

151 TRG Transcript

Mike Stohler

What if you could be doing something smarter with your money that creates income. Now, if you're wanting to get ahead financially, and enjoy greater freedom of choice, if you want a comfortable retirement, and you know you'll have more choices, if you can do more with your money. Now, if you've wondered who else is creating ways to make their money work for them, and you want actionable ideas, with honest pros and cons, and no fluff.

Welcome to the Richer geek podcast, where you here helping people find creative ways to build wealth and financial freedom. I'm Mike Stohler, and in this podcast, you'll hear from others who are already doing these things, and learn how you can.

Hey, everybody, welcome back to another episode of the Richard geek Podcast. Today we have Cody Buga. And this guy is entrepreneur, investor, mentor, one a year veteran of land. And it's all about the dirt with this guy. He does projects across the United States, he has a lot of experience in acquisitions entitlements, off market raw land. And he's the founder of vest, right? It's a company he created to share his knowledge and make a difference in people's lives by teaching them how to put together land acquisition deals. And of course, what we all want to reap the rewards. He's his mission, his purpose, to impact people fulfillment, to help those changes lives and willing to adopt new business models. Like me, he's gonna try to convince me to get in the dirt. Now you don't.

Cody Bjugan

I'm good, man. Well, hey, thanks for having me. I appreciate it very much.

Mike Stohler

Absolutely. And we just found out everybody that his office is about two miles from my house. So we're both Scottsdale and that's why I'm up north right now. I don't want that 100 degree heat. But so tell me a little bit. We'll jump into the land, what got you involved in the land part?

Cody Bjugan

Well, I'll rewind a little bit so that you'll, you'll, you'll, you'll get it but what a start at this point in my life, I got my high school girlfriend pregnant, okay. Instead of heading off to college, I went to the school of hard knocks, you know, kind of reality check went right into

the trades, right. And it was at the Union just long enough to build a Ford my baby boy that was right around the corner. So but we've been in those trades, you know, I started connecting, you know, we did floors and counters, interior design, and I just, I started building relationships with a lot of the home builders, which also happened to be land developers. You know, some of them many more today, not as many back then. But just, you know, one thing led to another I was in the trades for about five years and was young buck driven, did some really great things in the trades. But I got to a point I was like, Well, I'm either going to open my own flooring store now because I'm running this guy's store for him or I'm gonna go do something different and one thing led to another and, and I jumped all in and you know, that was that was I was 21 years ago, I was 24 years old. And and, you know, I gotta say when you when you make that leap of faith, you know, I actually right behind me I have a board it says fearless faith on it. Right and, and it's, it's one of my key things I'm focused on right now is just fearless faith just fears not real. And fear control so many people write in their decisions and the things they do and they don't do but you know, when you're 24 years old, you might you might be well you might be one to jump off a few more cliffs than you are as you get a little bit older. But anyways, I made the leap at 24 Man and just went into a start out home building and then quickly started getting into the land side of the game.

Mike Stohler

And you know, that's that's so true. That was I think it when you get involved in any type of investing. It is a leap of faith and good friend of mine, he goes that fear that you talk about is real inside your head. But it's not the truth is what he says you know, just you got to get out there and just jump jump off that cliff because you'll realize this like you don't want to be like me and it's like going back okay. I should overcome that fear five years ago. Instead of waiting now, sir. In we can all say that. So fast forward, you've been you started from the building into some land. What made you do go there instead of the single family and the multifamily or did you do some of that? But then he ended up sticking with the landlord.

Cody Bjugan

Yeah, so you know I'm gonna keep it real simple. Yeah, I'm a mean potatoes guy grew up in a small little town called Damascus, Oregon. Got it first street signal, I think when I was in high school, right, so I'm a main potatoes basic guy. Here's where I know, people always need a roof over their head, people need a place to live. And so to keep it really simple, that's why I've always focused on residential, right, and nothing against your asset class, or many of my other buddies asset classes is is that I understand the different asset classes and why they're important and why they're valuable and why they're needed and why there's demand and some more than others right now. But you know, I just residential just

makes sense to me. And so it doesn't matter if it's single family or residence or multifamily, we do both. And I'll even take it a step further, you know, what we specialize in is finding, and I've built hundreds and hundreds of homes, and I've developed tons of projects, you know, subdivisions and done all the, you know, the streets and the utilities and the streetlights and all the infrastructure. I've done tons of our my career also lost my ass on numerous deals in the Great Recession. But that's a whole nother topic. But where we came to figure out or realize is that we felt like we could bring the most value to the marketplace. And we can really carve out a niche, right? They say, what do they say the riches are in the niches that we can we can really anchor ourselves in as the authority or as an expert in the entitlement space is, is that I can go into like a good buddy of mine, Ken McElroy, right, he's got his event, you know, here in a couple of days called limitless, right, right up the street from my office. And I can't make it because I gotta go to some event, somewhere else, a mastermind, but I'll speak at it next year, I think but, you know, I can walk into limitless and there'll be 1000s of real estate experts there. Okay. And I will either be the only one, or one of the only people in the whole room. That would be comfortable calling myself an expert at entitlements. Right, or understanding the process of how to take a raw piece of land and turn it into an approved development. There's an art to it, it's political. But it's it's, you bring tremendous value to our country. If you understand how to go find that raw land, and how to get that raw land entitled or improved or approved by the jurisdiction, tremendous value, our clients love us. And it's related specifically. And I don't mean to ramble, but related specifically to residential, the housing shortage is real people, whether you want to believe it or not, it is real. It's a real crisis. And for us, the fact that we, me Plus, my company and the students and the people that we're teaching, or even passively, maybe you don't want to be active, maybe you just want to be passive. And we talked about fearless faith the second ago or fearless, you know, fear, I don't care if it's active or passive, okay? When it comes to investing, or you know, whether it's your time or your money, fear can creep in. Right. And, and so as we you know, we are we are focused on us, plus our investors plus our students, we are going to make a difference in this crisis, we are going to make an impact on the shortage and mark my words, and I've been saying this since August of 2020. To mark my words, you will see the housing shortage expose itself in a very, very big way in 2024. And, and so as a company, we have one word for 23. And that is gather we are gathering people and properties, right people and properties, people in properties, the talent of the people that I'm picking up right now for my team. I couldn't have touched a year and a half ago. Okay, we are picking up amazingly talented people because we believe come 24 We are going to take off like a rocket ship or like a slingshot, because the shortage is going to fully expose itself. So I know I hit a lot of topics there brother, but But uh, you know when I get on that soapbox, I just like the girl so anyways, yeah.

Mike Stohler

Oh, it's making perfect. That's perfect. Because it's, it's, it's getting the gears going to our listeners, you know, and it's really nice. But one of the things that I'm thinking of so it's not just slipping raw dirt or holding raw dirt, you're actually taking it to these next levels. cuz you know,

Cody Bjugan

you want to make real money in real estate people, you want to make real money here again, I don't care if it's passively or actively you want to make real money in real estate, bring value to the asset. Okay? Well guess what? Yes, how you can't guess who doesn't bring value to the asset. And we you and I were just talking about a mutual friend before we hit record. The reality is his business model, he doesn't bring any value to the asset. Okay? All these wholesalers, there's wholesalers and flippers, there are diamond doesn't there's five of them on every damn street corner, right? The reality is, why are they on a hamster wheel? Why are they chasing their tail? Why do they got to do a million transactions to make any type of real money, it's because they don't bring any value to the asset, right? Is that you want to make real money in real estate, figure out how to improve the value of the asset, we have this thing here at Allied we say it's, it's, it's the four keys to unlock the magic, we bring value to figure out how to bring value to the seller, we bring value to the jurisdiction, the government, we bring value to our buyer. And lastly, but just as importantly, we bring value to the asset, when we figure out how to bring value to all four of those components, right? All those four keys, those four pillars, that's where deals get really fun. So, you know, we are all about taking a raw piece of land that literally is farmland, or whatever that has its as its value, or that is miniscule, compared to the value that it's worth, once we get it approved for development.

Mike Stohler

How do you find and deal with the logistics? Of not just staying local, but going national?

Cody Bjugan

Yeah, yeah. So it's been a process. It's still a process, you know, we're scaling across the country, we're in numerous states, from the west side of the country to the east side, probably a bigger fan of the east side of the country, just to be frank, but that's a whole. That's, that's another can of worms. But you know, it's understanding. First of all, what makes a piece of property developable or have development potential? Okay. So like, for instance, I was just meeting with our VP of Operations just today. And we have these

different steps to our acquisition process. And, and the first step is when a lead comes in, whether it's from one of my students that wants to partner with us, or whether it's from our cold callers, or whether it's from our direct mail, or wherever the lead comes from, okay. Is that what makes it go from a lead to a qualified lead? Okay. It's three basic things that where we will call it a qualified lead. It's one, does it check the five boxes of development potential? Those five boxes are, we review the topography of the land? Okay, because topography makes all the difference in development. And with projects, we check, Is there public access to the property? Meaning can you get to it? Or is it landlocked? Does it have public utilities, so that you can develop it with any amount of density? Right? We check overlays, because you might find a beautiful piece of property that checks all the boxes, but there's an environmental overlay over the whole thing. Right? And then lastly, but really where it starts is zoning is zoned for development now, or can we rezone it for development? So we check those five boxes? Next is is there demand in that particular market for whatever that product is? And then thirdly, is it that we have a property owner that's open or willing to entertain the idea of selling? Okay, so, ready, willing seller checks, the five boxes of development potential, and there's demand in the market? That's what takes it from in our company from a lead to a qualified lead?

Mike Stohler

Yeah, and that's, that's very interesting, because, as you know, probably because we're both here in Arizona. Man, if you bought some land a month ago, and all of a sudden you found find out that the governor says, We're stopping all development, we're most of the development and offset. He's just like, What in the world? You know, because of some water rights and water issues.

Cody Bjugan

You bring up a really good topic there, Michael, because, you know, one thing we teach, and we do us ourselves, is that, you know, we pay a premium for this land. Okay, so, let's just say this is make up a hypothetical. Example, let's just say farm land in this area of the country, wherever it is, is worth 10 grand an acre. Okay. Well, I might pay that seller. I might pay them. You know, I might pay him 30 grand an acre. I might even pay him 50 grand and I might pay him three to five I've times where it's as his value is okay. But the key is, is is that the only way I can pay him that three to five times I've even had times where it's more than that I've had times where it's like eight times is is that I can't close on it until the development is approved, is that if I'm gonna pay for a diamond, I gotta make sure it's a diamond. And it's not a diamond until a government approves it. Right? And so an appeal will how do you give sellers to wait 18 months to get paid? Well, you don't know. You tell me. Like, I can just say it's it's whatever. 20 acres? Right? And let's, let's use

that example, a 10 grand an acre. Billy Bob property owner? Do you want me to pay you what I say it was 20 acres, I lost my train of thought, this is 20 acres. 10 grand an acre. Right? So it's just so do you want me to pay a 200? Right? Or wait 18 months? And I'll pay you 5x? I'll pay you a million. Can I tell you in my whole 21 year career, I've never had a property owner say I'll take the money today. Right? They're willing to wait, right? In some ways you can look at it as is that we're including them in the upside. And we're gonna spend the money to get it approved. So we're gonna go, we're gonna go put it in the time and energy and money to, to, to, to, to execute that value add process, right value add. But yeah, I mean, that's the key is the reason I just brought that up is is that if you're going to play in my space, I can't suggest enough, do not close on the land until the development is approved. There's, there was some crazy stuff going on from middle of 20 and middle of 22. Guys doing all kinds of crazy shit trying to come into my space act like they know what they're doing. And they really didn't. Because they were terms and prices and things they were doing. A lot of those guys, they were coming into my space, paying as much as me or more. And closing these things like a normal real estate transaction in 30 to 60 days. You know, who's in the corner crying right now? Crying the blues, those guys? Right? So?

Mike Stohler

Absolutely. And, you know, that's one negotiation strategy. What are some of the other strategies to make sure you win that big deal? Or make? Not not go under?

Cody Bjugan

Yeah. As far as what the seller?

Mike Stohler

Yeah, just in just

Cody Bjugan

bring up another something that I like to talk about, okay. We have a big sign on our office, and it says win win. Okay. Any of you that haven't really, some people think there's a winner and a loser. And I just don't believe that. And actually, I love the negotiation book out there called never split the difference. But the one part of that book I don't like, as he said, When winds are impossible, but in all fairness to him, that, you know, again, taking a situation what he did for a living, but you know, he was a he was a hostage negotiator. So but, you know, we, I don't care here again, if it's the seller, I don't care if it's the

jurisdiction, and I don't care if it's your buyer. You want to have successful transactions, you want to create Win Win transactions, hot buttons, hot buttons, hot buttons, before you start talking price or terms are what you want or don't want. Just take some time to get to know the other party, and figure out what's important to them, figure out what their hot buttons are. Because the thing is, if you take care of their hot buttons, you can win everywhere else. That's how you create a successful transaction. And most of all, why is it knock on wood? Thank Jesus, why do we have the track record? We do it allied of getting our projects approved in 21 years, any projects that I've gone before the jurisdiction to get it approved? I've gotten it approved. I've never not got a project approved and 21 years. You know why that is? That is because I see it's a mindset, okay, is that most people see the government or the jurisdiction? I'm not gonna go political. Trust me, I have a lot of challenges as far as some of the political things and the political environment. But when it comes to my projects, okay, I don't see the jurisdiction is my enemy. I see them as my partner. Okay, how can I take care of them? And you know, what, how usually how you take care of a jurisdiction, figured out what's important to the public. That's what's important, the jurisdiction, because they're elected officials. Okay. And so I can't tell you how many times actually I've done things I'm not even required to do by the law or by the code. I do them. Because they're important to the jurisdiction because they're important to the public. And guess what the public doesn't know what the what the land use laws are or the code is, but I will do these things just because they're hot buttons. And that's what everybody's focused on. So, I mean, I can't encourage that enough. Like leave your damn ego at the door, and pick your battles.

Mike Stohler

You know, that's everybody listen to that, because it's everyone goes, Yeah, you stupid government stupid jurisdiction, you know, I'll show them. And then they try to laugh to the bank and look elected physalis officials a lot of times, then realize it and get reelected, and then they can make your life hell sometimes. Might as well just keep your friend right.

Cody Bjugan

100%. So let me tell you that sometimes we have a strategy at our company, where I will intentionally fall on a sword, more numerous swords, just to make the jurisdictional look good to the public. Right. Leaving your ego at the door is key. Yeah, like the goal is to get the project across the finish line. Right. So like fall on some swords?

Mike Stohler

Who cares? Who cares? Because your egos gone to your bank account? Yeah, a few years. That site. That's all it matters, and your and your investors. So let's talk about vest right. company that you've created. We've given a lot of people a lot of information. Now how can they get that information?

Cody Bjugan

Yeah, so I had this burning desire conviction about four years ago, it was to make a difference right to give back and that I know of, I'm the only one out there teaching entitlements. Right? I'm the only one teaching how to take raw land, how to go find raw land with development potential, get it through entitlements, the only one that I know of teaching that game. And so and that's not my company called vest, right? V S T ri ght.com bestbuy.com. I teach what I do every day. And I can mark, do me a favor if you want to learn from someone learn from someone that's actually doing it. Okay. Absolutely. Not that they did it a decade that they're doing it today. Right. So but I actually created a link just for Michael, just for your your audience. If they go to vest right.com/geek Right there. And I got a free playbook slash ebook that they can download. And they will learn gobs about my business model, and just digest it read through it. And I can't guarantee it, I get in trouble by legal counsel. But I would be amazed if you don't come out the other side of consuming that playbook and know way more about entitlements and land than you did before you read it. Yeah. And I'm

Mike Stohler

looking at it now. So everybody, again, vest right.com/geek, seven figure raw land pay days, how I turned raw land deals into seven figure paid days as a free report. It's free, everyone. Come on, let's write. And it's from a guy that's done it and kind of knows what he's talking about. So go to it again and other vest right.com/geek Do it. Yep. So are there programs? What? When you go

Cody Bjugan

in, that's more of an incentive, right? That's more of an active vest, right? We teach you how to actively play in this game. And in the seven figure paydays are real. I mean, I honestly this I just had a student just a couple of months ago, had been a homebuilder flipper wholesaler for 20 years. Okay. made more on one deal, implementing my business model than he had his whole 20 year career combined. He made over \$10 million on one deal. It's real. His name is Michael Foley, look it up. But we have all kinds of phenomenal

success stories, but so that's an active approach. And you know, like, actually, I got a call with Brandon Turner right after I get off here with you right if you know Brandon Turner is beard Beardy, Brandon you know bigger pockets all that good stuff he I don't care if you're Brandon Turner or you know my buddy Ken McElroy knows the space or I don't care who you are right? If you are a real estate investor or a real estate operator, why would you not want to understand land entitlements? is I don't care if you ever go do what I do. It's the backbone it's the foundation of real estate. Every single real estate asset you're out there buying all started with the dirt. Right? Why would you not want to like I can go you know I was doing a thing with grant the other day and interview and I and his reality. I can go after this if say I wanted to get in the value add apartment business multifamily. Okay. I have an advantage over grant like when I was interviewing a grant Grant was just he was actually kicked out interview. Yeah, he's liked him a lot more at the end of the year. I liked him a lot more at the end of the interview than I did before I knew it but he didn't even know what entitlements are Right. And so here's the thing is that if I understand code, if I understand land use entitlements, I understand this game, I could go off to the same apartment complex as him and his team and have an advantage, because I might see an opportunity of how to grow the value of that of that deal that they wouldn't see. Maybe I can add units because I understand density, maybe I can attach the piece next door and, and bring value that way and build more units. I mean, maybe I see. Whatever that there. There's just a million things. I could see just why Knowledge is power. I mean, we've all been taught that by now.

Mike Stohler

Absolutely. Absolutely. Now, we've you've said this word many times. They probably maybe some of our listeners, doesn't. You keep talking about entitlements? Yes. You're the only one talks about in times you're doing entitlements. What is entitlements,

Cody Bjugan

leftover entitlements. Entitled entitlements is basically the government giving you permission to do something. They are giving me permission to develop that land. Per what I submitted to them that I want to build. Okay, I don't care if a piece of land is zoned has utilities. It's beautiful piece ever checks all the five boxes that I talked about earlier. Until you get that up, development approved. You don't have shit. All you have is a piece of farmland. So and that's where I think people get confused is they they just think oh, I can just go in and develop non hotspot fun. Now you got to go through what's called entitlements. You got to get the you got to get the stamp that yes, you can go do that.

Mike Stohler

Yeah, you know, good friend of mine up in northern parts of Arizona was wanting to do self storage. Yep. So he just goes out and buys this land in this town. Now, had no idea that it was not approved for self storage. And they didn't want any more self storage in the city. So now he has this land. He goes, Mike needs land. Didn't go through the process. He just figured I can buy this land. Put some self storage on it. Yeah. Yep. does. So

Cody Bjugan

we teach all of that. How to understand all that. And yeah, and then you know, and then also, if someone wasn't, you know, we also have passive. You know, I think I mentioned that to you. Before talking

Mike Stohler

about talking about your

Cody Bjugan

Yeah, yeah. So we have, we did our first you know, up until a little over a year ago, we were just friends and family money, right and my own money. And then when I decided to, that I felt convicted this mission to scale. And, you know, many people have said to me recently that they think the first you know, 19 1819 years of my career was just practice. Right. And so now I'm finally getting after it. And, and so so we've opened funds. So we did our first fund a little over a year ago, and we literally just launched our second fund a little over a week ago. And we just, you know, it's like this fund will be 15 million, right? With 15 million, we'll be able to go do about 20 deals. All right. And, and the way we pay in that, Esther's on that fund is it's accredited investors and it's a, you know, 100,000 minimum. But that, that I know, I'm the only one out there. But to quote Well, I'm about to quote you. But you know most of these syndications, you hear about a real estate funds that overall IRR or your overall annualized return on your capital over the course of the deal. Internal Rate of Return on an annual annualized basis is like guys are quoting 16 18% Somewhere in there usually. Okay. So because of my business model, and how unique it is, I just got my board to approve last night that I'm going to do a 20% preferred return on this fund. So I'm going to pay you an annualized 20% return on your money to the investor before any profits are split up with an overall projected IRR of 29 to 34%. Okay, how is it that I can do that? Well, it's really simple The reason I can do that, it's because the margins in my business model allow it. Okay, on average, we, if I go put \$1 into a deal. I'm usually gonna get that dollar back plus make \$3 Okay. And the beautiful part about all that is I got

another thing called DCD dirt controls deals, whoever controls the dirt controls the deal, which then leads me to the next thing I'd like to talk about is that I'm in the business of controlling real estate. I'm not in the business of owning real estate. So because what happens is we just went through a market correction, right? Guess who didn't get spanked me, because I control real estate, I don't own real estate. I do double closing, simultaneous closing. So after I get the project approved for development, I use my buyers money to pay my seller and I make my profits out of the middle. Right? So I only own the land for a split second, right? So what happens in a market correction? Well, I can push out the closing date to the other side of the downturn, I can renegotiate price. worse, worse, worst case scenario, I can walk from the deal if I have to. Right. But that's the beauty of can when you control it versus own it just know this people. As soon as you own the real estate, as soon as you take title, you lose most of your options. Okay. And so because of all these factors, we are blessed with this little niche we have, right, it's our space, we're comfortable with it, and we're an authority in it. And so, but anyways, 20 pref people on a real estate fund, I don't know where else you're gonna hear that.

Mike Stohler

You know, I'm doing the gun thing to the head. It's like I haven't either. And I know I couldn't do it. I couldn't offer that.

Cody Bjugan

No, no, like, like one of the names I just mentioned, he just launched a deal where he's offering, you know, a pref and in a split profit split, but his overall projected IRR is you know, 16 18% and so how do I set myself aside from the pack based upon my business model? Why does make my purchase my pref alone outperform your whole deal? Right. And so, but if you're interested in our fund, just go to allied land fund.com That simple allied land fund.com

Mike Stohler

And where else can people find you Cody?

Cody Bjugan

Cody, I mean, you can find me on Instagram Facebook, Cody bergen.com, which is cod y last name B as in boy, J UGA N. Go to Cody bigger.com. Search me on facebook instagram, you'll you'll find us

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absolutely in remember every budget the freebie

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get Yes, go to bestbuy.com/geek and get that free playbook. I mark my words. You'll come out the other side much more knowledgeable.

Mike Stohler

Cody, appreciate you coming on the Richard geek podcast. It's been enlightening. 20 FREF people come on. Gotta do it. Gotta at least look into it. Very vest. Oh, no, I'm sorry. Vest right. And Cody. vegan.com. [vest right.com](https://vestright.com)

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And look allied [land fund.com](https://landfund.com) for the land. [fund.com](https://landfund.com)

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look him up and learn. Cody's been a pleasure. Thank you for coming on.

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