YOUNG BOY:

Hey, Mr. Red. I picked up a new job. I'm saving my money just like you said. I have a new girlfriend, too. I'm going to give her a letter tomorrow. Ms. Lucile read it. She liked it too. I don't feel I could give it to her without Ms. Lucile's liking it.

RED-MANNING:

Slow down, Young Boy. That's a lot of information to take in. Who's this new girlfriend? I thought you were all locked in on one.

SHRINER:

Same one, new title.

RED-MANNING:

So it's official. When you going to bring her around?

YOUNG BOY:

Well, it's not really official. But I'm going to ask her tomorrow.

RED-MANNING:

Nothing wrong with that. That's shows your confidence.

YOUNG BOY:

Mr. Red, I got over, well, close to 700 dollars saved up. You think you can teach me about land...land offers…

RED-MANNING:

Land option purchase. If you have a minute I can tell you all you need to know right now.
First thing you need to know is there are risks, because it's like betting. You're not just betting land is going to gain in value, but it will increase in value enough to offset the risk you're going to take. So if you don't want to risk drowning, you shouldn't swim in this pool. You got that?

YOUNG-BOY:

Yes, sir.

RED-MANNING:

That's important because you stand to lose all your money and gain nothing if you're not careful. So there's a land option open and you want to get in on it. They give you a price on the land. That's called your "strike price". And then they give you a date that option will come due. Now you pay the strike price and you bet that land will increase in value by say one hundred dollars by the date the option comes due. Of course, it's a lot more than that but we'll keep the math simple. Let's say you guess right. The trend went in your favor. You now have the right, but not the obligation to buy the land. You can purchase or if there are co-bidders, auction against the co-bidders for the land and if you out price the market you can take possession of the land or you can take your money from the strike price combined with your gains and walk away.

(YOUNG BOY gets excited and rubs his hands together.)

YOUNG BOY:

I can't wait!

RED-MANNING:

Now hold on. I did say there were risks. Let's say the market goes the other way and that property isn't worth what you thought it will be.

YOUNG BOY:

What happens then, Mr. Red?

RED-MANNING:

If the property is appraised lower than its original value, you lose your investment from the strike price and you pay double the appraised value of the property. And that debt is due when the option comes due. You can be wiped out just like that.

(YOUNG BOY puts his face in his palms.)

YOUNG BOY:

That could be everything!

RED-MANNING:

That's why you don't bet everything, Young Boy. You only bet what you can afford to lose.

YOUNG BOY:

I can't afford to lose nothing. So the date is day after tomorrow ain't it, Mr. Red?

RED-MANNING:

Yep. The day after the holiday. The land have already appraised well over the strike price.