



# Bill Doumar presents *Commercial Real Estate* news and more

A "GOOD NEWS" NEWSLETTER FULL OF FUN AND INTERESTING FACTS FOR YOU

MARCH 2010

## Hello!

This issue of *Commercial Real Estate News* is being sent to you courtesy of

## *Bill Doumar*

It is my way of saying that you're important and that I truly value your business. Please feel free to pass this newsletter on to friends and business associates.

## Funny Bone

**Steven Wright is a comedian of the absurd. Here are a few of his off-center observations:!**



- I almost had a psychic girlfriend, but she left me before we met.
- I intend to live forever—so far, so good.
- The problem with the gene pool is that there is no lifeguard.
- Plan to be spontaneous tomorrow.
- I'd kill for a Nobel Peace Prize.
- Bills travel through the mail at twice the speed of checks.

## A New Commercial Real Estate Investment Opportunity

Many people have expected to see a floodgate of foreclosure activity on commercial properties. But these opportunities and the corresponding trend along with them haven't emerged yet. The game has changed and lenders aren't foreclosing as they have been in previous recessions, and instead they're doing workouts with borrowers and extending the due dates on their loans...even when the property along with the financing on it are upside down.



But this is really just postponing the inevitable, as more and more properties have now transitioned into being upside down, and the lenders are recognizing they're going to have to tackle this problem head on.

What's emerging because of this is the opportunity to buy lender's notes on properties without actually buying the properties themselves. This is because the lenders see that eventually they're going to have to foreclose on many properties, and finding an exit strategy that will relieve them of this process is beginning to sound very good to them.

Imagine the following scenario... You're a lender with a portfolio of \$200 million in non-performing commercial real estate loans. And in looking down the road, you realize that having to go through the foreclosure process from beginning to end on every single one of these loans will be a major, major headache for you.

So a white knight rides up on a horse in front of you with an interesting proposition... The knight wants to buy your entire portfolio of \$200 million in non-performing loans, relieve you of any further

obligation of having to chase the borrowers on these loans, thereby saving you from having to go through countless bottles of aspirin for all your headaches along the way.

This is one example of what recently happened with a lender actually holding a portfolio of \$200 million in non-performing loans. They couldn't resist this opportunity, and the buyer of the entire portfolio just couldn't resist the deal. And the buyer ended up paying just \$1.4 million for the entire portfolio!

"How could this be?" you may be asking yourself. "How could a lender let go of \$200 million in non-performing loans for only \$1.4 million?" Well the answer has to do with fractional reserve banking and how lenders create money for borrowers in the first place, and we don't have all the room necessary for a detailed discussion of this subject within this article. But know that sometimes making great deals like this one for investors is exactly what lenders will do.

And in follow-up, here's the best part—The buyer of the portfolio sold it to another investor, doubling his money and selling the portfolio for \$2.8 million, while agreeing to provide all the loan servicing for the loans for the new investor through his own servicing company. This relieved the second investor of any headaches in having to chase these borrowers for the money himself, and he was able to buy this \$200 million portfolio for just \$2.8 million.

So recognize that these opportunities are beginning to come available within the marketplace, and if you're an investor who's interested in these kinds of opportunities, the coming months could become a very interesting time to both find and capitalize on these kinds of opportunities.

## Interesting Ways To Say Familiar Things

Writers are told to avoid clichés like the plague if they want to hit one out of the park, but that doesn't mean you should throw the baby out with the bath water. We all rely on figures of speech, in any language.

Consider some of these common expressions from different cultures, as collected in the book "I'm Not Hanging Noodles From Your Ears" (and Other Intriguing Idioms From Around the World), by Jag Bhalla (National Geographic):

- "Seize the moon by the teeth" (France): to attempt something impossible
- "Reheat cabbage" (Italy): rekindle an old romance
- "When the crayfish sings in the mountain" (Russia): Never
- "Stand like a watered poodle" (Germany): to be crestfallen
- "Dry firewood meeting a flame" (China): love at first sight
- "Gnaw your own navel" (Japan): sulk
- "Wiggle your bucket" (Mexico): dance
- "One hand can't hold two watermelons" (Iran): do one thing at a time
- "Stop climbing on my head" (Arabic): Stop bothering me
- "Like a quick match" (Puerto Rico): a short-tempered person

## Measure Your Commitment with These Questions

Success depends on your commitment to your goal, whatever that goal may be. To evaluate your ability to commit, ask yourself these important questions:



- Can you be completely honest with yourself? You can't afford to fool yourself about your strengths, weaknesses, and potential.
- Can you accept people for what they are, not as you'd like them to be? You don't have to agree with them, or even like them, but to work with the people around you, put away your prejudices and judgments so you can focus on what's important.
- Can you put other people's needs ahead of your own? It's a paradox, but you can reach your own goals more easily by helping your collaborators accomplish theirs. Don't be so single-minded in your pursuit of success that you ignore other people's needs.
- Do you know what you're great at? A thorough, honest knowledge of what you do better than most people is essential to making the right choices about where to put your energy.

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## Debunking the Myths Of Ingenuity

Creativity isn't some mysterious process like sorcery or quantum physics, but many people have misconceptions that limit their ability to be creative. Don't sell yourself short. Reject these myths about creativity:

- People are born creative. Creativity isn't genetic or inborn. Most of us can generate creative ideas if we're open to the process.
- Creative ideas spring fully formed from the brain. We've all heard of people solving complex problems in a single flash of genius (the "Mozart Effect"), but most of the time creativity is the result of long hours and hard work, not a single stroke of insight.
- Older people aren't creative. Child prodigies and twenty-something geniuses don't have a monopoly. People can retain their creative powers throughout their lives if they keep using their brains actively.

Read some quotations. The Web, like any edition of Bartlett's, is full of thoughts from people famous and obscure on all kinds of subjects—intellectual, whimsical, practical, humorous. Let the ideas expressed in quotations settle into your mind and let them shape your thinking.

# Three Bad Excuses For Not Communicating With Your Staff

Sharing company information with employees is a valuable management strategy, but some organizations are hesitant, fearing the consequences of too much openness.

Here are three common excuses—and some responses:



- 1) “Employees don’t care about anything outside their own departments.” Most employees will appreciate that the organization is trying to be open and honest with them. And even if some employees don’t care, why deprive people who sincerely want to know what’s going on with their organization?
- 2) “If employees have access to information, they won’t listen to management.” The concept of the manager who knows everything and makes every decision is primitive and counterproductive. Managers who give out information freely will reap trust, cooperation, and productivity.
- 3) “If employees hear bad news, they will assume it’s the result of bad management.” Candid reports will earn more respect than dodging responsibility. You can also use this opportunity to talk about the challenges your company faces and the risks involved in staying in business.

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## Shopping Online: The Latest Trends

Going to the mall? That’s sooo 20th century.

Online shopping is the positive trend in the retail sector these days.

Here’s how it adds up, as compiled by the shopping Web site Coupon Sherpa:

- 63 percent of online shoppers are female; mothers are the fastest-growing demographic group.
- Americans spent more than \$115 billion online in 2008; some forecasters say online shopping will hit almost \$330 billion in 2010, or about 13 percent of total retail sales.
- U.S. consumers aren’t the world’s most prolific online shoppers. South Koreans are, with 99 percent of Internet users in that country making online purchases. Germany, the United Kingdom, and Japan run a close second, with the United States at No. 8.
- The most popular online product? Books, followed by clothing, videos and games, airline tickets, and electronic equipment.

# Financially Speaking

## Want To Get Away? Be Wary Of Travel Scams!

If you’re already planning your summer vacation, here’s some advice from the good folks at the Consumer Information Center ([www.pueblo.gsa.gov](http://www.pueblo.gsa.gov)) about how to avoid travel scams that will waste your money and ruin your holiday:

- Deal only with travel agencies or tour companies that have a good standing. Ask if they belong to a professional association. Call your Better Business Bureau chapter to find out whether there have been any complaints filed against the company.
- Shop around. Never rush into booking a vacation without getting offers from at least two agencies or tour providers. Think of it as being like car shopping—find out how far your buck will stretch before you buy.
- Beware of offers that are too good to be true. Be leery of “free” trips or ridiculously cheap prices. If you’re offered a “two-for-one” deal, a “free stay,” or such, make sure to find out what the deal really involves.
- Ask, and ask again. Get as many details as you can about each travel offer. Be sure you fully understand all the terms before agreeing to buy. Ask for specific names of airlines, hotels, restaurants, tour providers, or any other vendor mentioned as part of the package. Also ask whether there’s a cancellation policy.
- Get all promises in writing. Consider trip insurance for additional protection, too.
- If you’re asked to pay in advance, ask if you can pay a deposit. CIC adds that using a credit card is safest because of your right to dispute the charges if the services were misrepresented or never delivered.

**PLEASE CALL, FAX OR MAIL ME WITH YOUR REAL ESTATE REQUIREMENTS**

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**Are you thinking of buying or selling a property in the coming weeks and months? If so, please let me know what your requirements are.**

1. Will You Be Buying or Selling? \_\_\_\_\_

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2. Please Describe the Property You Will Be Buying or Selling \_\_\_\_\_

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3. What Would You Like Me to Do To Assist You With Your Requirements? \_\_\_\_\_

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4. When Would You like Me to Contact You To Follow-Up On Your Requirement? \_\_\_\_\_

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5. Please Let Me Know Your Name and Telephone Number(s) You'd like Me to Contact You at on the Date You've Mentioned Above. \_\_\_\_\_

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