

AMONG MY SHORT FAVORITES ARE...

Samuel K. Freshman, Chairman - Standard Management Company

"No matter what business you are in consider yourself to be in the real estate business first."

1. Real estate is not rocket science, it is third grade arithmetic. The numbers either work or they don't.
2. If you buy a property with us it may be worth less than you paid for it in three years, but if you stick with us for ten years you should double your money and get 5 to 8% returns in the meantime.
3. The two biggest mistakes I made was not buying more and selling too soon.
4. Don't overleverage (more than 65% of cost) and you should get through the coming recessions.
5. It is often cheaper to buy existing and rehab than to build new.
6. In today's high priced markets the best return is often 5% or less (cap rate). However our return on money invested in properties we already own is often 20% or more per year.
7. After every recession (I have been through five or six) the value of our property rises to a higher level than it was before the recession.
8. Don't buy without doing thorough due diligence. If you have found no problems you probably haven't looked deep enough. The trick is to find them and determine whether you can fix them.
9. Determine whether you are a speculator buying for short term appreciation or an investor buying for long term cash flow.

