

LESSONS FROM A MONOPOLY GAME

By: Kim Cook

Have you ever played the board game, Monopoly? You know, the one where you buy property, put a house or a hotel on it and charge your hapless team member a fortune for landing on it? I love that game.

While growing up I hated that game. Mom and Dad would set the board up on the kitchen table and my sister and I would just groan in misery. We could never understand why our parents got so excited when we landed on a little colored square that they owned. They were so mean, making us poor kids pay rent just for landing on their property. I hated the railroads more than anything!

Last year, Bill and I hitched up our camper and took an extended trip out west. I was working on four short sales at the time, so we took our laptop computer, copier, and fax machine with us. Every morning I would spend about an hour typing letters and faxing offers to different mortgage companies while Bill worked on his manuals and newspaper columns.

Obviously this wasn't enough real estate brain stimulation for Bill, and two weeks into the trip he came back to camp with a Monopoly board. He informed me that he was going to teach me a lesson in how to buy real estate.

Now, I'm not very good at math and I can't cook worth a darn, but by golly I know how to play Monopoly. The challenge was on! We set the board up on the table in our little camper and poured ourselves a glass of wine. Bill got a glazed look in his eyes and I could actually see him start to blow up like an old banty rooster. I had to laugh. We chose our game pieces, the horse for me and the car for him, and counted out our \$1500 start up money.

Bill immediately started buying every property he landed on. Before I knew it, he owned Park Place, Marvin Gardens and Virginia Avenue. He was wheeling and dealing, buying houses and then trading up for hotels. He was a real estate mogul. Every time I moved my little horse around the board I would land on his properties, then have to pay rent money to him. I was going broke quickly and he was enjoying my misery - a little too much. Dare I say it - he was cocky!

After an hour or so, I was down to \$18 and praying hard that I would land on Free Parking. Bill was ruthless, constantly asking if I would like to sell any of my properties. I declined to take his ten cents on the dollar offer and just kept hoping the dice would roll me to safety.

I played Monopoly a little differently than Bill. I moved a lot slower, only buying property when I passed Go and made \$200 or when I landed on Chance and won the \$50 lottery. I bought houses with the money I made in rents. I bought only what I could afford, and due to constantly landing on Bill's properties, I couldn't afford much. But pretty soon I had acquired a small handful of properties, including all four railroads and both utilities. I was also secretly tucking away \$100 of the \$200 I made every time I passed Go. I wanted a padded 'nest egg' before I would allow myself to splurge on a house or a hotel for my properties.

Bill's strategy was a good one. He bought every property he landed on. If he didn't have enough money, he would simply mortgage one of his other properties. He wheeled and dealt, hustled

and shuffled in order to own every property in a color group. He had so many houses and hotels, buying and selling, mortgaging and borrowing going on that I could hardly keep up with it all. I felt a little inept. After all, I only bought a property or a house when my 'nest egg' was big enough.

Bill just cackled at my careful, slow approach to 'real estate riches'. I made myself feel better by pointing out to him that *my* properties were paid for, while some of his were mortgaged to the max. He rolled his eyes, shrugged his shoulders and gave me a 'who cares' look. That is, until he realized that he couldn't collect rent on a mortgaged property. Oh, joy! The game turneth!

Shock registered on Bill's face when I landed on St. Charles Place, and he couldn't collect rent. The property was mortgaged. I could actually hear his bubble burst. I screamed with joy as I rolled the dice and again landed on one of his mortgaged properties. You should have seen him scrambling.

All of a sudden, his empire was crumbling. He couldn't collect rents because he had sold houses and mortgaged properties in order to buy more properties. In the meantime, he kept landing on my little old measly properties, complete with 2 or 3 houses, and paying enormous rents. I was racking up. Every time I collected rent I would buy a new house. I was slowly becoming the 'millionaire next door'. And it was upsetting Bill terribly!

An hour later Bill was completely bankrupt. I was loaning him money just to ease his misery. I was a little concerned when he grabbed the trash can and put it beside him. "I'm going to throw up", he said. And I believed him. He looked miserable.

Bill had gone from riches to rags in just one hour. That night he couldn't sleep. The next morning he couldn't function. He kept telling me that he was sick. He was pitiful. And I was loving it.

Bill had always argued with me when I wouldn't agree to mortgage our rental properties to the maximum. "We have equity in these houses that we could use to buy more property!", he would complain. My name was also on those warranty deeds, and he could bet his bottom dollar that I would not sign my name to a higher mortgage. Our rental properties are our retirement. We don't work for corporate America. We are responsible for ourselves and our future. If we mortgage our properties 'to the hilt', then we will still be paying them off when we are in our seventies.

In my opinion, the best strategy is to have as many properties unencumbered by debt (mortgages) as possible, especially our personal home. If the stock market crashes or some idiot with a diaper on his head crashes into our lives again, we won't be financially affected too much. We won't have to worry about the mortgage company exercising their right to foreclose. Our home will be safe. The same goes for our rental properties. I would rather have ten properties debt free than have twenty properties with a small monthly profit margin. But that's just my opinion.

After playing Monopoly while sitting in a camper in the middle of New Mexico, Bill finally had to agree. I was right. (I know it hurts, doesn't it honey?) A silly little game of Monopoly became *real* that night, and it changed his perspective on the way we do business. Monopoly, I love that game!

