an accountant, lawyer, tax consultant and bookkeeper who are intimately knowledgeable about real estate matters
47-26; Establishing the land-to-building value for your accounting books, and why this must be done
54-53; Running through a detailed example
57-41; What can you do to reduce paying the 40% to 42% corporate tax?
54-53; Reducing taxable income

Day 2, Hour 1

00-34; introduction
00-38; Reviewing the Landlording in Ontario (LIO) course spreadsheet to the 'NOI' level only
00-50; What do we need to know to determine if property is a good investment?
05-21; Knowing anticipated and previous capital costs are very important
05-34; What does net operating income not consider when determining the value of a property?
06-02; What costs must a property's income cover?
06-38; Discussion about the physical condition of a property
06-46; Attendee question – do you pay only interest on your line of credit?
09-30; Why can a millionaire can still be declined a loan?
13-56; Why might a lender appraise a property lower than the buyer and seller's negotiated price?
15-36; Attendee question – does the lender comes to look at the building as well?
16-27; Why are lenders demanding 30% down payment instead of the traditional 25%?
17-31; More detailed review of the LIO property analysis spreadsheet
19-23; Do your homework. Don't offer a \$1,000,000 for a property that is only worth \$800,000
19-38; Accepting that you'll likely have to overpay to purchase an a multires property in Ontario
24-19; Should you hold the property title personally or use an incorporated company?
25-59; Intangibles that may affect property value
26-22; How do you find out about crime rate?

34-40; What questions should you ask the seller before visiting the property?
36-43; Attendee question – can you challenge property taxes?
37-32; Attendee question – how much can you recover via an above guideline rent increase?
39-05; Find out about major items affecting profitability and financeability
42-14; Attendee question – have move-in dates only become important since rent control?
45-47; Attendee question – would it also be a concern if you have many tenants with ‘new’ move-in dates?
49-07; Discussion and explanation about ice damming
54-52; Icicles might indicate a major issue with the roof
55-27; Is the building heated by gas or electricity?

Day 2, Hour 2

00-07; In 2018 government stopped landlords from being able to pass on electricity increases to the tenant
00-40; More questions to ask before visiting a property
02-30; Attendee comment and discussion: gentrification causes the cost of housing to rise and displaces lower income families
07-30; Municipal by-laws often require 1.5 parking spaces or more per rental unit in a building
08-09; Should you lease any equipment?
16-58; Cash flow (or profit) is calculated before major capital expenses
19-23; How do you calculate cash flow?
20-17; Where does the money for capital cost come from?
21-10; What should be included in your due diligence?
22-15; Attendee question – do you factor in projected capital costs into your purchase price?
23-05; RCCA must be repaid when you sell your property
24-09; When do you ask if a seller will consider a VTB?
26-04; Who is doing the janitorial work?
29-35; Who does the property management currently on behalf of the seller?
31-15; Why do lenders and CMHC automatically add 5% of gross income to the property’s expenses?
Most real estate listings do not include a property management fee
33-13; Using the LIO spreadsheets. I do three different analyses: (1) using the seller’s financial numbers (2) anticipating the lender’s numbers (3) extrapolating potential actual financials based on upside the buyer can project
34-29; Why does it matter who takes out the garbage?
37:00; What is a cap(italization) rate and where it come from?
56-46; The LIO spreadsheet includes many financial ratios and factors, of which I place a lot of attention and analysis on five
56-53; Three formulas for cash-on-cash
58-09; Many investors don’t factor into their profit the mortgage principal they’ve paid, which becomes equity

Day 2, Hour 3

00-08; Discussion on mortgage principal recapture
00-42; Disposition (disposing) of the property is factored into internal rate of return (IRR)
01-17; Calculating return of investment
01-33; Two ways to think of cap rate
04-54; Attendee comment – 17.8% of working Ontarians are on ODSP. Seepe researched this number

and it appears to be 6.7%

- 05-11; Landlord cannot refuse a tenant because they are on ODSP – breach of the Human Rights Code
- 08-26; Discussion on breach of the right of quiet enjoyment. The right of other people not to be impacted by the behaviour of their neighbour
- 08-45; Cap rate as return on investment
- 10-12; Cap rate is ‘relative’, not ‘absolute’
- 13-06; What I believe influences the movement of cap rate as it applies to income generating investment properties
- 13-40; What happens when cap rates rise and why many investors who overpay for, or overleverage, their property could lose everything
- 13-52; How to better understand why property value decreases as cap rate increases
- 14-42; CBRE (commercial brokerage) chart that shows cap rate performance versus market factors
- 18-19; Attendee question – shouldn’t the cap rate be the same whether there’s a mortgage?
- 19-35; Magic triangle for easily remembering the formulas for calculating cap rate, property value and NOI
- 36-10; Find lenders who work on 75 to 90 basis points above the 10 year Canada Bond Rate
- 42-44; Where can you find historical and recent current cap rates for multiresidential properties within different geographic areas? What does cap rate not consider?
- 48-44; As a seller, why would you want to offer a high cap rate?
- 50-58; Review of what a stigmatism is and how that might affect the purchase decision
- 55-50; What financial indicators and ratios help you better understand the financial viability of the investment property?
- 56-03; Discussion about the significant challenges and risks of the N15 notice for domestic violence
- 58-29; Back to financial indicator and ratios, Cap rate tells only half the story on property value with discussion on the many things it doesn’t tell you.

Day 2, Hour 4

- 00-17; Detailed discussion about using the LIO spreadsheet. Why input the evaluation date? Why try to find out the current owner’s purchase date and amount if possible?
- 01:00 Every qualifier in any stock prospectus states: ‘past performance is no indication of future performance’. Historical property appreciation doesn’t mean the next owner will do as well or better
- 02-42; Discussion on Ontario's Municipal Property Assessment Corporation (MPAC).
- 03-00; How realistic are MPAC’s numbers? What is the Direct Capitalization Method? Where can you find market rents?
- 13-40; What is the Lender assessing when looking at move-in dates? What is the average lender’s preferred move-in date mix?
- 14-39; Determining annual income from all sources
- 15-40; Why deduct vacancy and bad debt off the top (from gross income)?
- 16-17; The value of a cell tower (if you can get a lease for one)
- 20-50; Normalizing the gross income stream
- 21-01; Calculating effective gross income
- 21-19; Reviewing different types of operational expenses
- 23-08; How much does it cost to clean up a death in a rental unit?
- 23-39; Property taxes
- 25-14; Attendee question – can MPAC raise the tax at any time?
- 28-00; How to possibly legally avoid paying Land Transfer Tax (LTT) and what downside might be

WORK IN PROGRESS ...

Balance of course is being processed with expectations to be completed by February 28th, 2019.