

ONCE A MARINE, ALWAYS A MARINE AN INTERVIEW WITH MY DADDY

By: Kim Cook

Father's Day is just around the corner. I can hear the 'cha-chink' of cash registers as ties, shirts, books and tools are rung up in harried attempts to find something nice for daddy.

My daddy is one of those hard-to-buy-for-cause-he-has-everything-he-needs-or-would-ever-wants kind of daddies. This is terribly frustrating because Halmark, Walmart, and Home Depot expect dutiful, daddy-loving kids to spend their money on this nationally recognized special day. Truth of the matter is, most daddies are like mine. They just want their children's love and respect.

So in honor of my daddy, on Father's Day as well as all other days, I would like to tell his story. It's the story not only of a wonderful man, but of a great real estate investor.

My mom and dad instilled in me the love of real estate. Though we invest differently, mainly because his pockets are *much* deeper than mine, our goal is still the same - to have our rental properties free and clear of all debt.

My dad was a Marine ("The Few. The Proud. The Marines"). He was one of those strikingly handsome marines that exuded power, confidence and strength. He could settle a dispute with a killer look and could break down his marine issued gun in 8 seconds flat. He was, and still is, a quiet force.

Mom and dad got married when they were 18 years old. I came along almost 2 years later. Mom and dad bought their first home in 1962 when dad was 23 years old.

Wow, have times changed. Dad paid \$10,000 for a 2 bedroom/1 bath ranch home with a lake on 5 acres. His payments were \$52.00 a month. He sold the house 3 years later for \$12,700. He could have doubled his money but he was embarrassed to let the new homeowner see his profit. Daddy said, "I was young and stupid."

By the time dad bought and sold his second house, he had learned a valuable lesson. The new homeowner doesn't care how much profit dad makes. The new homeowner simply wants to feel like he is getting a quality house for a reasonable price.

Dad bought his first 'investment' home sight unseen! While having lunch with a friend who was in financial trouble he learned that the friend needed \$8500 that day and was willing to sell one of his houses to get the money. Dad and his friend went to an attorney and closed on the house four hours later. Dad rented the house for a year and when the tenant moved out, dad sold the house for \$18,500. That was a profit of \$10,000 in one year! Suffice it to say, dad was bit by the real estate bug.

Mom found their next house. A 3 bedroom/ 2 bath ranch home with a lake on 8 acres. Dad was concerned about buying a house for so much money. His payments, after all, were going to be \$250.00 a month. He saw the 'deal' though, and they bought the house in 1969 for \$32,000. They still live in the home today, and it now appraises for over \$745,000! I'd say that's a great return on their money.

Dad and mom have bought several rentals over the years, the majority of which they still own. They didn't go looking for rental property, "If I were hunting rental houses, I'd own a hundred", dad said. They just kept their eyes and ears open and kept a perfect credit score, and when a deal presented itself, they used creative financing to acquire the property. For example, one rental was bought using mom's upright piano as a down payment. Now that's creative!

Dad's advice to new investors? "Just keep your eyes and ears open to those around you. If you see someone with a real estate problem, try to solve it. Have your ducks in a row (your team together) so when a deal comes along, you can move fast. I didn't have any money when I first started investing, so I had to be creative in my thinking. And I made sure I never paid too much for a house."

Dad also says that buying and holding is where the money is and where an investor's wealth is acquired. "Our rentals are our retirement income. Except for one, our rentals are 100% free and clear of all debt. If I were to come down with an illness, I wouldn't lose everything to foreclosure. I don't owe anyone. There is great security in that. I wasn't born into money, I'm just an old working boy. The money from our rentals comes in every month like clockwork."

Dad's grandfather went broke during the depression. He owned property all over Georgia but was mortgaged to the hilt. Dad remembers that lesson and therefore wants everything paid off. "Don't do a deal just to do a deal. Think of your exit strategy and if it is to buy and hold, then pay the property off as soon as possible."

Dad's advice to landlords? "Give a quality house for a reasonable price. Don't try to bleed every dime out of your tenants. If you do, then you will have a high tenant turn over. Also, if your gut feeling tells you not to rent to a particular tenant, then go with your gut, not the money. Otherwise, it will cost you more in the long run."

Dad is a hands-off landlord. He never sees his rentals. He keeps his rent at below the rental market and his tenants know they are getting a good home for a more than reasonable rent. His tenants are responsible for making any repairs to the houses. And his tenants never leave. As a matter of fact, one tenant has been in one of dad's homes for over 12 years. The previous tenant rented the property for 15 years. The two tenants combined practically paid off the mortgage. Daddy says he can't run his tenants off with a big stick. They know they are getting a good deal and never want to leave.

Dad did his own rehab when he first started investing. Now though, "It's smarter and easier for me to write a check. I never dicker with my rehabbers. I select them wisely and pay them on time. I don't beat them to death on their prices. But if they charge me too much, that's the last job they do for me."

Dad makes good sense when asked about the tax advantages of having a mortgage on a rental property. "Sure you get a tax write off by having a property mortgaged. But if hard times come, it won't be hard times for me, because all of my properties are paid for and I don't owe anyone. The most enjoyment I ever got was paying off my personal home."

Dad has owned several businesses in his lifetime. He owned a gas station in the late '60's and two clothing stores in the mid '70's. Since the late '80's, he has owned a hair salon and the busiest pawn shop in Cobb County. He has provided well for his family and his employees. Though dad buys stocks and has money in bank CD's, he says he is proudest of his real estate acquisitions.

One of his greatest real estate deals was the purchase of two condos in Florida. He paid approximately \$145,000 for each unit. He and mom kept one unit as their vacation home and

kept the second unit in the 'rental pool'. Four years later they sold the rental unit for \$239,000! That sweet little profit was enough to pay off the condo they use as their second home.

"Real estate has been good to me." daddy says. When asked what his best lesson was, he replied, "Something I learned from my dad. He said, 'Son, if you can't pay cash for it then you can't afford it. You don't need anything bad enough to finance it on credit.'

Dad and mom have worked hard all of their lives. They have scrimped and saved and strategized to make sure that they have a good retirement plan. Someone once told my dad that he was just lucky. I thought the old marine was going to 'lock & load' on the guy. He said, "Luck doesn't have anything to do with it. I've worked hard all my life. I gave an honest days work for an honest days pay. A lesson my dad taught me."

I felt like a TV reporter interviewing my dad for this article. But I learned something interesting. The majority of my thoughts, values, sayings and business sense comes from my dad. Hopefully, he will consider that a compliment.