

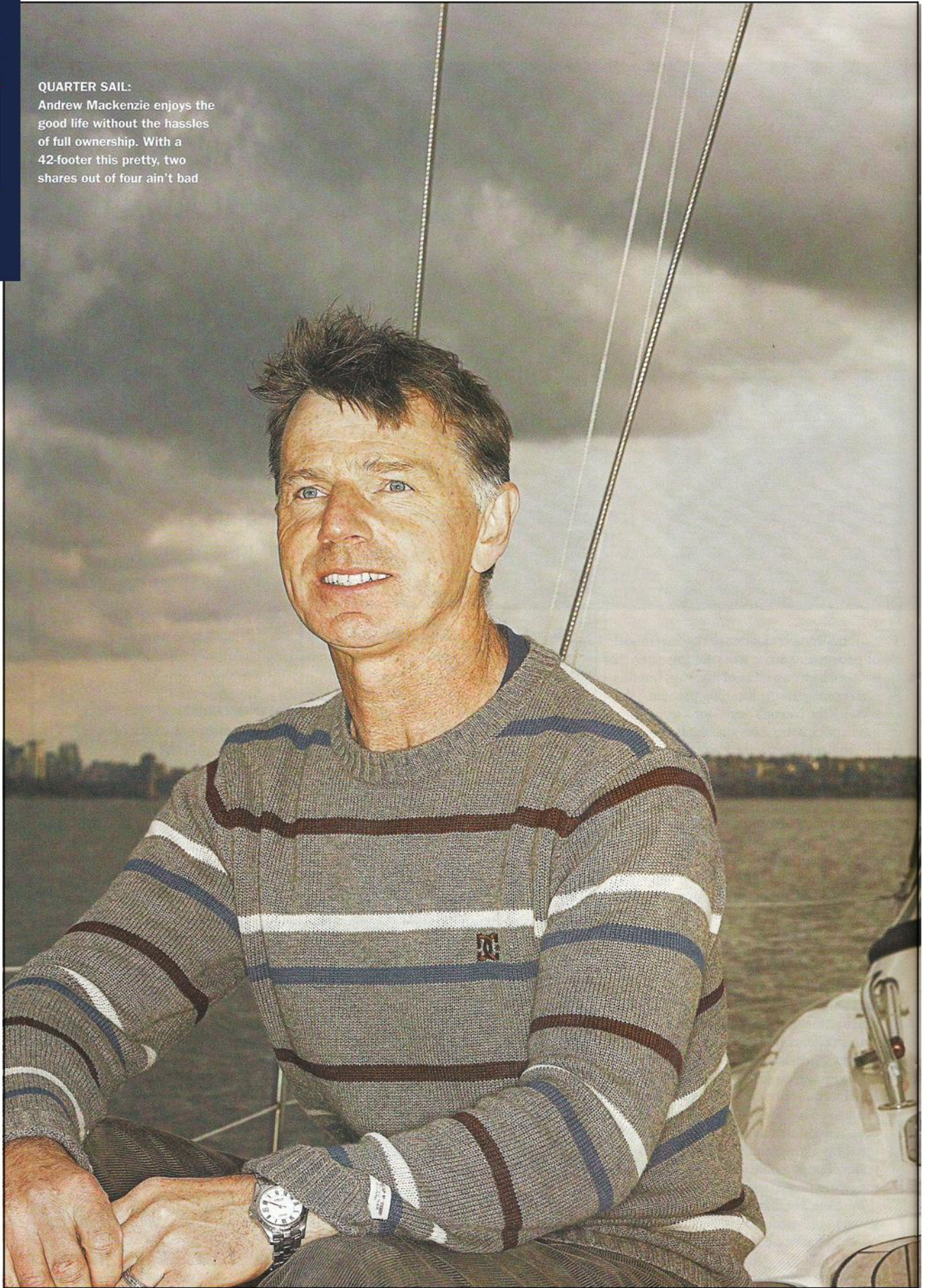
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QUARTER SAIL:

Andrew Mackenzie enjoys the good life without the hassles of full ownership. With a 42-footer this pretty, two shares out of four ain't bad



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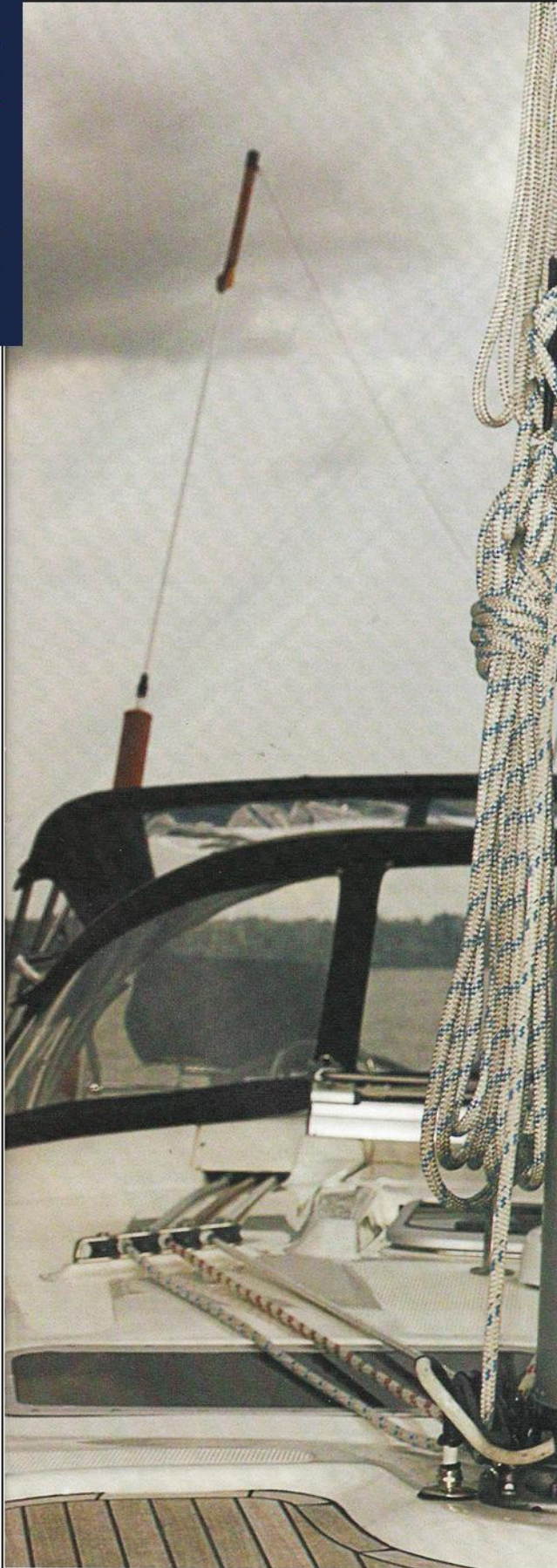
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by Jessica Werb and Peter Severinson

faking it

HOW TO LIVE LIKE A KING ON A PAUPER'S (OR PERHAPS A PRINCE'S) SALARY

photography by Lindsay Siu

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It's getting more and more difficult to live it up in this city. The cost of living has our disposable income shrinking almost as fast as the size of the average downtown condo; Vancouver is now Canada's second-most expensive city, after Toronto, according to Mercer Human Resource Consulting. Soaring gas prices, not to mention environmental guilt, have dampened the allure of Porsches or Bentleys, while inflated property values have priced the island cottage out of reach.

But if you were born with a taste for luxury, don't despair. Just because you can't afford a yacht doesn't mean you shouldn't – and can't – have one. From designer handbags to jet planes, we show you how, through fractional ownership and clever rental schemes, you can live large – even if your bank account isn't.

Staying afloat

On a warm April morning, Andrew Mackenzie is happily puttering around his boat, getting ready to set sail from Granville Island to Princess Louisa Inlet on the Sunshine Coast. The former vice-president of engineering for Agilent Technologies Inc. – who recently left his job for as-yet-uncharted waters – will be off on a four-day trip with friends aboard his 42-foot sailboat.

"There's nothing like being on the water," says the 49-year-old father of two young teenagers, speaking like a true sailor. "As soon as you cut loose from land, you're immediately free." With its teak decks, three cabins and radar system, a boat like Mackenzie's doesn't come cheap: you're looking at close to \$400,000, with annual maintenance costs of about \$20,000 – all for a toy to be used, most likely, three to four months of the year. Says Mackenzie, "It's almost impossible to justify owning a whole boat."

Which is why he went the fractional-ownership route, signing up with One 4 Yacht Fractions, a company based on Granville Island that sells and manages quarter shares in boats. Mackenzie bought two shares in Trident, snapping up 50 per cent of the sailboat for \$200,000, and he pays an added monthly fee of \$500 per share for docking fees and maintenance costs. The boat has two other owners, who both ponied up \$100,000 for a quarter share of the vessel. Negotiating with his partners on sailing time has been easy, he says; with One 4 Yachts acting as the go-between, the owners do a round robin. "I choose my two weeks, you choose your two weeks and we go around four times," explains Mackenzie. "That sort of fills up the peak summer season. For the off-season, we just informally book it. Folks are pretty flexible – it's never been a problem."

Each time a partner takes out the boat, One 4 Yachts performs maintenance on it and has it cleaned, which helps avert potential disputes. "You can get friends and split a boat," remarks Mackenzie, "but talk to most people and they'll tell you that normally ends up in a fight because someone will bring it back in a mess or damage the boat. Then there's a fight over who damaged it, things like that." This way, everything is hassle-free. "Today I showed up 20 minutes ago, and the boat's clean and ready to go." He grins. "I just have to bring up a bottle or two of wine and I'm set."

Sure bet

Squire Barnes, the Global BC sportscaster, seems an unlikely candidate for horse ownership. "I'm allergic to horses and hay," he admits. But an itchy nose and watery eyes haven't kept the Burnaby native from the track. "When I was a child, one of my best friends at the time, his dad owned horses. So we would go on a Saturday afternoon and watch."

A fixture at the Hastings Racecourse since his early years, the 44-year-old Barnes recently stepped up his involvement at the track in a big way: he bought a horse. More specifically, he bought a 10 per cent share in a two-year-old chestnut brown gelding. "There are six of us in this deal," the sharp-witted Barnes explains during a break at the Global BC headquarters. "One guy owns 50 per cent and five guys own 10. I'm one of the 10 per cent owners. I own the tail or something."

It happened in February 2007 when his buddy Archie McDonald, former sports writer for the Vancouver Sun, phoned Barnes and told him, "We're buying a two-year-old. Do you want in?" Thirty-five-hundred dollars later, Barnes became a proud owner of Baltic Dancer. The initial investment included feed, training and upkeep for the year. "I'd been around the game, and the only way you can get into the game if you're not a trainer or a jockey . . . is as an owner," he explains. "I had thought in the past of going out and buying one myself, but it can be daunting, financially."

Especially if, as in Baltic Dancer's case, the horse doesn't run at all. "He was very immature and not taking to training like he should," Barnes explains, clearly disappointed. Instead, on the advice of trainer Craig McPherson, the horse was sent to a farm for a few months to mature.

This year Barnes hopes to finally watch his investment gallop to a finish line. "I've thought about, when my horse runs, do I bet a lot of money on him?" he wonders aloud. "Because if I don't think he's going to win . . ." He trails off. "I think you got to bet on him," he finally decides. "If you're going to spend all this money feeding him, you might as well bet on him too."

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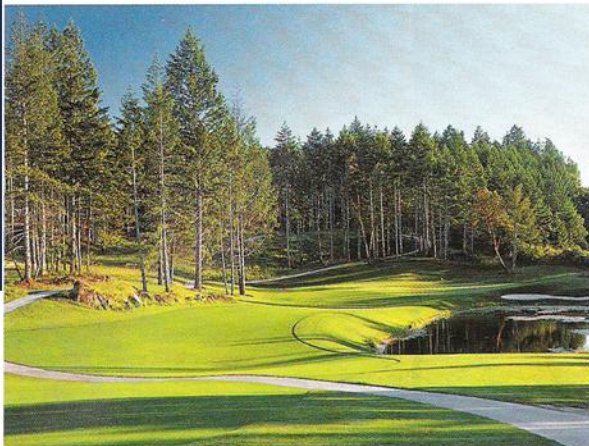
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Green space

Peter Wilson, president of junior exploration company Hana Mining Ltd., has an extra tool in his arsenal when it comes to sealing business deals. He organizes a visit to his golf-resort property on Vancouver Island. "I had people come and use it from London, and I took them golfing over there," the gregarious 40-year-old enthuses in conversation at his downtown office. "I offer it to all kinds of people all the time."

Wilson's little slice of heaven is a quarter ownership in Suite 116 of the Fairways building at Bear Mountain Golf Resort Properties, on the first hole. Like several resort developments in B.C., Bear Mountain offers quarter shares in many of its suites. Wilson got in early: five years ago, when friends had the marketing contract to pre-sell units in the Fairways, which is managed by Westin Hotels & Resorts, he decided to take them up on an offer. "I liked the idea because it was a new Nicklaus course," he explains. "I got it at what I thought was a very good price on a golf course, where I could fly over and take my dad for the weekend, stay there, golf, and come back on Sunday night. . . . It afforded me the opportunity to get into something that's affordable and not pay the whole cost of it."

Wilson reckons his initial investment of less than \$40,000 for a registered interest in the property has "probably quadrupled in value." Indeed, Home Team Realty is now listing a quarter ownership of a comparable Fairways suite for \$124,500. When he wants to head out for a weekend on the links, Wilson pre-books time in his room according to a rotating schedule, or upgrades his suite for a small fee. When the room is empty, it is placed into the rental pool and rented out by the Westin Bear Mountain Victoria Golf Resort & Spa, which manages rooms in both the Fairways building and the nearby Clubhouse building.

"It completely pays for itself and all of its taxes and probably makes a bit of money, depending on how much I use it every year," boasts Wilson.

"If it was a free-standing cottage, you become a slave to that: 'Oh, I got to take care of my house in Phoenix, the maintenance, the management, the taxes, all that stuff,'" he remarks. "Here, you just pop in and pop out any time you want."

Shared wisdom

Here's a word you're not going to hear from a lot of developers these days: time-share. The term is still loaded with images of worthless surplus condos, pushy developers vanishing into bankruptcy and ruined investments. Today the term of choice is fractional ownership, which adorns glossy pamphlets alongside photos of shiny new homes snug in their luxurious resort lots. But the very concept of shared property ownership is still enough to set off one's internal conspiracy alarm, so here are a few tips to help keep your co-purchase free of nasty surprises.

DON'T TAKE A MORTGAGE FOR GRANTED

Despite having been around in B.C. for a decade, fractional ownership can still be a fairly new concept in the offices of many mortgage brokers, warns Davis LLP partner Brian MacKay. Although some banks and credit unions have come to trust these buys as worthwhile investments, many simply don't have experience with them and won't touch these deals, he says. "I've seen a lot of people get in trouble by thinking they would get financing and having it fall apart."

KNOW WHAT YOU'RE BUYING

Although the term is rarely used, most properties available for fractional ownership in B.C. are considered time-shares according to provincial law, says Russell Benson, a partner with McCarthy Tétrault's Real Property and Planning Group in Vancouver. "Purchasers should be aware that it

is a time-share, albeit in sheep's clothing," he says. The important thing to look out for is whether you're buying a registered interest in the property or just a licence for how and when you can use it, he explains. The difference is that having a registered interest allows you to get a mortgage and benefit from any increased value of the property. A licence for the use of the property, on the other hand, is a temporary arrangement that will decrease in value as it expires.

GOOD FENCES

Most people who get into fractional ownership don't want to constantly deliberate with their fellow owners, says Benson. The property management company will set up a system to handle the logistics of maintaining the property, he explains, and owners should take a good look at how that's set up before they're committed. "The complications of trying to correct things that don't work properly once you have many owners in place is something you don't want to have to face."

DISCLOSURE CHECK

Laws governing fractional ownership spell out what the developer must disclose to you when you buy a property, MacKay says. Generally buyers will get to see the disclosure package once they've signed a contract for the purchase. At that point, they have seven days where they can withdraw from the deal at no cost. MacKay's advice: get that document to a lawyer as soon as possible to guard yourself against any surprises. □

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