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Welcome to the spring 2017 issue of the *S.E.C. Observer*. In this issue, Nick J. Esterline, S.E.C., the 2017 president of the Society, imparts an important life lesson that his mother taught him about patience.

Ernie Eden, S.E.C., summarizes the “fifteen-year history of a triplex” and a series of creative financing techniques that he used to solve ownership problems along the way. Ted Blank, S.E.C., imparts why “improvement, not perfection” should be your goal.

Chase Magnuson demonstrates a “bargain sale technique” to solve complex ownership issues, and Bob Steele, S.E.C., shares a list of “information to obtain in counseling.” The S.E.C. Education Foundation’s 2017 president, Paul M. Winger, S.E.C., asks you to do some “homework” in advance of upcoming education.

The “Society News Briefs” section includes information about our future meetings in Reno, Nevada, and Indianapolis, Indiana as well as information about our upcoming courses, *Cutting Edge Strategies – Tax, Asset Protection & Trust/Estate Planning*, to be presented by Peter Karl III, Esq., in May, and *Understanding Your Client*, which Ted Blank will present in September.

Our “In the Spotlight” section features Marilee Anderson and illustrates her interesting path to becoming a Counselor. Cliff Weaver, S.E.C., admits that real estate brokerage is sometimes “heavy and a challenge,” and, in the “History Files,” Warren Harding, S.E.C., explains how to get “free advertising.”

Enjoy this issue. As always, we welcome your comments, suggestions, and submissions of articles to be considered for publication. Please contact the S.E.C. office via e-mail at sec@secounselors.com.

Jackie Hellingson
Editor, *S.E.C. Observer*
I. President’s Message

A. Patience Is a Virtue

Patience Is a Virtue
Nick J. Esterline, S.E.C.
2017 President

When I was a little boy—in fact, all throughout the years as I grew up—my Mother had a saying that used to drive me NUTS! Anytime I was anxious for something to happen (i.e., Christmas, birthday, school to get out, etc.), she would always say to me, “Nick, patience is a virtue, and one that will pay off for you someday.” As I said, this used to drive me absolutely nuts, but the older I get, as with almost everything I can recall my parents saying to me, I now realize the truth and value of what I was told/taught every day.

In this message, I want to share with all of you a perfect example that has happened recently in my professional life. In early 2015 I was working on a transaction with Bill Stonaker, CCIM, S.E.C. Bill had a major development in the works in Ft. Worth and needed a hotel developer to build a hotel within his project. Knowing that one of my professional areas of expertise is hotel development and operations, Bill reached out to me to see if I had interest in the project. After some initial due diligence on the project and area, I decided it was a project my company would like to pursue, so we proceeded to put the tract under contract.

As we proceeded with our formal due diligence on the site, Bill called me one day with a unique request. Bill was motivated to get the project going quickly, and had been contacted by another hotel developer about the site. Now, Bill knew that I was diligently pursuing the site, but he also knew I had some hurdles in front of me to secure the “flag” or brand for the site, which was Marriott, because I wasn’t yet a Marriott franchisee. The other developer was, and had a much higher chance of getting approved by the brand to build the hotel, and quicker than I could. Bill asked me if I would consider letting my contract go on the site so that he could sell to the other developer and keep his project moving. In the spirit of friendship and wanting not only what was best for me, but also for my S.E.C. “brother,” I agreed.

The other developer proceeded expeditiously and was able to close on the land and get approved by Marriott to build the hotel, just as expected. Here’s where things get interesting: About 60 days ago, Bill called and said that due to some significant changes in the personal life of the original developer, he had not been able to actually start construction on the hotel as previously planned and was at risk of not only losing the Marriott flag for the site, he was also at risk of Bill exercising his right to repurchase the site due to inactivity. Bill’s question for me was simple: “Are you willing to reengage on the deal?” By this time, I had become a Marriott franchisee and had acquired a different Marriott hotel, so I was now in the position to get brand approval.
quickly and had the ability to do the deal. After several weeks of negotiations with the previous developer, and several moments where I nearly walked away from the deal because the previous developer was being somewhat unreasonable in his pricing expectations, I am now back in position to acquire the site and build a great hotel.

All of this has occurred over a two-year period, almost to the month, and it only happened for a few reasons:

1. First and foremost, I didn’t think or function selfishly the first time I had the land under contract and allowed Bill and his partners to go in a direction that was more advantageous to them.

2. When things didn’t work out as expected—and, I believe, because of the way I handled things in the first round—Bill had the confidence in my company to reengage and get the deal done.

3. We both exercised patience.

So, my parting thought to leave with all of you is this: When the opportunity arises to put someone else’s needs and desires ahead of your own, take it, and secondly, exercise patience! As the saying goes, the best things come to those who wait, and in the words of my mother, “Patience is a virtue that will pay off someday!”
II. Feature Article

A. Fifteen-Year History of a Triplex

Fifteen-Year History of a Triplex
Ernie Eden, S.E.C.

This is a whole series of creative financing techniques used on one property over a 15-year period.

In 1999, I had a client who was in a pickle. She was living in an assisted living facility, but she still owned a residential triplex where she had lived for many years previously. She had given power of attorney to some unscrupulous people who were living in the unit she had previously lived in, and they were using the rental income from the other two units to pay their own living expenses.

In the process of all this, we found her a good, reasonably priced attorney and arranged a new and trusted power of attorney to help handle her affairs. After bringing her situation to national exchange meetings and not finding a good solution, we arranged the following as a solution to her problems with the assistance of her attorney:

1. I found a solid NNN-office building leased to a strong regional utilities construction company, with a strong positive cash flow, and put it under contract. Price = $575,000.

2. She contributed her free-and-clear triplex into the deal. Value = $200,000. I became the new 100% owner of the triplex. I financed it at $150,000 and put $150,000 as a down payment toward the office building, which we owned together. After a year or two, I sold the triplex, paid off the loan, and broke even.

3. I obtained new financing on the office building from a regional bank (my regular bank), using my own personal guarantee, but no borrowing requirement on her part, in the amount of $460,000. The “excess” of $35,000 covered financing fees, environmental studies, surveys, title work, title insurance, inspections, prepaid expenses required to close, and so on.

4. My deal with her: She was 1/3 owner of the office building. I paid her a base payment of $2,000 per month for the first year, which was about 80% of what was left after paying the mortgage each month. In addition, I guaranteed her an increase of 5% per year for the rest of her life.
5. In 2003, when she died, the lease was at the end of its life, so the appraisal was considerably lower than what we had paid. I paid the estate $75,000 for her interest (using funds from my home equity line of credit); the $75,000 was higher than the appraised value, based on the remaining $400,000 note.

6. In 2004 I exchanged one-half interest in the building to the owner of my subtenant for a free-and-clear office building about a mile away (exchange value = $260,000) and a new ten-year NNN lease on the building, at a considerably higher lease rate. As part of the deal, we refinanced the building for $500,000, and I got $20,000 from the refinancing. This worked out really well because my credit was shot at this point, and I could not have refinanced it alone. We also escrowed $50,000 from the refinancing to build an addition to the office building, providing some warehouse space adjacent, to consolidate the tenant space in one location. As part of the refinancing, we separated out parcel #2, and kept it free and clear. Simultaneously with the closing, I attempted a 1031 exchange on the note as a result of short-term seller financing on the sale of the $260,000 office building. I was unable to find a suitable exchange property and began receiving payments on the note after several months until it was paid off a couple of years later.

7. During the next ten years, this building provided me with a steady source of income, ranging from $1,500 to $2,800 per month, which helped keep me going through the recession.

8. In 2010, my partner sold his business to a large German company, which increased the lease payment dramatically because they did not want a NNN lease arrangement.

9. In 2014, the German owner vacated the building and put it on the market for sale.

10. Finally, in 2016, we sold both of the properties.
III. Society Columns

A. Improvement—Not Perfection

Improvement—Not Perfection
Ted J. Blank, S.E.C.

Recently I was at a dinner with a group. One of the attendees was clearing and wiping the table. I was having a little fun with him, and said, “You missed a spot” and pointed. He calmly looked at me and said, “I’m working on improvement, not perfection.”

A lot of life is like this—can we just see a little improvement? Perfection is out of reach, too hard, while improvement is an achievable journey. Commercial brokerage can be difficult. Adding Client-Based Counseling could be an improvement and increase your level of success.

Each time we meet with our clients we should work on one or two of the following areas if we don’t already know the information.

- What is my client’s tax basis in the property?
- Who are all the partners and decision makers? Where are they located? What do they do?
- If I can bring you cash for this asset, how will you spend/reinvest the cash?
- Why do you seek to go out of title on this asset?
- Who carries the loan, how much, assumable, increase, releases, lender’s flexibility?
- If an exchange is possible, what benefits do you seek in the next asset?
- Do you have the ability to go up in value? How much?
- Is the client geographically limited? Why, and can it be overcome?
- If I bring you an asset that gives you the benefits you seek, can we be creative to get you to your desired position?
- If you have to bring cash for the closing costs and commissions, can you write the check?
- Many, many more!!

Very few, if any, experienced exchange brokers have all this information after meeting with a client one time. Exchange client counseling involves multiple sessions before, during, and after the listing—remember, it is a bit of a journey with the client. Each time we meet with our client we should always ask, “What, if anything, has changed since our last meeting?” Each time we should obtain a little more information that can help us work together to move to the preferred position.
I don’t need perfection in my counseling skills, but I need to be on the journey for continual improvement.

If you are going to be at the Indianapolis S.E.C. meeting in September, I invite you to attend the Sunday Counseling course, “Understanding Your Client,” on September 10, 2017.
IV. Formulas and Strategies

A. Bargain Sale Technique

Bargain Sale Technique

*An Rarely Used Technique to Solve a Client Property Liquidation Issue*

Chase Magnuson, CFO

Society of Exchange Counselors members often are retained by clients with complex ownership issues. As problem solvers, members use many seldom-used, creative concepts to reach an acceptable resolution for their clients. The use of charitable bargain sales arrangements is one of those little-known opportunities. This article will provide some background information and a case study to demonstrate one of many ways to adapt this tool into your consulting practice.

Here are some of the benefits a property owner might use:

- Current charitable tax deduction for use to off-set adjusted gross income obligations, both federal and possibly state
- Cash to reinvest or for other uses
- Relief from ownership obligations and risks
- Donors fulfill their philanthropic legacy
- Charity takes on the responsibility of selling the property
- Structure an attractive Section #1031 exchange

Owners/donors might either want some portion of the sales price to be in cash for their use or for debt relief. In either case, those funds are subject to taxation. The gift to charity equals the difference between the fair market value of the property and the cash proceeds or debt pay-off.

In a “Bargain Sale” arrangement, the donor’s cost basis must be allocated between the gift and the sale portions.

- The basis allocated to the sale is the total basis multiplied by the ratio of the bargain sale price to the FMV.
- The basis allocated to the sale is then subtracted from the bargain sale price to determine the gain realized upon which capital gains tax is owed.

Fees for Counselors can be generated in several ways:

1. Brokerage commission that might not otherwise have been possible—no traditional option available to sell the property
2. Hourly consulting fees to orchestrate the solution for the donor AND the charity beneficiary
3. Performance bonuses
4. Referral fees
5. Opportunity to be placed on retainer with a variety of large charities
There are over 1.6 million charities in the United States generating over $380 billion in donations ever year. Many of these charities are seeking professional real estate support. In addition to a viable income, source work within the nonprofit world might very well leave a wonderful legacy.

Please click the links below for backup information:

**Bargain Sale Explanation**

**Bargain Case Study**

**Bargain Sale Calculations**

**Comparison of Outcomes**

Chase V. Magnuson  
Chief Financial Officer  
Realty Gift Fund  
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Strategy 178

Information to Obtain Through Counseling

This is a guide list. You will have to develop the specific things you need depending on the requirements of each individual client case.

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<tr>
<th>COUNSELING</th>
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<tbody>
<tr>
<td>Listen with your inner ear as the client answers questions.</td>
<td>Drain the information from the client so you don’t waste your time going down the wrong road. If there is more than one client be sure each person participates.</td>
<td></td>
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<tr>
<td></td>
<td>1. The date, owner’s name (exact), addresses, occupation, family status, etc.</td>
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<td>2. Complete description of the property or properties owned and how title is vested.</td>
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<td>3. When and how was the property acquired and what is its basis and was the property previously on the market, and if so under what circumstances?</td>
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<td>4. Is a tax deferred exchange desirable; is client classified as a dealer and is there a potential tax on forgiveness of mortgage?</td>
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<td>5. What can the property the client doesn’t want do for someone else? Is it crankable? Does it have good depreciation possibilities, etc?</td>
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<td></td>
<td>6. Just what is the problem at hand? Appreciation, income, depreciation? How much of what is desirable?</td>
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<td>7. Is there a time element and is the client ready, willing and able.</td>
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<td>8. Is there a third party involved?</td>
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<td>9. Does the client have money for expenses and/or other properties that might be assets, and does he have personal property that might be utilized?</td>
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<td>10. Does client understand initiating with a talking paper with weasel clauses?</td>
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<td>11. If income property is involved will the client manage, lease or what?</td>
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<td></td>
<td>12. What is client’s financial and income status and about how much tax is he paying?</td>
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<td>13. Will the client stay in the state of mind of a Don’t Wanter rather than act like a Buyer?</td>
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<tr>
<td></td>
<td>14. By whom was the client referred and what is the fee basis to be when the practitioner makes the final decision of whether to handle the problem or not?</td>
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<tr>
<td></td>
<td>15. It is important to understand that if the practitioner takes on the problem and finds that, when presenting offers to this client he tends to change into a buyer, then the practitioner should be fully prepared to get rid of the client.</td>
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With the exception of a few things where I keep these notes personal, I usually have clients sign the counseling session notes and make them a copy for their files.
Homework. Remember how much you dreaded doing your homework when you were a kid? As an adult, the only thing more inconvenient might be continuing education requirements. Getting started and getting through it could be arduous and tedious, but I for one, always felt like it was a net positive when I finished.

For our upcoming education programs in 2017, might I suggest that you spend some time and do a little homework before class to find out more about the presenting speaker and the topic? That ol’ “inter-web machine” is downright handy when it comes to discovering extra information and ancillary materials that will enhance the upcoming class you have signed up to attend. Being better prepared to receive the information you will be learning beats the proverbial “drinking from a fire hydrant” approach a lot of us take to these classes. You can anticipate the pace and direction of the course materials and you may already formulate questions in advance of the class.

May 21, 2017 – Peter Karl III, Esq., will teach his Cutting Edge Strategies in Reno, Nevada. You may visit Peter’s website (www.1031exchangetax.com) to review the information, and it will enrich your experience in the upcoming class sponsored by the S.E.C. Education Foundation.

You may be surprised at the links that that Google (or Yahoo, etc.) will turn up that are related to your subject, and other avenues that you didn’t know were available out there that might interest you. These searches will also point to books and other resource materials available for sale that may be nice additions to your office library.

Homework. Whether it brings back bad memories or not, being prepared in advance will always be a net positive at the end of the day. (I am so tired of hearing that—I should have done a little more homework to come up with a different turn of phrase to replace it.)

The Society of Exchange Counselors has scheduled the following education programs over the next several months, and I hope you can attend and participate as much as possible.
September 10, 2017 – Ted Blank, S.E.C., CCIM, will present *Understanding Your Client*, a counseling course, in Indianapolis, Indiana.

November 12, 2017 – *Creative Real Estate Solutions*, a formulas course, will be presented by Ken Vidar, CCIM, in Savannah, Georgia.

The educational classes for the upcoming S.E.C. Meetings are posted on the S.E.C. Observer Upcoming Events website as we confirm them. We are working on scheduling education courses in regions where we will host S.E.C. meetings next year. Our goal is to have an education session locally several months prior to our meetings in order to expand our presence and identify local people who may be potential guests.

We look forward to expanding our reach to new marketing groups, professional organizations, and individuals who are interested in bringing the best creative real estate education to their regions. Please visit our website, [www.secedfoundation.com](http://www.secedfoundation.com), to learn more about the courses and programs we sponsor.
VI. Society News Briefs

A. S.E.C. Marketing Conference
May 2017

S.E.C. National Invitational Marketing Session
Reno, Nevada
May 21–24, 2017

The S.E.C. National Invitational Marketing Session will be held at:

Peppermill Reno
2707 South Virginia Street
Reno, NV  89502

Call (866) 821-9996 to make your reservation. Make your hotel reservations early, as we only have a limited number of rooms available. The cutoff date for reservations is April 28, 2017.

Visit www.peppermillreno.com to learn about the hotel and www.visitrenotahoe.com to learn about the area.

Visit 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) if you have any questions about the upcoming meeting.
VI. Society News Briefs

D. Cutting Edge Strategies

Cutting Edge Strategies –
Tax, Asset Protection & Trust/Estate Planning
Reno, Nevada
May 21, 2017

The S.E.C. Education Foundation and the Society of Exchange Counselors are pleased to announce that Peter Karl, III, Esq., will present Cutting Edge Strategies – Tax, Asset Protection & Trust/Estate Planning from 9:00 a.m. to 5:00 p.m. on May 21, 2017, in Reno.

Some of the highlights and subjects that will be covered include:

- The Use of Single Member LLCs: The Preferred Way to Hold Investment/Business Real Estate
- The Latest on Family Limited Partnerships
- Information on Asset-Protected Estate Planning, Including the Use of Trusts

Attendees do not have to be licensed or invited to attend; it is open to everyone, and you may register online at www.secounselors.com by accessing the Education Only link on the homepage.

Mark your calendars now! Please visit the S.E.C. Observer at www.secobserver.com and click the Upcoming Events menu tab to access the calendar of events and view a brochure for the course.
VI. Society News Briefs

A. S.E.C. Marketing Conference
   September 2017

S.E.C. National Invitational Marketing Session
   Indianapolis, Indiana
   September 10–13, 2017

The S.E.C. National Invitational Marketing Session will be held at the:

Alexander Hotel
333 S. Delaware Street
Indianapolis, IN  46024

Call (855) 200-3002 to make your reservation. Make your hotel reservations early, as we only have a limited number of rooms available. The cutoff date for reservations is August 21, 2017.

Visit [www.thealexander.com](http://www.thealexander.com) to learn about the hotel and [www.visitindy.com](http://www.visitindy.com) to learn about the area.

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) if you have any questions about the upcoming meeting.
The S.E.C. Education Foundation and the Society of Exchange Counselors are pleased to announce that Ted J. Blank, S.E.C., will present Understanding Your Client from 9:00 a.m. to 5:00 p.m. on September 10, 2017, in Indianapolis.

Some of the highlights and subjects:

- **This course focuses on the most important part of a real estate transaction: People.**

- **The course will prepare the broker to more professionally obtain and understand their clients’ motivations and how to assist clients to accomplish their goals and maximize their benefits.**

- **The course will address the basics of real estate counseling and the Broker’s challenge and responsibility to maximize clients’ benefits in their real estate portfolios.**

Attendees do not have to be licensed or invited to attend; it is open to everyone, and you may register online at [www.secounselors.com](http://www.secounselors.com) by accessing the Education Only link on the homepage.

Mark your calendars now! Please visit the *S.E.C. Observer* at [www.secobserver.com](http://www.secobserver.com) and click the Upcoming Events menu tab to access the calendar of events and view a brochure for the course.
VII. In the Spotlight  

A. Marilee Anderson, S.E.C.

**Biography**

**Marilee Anderson, S.E.C.**

Marilee was born and raised in Omaha, Nebraska. Her mother was a stay-at-home mom, and her father was an entrepreneur with retail stores specializing in western wear that catered to the stockman and equestrian market. Her maternal grandfather, an architect, was an inspiration to Marilee. She was a cheerleader and figure skater while growing up, and she is a Daughter of the American Revolution.

Marilee attended Kansas University and studied speech pathology. She married her high school sweetheart and had three children: two sons and one daughter. After a divorce, Marilee started in residential real estate to support her children. While in residential real estate, she received a flyer one day for a real estate course on counseling taught by Charles “Chuck” Chatham. Mr. Chatham had a huge influence on her career, and that counseling course changed the course of her life.

In 1980 Marilee started Real Estate Counselors, Inc., her own real estate company in Inverness, Illinois, where she and her agents were involved in such diverse real estate activities as running residential developments and building luxury homes as well as business brokerage and effectuating 1031 exchanges. She became involved in the Chicago Area Real Estate Exchangors organization and eventually became president in 1994. Concurrently, she cofounded the first trade organization in Illinois, the Association of Midwest Business Brokers, which is now known as the Midwest Business Brokers and Intermediaries and which has grown to a membership in excess of 200 members.

In 1992, Marilee was invited to her first S.E.C. marketing meeting in Colorado Springs. In 1993, she became a Counselor in the Society.

Marilee has served the Society in the following leadership roles: Production Chair, 1999–2000; Membership Chair, 2001–2002; the Board of Governors for 6 years; and editor of the *S.E.C. Observer* for 2 years. In 2002 Marilee was asked to develop some ideas to help expand the reach of the Society and increase membership. As a trial run, she took the
monthly S.E.C. bulletin and had a high-tech developer turn it into an e-publication, which became the vehicle that breathed new life into the old magazine, the *Real Estate Observer*. In 2002, Marilee was the first recipient of the Bob Steele Award for her contribution to the e-publication of *Real Estate Observer*.

In 2006 Marilee married the true love of her life, Bill Leuhrs. They now have a blended family of 5 children and 15 grandchildren. Shortly after they were married, Bill was transferred to Geneva, Switzerland, as the chief administrative officer of an electronics and software company until 2014. At that time Bill retired from corporate America and they repatriated back to the United States where they are now developing a 177 acre 266 lot residential subdivision near Bozeman, MT. While in Geneva, Bill and Marilee hosted an S.E.C. gathering.

Some of Marilee’s interests outside of her career in real estate include golf, skiing, football, hiking, travel, plays, and movies. In 1999 she climbed Mt Kilimanjaro as part of a fundraiser to build a medical clinic in Arusha, East Tanzania, Africa. In 2003 she helped organize a climb as a fundraiser for orphanages in East Tanzania, Africa. Several S.E.C.s participated in this event.

Marilee’s business strengths are her passion for the real estate business and her ability to help her client’s build their net worth.

Marilee’s best moment in the real estate business was when she became an S.E.C. member. She deeply values the relationships and opportunities she has been blessed to be a part of as a result of the Society, and she has been financially rewarded by being a passive partner in numerous real estate deals with many S.E.C. members. Marilee has achieved significant geographic and product type diversification that she would have been unable to accomplish on her own.
VIII. History Files

A. It’s Heavy and It’s a Challenge

It’s Heavy and It’s a Challenge

Clifford P. Weaver, CCIM, S.E.C.

Editor’s Note: This article first appeared in the April 1975 issue of the Real Estate News Observer

1975 EDITOR’S NOTE: In mid-January, the National Society of Exchange Counselors elected Clifford Weaver as its President. He replaces Richard R. Reno of San Diego, California, who was president and founder of the Society. Reno has received every honor the Society can offer. The following is taken from remarks Weaver made during a tour of the seven regions of the United States on behalf of the Society.

Inflation—Don’t let the current drop in interest rates and reduction of prime rates fool you. While they seem to help, we can expect difficult times ahead because inflation is a pest.

The Federal Pressure—Our dollars are cheap, and will continue to be cheap so long as we do not back them up with gold or other substantial items. The Federal government has too many bills to pay, and unless it decides not to pay its obligation, it will continue to keep the pressure on the taxpayer. And, the government continues “to keep the presses running,” making the dollar even less in value. The mid ’70s do indeed have plenty of “soft” dollars.

The Silent Panic—Why hasn’t there been a panic in financial circles? Well, there really has, but owing to a strong public relations program, all things have been kept in place. And, coupled with this, a great many people believe it is un-American to point out some of the weaknesses of our system. This kind of thinking is wrong. Our country was founded by free-thinking individuals who dared to challenge the system. Some of the thinking (and doing) in the past 40 years needs challenging. This is not un-American. It’s simply the right of the individual to protest an economy that provides a negative cash flow and a government billions of dollars in the red. Who will—or can—pay the price, and when? The answer is, we better get ready to take the bitter pill and get the cure started.

The Patterns of Yesterday
Besides unions locking inflation into contracts for years to come, besides some nations removing “supply and demand” as a formula to establish prices for goods, and besides all of the factors locking the United States into a terrible inflation consequence, you will find in the late 1970s a new pattern for use of real investment dollars.
Avenues Open to Us
In the early 1960s, the Boeing Company really opened the door by making air travel easy and quite inexpensive. This resulted in a new breed of real estate broker—the property exchangor. This new breed quickly battered down geographic walls that had been keeping real estate transfer at a local level. All of the United States was open for investment. It was now possible for the Los Angeles investor to own property in Las Vegas, Phoenix, San Diego, San Francisco, and San Jose—and get to those properties faster than he could travel across his own town.

New Avenues for Real Estate Acquisition Were Opened
The avenues were the airways, and these investment streets quickly provided new investment vehicles on a wide geographical basis. No need to continue only on a local basis. The investor could then buy inexpensive land at $15 to $20 per acre. He could buy properties that produced 10 to 14%, “cash on cash” return. He could, because those geographical walls were knocked down by Boeing, have a secure investment he couldn’t make in his own back yard.

International Real Estate
Personally, I see the exchange of property today in an even wider area—the avenues are now open worldwide. We must knock down the barriers if they exist and think of real estate on an international basis. I am sure many brokers will not subscribe to this international thinking but to them, I wish them luck. Obviously there are things to be concerned about when considering removing international barriers to real estate transfer. No one should try unless they are well prepared and well conditioned for the task.

It may be presumptuous for me to say that investment real estate is better. I will be the first to admit that in some ways it can be worse. However, my considered opinion is that, in many areas, it is better, and frankly, “easier.”

A Real Estate Investment Fear
“Fear” is not a nice word, but . . . I do fear a national long-term rent control. I repeat it! I fear long-term rent control. This fear factor comes as a result of our not controlling the local tax assessors. If you lock the rents and don’t lock property taxes, United States real estate will be caught in a vice. The investor will serve only as a property manager for the tax assessor. Actually, this is true right now for 75% of improved real estate which is encumbered.

The smart dollars are already out of ownership of this type of real estate. That is, except for those who have “no basis,” or those who can’t afford to move because of “recapture” or “loan over basis.” These dollars have shifted to other investments not subject to these pressures.
The essence of good publicity is involvement. Realtors must get involved in things other people are doing if they expect to get publicity. There is an old saying in the Public Relations business that sounds something like, "There is no such thing as Bad Publicity – only Bad Advertising," which, when translated into plain talk, means "All publicity is good." But, in order for it to be good for us, helping to build our image and contributing something to the growth of our prestige, we should avoid the dramatic and sensational kind of publicity that is synonymous with activities such as Flag Pole sitting, Protest movements, and far-out exercises that border on the weird. The public wants to invest money with people who get publicity as the result of being involved in worthwhile activities such as theatre, politics, community improvement and suchlike, where improvement is the watchword, not destruction.

The first step toward getting that kind of publicity is to realize the objective. Any sound objective that can be reported by one, all, or a combination of some of the news media on a local, state and National level is a good objective.

Here is a schematic of the News Media most capable of doing something for you:
LOCAL, STATE, NATIONAL
(A) Newspapers
   (1) Daily, (2) Weekly, (3) Trade.
(B) Radio
(C) Television
(D) Magazines
(E) Meetings
   (1) Real Estate Associations, (2) Specialty, (3) Hobby

You can make news by being inventive. On the local level, you will find the News Media anxious to cooperate with you when you make news by being inventive. For example, a dog and a fire plug is not news; but a fire plug exploding and spraying a dog in mechanical anger is good for a 2 column headline, and might even make the National News service. Each one of you has a local paper that reports the happenings in your area. It may be a daily or a weekly, but either one or both is always hungry for new material to print. Make sure you make original copies of your item to all media. The editor will like you better if he knows you took the time to make an original just for him.
Copy radio and television into your activities. When they have enough advance time, they may want to cover with photographers and field mikes. This goes for newspapers, too. Many times an editor will want to assign a writer to give the story a special flavor.

While speaking of Editors and Writers, remember they enjoy parties the same as you do. Invite one to a "Do" and tell him he isn't expected to report anything – just enjoy himself. If he or she is married, be sure to invite their other half. Get to know them personally. It will mean a lot to you someday when you need a story and have no place to turn. Newspapers need copy for the press, but they are leery of people with "axes to grind." If you happen to be a friend, the writer will know you well enough to understand your motives are sincere and not doubtful, but if you are not a regular, he may be a little "gun-shy!"

Radio, television, and magazines always need features of human interest. They are not interested in the fact that you exchanged a duplex as a "downstroke" on a nearly vacant apartment building; but they would do a special around the story of how the new owner of the apartment house offered a babysitting service in the same building and filled the vacancies with unwed and divorced mothers at a 25% increase in overall rent schedules. You might even get a Sunday supplement out of that one.

Advertise for freelance writers. Get acquainted with them. Get to know them well. They need copy and they already have their publishing sources scrambling for the next hot feature. Their minds are inventive, and they get paid good money for features that relate to common ordinary living experiences that happen to you and me every day. Many of the larger firms retain a man of this caliber as a (PR) Public Relations man. His job is to explore the activities of the firm for story material. Write it. Photograph it. And see that it gets a favorable exposure in all the Media that will help build the company image. A good man with this ability can be retained for about $5,000 per year plus expenses.

Meetings
Meetings of all kinds make good springboards for good publicity. Let me remind you again, however, to avoid those of protest or an unpleasant tenor. Use every opportunity to be seen and actively involved in those meetings where you have a definite interest. Look for the man with the camera and keep in front of him. When he needs a group shot, you may be included. Accident? - or Design? Don't be a phony and join some group just to be a joiner. though. Make sure you have a definite interest in the objectives of the group. Ask yourself if you would like to be identified with the people, and would you like to be the President if it is well organized. When the answer to both of those questions is YES, then, and only then, are you on the right track. It is better to be the President or past-President of one really outstanding organization than a listed name on twenty-five meaningless membership roles.

Variety
You can follow another avenue to get this kind of free publicity by looking for "new stories," concerning new products, books, methods or services. You can get involved in the promotion of
a person, corporation, or organization. When you go this route, your efforts really come under the heading of Public Relations, but you will find yourself in photos and copy of promotion material and that is an indirect advantage to you. It is all cumulative.

**Publicity Releases**

It pays to send out publicity releases – and it pays well. A checklist is provided at the end of this article. Occasionally you may hit a "dud," but they are few and far between. Seldom will a release mailing fail to at least break even, and most end up with profits averaging several times the modest cost of the program. The selection of publications to which you want your releases sent are of paramount importance, as the entire success of your publicity effort will depend on this selection.

In planning a publicity campaign, it is advisable to first compile a list of news media that is read or heard by potential users of homes, apartments, commercial and investment property, vacant land, ranches, etc. In our office, we call this the "GOLD LIST." It is a waste to scatter your publicity to the four winds and hope that a few hungry editors do something for you. In addition to wasting your own money, busy men are antagonized by and look with a jaundiced eye on those things which are foreign to their wants or needs. Scattering publicity like a shotgun blast, with little concern about where it is going in the fond hope that a smidgen will be published, is like tilting at windmills. Although editors receive a great many releases, they soon get to know those sources that produce well written publicity on items of interest to their subscribers and readers. They spot such sources immediately, and print almost word for word everything that is provided.

Publishers and editors have standard requirements for the copy they print, and you should have some knowledge of those requirements. Any firm or individual who meets the publishers’ requirements can get FREE PUBLICITY. Most editorial departments are kept separate from the advertising end of the business and you do not have to be an advertiser to get free publicity except in certain publications. For example, if your friend, Pete McGaffey, had a gadget that an editor of a certain magazine had taken a fancy to, Pete stands a good chance of having his release published free if certain requirements are met. You can share in his publicity by calling the gadget to the attention of the publisher and preparing the releases. Old Sam Editor will find it very easy to weave you into the story if there is some continuity in the wool you gathered.

First, and most important, the product, service, or what-have you must be of interest to the readership of the publication to which you send your release. We have said that before, but it is just good common sense. If you don't pay attention to that point, your publicity has every chance in the world of ending up in File 13, or the round wastebasket in the publisher's office.

Second in importance, after only the product itself, is the actual language of your publicity release. Poorly composed releases can kill your chances of publication, even though what you have to offer may meet the approval of the editor. Therefore, releases should be carefully written with the needs and policies of the publisher in mind. Try to use language that will let him know you
have tried to walk at least one mile in his shoes. By all means use "plain talk." Polysyllabic words are a headache to the man in the composing room and they do not impress the rewrite personnel or the editor himself. Almost any of them can speak, write, and spell a big word.

Third, photos are very important. As a matter of fact, they are probably the most important part of your release. The photo is what grabs the attention of the reader. Why would the editor be any exception? So be sure your photos are good. Find at least some kind to use on each and every release. Publicity releases that do not have photos will be competing with those releases that do have photos, and you can guess which will win. It should be 8" x 10", it should be glossy, and it should be attached to the top of your publicity package where it will be the first item to be seen. When it is the first to be seen, and in the event that it is poorly executed, or not of interest, the balance of your release will run a poor race to the press.

Publicity releases should be toned down. They should be mellow, and techniques of understatement should be used whenever possible. There are some tendencies to make publicity releases almost direct copies from ads which have been seen before. Avoid this whenever possible, and use your own imagination. You may never be a William Shakespeare, or an Ernie Pyle, but what comes out will be you and it will be interesting because it will be imaginative and unique. Avoid superlatives, strong claims, and overwrought clichés. Try to keep the publicity copy newsy and factual. It will stand a much better chance of acceptance. Some editors like publicity copy couched in such phrases as "it is said that," or "it is claimed to be," or "advantages cited are, "the firm states that," etc. Your publicity copy should always be kept short and to the point. Give them the facts and give them an opportunity to use their imagination. If you can write better than they can, you would be in the "day room" and not the real estate business.

How to Do It
All of these ideas give you some direction or road-map to follow in the pursuit of FREE publicity. But none of it makes sense if your personal public relations with your customers and the people who are important to you leave something to be desired. In order to provide a framework within which you can practice, here is a public relations checklist, designed to give you a personal scoreboard and help you get FREE publicity when practiced.

This checklist is designed to help you find out what constitutes good public relations. Since good public relations form the basis from which good publicity proceeds, this check list will help you improve the ingredients for good copy, namely, your own image.

This list is broken down by groups of people with whom you deal: Homeowners, Investment Property Owners, Office Personnel, other Realtor-Exchangors, and local community people.

1. What do my homeowners or Investment property owners think of me?
   (a) Do they like me as a person?
   (b) Have any of them exchanged property through any other Realtor / Exchangors since they worked last with me?
(c) How many of them think of me as "My Real Estate Counselor?"
(d) Do many of my clients give me names of prospects and/or help set up interviews for me?
(e) Do my clients tell other people about me? Do they tell their friends that I know how to make money and solve problems with Real Estate? Do my clients really understand and appreciate the value of Real Estate as an investment, defending it if necessary in a conversation with someone oriented more to stocks and bonds?

How do you like the answer to the above questions? If you feel like you still have some catching up to do, try the answers to the next ones in order to improve the foundation.

(a) Do you sell Real Estate as you would buy it, doing the best possible job for the owner in terms of his needs and his ability to pay?
(b) Do you appraise the Real Estate you exchange and make every investor understand the knowledge, skill, and work you used to make the property available to him at the best possible advantage?
(c) Do you show a continued interest in your Client's problems, giving him the routine reminders he deserves?
(d) Do you manage to accomplish a few thoughtful things – not necessarily related to his Real Estate – which would prove your sincere interest?
(e) Do you ever send your client a prospect or customer for his own business without him knowing where the customer came from?

2. How am I regarded by other Realtor/Exchangors?
(a) Are my "Back-up" packages complete?
(b) Are my appraisals of Market Value accepted, even against conflicting opinions of other Realtors?

In the event you find yourself a little short on the above, ask yourself the following:

(a) Do I always tell my fellow Exchangor all I know about the circumstances of the case involved, even if I fear that certain facts will result in losing the transaction?
(b) Do I put pressure on my fellow Realtor/Exchangor to make our transaction work?
(c) When a rejection comes along, after all the evidence and inspections have been accomplished, do I accept it gracefully?
(d) Do I make an effort to show appreciation for the service my fellow Realtor Exchangor gives me when we work together?
(e) Do I show enthusiasm for other Realtors, Exchangors in my dealings with clients, friends, and acquaintances?
f) Do I encourage new people to get into the Real Estate Business and become Realtors/Exchangors?
(g) Is my publicity geared to build favorable answers to the above?

If not, you should begin a definite program to improve those areas that fall a bit short.
Warren Harding was a member of the Society of Real Estate Exchangors. He headquartered in Sarasota, Florida.