



# S.E.C. Real Estate Observer

AN E-PUBLICATION OF THE SOCIETY OF EXCHANGE COUNSELORS

Service. Experience. Counsel.



## *Inside This Issue*

Welcome to the winter issue of the S.E.C. Observer! In his last article as S.E.C. President, Bill Stonaker recaps the past year and looks to the future; Richard Reno's "Forecasts and Opinions from 1975 are eerily similar to current forecasts; Wes Dingler continues his "Lessons from the Greatest Generation" in Part II; Hunter Quistgard provides excellent advice regarding "Exchange Counseling" as only Hunter can; and Steve England, 2007 Ed Foundation President takes great pleasure in formally announcing the inaugural group of "Legends of the S.E.C."

You will get to know a little bit about Steve Bushey, S.E.C., who is "In the Spotlight" in this issue. And we know you will benefit from the articles in the History Files. Cliff Weaver offers you income generating ideas; Jim Misko presents some creative ways for you to use paper; and C. Charles Chatham discusses how much inventory you should have at any given time.

Enjoy this issue, and as always, we welcome your comments, suggestions, and articles to be considered for publication. Please contact the S.E.C. Office via email [sec@secounselors.com](mailto:sec@secounselors.com).



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## I. President's Message

## A. Last Observer Article as President

### “Last Observer Article as President” December 2007

William E. Stonaker, S.E.C., CCIM

Every good thing must come to an end, and my term as President of the Society of Exchange Counselors is no exception. So, I write my last President's Message with both relief and, to some extent, a feeling of loss. My relief is two-fold.

First, I am thankful that this year was somewhat uneventful (no significant challenges occurred), our Society is in good financial shape, and I hope that I made it through my year without really hacking off too many people. The second feeling of relief is that I can see the light at the end of the tunnel. After my stint as President of EDF in 2008, I can return to my business at the S.E.C. Meetings.

I have been told by several of my predecessors that this feeling of loss is normal. After being involved in almost every aspect of the S.E.C. business for four years, it is time for someone else to take over. I am confident that our newly elected Executive Committee, led by Steve Eustis, will manage the affairs of our organization even better than during my leadership.

And, last but not least, I will miss the frequent phone calls with Jackie, one of the most organized and certainly one of the most diplomatic persons I have ever known. I think Jackie deserves the title Head Cat Herder!

So let's start with my last quotes as President.

#### ON LEADERSHIP

*Management is doing things right; leadership is doing the right things.*

Peter Drucker (1909–2005)

*The art of leadership is saying no, not yes. It is very easy to say yes.*

Tony Blair (1953– )

What Drucker and Blair are both saying is that leaders have to have a backbone. Leaders have to be willing to tick off some of the people for the benefit of the rest of the group.

#### ON SERVICE

*Always render more and better service than is expected of you, no matter what your task may be.*

Og Mandino [December 12, 1923](#) – [September 3, 1996](#)



Og Mandino was a “sales guru” and author of the bestselling book The Greatest Salesman in the World. Mandino’s message is simple: Be ready to give to the whole, even if it does not directly benefit you.

## ON CHANGE

*If we don't change direction soon, we'll end up where we're going.*  
Professor Irwin Corey (1914– ) American comic and film actor.

Professor Corey sounds somewhat like past president Phil Corso. One of Phil’s famous quotes was: *If we don't know where we are going we are bound to wind up someplace else*. So Phil took it upon himself to take our Society and literally put it in a bottle, shake it till it broke and then put it back together again—in much better shape. There is no doubt in my mind why Phil was selected as Counselor of the Year the year he served as president. I don’t think he did much else than run the S.E.C. He definitely changed the direction of our organization. Phil gave 110 percent and more.

## ON COMPLACENCY

*The great courses of God and humanity are not defeated by the hot assaults of the devil but by the slow, crushing, glacier-like action of thousands and thousands of indifferent no-bodies. God's causes are never defeated by being blown up but by being sat upon.*

Sir George Adam Smith, 1856–1942, From the book The Twelve Prophets

Please pardon the Biblical reference in this last quote but I think it states exactly what is wrong with many organizations—complacency. Complacency is not a huge issue with the Society today but it could very easily become one. Just take a look at our membership. Even though we are bringing on new members every year, we are getting older as a group and many of our members are individually becoming less active. Only about one half of our members are really active in the S.E.C.. Therefore, tasks like moderating, being Meeting Manager, serving on committees, serving on the board, etc. are even more important than ever.

There is one major difference with the S.E.C. as compared to many other organizations. Anyone who wants to be involved can do so. Take a look at Jim Brondino, Ted Blank, Mark Johnson, Ron Bowden and Larry Browning, all past presidents. These men are still involved in the day-to-day operations of the Society. All have recently served as Meeting Managers, committee members and moderators, some in every meeting. Paul F. Winger just agreed to give up much of his Sunday afternoons again to serve on the Board of Governors. Any of these men could say that they have done their part and someone else should take these jobs. And there are several other members who serve continuously.

So, as I turn over the reins of Exec to President Steve Eustis with First Vice President Tom Langel, Second Vice President Bill Richert and newly elected Exec member Chris Dischinger as Secretary Treasurer, I urge our membership to be ready to assist your



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Executive Committee and Board in any way you can. And don't wait to be asked. Look for ways to move us even further forward than we are right now.

Good wishes for a holiday season. Thank you for allowing me to serve.

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Bill Stonaker, S.E.C., CCIM, is from Southlake, Texas, and specializes in commercial Real Estate counseling, development, investments, acquisition and disposition, consulting and syndication. His main areas of expertise are land, retail, office & office/tech. Area of interest: west side of Dallas Fort Worth Metroplex, Texas. Mr. Stonaker is a past President of the Society, and 2008 President of the S.E.C. Education Foundation.



## II. Feature Articles

## A. Forecasts and Opinions

### “Forecasts & Opinions”

Richard R. Reno, S.E.C.

*Editor's Note: Rather than a feature article written this year, the Editor could not resist this article which first appeared in the January 1975 issue of the Real Estate News Observer. It is another excellent example of the enduring quality of Richard Reno's philosophy.*

For over 20 years, this writer has been able to rather accurately predict the state of the real estate business for a year ahead. This is not true now. In my opinion, the problem is that there is no logic in our economy — nothing to hang any facts on. I feel this to be the main problem. As to a solution of the situation of short money and in some cases, no money, the inability of buyers to qualify for what loans are available, lack of construction in some areas and some areas already over-built—there are many problems. We see no single solution.

Insofar as changes in operations are concerned, our office doesn't have to change because for many years we've done counseling and exchanging. We have attempted to look after the welfare of our clients by getting them better benefits than they had when we started working with them. It seems now that the competent **exchange counselors** throughout the country are more apt to withstand the assault on our business than any other group. This is due to the fact that they are tuned toward solving people's problems professionally.

As days go by we foresee an overwhelming number of problems in 1975. Again we will find the **REO Formula** much in demand as a means of perhaps keeping some savings and loan companies alive. Many other creative things can be done which many of us have been doing for years — to do business without the use of money. Other than for the necessities of life, money seems to be doing nothing as an answer to the current real estate problems.

It is the writer's opinion that the more government action there is, the worse things will get. If labor is able to force price and wage controls, in our opinion, this will only make everything worse. We are being harassed by government interference from the justice department, lack of consideration for investment, and lack of consideration for construction in many areas.

My forecast — only God could give an accurate one. All is too confusing for the human mind to know for sure how to cure the many ailments.

My message in this instance is primarily directed to the truly professional real estate exchange and investment counselor. It concerns his role in the 1975 picture, and how he will accept his responsibilities, and how he will take advantage of the



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opportunities. There are of course, worthy and honorable counselors in other fields whose work is a vital part of our living. The banker is concerned with values today. The lawyer is concerned with the rights and liberties of persons. The CPA sets up the figures given him, and applies the pertinent rules. The physician is concerned with the preservation of health. None of these counselors can, as individuals, offer a perfect guarantee of financial security in the future. Who, then? It has been proven over the past dozen years that counselors of our ilk can provide the kind of counseling needed to overcome obstacles, discouragements, and baffling contingencies. We recognize when there is a need to call in other counselors. We can work all opinions and suggestions into a single unified solution.

In view of the paramount position in the counseling picture, how much is a real estate exchange and investment counselor entitled to for his professional services? For your consideration, I submit that under the economic situation with comparative values and on the basis of results, we should be entitled to \$200 per hour for personal counseling, and a minimum of \$100 per telephone call. Expertness should be adequately compensated.

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Richard R. Reno of San Diego is the highly regarded founder of today's modern real estate exchanging profession as a "people" business. Mr. Reno is president of the National Society of Exchange Counselors, and past president of what today is the Commercial Investment Division of the Institute of Real Estate Brokers. His vast knowledge has attracted a national following to Our Way of Life.



## III. Society Columns A. My Lessons from the Greatest Generation – Part II

### “My Lessons from the Greatest Generation – Part II”

Wesley Dingler, S.E.C.

In the last Observer, I shared a few lessons and thoughts that I picked up from my grandfather before his passing. Now I would like to share a few more of these that I try to keep fresh in my mind and hopefully you can use in your business.

#### **Lesson Four: Progress Is Not Always Forward**

I can clearly remember numerous times when my grandfather would buy a product that was advertised as “New and Improved” only to be unsatisfied with the end result. The rant that followed always included the phrase “all progress isn’t forward.” Ponder on that thought for a moment. With all the advances in medical sciences, technology that makes us far more productive, and products that just make life more comfortable, it is almost a foreign concept to think that progress is not always forward. However, look around at business, government, or society in general and you will quickly find numerous things that came touted as progress only to have both positive and negative effects on our world.

Now, apply this to our business of creative real estate. The Internet, if used properly, has created an entirely new avenue to market properties. However, if we as professionals lose touch with the people involved in our transactions and their needs, has it done us any good? New tools are only improved if they are used properly. They are not any benefit to us, or more importantly our clients, if they are used or applied incorrectly. It reminds me of the old joke about the farmer who bought the chainsaw on the dealer’s promise that he could cut two cords of wood per day using the chainsaw. After using for weeks he took it back to the dealer because he could only cut half of a cord per day. The dealer asks him if it might be the engine running poorly and the farmer asks, “What engine?”

The same principal can be applied to property management. The new software and education available are great, but if you lose touch with tenants it does you absolutely no good. There are also great new ways to enhance properties, but if it doesn’t help with tenant satisfaction or retention, is it a true benefit to the owner/investor?

This is definitely not to say that we shouldn’t strive for advancements or progress. We should just be sure to identify benefits we are seeking for ourselves and our clients, and ensure that these advancements, tools, or ideas are securing those benefits. Otherwise, we will be seeing great progress without benefit to ourselves and our clients.

#### **Lesson Five: Crops Only Grow After You Plant Them**



It never fails that some people are continually after the quick buck. It is never hard to find those looking for the easy money. And it is never hard to find those willing to sell an idea on how to make fast, easy money. Unfortunately for you, I don't seem to have any of those secrets and I don't think anyone else does either. If I heard it once I heard it a thousand times, "Crops won't grow until you plant them." In other words, someone has to buy the seed, prepare the soil, and then plant the seed.

Apply that to our world. Last time I checked, in any given deal, someone still had to find the deal, investigate the deal, negotiate the deal, do the due diligence, structure the financing or financial aspects...and the list goes on. Did you notice that all of these things are necessary *before* the deal is closed? What about the cost of these items? They may not cost hard dollars in some cases but they certainly cost time and energy. No matter how you look at it, investment of money, or time, or energy, or all of the above are required in every potential deal and only those willing to put in the effort will see the fruits. So I guess I do have a secret to becoming wealthy—GET TO WORK! (\* See Lesson Six below)

## **Lesson Six: If You Want To Be Wealthy, Work For Yourself**

We have all witnessed lifelong corporate employees be laid off, through really no fault of their own, only to be left with a severance package that is anything but golden. Most have done fairly well and survive with a lifestyle that is acceptable. But have you ever seen truly wealthy people that got there without having an ownership stake in the venture or enterprise that created the wealth? (Please note that I am discussing financial wealth here and I realize deeply that family and spiritual wealth exist and can play a prominent role in our lives.)

Next time it comes out, take a look at the Forbes list of wealthiest people. The ventures vary greatly, but one thing is common to all: They all have or had ownership in the vehicle that created and/or continues to create their wealth. Some will have benefited by being a member of the lucky gene pool, but even they still have ownership to thank. Even the CEOs of our biggest businesses use stock options to create wealth instead of relying on pure salary-based compensation.

The principal of working for yourself to build wealth is actually a lesson I remember being taught, almost preached, to me very early on. I was also reminded of it, and re-inspired to achieve it, when taking Broker Estate Building taught by Mark Johnson and Phil Corso. If you ever have the opportunity to take their course, I would highly recommend it. They will go into such great detail on strategies and ideas that it can truly change your life by changing the way you do business.

I hope these thoughts and ideas can be a help to you as you move forward in your business. By the next issue of the Observer, it is my hope that I can get a few ideas from some of the wiser veteran members of our group and share those with you. We are so



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blessed to have them available; it would be an absolute shame not to garner as much as they will share with us.

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Wes Dingler, S.E.C. is based in Tyler, Texas, at Master Realty/Westward Property Group. Wes represents investment clients, and he enjoys operating and representing himself in "estate builder mode" as well. You can reach Wes via email [wdingler@masterrealty.net](mailto:wdingler@masterrealty.net).



## IV. Formulas & Strategies

## A. Exchange Counseling

### “Exchange Counseling”

Hunter Quistgard, S.E.C.

I ran across a brochure for the first EXCHANGE COUNSELING one-day seminar given by Cliff Weaver and me in '67. It reminded me of a couple of cheerleading concepts we proffered upon the “great unwashed” whom we were trying to get to counsel their clients so we could have other brokers to make transactions with besides ourselves. We didn't get rich doing workshops. It cost \$35 including lunch, but with 70–80 in each attendance, we were paid for our lodging and travel. A significant number of transactions were closed as a result of attendance at our seminar.

\* Do not take on a client's “pipe dream.” If he doesn't become realistic in the counseling process, send him to a salesman who doesn't need to make a living. **THIS IS THE MOST IMPORTANT DECISION YOU WILL EVER MAKE** in dealing with clients.

\* Try to solve the objective without disposing the property. Regardless of the client's objective, try to reach his goal by proposing various ways to change the circumstances around his ownership; and not transacting (all of) the property will, **AT THE VERY LEAST**, get down to the **REAL** reasons he's on the market instead of what he told you initially. You can solve your client's objective 20 percent of the time by that process alone. This process also exercises your ability to attack the “bundle of rights” surrounding a piece of real estate to mix and match and change the ownership of various parts to solve objectives. The client will get involved in looking at variations from his prior thinking and he may start to be more flexible by responding to various “Why not do this?” proposals. [Managements, leaseholds, air rights, remodels, de-finances, shared ownerships, mineral rights, life estates, participation of future incomes or upsides, on to infinity...]

\* The most flexible client is one who has been counseled to recognize that he is in a circumstance that currently provides benefits 1,2,3, etc. and he now wishes to get into a circumstance that provides a different set of benefits, such as A,B,C, etc. After establishing that agreement with him about the benefits to be left and to be acquired, one needs to simply re-state those with the client each time you meet with him (like the doctor always takes blood pressure, etc. each visit). Otherwise, you will find him and yourself on different pages. There may be 726 different scenarios that could produce the desired benefits using different properties (maybe including part of his own) or parts of properties or non-properties, but not if he has to have “A green duplex on Black St. or no deal.” If you let the client dictate too narrow a set of objectives, you have lost efficiency and probably the capability to solve his desires. If you are going to take on this client's issues, your most important effort will be to adjust his thinking to include a commitment



to a set of benefits without identifying a location, type of property, or price and terms. Don't start down the marketing path (and tell him so) until he commits to a set of (realistic) benefits to be sought (without regard to how they may show up). As soon as he says, "I don't want to go to Texas" or some other door slam, stop, and return to the commitment of benefits originally sought.

\* Do not do the owner's job for him. It weakens your position with him and keeps him from getting REAL on the facts of his situation. HE must provide the detailed description and pictures of what he has; he must submit the legal (title and policy, please); and HE must produce and certify by signature the accuracy of the history of income and expense operations. Others can make projections.

If there are facts that need to be known, like zoning allowances, toxic studies, cost of retrofitting, etc., HE is to get that. Your job is not research, but to create a solution. "No production of the facts = no effort to market or to get a transaction together." In other words, "No shirt, no shoes = no service." Requiring the client to get the details together is a valuable counseling process that will assist mightily toward the final escrow. One of the techniques we used involved detailed information collection sheets designed for each specific type of property, at the bottom of which was a fraud statement suggesting that people who rely on such info might cause criminal liability on the part of the supplier of the data if it was incorrect. Always give two copies to the client to fill out. When he gets to the bottom of the first one and sees the fraud statement, he either won't sign it or will use the second one to record the facts instead of his earlier estimates.

\* Review with him the money, other properties he could add to make something work; how much debt he could take on; friends or relatives who have money, financial power, talent or needs that can be incorporated into making a deal work; the locations of his family members, and their desires, that might influence him to take things in their local area; or to use their attention, assets, or power to assist him; are all options in the a process that he probably has never been through. So, be slow and thorough so that you not only get the added pile of tools, but you get the added flexibility of the client by the process.

I was recalling the great examples we used to demonstrate how we moved clients from "sell for cash and buy bonds" or "trade my old wife for J Lo and get \$100K to boot" positions to being ready for what the REAL market will have for them. They are fun, but not enough time or space here. I guess we will have to find another Weaver.

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Known widely in the Western United States by the Exchange Brokers fraternity because of his teaching, lecturing, and moderating of marketing sessions, Mr. Quistgard has probably been exposed to every conceivable transaction tool and has used most of them. Quistgard's activities as a principal and as general partner for numerous group ownerships has intimate knowledge of the economics of most types of real estate vehicles because he has "lived with them." He is currently experimenting with a corporate form of investment real estate



brokerage in which all employees are salaried and stimulation is induced by profit sharing and stock options. Client counseling and heavy homework are his trademark.

## V. S.E.C. Education Foundation    A. Congratulations, Legends of the S.E.C.

### “Congratulations, Legends of the S.E.C.”

Stephen R. England, S.E.C.

After months of planning and homework, the Society’s Education Foundation has implemented the “Legends of the S.E.C.” program. This is an effort to recognize certain past, present and future Members who have truly left a legacy beyond the Society through ideas and innovation in our real estate industry. In this process, we will memorialize some of the significant history of the Society of Exchange Counselors and its unique status as a professional organization giving future real estate professionals the knowledge of the standard of excellence that these “Legends” represent.

At the Charlotte meeting the S.E.C. Education Foundation Board of Directors reviewed the recommendations of its Legend’s Committee, and information provided by the membership, and elected the inaugural group of “Legends.” It is with a great deal of pride and admiration that the following individuals are so designated as “Legends of the S.E.C.”

**Richard Reno S.E.C.:** The founder of the Society of Exchange Counselors. Mr. Reno embraced the philosophy that “real estate problems are not with the property, but with the people who own the property.” He taught real estate classes nationally to pass on his ideas and spread the concept that exchanging real estate equities was a path to innovative real estate solutions.

**C. Charles Chatham S.E.C.:** Mr. Chatham is known as “Mr. Counselor” to our industry. He created the original seminar entitled “The Art of Real Estate Counseling,” which educated over 17,000 students nationally in a 20-year period of instruction. The Chatham Method of Professional Client Representation left a legacy that will live on for the benefit of real estate practitioners and clients for many generations to come.

**Don Eymann S.E.C.:** Mr. Eymann was an early well-known educator and organizer of many of the first exchange groups. He was Co-Founder of Orange Coast Exchangors, and authored many writings on creative real estate concepts and values. Don is remembered as the developer of the “Mini-Offer” concept that he created in 1968 which is used throughout the U.S. in most marketing and exchange sessions.

**William R. (Bill) Broadbent S.E.C.:** Mr. Broadbent has been an innovator, educator, and writer throughout his real estate career. He pioneered the concept of “Single Agency,” which is now accepted nationwide. He was Co-Founder of the national professional directory, “Who’s Who in Creative Real Estate,” and Charter Inductee into



the “Exchangors Hall of Fame.” Bill was the first Broker to hold both the S.E.C. (1962) and CCIM (charter member 1963) professional designations.

**Robert W. “Bob” Steele S.E.C.:** Mr. Steele has practiced real estate and taught creative real estate classes in many places in the world. He was Co-Founder of the Orange Coast Exchangors and inductee into the Exchangors Hall of Fame. Bob has authored numerous books and articles including the classic “100 Ways to Make Real Estate Deals without Using Cash.”

**Colby B. Sandlian S.E.C.:** Mr. Sandlian has developed a national reputation as a developer, educator, and originator of innovative formulas and ideas. Mr. Sandlian is specifically known for promoting the concepts of becoming one’s own best client by instructing the widely popular course, “Broker Estate Building.” Colby is the founding member of Self Service Storage Association (SSSA), a national trade organization establishing national standards of operation and management training. He has received many significant awards including a lifetime achievement award from Wichita State University for his contributions to the real estate industry.

**Madge Irene Davis S.E.C.:** Ms. Davis is described by her peers as “the best listener of the listeners” and the “first lady” of the Society. She selflessly promoted the Society concepts of marketing sessions and led the way for women to become active in creative real estate in a previously male dominated business. The national success of marketing sessions and the reputation of the Society would not be what it is today without Madge, who was the most active organizer and mentor nurturing the early ideas and methods to successful implementation.

Please join the Education Foundation in congratulating these individuals and their families for this distinctive honor. The Society will invite the individuals or their family representatives to a formal presentation at the Society’s Las Vegas meeting in January 2008.

It has been a pleasure for me to serve as the Education Foundation President for 2007.

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Steve England, S.E.C., is an expert in Land with a specialty in Agricultural properties, including the modern dairy business. In 1994, he served as National President of the REALTORS Land Institute. His general expertise is in counseling clients about their real estate investments and using the creative S.E.C. marketplace to solve problems or accomplish their goals no matter the situation or the types of property. Mr. England served as a Past President of the Society and Past President of the S.E.C. Education Foundation.



## VI. Society News Briefs

### A. S.E.C. Marketing Conference January

#### *S.E.C. National Invitational Marketing Session*

*Las Vegas, Nevada  
January 27–30, 2008*

The S.E.C. National Invitational Marketing Session will be held in Las Vegas, Nevada, January 27–30, 2008, at Bally's Las Vegas Hotel, 3645 Las Vegas Boulevard South, Las Vegas, NV, 89109.

Visit [www.ballyslasvegas.com](http://www.ballyslasvegas.com) to learn about the hotel, and visit [www.visitlasvegas.com](http://www.visitlasvegas.com) to learn about Las Vegas. Make your hotel reservations early; we have a limited number of rooms available. The cut off date for reservations is December 28, 2007!

Visit [www.secounselors.com](http://www.secounselors.com) and click on the Society Marketing Meetings menu tab for more information. Please contact the S.E.C. Office [sec@secounselors.com](mailto:sec@secounselors.com) if you have any questions about the Las Vegas meeting.



## VI. Society News Briefs

## B. Developing & Syndicating: Big Money Real Estate

### “Developing & Syndicating: Big Money Real Estate”

*Chet Allen, S.E.C., CCIM*

The S.E.C. Education Foundation is pleased to announce that “**Developing & Syndicating: Big Money Real Estate**” will be presented by Chet Allen, S.E.C., CCIM, in Las Vegas, January 26 & 27, 2008, at Bally’s in Las Vegas, Nevada.

Chet Allen is a builder, developer, contractor, the President of Greyhawk, Inc., and a past president of the Society of Exchange Counselors. He holds an economics degree from Stanford University, is the author of “*The Guide to Becoming Real Estate Rich*,” and has brokered in excess of \$80 million in properties. Chet won the CCIM’s Campbell Award for the Best Commercial Transaction in the USA and the CCIMs Snyder award for the Best Exchange in the USA. Chet has designed, entitled, developed and built housing subdivisions, apartment complexes, condominiums, offices, and industrial buildings.

Mark your calendars now! This course always sells out. Please visit the S.E.C. Observer [www.secobserver.com](http://www.secobserver.com) and click on Upcoming Events to access the calendar of events to view a brochure for the course, which includes a class outline.



## VI. Society News Briefs

## C. S.E.C. Marketing Conference March

### *S.E.C. National Invitational Marketing Session*

*Westlake, Texas  
March 16–19, 2008*

The S.E.C. National Invitational Marketing Session will be held in Westlake, Texas, March 16–19, 2008, at the Marriott Dallas Solana, 5 Village Circle, Westlake, TX, 76262, (800) 228-9290.

Visit [www.marriott.com](http://www.marriott.com) to learn about the hotel, and visit [www.dallascvb.com](http://www.dallascvb.com) to learn about the Dallas area. Make your hotel reservations early; we have a limited number of rooms available. The cut off date for reservations is 2/22/08.

Visit [www.secounselors.com](http://www.secounselors.com) and click on the Society Marketing Meetings menu tab for more information. Please contact the S.E.C. Office [sec@secounselors.com](mailto:sec@secounselors.com) if you have any questions about the Dallas meeting. Guest registration will close on March 6, 2008, or when we fill the room.



## VII. In the Spotlight

## A. Steven G. Bushey

### Biography

#### “Steven G. Bushey, S.E.C”

Mr. Steven Bushey was born February 26, 1948 in St. Johnsbury, Vermont (known as the Northeast Kingdom). He subsequently lived in Rutland, Vermont and then in the second grade moved to Essex Junction in the Burlington, Vermont area. He attended Essex Junction High School and received a degree in History from Johnson State College in Vermont. He graduated in 1971, three credits short of a double major in English. While in college he met his future wife Mary during his sophomore year. They dated for the next three years in college and then off and on for the next four and were married in October 1974.

Mary is a vegetarian (who is trying to convert Steve) and enjoys horseback riding, reading, and her time in the gym. Mary was a Biology major in college and works for IBM in chip design.

Steve and Mary have three children: Jacob was born in June 1976 and is currently a Stone Mason in Colorado; Rebekah was born in October 1977 and is a graduate student at Yale; and Martin was born May 16, 1980 (the same day as Mt. St Helen's erupted) and is an Iron Worker in Vermont.

Both of Steve's parents are of Scottish decent. His dad worked for Vermont Trucking and GE. He died at the age of 51. His mom ran her hair dressing business out of the house when Steve was a kid and the smell of perm solution takes him back to his childhood. Steve has a sister who lives in Burlington, Vermont and manages 1,300 condos and 150,000 square feet of retail space.

Steve grew up as an athletic child and played both baseball and soccer all the way through college. He loved to ski and hunt. A knee injury keeps him off the slopes today. Steve is an avid fly fisherman and tries to spend his summers fishing and his winters tying flies. Steve enjoys hunting, cooking and tinkering with engines.

Steve's civic interests include being a fundraiser for his alma mater and he was previously very active in the local Chamber of Commerce. Steve ran the government affairs committee and was on the board of directors.

### Life Goals and Prospectives

Steve's personal life goal is to have time to travel and fish, stay healthy, and have close friends. His father died when he was in his 20s and Steve very much wants to live long enough to help guide his children into their 30s and 40s.



Steve wants to develop small properties that cash flow and allow him to achieve his other goals.

## **Philosophy on Real Estate**

Steve primarily enjoys leasing and especially enjoys the lease agreement. Steve believes that a lease should be clear and concise and he looks upon a lease as “a piece of literature.” Indeed, many leases have a long-term influence on people’s lives and business.

Steve has been involved in many creative and long-term leases including ground leases that allowed control of land and a way around an onerous capital gains tax.

Steve is a very good negotiator and “knows” both parties can and should win in a negotiation. He is also very good with numbers.

If Steve has a weakness he believes it is in not knowing when to let go.

## **Best Moment in Real Estate**

His best moment is yet to come!

## **Most Significant Event**

Meeting his wife! He had met her in a previous life and at first was not sure whether meeting her again was a positive or negative event; however, he is now sure it was positive.

## **Most Significant Event in S.E.C.**

First meeting he ever went to and the experience of all that is S.E.C. Steve attended his first meeting almost by accident. He thought he was going on a ski trip with Bob Zink. The short real estate meeting turned into a significant event in Steve’s life and he has been involved with S.E.C. ever since!



## VIII. History Files

## A. Six Ideas for Profit

### “Six Ideas for Profit”

Cliff Weaver, S.E.C.

*Editor's Note: This article first appeared in the February 1975 issue of the Real Estate News Observer.*

An attempt will be made in this article to generate six simple ideas that will permit one to make money during the present monetary uncertainty. Many brokers formerly relied on the institutional loan as a means to generate funds for their transactions. They now find, however, there are few funds available for the standard real estate transaction. As a result “Died in Escrow” is the epitaph on too many transactions. This leaves many brokers with little cash to support their offices, homes, and inventory properties. Their short-term credit has been exhausted. Let's try to spark a few ideas to generate greater cash flow.

#### 1. Adios the Non-Cash Client

This is the time to work only with those clients who can financially **swing the entire transaction**. There is no point in working with clients who can scrape together just enough money for a conventional down payment if the balance of the transaction must be generated **from new financing**. Put these people in your “Client Warehouse” for attention “after the storm is over.”

#### 2. Property Selection

List only those properties that require: (a) The easier down payment; (b) High assumable loans; and (c) Those that can produce reasonable benefits to your client. The typical West Coast Shopping Center is out! Also out—the property priced like a glamor stock—high price, 50 percent equity, and no cash flow. Find properties with a reasonable down payment that will also produce income. Actually, the cash flow will determine the price. A selective broker will expend his productive time on projects that **make sense now**. Why spin your wheels on an industrial lot where the Utility Companies will not provide service for five years. **Now Properties Now.**

#### 3. Think Barter

Those brokers blessed with professional training in barter will do best in non-cash or non-institutional loan circles. When times are tough, and they are, it's time to **think exchange**. If you are not skilled in real estate exchanging, it's not too late. The non-cash time is when to exchange the land parcel (let the land owner take his profit) for the units (let the land owner get out of management). **But do work with those who will solve your cash problems.**



## **4. The Quick Transaction**

If you believe the present crunch is short lived (will last less than two years), structure your transactions to capitalize on this event. Think of those normally popular properties, but which have lost appeal during the crunch. Example: A commercial lot or professionally zoned lot. No builder will buy it because of lack of financing for any kind of project on the lot. Under these circumstances, this is the ideal time to dicker for price and terms. The lot will appeal to the sophisticated and far-sighted investor if the terms and price are structured properly—and adequate consideration given to minimizing the two-year delay.

## **5. Think People Leverage**

Those with minimum cash flow problems are those who will think about leveraging more than one buyer for one property. Multiple group ownerships are an important item in today's financial situation. (Partnerships, Corporations, joint ventures). Example: Small office building valued at \$75,000 with a \$45,000 loan. Perhaps the easiest way to sell a small property like this example is to have five friends put up \$6,000, or a total \$30,000 investment. If you would stop right now, you surely could list five such friends—maybe six, seven or eight who would welcome this kind of venture.

## **6. Self-Analysis**

Don't be afraid to ask yourself if you are really working on money-generating projects. A quick review of what you have done over the past several weeks will permit you to evaluate your efforts. Have you generated enough cash flow for home expenses, office expenses, car, education, and your own investment portfolio? Are you using all the tools in your brokerage chest? These tools include installment sales, small office syndicates, options, exchanges, etc. Get with it. Correct problems—throw out non-money makers—improve working habits and mental attitudes. Be positive. Change to meet changes.

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Clifford P. Weaver, S.E.C., CCIM of San Jose, California, was a member of the Society of Exchange Counselors. Mr. Weaver personally administered the real estate interests of multiple partnerships, corporations, and joint ventures throughout his career. His articles appeared in the leading national real estate journals. He was named S.E.C. "Counselor of the Year" in 1968, and was the 1975 President of the Society. He authored articles and books on Broker Estate Building and was a founder of the original S.E.C Real Estate News Observer. . He created a real estate education program on Broker Estate Building and taught throughout the nation in the 1970's. Known for his creativity, good nature and fun loving spirit, today, the SEC honors his name with the Cliff Weaver Award for Most Creative Transaction of the Year.



## VIII. History Files

## B. Creative Paper Techniques

### “Creative Paper Techniques”

Jim Misko, S.E.C.

*Editor's Note: This article first appeared in the June 1973 issue of the Real Estate News Observer.*

My banker recently said that money is getting tight again. If he is right (and he usually is), you may need to do some creative paperwork to solve real estate financing problems. There are a lot of 1969, nine percent financed properties around that have amortized for four years and the depreciation has run down. Many owners of these properties will want to change that financing and they will find that money is not available to do so.

Money dries up first on commercial properties, then apartments, then homes. For financing problems under \$100,000, you may use this idea, which has been successful for me several times.

Let's say you have a client who needs to refinance a fast amortizing, high-interest note loan because it is taking too much of the property's income to satisfy the loan. Moreover, there are no loans available for his commercial building or apartments.

You look for a free and clear house, preferably owned by elderly people who would benefit from holding paper, but don't need cash. Then, you offer to create “first paper” on your client's property for the value of the house.

Your offer of created “first paper” on your client's property should be for longer amortization, lower interest, and smaller payments than the existing first loan.

Get a loan commitment on the house, and as soon as the transaction is firm on both sides, put the house up for sale. Try to get an owner-occupant for the house and let him take out the loan on the house.

An owner-occupant can get a longer loan and, if he takes out the loan, your client is relieved of the liability on that loan.

The loan money from the house goes into the closing of the exchange transaction and is used to pay off the old first loan on your client's property.

With the newly created first loan on the property, the cash flow should increase and your client should be happy he knew you—you creative Realtor you.

I have used this technique on small farms, raw land, a trailer on five acres, and country homes where the lenders generally do not make good “ratio loans.”

Try it—you'll like it.

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Jim is a past member of the Society of Exchange Counselors and for many years taught an education program based on these strategies for the Reno Educational Foundation, the predecessor of the S.E.C. Education Foundation. Jim Misko left the teaching profession to become a Realtor in 1960, starting a career that has lasted forty-four years. He has spoken in fourteen states at conventions and seminars, at the Five State Convention and at National Conventions on this subject. He has written many articles for NAR, the Real Estate News Observer and the Institute of Property Management.

**“Inventory”****C. Charles Chatham, S.E.C.**

*Editor's Note: This article first appeared in the March 1972 issue of the Real Estate News Observer.*

The real estate industry can never become a "profession" in the true sense as long as we bow our knees in reverence to the all-important in-ven-tor-y!

The constant drive to maintain or build up our in-ven-tor-y robs us of any vestige of professional ethics or principles. This drive causes us to say and do many things to beat out the competition, to sell the seller on "trusting" us with the disposing of his property. In a way, it is not our fault - we were born into it, so to speak. When we entered the real estate business, our brokers told us in no uncertain terms that, "You are not in the real estate business until you have an inventory of listings. Go out and get some!"

And, in a way, it is not his fault, either, because he was trained the same way by his broker. And it has become such a hypnotic creed that even sales classes conducted by highly reputable organizations preach the dogma, "Get that inventory!"

But I say to you that more people have failed in the real estate business because of their in-ven-tor-y than have ever become a success because of it.

On the principle that a glass of water is necessary to life, we dive eagerly into the ocean of inventory and attempt to drink it all. And need I remind you what happens to the individual who doesn't keep his mouth shut while diving into the ocean?

Our concept of in-ven-tor-y must change to one of quality rather than of quantity. I doubt very much that anyone can dispute the fact that one well listed, well priced, well counseled listing is a sale or exchange - automatically.

What are the chances of a similar sale or exchange resulting from a dozen "doggy listings"? How many of our usual listings would we have to have before we would make a wager for \$1,000.00 we would have one sale closed and settled within 30 days?

Just as long as we allow the seller and our competition to force us into listing property at unrealistic prices, on unrealistic terms, and under unrealistic conditions - just that long will we remain the huckster in the public eye.

John Q. Public knows that no real professional allows his client to dictate the standards of

performance in the professional's field. No real professional will stoop to cutting his competitor's throat, or haggle over price, or argue as to the best method of solving the problem. Until we can control our own operation, our own standards, our own methods of disposing of a well listed property, we are subject to the rules of the "jungle" - kill or be killed.

We will be forced to continue stalking our prey, using whatever means are indicated to make the "kill" so we can eat of the resultant commission - we hope.

We must consider the cost of our "bad" listings - the cost in time, energy, enthusiasm, and money. We must analyze the value of the minutes and hours spent placating owners of "bad" listings - to no avail.

We must learn to be selective -very selective - in choosing the listings we accept. They must qualify in all respects - including a reasonable and cooperative owner, a price which the current market will substantiate, on terms generally available, and in a condition which makes it valuable and useable to someone else.

We must consider and value the money spent on advertising property which will not sell at the price and terms offered, and which informs the public we are not experts in real estate - only opportunists. And who wishes to trust a large transaction to an opportunist?

Until we do learn to inventory this type of listing, we must continue the exhausting fight to keep afloat without too much of the ocean.

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Mr. Chatham was a member of the Board of Governors and Regional Director of the Society of Exchange Counselors. He taught "Counseling and Client Management" for The Reno Foundation which has become a vibrant and acclaimed seminar