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S.E.C. Real Estate Observer

AN E-PUBLICATION OF THE SOCIETY OF EXCHANGE COUNSELORS

Service. Experience. Counsel.



Welcome to the Spring 2022 issue of the *S.E.C. Observer*. In this issue, Bryan Neal, S.E.C., 2022 President of the Society, reminds us what Leaving a Legacy should look like.

Vicki Yeomans, S.E.C., describes the structure of mentoring in *M is for Mentoring*; Nick DeMarte, S.E.C., explains why there is *Power in the Room*; Chuck Sutherland S.E.C., considers how *Partners Make the Deal Work*, with examples for us to consider, and Joe Crowley, S.E.C., 2022 president of the S.E.C. Education Foundation, gives us an update on the foundation's activities. The *Society News Briefs* section includes information about our upcoming meeting in Charleston, SC, and immediately prior to the meeting, Randy Hughes will present his *Land Trusts* course.

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 email at sec@secounselors.com.

Lani Veler
Editor, *S.E.C. Observer*



I. President's Message

A. Leaving a Legacy

Leaving a Legacy

Bryan Neal, S.E.C.
2022 President

The last two years have been a season of loss for many people, and unfortunately, the Society of Exchange Counselors is no exception. We have had to say goodbye to several of our S.E.C. greats.

While we grieve the loss of our friends, we recognize and celebrate the lives they led. In reflecting on these losses, it becomes apparent that these men and women embodied many characteristics and qualities that we should all strive to model. These characteristics are ones that touched and left a lasting impact on their loved ones and families, their friends, their business associates, and their communities; it is their legacy. I would like to focus on several of these legacies that were illustrated in the lives of one or all of these greats:

1. A Legacy of Friendship. Their lives were enriched by the presence of close friends. They were loved by many, and they shared the blessing of true friendship with many. A good number of those friendships have been formed right here—the Society has been responsible for countless true and dear, lasting friendships. These friendships transcend the business of real estate and the next deal, and exemplify the enjoyment of what life is all about.
2. A Legacy of Selflessness. They gave back. The Society has a legacy (and is distinguished by having a history) of selfless givers and people who truly care about others' well-being and success. They have continuously reached out to others to offer assistance on a deal or problem that needed to be solved. They acted as a sounding board for others. They have been mentors, taking those who are younger or new to creative real estate under their wings to help them in their endeavors. They were there to provide encouragement or counsel, were generous with their time, and positively impacted those around them.
3. A Legacy of Integrity. Their word was their bond. They did not mince words; they said what they meant, and they meant what they said. And when they said it, you could depend on it.
4. A Legacy of Creative Real Estate. Real estate was in their blood, but their true passion was creative real estate. They were tireless advocates of this approach to real estate. Recognizing that real estate is a people business, they placed emphasis on the



- relationships, client counseling, and motivations that drive deals. They seemed to have endless energy, and the word “retirement” was not in their vocabulary; they continued to practice their craft until the end.
5. A Legacy of Education. Not only did they hold an immense amount of knowledge and experience, they committed to and practiced educating others to share the same. They were always trying to introduce others to our ways, and they invested much effort to that end. Whether that was by practicing mentoring, teaching education sessions, organizing and promoting marketing meetings, or something else, the end goal was always to further the cause of educating others in creative real estate.
 6. A Legacy of Influence. They were true leaders who used their strengths and skillsets to positively influence those they came in contact with. Whether it was on a longtime partner or friend, or on someone they just met, they left lasting impressions. They were involved in the Society, in their churches, and in their communities, and they touched all those whom they came in contact with. They were respected by their peers and looked up to. They brought out the best in those around them while at the same time inspiring them to be better.
 7. A Legacy of Success. They believed that you could achieve anything you set your mind to. That there were no limits to what you could accomplish. And many of them went on to do just that not only in their own careers but also for their communities.
 8. A Legacy of Faith. Their faith shaped them and guided them and formed an important part of who they were as people.

These greats have contributed immensely to the Society over the years. We can best remember and honor those who have gone on before us by continuing their legacy. We would all do well to model these characteristics and seek to imitate them in our businesses and daily lives. May we have the same things said about us someday when we are gone.



II Feature Article

A. M is for Mentor

M is for Mentor

Vicki Yeomans, S.E.C.

The term mentor comes from a character in Homer's *Odyssey*. Mentor, a trusted friend, was given the responsibility of guiding Telemachus, Odysseus' son, while the hero was fighting the Trojan war. The word refers to a relationship where wisdom and guidance are passed from one person to another.

Each of us has had mentors and has been a mentor. Most of these relationships are informal mentoring. Some are short-lived, and others last a lifetime. Mentoring is part of the human experience, where we seek to have significant personal relationships. Benefits are shared, the mentee gains knowledge and wisdom from a trusted relationship. The mentor enjoys rejuvenation and pride of sharing experience, knowledge, and, hopefully, wisdom.

A mentoring program is different from an ambassador program, a coaching program, or a teaching program. This differentiation becomes clear when the other programs are defined.

An ambassador represents a group, profession, or nation and facilitates interaction with that group, profession, or nation. A mentoring program focuses on the mentee and the enrichment of the mentee.

Coaching programs are performance driven. A coach helps improve a skill or a performance. A mentor adopts the holistic approach toward an individual's broad, long-term development.

Many teachers are mentors. Teaching programs are curriculum driven, focusing on facts and theoretical applications. Good mentoring programs focus on applying knowledge in practice and encourage the mentee's development of adaptive skills.

Mentoring programs can be formal or informal. Some companies or professions prescribe a set mentoring program. Many professional "apprentice programs" are designed to encourage the transfer of wisdom and experience from a working professional to an apprentice or trainee.

Formal Mentoring Programs:

- Formal programs often begin with an interview to determine compatibility.
- Both parties agree to a Mission Statement. This encourages focus and can become a reference or benchmark as the relationship develops. When companies establish the



- Mission Statement, the program is often a training program. But a mentoring relationship may develop between the parties.
- As the relationship is established, Mission Statements can change and evolve.
 - An agreement is made as to how often the parties will meet and the form of the meetings (i.e., in-person, email, Zoom, etc.)
 - A designated schedule is set for reviews or recaps of progress.
 - Some formal programs also have a reporting system to a sponsor or the company.

Upon graduation, my grandson accepted a job with a Fortune 500 Company. He was assigned to a facility where one of the company's products was manufactured using artificial intelligence and robotics. Upon arrival at the plant, he was interviewed by the director of the plant and several operations supervisors. Over lunch, he and one of the floor managers seemed to find a lot of common interests related to work.

The following day, my grandson and the floor manager reviewed the actual product manufacturing process at the plant and began discussing issues and bottlenecks. Over the next week, they developed an inspection protocol and a game plan to define impediments to the "flow-through" process.

For the next six months, they met at a specified time each day. When a new robotic line was installed, both worked 16-hour days for over a week.

Every week, my grandson and the floor manager documented their findings and discussed how to proceed. Improvements and modifications were made to various systems. Periodic reports were given to upper management and were included in my grandson's biannual reviews. Under the mentorship of the floor manager, my grandson developed the ability to apply knowledge in real situations. The entire mentoring program was very formal and officially designed.

Informal Mentoring Programs:

Informal mentoring programs are more organic. They are less structured and generally develop from a need, a conversation, a relationship, or a referral:

"Go talk to Ted, he knows all about buying notes at a discount."

"If you are thinking about owning self-storage, I will give you Chuck's number."

These informal mentoring relationships can last for a single conversation or for years. The structure of the "program" is more often implied than explicitly stated or reduced to writing.

The mentor/mentee relationship is fluid and can shift from one party to the other. While Ted has knowledge and experience in structuring and buying notes and is a good mentor, the mentee may have special knowledge and wisdom to share about commercial leasing or marketing.



Informal programs can benefit from the ideas behind the more prescribed structure of the formal program. Successful mentoring programs have common elements:

- **A Shared Vision:** Both parties develop a rapport. They understand and agree upon the mission or goal (written or implied). They hold the same vision and have complementing values. Both have confidence in the vision and will work toward success.
- **Commitment:** Both parties must estimate the commitment required. Mentoring takes time. The mentor needs to be committed to the growth and development of the mentee. The mentee is the focus of the program. The mentee needs to be committed to the program. Both parties need to make a commitment to themselves and to each other to devote the time, the work, and the resources required.
- **Mutual Respect and Trust:** Mutual respect is necessary for a successful working relationship. Although differences in wisdom and experience exist, shared values are important to build respect. Prior to engagement, a frank discussion of values as they apply to the program is appropriate.

Trust and respect are established over time by setting a good example. “Do what you say you are going to do, when you say you are going to do it.” Familiar parental advice . . .

- **Review:** A review of progress and the initial vision gives perspective. An assessment of the progress made and the road to that progress is a benefit for both the mentee and the mentor. A review is good for physical projects as well as personal development projects. Reviewing the initial vision is also important. Ideas evolve; the creative process is fluid.

In a mentoring program, the mentee and the mentor celebrate victories together and share setbacks; mentoring is collaborative.

All persons referenced in the article are fictional, and any resemblance to actual individuals is coincidental.

Recommended reading:

The One Minute Manager by Ken Blanchard and Claire Diaz-Ortiz

The Mentor Leader by Tony Dungy

Mentoring 101 by John C. Maxwell

The Mentoring Manual by Julie Starr

Mentoring Programs That Work by Jenn Labin



III Society Columns

A. The Power of the Room

The Power of the Room

Nick DeMarte, S.E.C.

I often get asked, “Why do you travel all across the country to attend equity marketing meetings?” The answer is simple: “The Power of the Room.”

The Society hosts 5 invitational meetings throughout the year. We are considered the nation’s premier creative real estate marketing group. The format consists of a 3-day meeting where brokers and agents come together and are provided with multiple opportunities to present their clients’ properties for sale and/or exchange. Marketing sessions are cooperative forums focusing on understanding the client’s desired and needed benefits to help facilitate a successful transaction. Our philosophy is that real estate is more about the “people” and less about the real estate itself.

There are numerous benefits to attending an equity marketing meeting. I wanted to highlight a few reasons I attend meetings. The first is the creativity and willingness to help others solve problems and offer solutions. The spirit of cooperation throughout the meeting is unlike anything you will ever experience in the commercial real estate world. Every meeting is a learning adventure. The wealth of knowledge and experience in the room is worth the price of admission even before we get into the benefits offered for your clients. I always leave each meeting refreshed with new ideas and ways to structure deals to help my clients meet their goals and objectives.

Over the years, my family has moved multiple times, and this has provided me with opportunities to meet new brokers and agents from across the country. As I’m talking with them about what I do and who I am, I’ll often ask the following questions: When was the last time you were able to bring multiple offers to your clients on the same day?

If I can provide you with a forum that will enable you to present multiple offers to your clients, are you interested in learning more?

Our meeting format offers attendees multiple opportunities throughout the meeting to present the benefits they are seeking or providing to the group, all while looking for “takers” or interested parties to further discuss a possible sale, purchase, or exchange. The meetings are structured in such a way that you will be able to showcase your client’s properties during formal moderated presentations or through multiple quick-pitch segments throughout the meeting, enabling you to receive written offers to review with your clients for discussion and possible counteroffers.



Understanding your client's needs and the benefits that they and the property have to offer is one of the keys to keeping the meeting room engaged. Attendees who take the time to counsel their clients and who are prepared to clearly present the benefits being offered by their clients will keep the meeting room engaged and, in turn, get you offers and ideas on how to structure a successful transaction. Everyone in the room is looking for a set of benefits.

We have all had that "challenging client." Another benefit the room can offer us as brokers and agents is an opportunity to help counsel these clients. Throughout a meeting, you will get offers and feedback on your properties and presentations. Here is a situation we have all seen and heard before: a client who previously had an offer by a major drug store retailer on a parcel right before a downturn in the market. Needless to say, it did not close. Now, years later, the client wants to re-list and sell the parcel, and of course, he thinks it is worth at least the same if not more than it was before. But the reality is market values in that area have not rebounded. He does not want to hear any reasoning on current market values; bottom line, he never recovered from the other deal falling apart. This is how the power of the room can help. You bring this listing to a marketing session and present the benefits the parcel has to offer, explain the prior situation, acknowledge that the owner is a bit of a challenge, and present the other benefits the owner is possibly willing to provide. This is an opportunity for you to encourage the room to write you offers that you can bring back to discuss and help counsel your client. Now you are presenting and discussing actual offers with your client. These may not be what he wants to hear, but you are just the messenger delivering offers and discussing counteroffers. You are not talking about what-ifs or trying to convince your client on what you think market value is. The room is going to help determine what the "value" might be based on today's market conditions—if you as the presenter keep an open mind and do not shut down the room with statements like "My client would never do that," "It's not what my client wants," and "That won't work." This can provide you with a great counseling tool to help you with that difficult client. The power of the room can help.

Here are some additional benefits of attending equity marketing meetings and the power of the room for you and your clients:

- Creative problem solvers
- Network of buyers looking to purchase investment properties from across the country
- New formulas and ways to structure deals
- Relationship building with like-minded brokers and agents

Engaging the room and offering in on other properties presented enables you to bring offers back to your clients for discussion and review.

Where else can you go and

- present your client's properties to a room filled with interested investors?
- offer their property to a prospective buyer for sale or exchange?



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- receive multiple written offers for discussion and review with your clients?
- get valuable feedback and formulas to structure a successful transaction?

Are you ready to attend our next equity marketing meeting? I hope to see you there . . .



IV Formulas and Strategies

B. Partners Make the Deal Work

Partners Make the Deal Work

Chuck Sutherland, S.E.C.

**This article is published by permission from a chapter in the book “*Advanced Creative Real Estate Financing*” by Chuck Sutherland
Originally Published 2016**

PARTNERS MAKE THE DEAL WORK

Strategy

Partners provide resources that you may not have or, at least, may not have at the moment. When you are stuck in making a transaction, ask yourself this question. “Whom can I partner with on this?” Partners can, indeed, “make the deal work!”

When I speak of “partners,” I am not solely speaking about “legal forms,” but rather the principle of partnership.

We all have partners all day long without being aware of it. The bank that makes a property loan to us is really a partner in our property ownership. The property owners in your neighborhood are partners in keeping the values strong. The people in your life are partners in having everything work in your relationship. That doesn’t mean that we are always perfect partners or that we always fulfill our obligations of our partnership agreements, or that other partners do as well. Rather, it indicates how interconnected and how interdependent we are in our day-to-day endeavors.

I once told a bank president in Arlington, Texas, that I really appreciated our relationship. “I feel like the bank and I are real partners,” I told him. “Well, that’s because we ARE partners! We own 75 percent of your deal and we get paid back first.” He was right! We really were partners. The form of a partnership can vary widely, including loans, simple agreements, full-blown LLCs or even Limited Partnerships. However, the form of the partnership is always customized to fit the relationship. The eventual structure of the transaction and the ownership entity are created to fulfill the needs and circumstances of all parties to the transaction.

Commercial or Investment Example

Bill is a Commercial Real Estate Developer in Fort Worth, Texas. Several years ago, he located a long and narrow parcel of land along a highway leading to a suburban area. He saw that with some planning, engineering, and hard work, he could subdivide the land into commercial parcels and offer them for sale. While the development and sale period might stretch over a number of



years, he calculated that the financial return would be well worth the time, effort, and investment.

Bill approached an Investor from another state who agreed to invest a substantial portion of the cash for the purchase price. In addition to the money, the out-of-state Investor added a unique perspective to the joint ownership, or partnership. He literally viewed the market differently due to the distance he had from the property. He was also highly skilled in understanding and making complex real estate transactions. His insights and abilities were a valuable addition to the deal. Over several years, the two of them developed and sold off enough parcels to more than pay for the money, time, and effort they put in.

Summary of Transaction

Step 1: Developer and Investor purchase land from the Seller

- Developer → Locates and analyzes potential land to purchase
- Developer → Negotiates a purchase contract on the land
- Developer → Negotiates joint ownership agreement with an investor
- Developer and Investor → Close on the purchase of the land

Step 2: Developer and Investor resell the land

- Developer → Rezones and subdivides the land
- Developer → Markets the property to potential Buyers
- Developer → Negotiates the resale contracts on individual parcels of land
- Developer and Investor → Close on the sale of individual parcels of land
- Investor → Receives the initial investment back first (after costs are paid first)
- Developer and Investor → Split profits consistent with joint ownership agreement

Benefits

Benefits to Developer:

The Developer was able to invest in more than one property due to the financial contribution of the Investor.

The Developer also received both “wise counsel” and “transaction-making ability” from the Investor.

Benefits to Investor:

The Investor made a substantial profit over time.

The Investor also received the local “boots on the ground” benefit of having the local Developer managing the project.

The Investor also made a return on his knowledge and ability being added to the transaction.

Key Points

Parties can bring unique perspectives and background. This can be an intangible, but very real, contribution to any transaction. Partners also provide resources that you may not have at the time of the deal. Or you may simply have other usages for your cash. You may even want to diversify your risk into a number of different investments or different kinds of investments. When you are stuck in making a transaction, ask yourself this question: “Whom can I partner with on this?”



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About Chuck Sutherland

Chuck Sutherland has been a real estate investor and developer for 50 years and is a member of the *Society of Exchange Counselors* and also is a member of the *National Council of Exchangors*. He is also the author of three real estate books: *Creative Seller Financing*, *Creative Down Payments*, and *Advanced Creative Real Estate Financing* now on Amazon via ChuckSutherlandOnAmazon.com.



S.E.C. Education Foundation News

Joe Crowley, S.E.C.

2022 S.E.C. Education Foundation President

The Articles of Incorporation were filed with the IRS on the 29th May @ 3:20 pm 2001
The I.R.S. granted us 501 © (3) status on the 18th of January 2002.

Since that time the Foundation has sought pledges, donations, and funds from various individuals and companies, in accordance with the Articles of incorporation.

As set out in the Articles of Incorporation, we have sponsored real estate education classes for both the national groups and local chapters of the creative real estate market. In addition, we have, over the years, given numerous scholarship awards to individuals attending college and given grants to individuals and charities that are in need due to a major catastrophe. Some of our education sessions are a one-day course and others are either two- or three-day courses. Most classes charge a nominal fee to participants to help subsidize the sizable expense of each course. We established the Jack Hunt Excellence in Education award to recognize those instructors and volunteers that devote many hours to education of real estate.

We are looking to expand our scholarship grants and hope to fulfill the vision of the original Incorporation. We have been able to do this by the generous giving from individuals, educators, and sponsors.

This year we have a few goals we would like to accomplish as follows:

- Increasing our sponsors by having a company come alongside the Foundation as a sponsor for an education class
- Developing our own website
- Diversifying the topics on the courses we currently offer
- Reaching out to universities and colleges that have a degree program in real estate to let them know about the Foundation and the scholarships we offer

Any suggestions or input you the reader may have are most welcome.



VI. Society News Briefs

A. September Marketing Conference

S.E.C. National Invitational Marketing Session Charleston, South Carolina September 11–14, 2022

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

The Charleston Marriott
170 Lockwood Boulevard
Charleston, SC 29403
Telephone: (843) 723-3000

[Click this link to make your reservations!](#) The room rate is \$195.00 per night. Make your hotel reservations early because we have a limited number of rooms available, and the cutoff day for reservations is August 19, 2022.

Visit [Charleston Marriott](#) for hotel information and click [Visit Charleston](#) 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

B. Land Trusts Made Simple

Land Trusts Made Simple

Randy Hughes

Charleston, South Carolina

Sunday, September 11, 2022

The S.E.C. Education Foundation and the Society of Exchange Counselors are pleased to announce that **Randy Hughes** will present *Land Trusts Made Simple* from **9 a.m.** to **4 p.m.** on September 11, 2022, in Charleston, South Carolina.

The course will teach you the 14 steps to create a Real Estate Trust, and much more.

Meeting participants may sign up when they register for the marketing session. Attendees do not have to be licensed or invited to attend; the session is open to everyone. If you are not attending the marketing session, 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

C. November Marketing Conference

S.E.C. National Invitational Marketing Session Tampa, Florida November 13–16, 2022

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

The Westshore Grand Hotel
4860 West Kennedy Boulevard
Tampa, FL 33609
(813) 286-4400

The room rate is \$149, single or double ([Hotel Reservations Link](#)). Make your hotel arrangements early because we have a limited number of rooms available. The cutoff day for reservations is October 21, 2022.

Visit [Westshore Grand Hotel](#) for hotel information and click on [Visit Tampa](#) 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. Methods of Effective Marketing

Methods of Effective Marketing

Wesley Dingler, S.E.C. and Brandon Sanders, S.E.C.

Tampa, Florida

Sunday, November 13, 2022

The S.E.C. Education Foundation and the Society of Exchange Counselors are pleased to announce that **Wesley Dingler and Brandon Sanders** will present *Methods of Effective Marketing* from **9 a.m. to 4 p.m.** on November 13, 2022, in Charleston, South Carolina.

The course will teach you new and creative ways to successfully market your listing.

Meeting participants may sign up when they register for the marketing session. Attendees do not have to be licensed or invited to attend; the session is open to everyone. If you are not attending the marketing session, 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.