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Spring Summer 2021

The Best of Times, the Worst of Times

The genius of Dickens is alive today, where it’s the best of times and the worst of times. I came in second the other day on a listing bid, because I was too negative about the market, the owner said. Not negative, just realistic. You can’t work effectively for a client if you don’t have a full and realistic understanding of what’s really happening out there. People want to know—is this a good time to sell? Yes, and no. People want to know—is this a good time to buy? Same answer, yes, and no. It’s like a stair step, a ten year cycle, seven years up, three years flat (sometimes the flat dips a little), and the flat always seems to be paralleled by some type of national/international crises. In 2001 it was the Twin Towers, in 2011 it was the subprime crises, in 2021 it’s the pandemic. So it’s like the Tale of Two Cities, best of times, worst of times. Best time to sell, because you’re selling at the top of the last cycle, worst time because you’re selling at the bottom of the next. Best time to buy because you’re catching it at the bottom (of the next cycle). Worst time because you’re catching it at the top (of the last cycle).

But the question is – how long will this cycle last? We did see some encouraging signs at the end of 2020. The stock market began trending in the right direction, and the FDA issued an emergency use authorization for the COVID-19 vaccine. And this, according to Ryan Severino, Chief Economist for JLL, leads to the unleashing of pent-up demand for goods and services in the late half of 2021 once widespread immunity occurs and businesses begin to fully open up, including publicly traded corporations. The National Director of Research for Colliers, Stephen Newbold, predicts pretty much the same thing. “The combination of the vaccine rollout,” he says, “and high savings ratios, and another round of stimulus checks, have the potential of driving up consumer spending. But the best news of all is what Joseph Ori has to say. He’s the Managing Director of Paramount Capital Corporation. He points to the fact that there is over “\$200 billion in real estate equity capital on the sidelines, and much of this capital will be put to work in 2021 in all property types. There are also many discounted CRE assets that are ripe for investment, including hotels, malls, office buildings and urban apartments.”

Also, another thing—good news and bad news. Dickens again. The good news, looks like that plan to eliminate the 1031 tax deferred exchange is headed for the scrap heap. But that’s something you won’t find on the main stream media. It’s inside information. A friend of a friend of a friend type of news. A fellow real estate agent heard it from one of his clients who has a friend who used be in Trump’s cabinet, says that if Biden is able to pass his infrastructure/corporate tax plan (the bad news, or good news depending on which side of the political fence you’re on) then they’ll table the talk about the demolition of the cherished 1031 tax deferred exchange which keeps us all eating.

Real Estate Trivia

Can You Pass This Quiz? True/False. (Answers Page 5)

- 1) 2001 was not the first time a plane crashed into a New York City skyscraper. In 1945 a B-25 slammed into the Empire State Building, causing an elevator cable to snap and send a carload of people plummeting 90 stories. They sustained minor cuts and bruises only.
- 2) An on-line virtual developer built an on-line (not real) real estate development using on-line (not real) dollars then sold it for One Million real dollars.
- 3) You can buy real estate on the moon. \$30 an acre or \$250 for 20 acres.
- 4) A meeting was scheduled to take place on 9/11/2001 on the 88th floor of the World Trade Center to discuss what to do in the event of a terrorist attack, but was canceled because someone couldn't attend.
- 5) During Prohibition the gangster known as Pretty Boy Floyd was beloved by the people (most of them anyway) because when he would rob banks he would also destroy all the mortgage documents he could find.
- 6) Arnold Schwarzenegger was a successful real estate investor and apartment building owner long before he was ever a movie star. With the winnings from his bodybuilding competitions, Arnold would [invest in small, multifamily properties around Madison, Wisconsin](#), and by the time he was 22 he was a millionaire.

Seen on Television—Oxymoron of the Century

"We'll sell your home for as little as 2% commission, and we're not a discount brokerage."

"Maybe oxygen is slowly killing you; it just takes 75 to 100 years to due it." Anonymous.

Definition of Terms

Cap Rate (Capitalization Rate): Net Operating Income divided by Sales Price, in other words, the percentage return assuming an all cash sale.

GRM (Gross Rent Multiplier): The ratio of the sales price divided by the gross scheduled income, a way of measuring value by gross income. Gross income is more of a stable figure, whereas net income depends on a number of controlling factors not necessarily related to the market—vacancy, expenses, rent levels, etc.

IRR (Internal Rate of Return): The average yearly return measured over a specific length of time; usually includes variable cash flow projections—the initial investment, monthly cash flows, any projected capital improvements, such a new roof, and the final after-tax net sales price.

Prepping Your Building for Sale

What should I do? How much should I do? How about this for a start.

- ◆ A new sign. If you've already got a great sign don't worry about it. You don't want to fix what doesn't need fixing. Then you end up going backwards. But if the sign is worn or weathered—or worse, a Home Depot "For Rent" sign that you scribble your phone number on—then this is number one. If you don't have a lot of money to spend, at least do this one. It will not only draw top end renters, it will give the immediate impression that, "This is a building I need to own." Here's an example. Scott Simpson bought a run down building in a great location and put this sign up, borrowing the *fluer de lis* symbol. Tenants flocked to his door. Then he syndicated a bunch of money and turned the entire building into a work of art and made a little bit of money in the process; he maybe could have made more; Scott is an artist first, an investor second. (He probably didn't need the heated towel racks.) Then he used the money from the sale to add a \$500,000 bathroom to his home, two stories with skylights, plants and showers and tubs that look like waterfalls, with a turret and custom made wrought iron weathervane on top. By the way, do you know why weathervanes always have roosters on top? Pope Nicholas in the 9th century decreed that all churches were required to display roosters on their steeples as a symbol of Peter's betrayal of Jesus.
- ◆ Second, but equally as important, are clean grounds, landscaping and hallways. Twice a day, morning and night. Have the on-site patrol to pick up trash, cigarettes, fast food wrappers, etc. Never let anyone convince you that you don't need a manager.
- ◆ Pressure wash or paint if it needs it anywhere. No green gunk visible!
- ◆ Get rid of the "Gun Free Zone," or "Drug Free Zone" signs. All those things tell you is that there are guns and drugs on the premises. I once listed a building where the owner had put up barbed wire. Proudly, he announced that no riff-raff was going to get into his building. Nor would tenants. I told him to take that stuff down and put up balloons.



There may be other things specific to your building, but in general, the above is a pretty good guide.

Who in the World was Jeff Christie?

A Rock and Roll disc jockey who called himself Jeff Christie because his real name was too long goes on to become famous world-wide as a political lightning rod, and an entertainer who collected millions upon millions of fans. Some hated him. Others loved him. But ALL of them listened. [Jeff Christie Rock & Roll DJ from the 70's](#) But wait a minute. What was his real name? [Jeff Christie Much Later using his real name](#)

What to do if you're having a Heart Attack

Yes, this is real estate related, because too many of you are dropping dead. I hate losing friends and clients. Stop doing that!

Number One is that you dial Nine-One-One if you think you're having a heart attack. But here's the thing. If you're having pain in your chest that's branching out into your arm and jaw, and you're feeling yourself going faint, you're not going to have the time. You'll have about ten seconds before you lose consciousness. Can the paramedics get there with their crash cart in under ten seconds? Not likely. So what do you do in the meantime, until they arrive?

If you're watching somebody else having a heart attack you know what to do. I've done it myself, twice. When I was taking the written exam for my Washington State driver's license after moving here from Idaho—I was 21 at the time, long time ago—and the man standing next to me suddenly straightens up, almost like he's trying to stand at attention, and falls over backwards, bounces off the floor like it has springs underneath it. He's an elderly fellow, and his eyes are rolled back so all you can see are the whites. I remember from my Boy Scout training this thing called artificial mouth-to-mouth respiration (we call it CPR these days) and so I blow in his mouth, just like the book said. Nothing happens. Then I remember you have to hold the tongue to keep it from slipping down the throat. First I had to take his false teeth out and clean all kinds of gunk out of his throat, and still that tongue kept wanting to slide back down his throat. It took *three* fingers to keep it in place. Still nothing happened. Then I remembered something else. You have to tilt the head back. Still nothing. Then I remembered another thing. The nose. You have to pinch the nose. And what do you know! His chest swells up like I'm blowing into a balloon. Three puffs and he coughs and sits up. And then I remembered you have to alternate breaths with chest pumps. But I didn't have to do that, because he was already sitting up and not too excited about laying back down so I could do it the right way. And anyway, by then the ambulance had arrived, and he was being loaded onto the gurney. I know it's different today. Today, they tell you, all you do is pump on the chest. I'm just telling you what I did, and that it worked. None of this is new science. The first recorded case of *artificial respiration*, as they used to call it, was recorded in a journal purported to be six thousand or so years old, when Elisha revives the Shunamite child (Second Kings 4:8:33) *So he went in and closed the door on the two of them, and prayed to the Lord. ³⁴Then he got up on the bed and lay upon the child, putting his mouth upon his mouth, his eyes upon his eyes, and his hands upon his hands; and while he lay bent over him, the flesh of the child became warm. ³⁵He got down, walked once to and fro in the room, then got up again and bent over him; the child sneezed seven times, and the child opened his eyes.* It wasn't the first time I did it either. The other time happened about twenty years later when I witnessed a hit and run. This old man was lying in the middle of the road, wasn't breathing, blood coming out of his mouth. Same thing. Dug the gunk out of his mouth, held the tongue, pinched the nose, and—like magic—he started breathing.

But what about if you're alone? Can't do it on yourself. There's this thing circulating on the internet, instructions on how to do that very thing. It goes liked this:

- ◆ *You arrive home after a hard day at work. You're alone, you're tired, you're frustrated, and you begin to experience chest pain that drags out into your arm and jaw. You're only five minutes from the hospital, but you don't think you'll make it. You're trained in CPR, but you can't do it on yourself.*
- ◆ *Or can you?*
- ◆ *These victims can help themselves, by coughing repeatedly and very vigorously. A deep breath should be taken between each cough, as when producing sputum from deep within the chest. A deep breath must be taken repeatedly between each cough until help arrives, or until the heart starts beating normally again.*
- ◆ *Deep breaths get oxygen into the lungs and coughing movements squeeze the heart and keep the blood circulating. The squeezing pressure on the heart also helps it to regain a normal rhythm until you can get to a hospital.*

But is this medically valid? Will it really work? I sent an email to a friend of mine who is a retired pediatric heart surgeon at Children's, and put the question to him. Here is the answer he sent back:

- ◇ *It is true that you can convert (stop) some heart rhythm irregularities by the described method or by doing a valsalva (taking a deep breath and then pushing hard like you're trying to get out the world's most constipated stool). It works better, I think, on upper chamber (atrial) rhythm problems than lower chamber (ventricular) rhythm problems.*
- ◇ *The repetitive deep breaths (draws blood into the chest and fills the heart) and the really hard and deep coughing squeezes the heart to propel the blood within the heart chamber forward. This can marginally keep you going by maintaining circulation. Getting immediate help is best, obviously.*

New Laws for Washington State Landlords

Three bills have been signed into law—House Bill 1236, House Bill 1368, and Senate Bill 5160.

- ◆ SB5160 provides for legal representation for tenants in eviction cases, and authorizes landlord access to rental assistance programs.
- ◆ HB 1368 provides money for rental assistance programs (\$365 Million).
- ◆ HB1236 deals with “Just Cause” for tenant termination.

The following reasons, according to the legislation, constitute cause for a landlord to evict, to refuse to continue a tenancy, or to end a periodic tenancy.

- Failure to pay rent (14-day notice)
- Substantial breach of a material program requirement of subsidized housing, material term of rental a rental agreement, or tenant obligation imposed by law that has not been remedied (10-day notice).
- Committing or permitting waste or nuisance, unlawful activity that affects the use and enjoyment of the premises, or other substantial or repeated interference with the use and enjoyment of the premises (3-day notice).
- Landlord, in good faith, seeks possession so that the owner or his or her immediate family may occupy the unit as the principal residence and no substantially equivalent unit is vacant and available (90-day notice).
- Owner elects to sell the premises, a single family residence (90-day notice).
- Premises to be demolished, substantially rehabilitated, or change of use (120-day notice).
- Owner elects to withdraw the premises from the rental market to pursue a conversion (120-day notice).
- Premises are condemned by a local agency (30-day notice, or less if continued habitation would subject the landlord to criminal or civil penalties).
- Service of notice to quit or vacate by the owner or lessor with whom the tenant shares the dwelling unit or access to a common kitchen or bathroom area (20-day notice).
- Transitional housing program expires, the tenant ages out of a program, or the tenant has completed a program and is no longer eligible (30-day notice).
- Rental agreement has expired, the landlord proffers a new rental agreement at least 30 days prior to the expiration, and the tenant does not sign.
- Intentional and knowing misrepresentation or omission of material information on the tenant’s application that, had the misrepresentations or omissions not been made, would have caused the landlord to request additional information or take adverse action (30-day notice).
- Other good cause which constitutes a legitimate economic or business reason (60-day).
- Four or more violations of a substantial breach of a subsidized housing requirement, material term of the lease, or tenant obligation under law that were cured by the tenant within the previous 12-month period and the landlord provided a written notice for each violation (60-day notice).
- Required to register as a sex offender during the tenancy or failed to disclose a requirement to register as a sex offender when required in the rental application or otherwise known to the property owner at the beginning of the tenancy(60-day notice)
- Makes unwanted sexual advances or commits other acts of sexual harassment directed at the property owner, manager, employee, or another tenant based on race, gender, or protected status in violation of a lease term or covenant (20-day notice).

All notices must identify the facts and circumstances known and available to the landlord at the time the notice is issued that supports the cause or causes with enough specificity so as to enable the tenant to respond. The landlord may present other evidence regarding the allegations within the notice where the evidence was unknown or unavailable at the time the notice was issued.

Our latest podcast deals with these laws. Click below.

[Insights #11 Chris Benis, attorney for RHA, discusses new landlord-tenant legislation.](#)

Vaccine Locations & Other Helpful Links
[Washington State Coronavirus Hub](#)
[Governor's Office Resource Page](#)
[Washington State Department of Health](#)
[Center for Disease Control \(CDC\)](#)

The Twenty Million Dollar Car

Charles Berst, professor emeritus at UCLA, English Department, drove a VW bug his whole life from his home in Beverly Hills to his campus office. He carried a little book where he'd write down whatever he would save from not owning a really cool car, and he would take that money and sock it away for a better use, namely, buying really cool apartment buildings, like Summit View, Bellevue Court, and the Windsor Arms. He called it his *Million Dollar Car*. More like his *Twenty Million Dollar Car*.

Cancel Culture?

When my wife was five years old she was sitting on the toilet talking to her grandmother while her grandmother was taking a bath...and saw something odd. "Gramma," she said, pointing to a series of numbers on her grandmother's upper arm. "You've got a tattoo! I want one!"

There was a long pause. The elderly woman finally answered in her thick East European accent: "That is a tattoo you do not want."



"You got one so why can't I?" Christie wanted to know.

Her grandmother would say no more, in spite of Christie's prodding.

One day when Christie was much older her grandmother told her the story of when she was an impulsive sixteen-year-old girl in Poland and was asked by the soldiers to salute the fuhrer. Germany had just invaded Poland, and her family had been relocated into the slave labor camps. Her father had been shot and killed in front of her, so she had no real love for German soldiers. "Hitler can just kiss my ass," was her flippant answer, upon which she was promptly arrested and sentenced to death, for that simple statement.

The execution was to be carried out by firing squad, but there was a shortage of ammunition, so it was delayed. Eventually they decided to just hang her. Two days before her scheduled date of execution the Allies liberated the camp. One of the American soldiers was Christie's future grandfather.

Answers to Quiz

- 1) True. On July 28, 1945, a B-25 Mitchell crashed into the Empire State building while flying in a thick fog. Fourteen people were killed, three crew members and eleven people in the building. Damage was estimated at \$1 Million, equivalent to \$14 Million in today's dollars. The building's structural integrity was not compromised. Photo courtesy of Bettmann Archives. By the way, the reason the people in the plummeting elevator weren't killed was because the snapped cable coiled up on its way down and acted as a cushioning spring when the car hit it. 
- 2) 2) True. There are even classes in On-Line real estate development. I don't understand it. Maybe you can figure it out. Click here: [The Rise of a New Parallel Economy](#)
- 3) True, but you're not falling for that one are you? Some enterprising young entrepreneur laid claim to the moon, I guess, and is now selling off lots!? And people are falling for it, even a handful of movie stars like Brad Pitt. <https://lunarland.com/>
- 4) True. It was in Tower One. Here's the double irony. The meeting was with Pentagon officials to discuss what to do in the event of a terrorist attack on the towers. One of the officials took ill the night before and the meeting had to be rescheduled. The plane entered the tower at the 93rd floor, five floors above where the meeting was to have been held.
- 5) True again. Pretty Boy Floyd was killed in 1934 by FBI agent Melvin Purvis. Photo courtesy of the Federal Bureau of Investigation. 
- 6) Also True. And incidentally, Arnold really did lift the car in that scene in Twins.

Answer to the "Cold Calling" question from page seven: *I waited for what seemed ages until a voice out of breath came on. "Yes?" I apologized profusely, and several months later deposit \$75K in the bank. They were quite pleased. They had no idea their building was worth what it was. As it turned out, it wasn't so much of a cold call after all. Even though I had never met this lady in the shower, she and her husband were familiar with our podcasts and newsletters, and were thinking of calling us anyway. Funny how things turn out. I almost did hang up. A \$75,000 mistake.*

Podcast Links—Bob and Mike talking Seattle Real Estate with Key Industry Leaders

[Insights #11 Chris Benis, attorney for RHA, discusses new landlord-tenant legislation.](#)

[Episode #9 Management Company CEO's Discuss Seattle Rents and Tenant Issues](#)

[Insights Episode #8 Honoring Pat O'Day](#)

[Insights Episode #7 Cost Segregation](#)

[Insights Episode #6 Kelly Yates](#)

[Insights Episode #5 Dino Rossi](#)

[Insights Episode #4 Bill Robinson APT Appraisal](#)

[Insights Episode #3 A Conversation with Al Williams](#)

Closing Mistakes

The year is October 30, 1935, the place is Wright Field in Dayton, Ohio. The Boeing company is demonstrating its new four engine bomber prototype (the B17) for the Army, in a fly-off competition against Douglas Aircraft's B-18 Bolo. The B-17 goes first. It rumbles down the runway, lifts off smoothly, banks right at 300 feet, then noses into the ground in a ball of flames. The pilot had forgotten to take out the "gust lock," a pencil thin rod of steel that immobilizes the tail controls to protect them against gusts of wind. Boeing engineers subsequently developed what many have called the greatest advancement ever, in aviation history – the checklist, things vital to performance but so commonplace they are easily overlooked.

Here's a checklist for when you approach closing. You may not need all of these, but best to check them all. Don't just count on your attorney or your escrow agent. Otherwise you're guaranteed to get stung sooner or later.

- ◆ **The magic word "convey."** If you're using a power of attorney that word must appear in the transference language, no matter how many other verbs appear that mean the same thing. Experience taught me that. It was December 31st, 1986, the year of the tax law change. One half of the selling entity was in Europe. There was no internet, no cell phones (except those big gray things that weighed ten pounds and that people didn't have), and Stewart would not accept it. It was 2:15 and it had to be recorded by 4:30, or it's a new tax year and the seller won't sell. Dead deal at that point. I even called up Stewart's main attorney. No give. So I ran across the street to TransNation and blew past the receptionist into John Jones' office. After reading through the power of attorney – which was written by an attorney, by the way – John said, "Well, it's true that the word isn't there, but there are seven pages of intent. We'll go ahead and accept it." And in 45 minutes John gets me a title report. By now it's 3:30. The receptionist comes in and interrupts, says I have a phone call.
- ◆ **While in the middle of a closing never take a phone call.** It's the neighboring property owner's attorney. The neighbor has decided she wants \$20,000 to grant the easement. It's a two inch easement, but a necessary one because of a rockery wall abutting a hillside driveway. We had worked it out previously. The buyer pulls back the cashier's check from the middle of the table. The closing table is ringed with attorneys and I'm as green as plush grass. I pound my head and say to myself, "Think! Think!" and come up with a goofball seed of an idea. Merwin Casey (one of the attorneys) starts scribbling on his yellow pad and whispering to one of the other attorneys, and pretty soon they've massaged the idea into something workable (call me later and I'll tell you what the idea was). By now it's 3:50. They whip up the closing documents and hand them to me. They'll revise the purchase and sale agreement later. I run across the street for the revenue stamps – back then we had a Federal Tax as well as a State tax) – and I'm off. By now it's 4:19. On my way down the hall I see a "MEN" sign. Thank you God! I have to pee so bad it's running out my ears. I can spare 60 seconds, so I put the closing docs under my arm and relieve myself. But oops. The docs fall into the urinal. I snatch them out just in time. A small splotch only. Most of it was protected by the manila envelope. So now it's 4:23. I'm running down 5th Avenue, knocking over a homeless guy in the process, and make it at 4:29, just as they're closing the doors, and there's a line. Of course the city doesn't care. The closed sign goes up no matter what. But we had the foresight to send a secretary down to wait in line. She's just inside the door. I pass her the docs like a football. "I spilled coffee on it," I yell at her. She says, "not to worry, they'll still record it." And they did. I never did tell anyone that it wasn't really coffee. I felt so bad about the homeless guy – he was fine, by the way – that I handed him a twenty dollar bill on my way back.
- ◆ **Loss Run.** Now and then at the last minute the buyer's new insurance company will decide they want a "Loss-Run," which is a printout of any insurance losses that may have occurred over the past so-many years. Usually all they ask for is 5 years. I get 10 just in case. And do it at least two weeks prior to closing. It generally takes the insurance company a few days to do it, even though all they need to do is push a couple of buttons
- ◆ **Pre-Payment penalty.** This needs to be addressed far earlier in the transaction, and most of the time the seller knows it's there and the parties deal with it. But don't assume it's not there just because the seller doesn't say anything. Check.
- ◆ **Notification period.** Now and then there is fine print in the Deed of Trust requiring a notice period before it can be paid off. When it's there it's usually 60-days, so it's very important that this be checked out early. READ the Deed of Trust. Most agents don't. Most of the time it's OK because somebody else will catch it. But not always.
- ◆ **Wire Transfer precautions.** Wire fraud is real, and it's prolific. Have numbers verified prior to transfer, and have them use a Federal reference number. That way the wire will be sent immediately instead of being bundled with others at day's end.

The US Economy Has Improved

According to a recent Walker Dunlop report things are not as bleak as they might seem. The US economy is rising strong out of the pandemic induced recession of 2020. Unemployment rates are half what they used to be. Of the 22 million people who lost jobs in March and April of last year, 57.8% have regained employment.

Here's another interesting part of the report. Retail is not weak—it's just changing. With more people at home consumers have changed their shopping habits. Some retail sectors have been the biggest job creators over the past year. More than 100,000 jobs have been added since last January, among them warehouse clubs, couriers and messengers, building and garden stores, and warehouses. Non store and electronic shopping purchases increased by 24 percent year-over-year. This method of shopping now comprises 29 percent of all retail sales. It is yet to be seen how much, if any, of this trend will reverse after the pandemic ends, which does create uncertainty for retail property owners.

The housing market, on the other hand, is booming. Robust sales and limited inventory drove the median home price of existing home up by 15.8% nationally. And apartment construction is on the rise as well, as cranes can be seen dotting the skylines of not only Seattle, but Dallas, Phoenix, Houston, Washington DC, and Boston. Let me know if you want a copy of the report.

Spam vs Legit

Be careful of this one. It almost caught me, but for the mistake they made of going on and on about how I could cancel if I didn't make the order. Here's the way the email reads: *We are processing your order for your HP Laser Jet Pro M479 printer for a \$599.99 price. It will be sent by 24 hours.* If they would have left it there, I might have fallen for it. But it went on: *If you did not make this order please call the number we give so we can refund your money.* That's the big red flag. Legitimate companies don't make such assumptions. If there's any kind of an assumption to be made they assume you *did* make the order. The other red flag is the English. It's not bad, but it's just not quite right. And of course for them to refund your money they are going to need a credit card number. That's the BIG red flag. Now there's nothing wrong with phone solicitation. This is America. Phone solicitation is a part of the engine of free enterprise. Huge dollars pass through a healthy economy via this method. As annoying as it sometimes is, I would not want to see it go away. Besides, I want to make my own decision of whether or not I want to buy what the caller is selling.

I get on the phone sometimes. Sure. I admit it. There's a shortage of inventory in Seattle. "Hey, I've got a 1031 who needs to identify, and your building would fit the need perfectly," or whatever the case is. Sometimes it's just a buyer with a chunk of cash, and sometimes we both benefit, the agent and the person who picks up the phone. But then sometimes not so much. Like the time the little boy answered. I say, "Hi there, is your mother or father home?" The little voice answers, "Uh-hu, she's in the shower. Mommmmm!" There's silence. So you're me. What do you? Do you hang up? Or do you wait and profusely apologize?" Answer on page 5 right after the last of the quiz answers.

Two Great Big Real Estate Fallacies, Rules that really aren't Rules.

- **You never want to overpay for real estate.** Not true. If we as buyers never overpaid it wouldn't be a good investment. The reason we get rich in real estate, the reason we get a thing called appreciation is because sooner or later buyers *will* over pay, and what we bought for \$5 Million fifteen years ago is now worth \$15 Million.
- **Appraisals define accurate value.** All an appraisal does is tell you what buyers were doing 6 or 7 months ago. In an escalating marketplace we end up with values too low, and in a declining marketplace we end up with values too high. Fortunately in Seattle we really don't have declining marketplaces, at least not serious ones. We have corrections, level offs that slide a little before going back up again, but no real crashes, with the exception of 1972 when Boeing lost the Supersonic contract, but even then we zoomed back, and acquired a basketball team in the process, which we don't have anymore, sadly. I used to love going to those basketball games. The Mariners are doing pretty good, at least as of this writing. I've been attending Mariners games as well, for a long time, ever since King Jeffery Sooner was dazzling everyone back in the 90's. What – you never heard of King Jeffery? How is it possible that you never heard of King Jeffery Sooner? He was my daughter's favorite player back when she was five and six years old. She wouldn't say let's go the baseball game, she'd say let's go watch King Jeffries! She's 32 now. We both have fond memories of watching the magic of Ken Griffey Junior.

On Site Managers—A Vital Part of Your Investment

There's a trend going around—professional management companies recommending to owners that on-site managers are not necessary. It's an added expense, they say, that can be just as easily handled by the "roving manager" employed by the firm to cycle back and forth between a number of buildings. Don't you believe it. Now keep in mind that my experience is with sales and not management, but I've been around enough to understand and appreciate the value of a good resident manager. A good on-site manager will:

- ◆ Pick up trash. A ten minute trip around the building will do the trick. Morning and night.
- ◆ Develop a positive relationship with each of the tenants.
- ◆ Be able to fix things when broken, the little things, like replace a light bulb or install a dish washer.
- ◆ Be cooperative to other owners and appraisers who are calling for rental information. Because then you can ask to be given a copy of their rent survey. Quid Pro Quo. It's valuable information for all of us.
- ◆ Be very organized.
- ◆ Be able to add and subtract, because one of the duties of an on-site manager is to keep track of collections.

A good on-site manager will not:

- ◆ Be rude to people on the telephone, not even telemarketers.
- ◆ Steal from you.
- ◆ Be rude to your residents.

And remember Marty's rule—what your on-site looks like and acts like will be a mirror of what your tenants will look like and act like.

The Seattle Apartment Investment Newsletter

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Call for drop us an email if you'd like us to evaluate your property.

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**Windsor Arms - 21 Units
532 Belmont E
Listed at \$4,625,000
Closed at \$4,900,000**

“...the decision to let go of Windsor Arms fifty-five years later did not come easy...you and Dave (seller’s attorney) saw me through it, with extraordinary professionalism, wisdom, great care, and fortunately too, humor.” **Roelina Berst, Former Windsor Arms Owner.**

“I have known Bob for going on 25 years...I decided to sell a very unique rental property...Bob recognized from the outset that this property needed to be targeted to an equally unique buyer. He worked hard to find the perfect buyer for the property and went “above and beyond” to do so. He was especially helpful in working with the residents who were leery of a change in ownership. I know that Bob’s efforts played a key role in our successful sale.” **Chris Benis, Attorney**

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