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By George Morrissey
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I DO SELL HOUSES AND HAVE SINCE 1981. AND I AM A DISCOUNT REAL ESTATE BROKER TOO – SO MY FEES ARE SUPER LOW AS COMPARED TO THE LOCAL FEES OTHER BROKERS CHARGE. I HAVE HAD AN OWNER OR TOO ASK ME ABOUT SOME OF MY DEALS SO HERE ARE A FEW...

A good friend of my mother – wanted to sell her horse property – knew I was a Broker in Real Estate – but did not want to “work with friends”. So, she looked around and ended up listing her house with a “National Brand Name Broker”. Well they did not do (what you see I recommend later) with the property and it did not sell. She ended up over two years listing it with like Eight (8) different real estate companies. She had the property asking price from “high” to “low” and all around. She got tired of dealing with this and all the conflicting advice for two years and so finally committed to me and my services.

Her property was a one story, three bedrooms, two baths, two car garage property with about 1400 square feet. It had a small barn on the side and a horse corral in the back. It was “zoned” for horses. It was about a ½ acre in size, on a cull de sac and surrounded by other “horse” zoned property – but not many – so it was somewhat unique with only about ten others “horse zoned” properties in the neighborhood. It had a natural water well, a sewer septic system and was at least 30 years old.

This is what I recommended:

- 1) Get the well checked by the water authority – so we can show buyers it is in decent shape. This was not expensive and she had this done.

- 2) Get the septic tank checked and cleaned out (emptied) for the new buyer to start “fresh” and have confidence he/she could use it for years before it needed to be emptied again. This is not super expensive but well worth doing this “in advance”.
- 3) I had her get a professional house inspection. Nothing major was found – but about 17 items needed attention and/or fixed – so we had them fixed. Since we have good vendors who work on our rental house business, she used them, who gave her good prices and fixed the items in a reasonable time frame (remember we never “mark up” maintenance bills in our business.
- 4) I then had her get an appraisal. This came in at a price lower than her highest asking price, but also higher than her lowest asking price too (remember she had eight (8) other Agents in the past who tried to sell her house.
- 5) We then made a Package to give buyers at the house giving them copies of the
 - A) Inspection
 - B) Septic Tank receipt showing the inspection and that it was now emptied
 - C) The receipt and report showing the natural well had “good water, and was in good shape
 - D) Copies of the receipts for all the “fixup and repairs” of the 17 items.
 - E) A copy of the appraisal.

We were then “Ready” to list the property so we did and listed it at the appraised price. We use the strategy of asking a fair price, sticking to our price, and not planning on lowering it much or at all if possible.

We got four offers in ten days and sold it! In ten days! It closed in 30 days! It sold for the “appraised price too! That’s the way to sell a house and for a client to listen and follow a Brokers advice with 40 years of experience!

My (first) church deal..

I had a church hire me (again at a discounted price) to sell a house that one of their members had given to the church in her will. I knew the individual and her will stipulated – a bit strange – that I was to be the only one to “list” the property and sell it for the estate. The house was downtown and could be used for “an office” so we took that into consideration. The church followed my advice to the “T” and it sold in 45 days to a cash buyer with no contingencies. Everyone was happy and they paid a reduced commission!

My second church deal –

because of that deal another member had me sell her condo. Again, they followed my advice, this sold in 3 days and closed in 30 days and they paid reduced fees. Almost too

smooth. As sometimes when things go well people question that they sold “too cheap” or gave too much away. This was not the case as the property sold for the appraised value and no major repairs were needed or negotiated.

As a Broker I have overseen my agents deals – as brokers must check the paperwork, check the numbers, make sure all the forms are done correctly, the disclosures are made, the legal requirements are met, all the deadlines are met (appraisal, inspections, repairs, utilities, walk throughs, HOA documents etc.) and the specialized needs of the clients are met as all deals are different. Looking back I have probably been involved in over 400 deals in my career.

One recent deal had us find a “for sale by owner” property.

He had been asking \$290,000 for his house. This was an older couple who owned it and had put in all “new everthing” in it – upgrading the appliances, paint, window coverings, flooring (wood), roof (tile), celing fans in every room, etc. But after having his house on the market for 9 months withi “no takers” he finally listed it with another broker – which is when we found it. His new asking price was \$270,000. My buyer loved the house SO MUCH he offered (after much counsel withme) \$270,000 with other requests of course too which are normal with offers. But..... the appraisal came in at \$250,000. My paperwork gives my buyer options when this happen. And yes I was acting as a Buyers Broker representing the buyer only in this transaction. His options were to:

- A) Back out and not buy the house
- B) Ask and have the seller lower the price (but the seller is not required to)
- C) Ask and have the seller lower the price to a negotiated price
- D) Or Pay more than the appraised price by adding “extra cash from his pocket” as long as the seller agrees (this price is negotiated and not required to be agreed upon by anyone).

Note – It should be noted that without permission my buyer – went and met the sellers on their “own” and told them – I found this out later - to not worry as they (the buyers) would pay “MORE” for the property if the appraisal came in low (the buyers thought there was no way it would come in low). When I found this out – I had to remind them that they LOWERED their power of negotiation already setting up the seller to get a higher price -so the seller would not be flexible if the appraisal came back low – which it did.

So what happened?

So my buyer (and getting my opinion and advice) decided to offer the seller \$260,00 and come out of pocket another \$10,000! The seller, being an older couple and not understanding the real estate business – even though they had a Broker representing them – would not come down one dollar. But part of their inflexibility was the buyers action meeting them “on their own” with higher price expectations (which was extremely stupid as it would cost them \$10,000 if the higher price worked). This new offer would not work and the sellers were CONVINCED someone else would “buy the deal”. They did not

understand and their broker did not care – that appraisals are good for six months and are shareable (seen by other appraisers etc. so it will be VERY HARD to get a buyer much less an appraiser to go above \$250,000. We had to fight (a little) to get my buyers earnest money deposit back (I did) in full, and the buyer then went and relisted his house for \$290,000 with the same Broker! (I tracked it for six months and it never did sell). My buyer did get his earnest money back in full and ended up buying something else.

My Pahrump deal...

For those of you who don't know, Pahrump is about a 45 minute drive South of Las Vegas. It has it's own mayor, fire department, casino(s) hotels etc. but is a small town. 36,000 live there as of the 2010 census. Back in the day when I first got my real estate license in 1981, one could buy a "lot" to build a house on. They cost \$10,000 and charged you \$100 a month with \$100 down for ten years! Not bad, but the problem was they kept offering this "land deal" for the next 20 years! So when another "owner" went to sell his land and wanted \$20,000 or \$25,000 with \$2000 to \$5000 down – this would NOT work! Never did as the competition was always the same size lot for \$10,000 with \$100 down for ten years. CAL NEVADA bought thousands of acres in Pahrump all at once and had a whole (like a time share) operation – selling all year long. I actually interviewed with them in 1981 but did not like their whole operation, or the types of sales techniques they used (think time share again).

Anyway, had a long term client who wanted badly to live in Pahrump – even though they were raising a kid and had lived and worked in Las Vegas for decades. He would have to drive to work every day (45 minute drive) and home again (45 minute drive). Different schools, different shopping, different cops, differen amenities etc. but they convinced me they were ready!

In this case "they picked the lender" and did not take my recommendation (of course I have a good lender to recommend) and said to not worry about it. Well I do, as some lenders "don't do their job" and actually run the credit and all the numbers UNTIL you have a house in mind (this is the wrong way to do it as one needs to know if you can get the loan or not IN ADVANCE and have no surprises).

So we looked at lots of houses, made offers etc. and finally made an offer that after counter offers etc. was accepted and we opened escrow. And (of course) the buyers (my client) Earnest Money deposit we put into escrow. This was a 40 day time period for the escrow and the appraisal came in OK (at the accepted offer price so that was no problem). I had been in touch with their lender of course, but 4 days before the close of escrow they told me they needed another 30 days to overcome (fix) some credit problems. I negotiated more time with the seller and we went forward. Then with about 7 days before the extended close of escrow date, the lender called us and told us 100% they could NOT get the loan as the buyer had gone bankrupt not too long ago and they were handcuffed because of the bankruptcy rules and no one could give him a loan for another six months. I talked to my buyer about this, and he had thought this was no problem, as it was too long ago – but he had mixed up the dates so his bankruptcy DID take place under

the time limit blocking him from getting a loan. AND since the lender did NOT do his due diligence in ADVANCE as good lenders would, they did not see this until the end when it came up and killed the deal.

The SELLER NOW WANTED HIS \$3,000 earnest money as a penalty AND wanted rent for the extra month that they kept the property off the market. Because of my experience in the sales business AND The rental business I negotiated with a very good letter about how they were:

- 1) Not advertising it for rent, thus were owed no rent
- 2) Agreed to the extension so this was agreed upon with no penalty by everyone
- 3) Had the offer “contingent” on the buyer getting a new loan and since he could NOT get a new loan he deserved (by contract) getting his money back.
- 4) And that if this escrow continued to be contested THEY the seller could NOT sell the house to anyone else until this issue was resolved.
- 5) And we would go to court (small claims court) and the buyer was willing to do what it took (he actually told me to give u \$500 but I told him to let me work on it to do the best I could as I might get the full amount back).

So after much hemming and hawing by the sellers, I DID get the sellers WHOLE Earnest Money deposit back. (This letter and negotiation took a lot of thinking, time, and smarts to pull off). The buyers ended up going in a different direction.

MY BIGGEST DEAL SO FAR **A CASINO/LAND PARCEL DEALING WITH THE “BIG” BOYS**

I have done a few big deals but the biggest deal of my life (and bigger than most other Agents or Brokers in their career was this...

My dad had lent money to a business (a Safe company) who had no intention of paying him back we found out later, but my dad did have security (a mortgage) against his business property – so he foreclosed and got the property.

Some more background – This property was a 100 foot by 81 foot parcel behind the HOLSUM Bread “Hours fresher” shop over on Charleston just West of the Railroad underpass (a few blocks west of the Strip off of Charleston). Some antique shops were around there too. I had been managing this building – which had a fenced yard, a garage for 2-5 cars, a warehouse space, and other space to store things all on this one lot. It was ideal for an Air conditioning Company to work out of and store their trucks behind the locked fence yard etc.

I had the idea to hire a commercial broker for advice and we walked the property to figure out what it would be worth. The answer was it would be worth \$150,000 if in BRAND NEW condition, but it was not. So maybe it was worth \$125,000 – however we were in the BOOM YEARS when everything was going through the roof regarding values.

I was also renting it for \$1200 a month to a dirt/landscaper vendor how had left so now the property was vacant.

Interestingly enough, a renter had approached me to rent the property recently. They saw it, applied, were approved, but wanted a ten (10) year lease. Something was wrong with that I could figure out. And if we ever wanted to sell the property, a ten year lease could cost us a lot of money -as we would have to BUY OUT the lease to get possession. So we would not budge and only wanted a one year lease, and he would not budge either so he moved on.... Within one week another potential tenant wanted to rent the property and offered to pay top dollar and one year in advance for a five year lease. This seemed fishy too so we turned him down.

Then the neighbor (thinking I was an amateur) offered \$50,000 cash with a 30 day close of escrow with no contingencies. We turned him down. Then.... The real buyer showed up. I figured out that the 2 potential tenants and the neighbor were all trying to “lock up” our property for the “real buyer” or for themselves to flip it... This is what happened...

This was during the BOOM YEARS here in Las Vegas, when people were standing in line to buy new houses waiting overnight, and prices were going up monthly.

So the REAL BUYER called my family on our private number (we never knew how they got this unlisted number) to meet us to buy this property over on WALL STREET. My dad had passed away years before so my mom was the only owner (we had it in an entity for privacy, protection, tax, liability, and other reasons) and so I represented her entity dealing with this buyer.

The potential Buyer had built about 12 HIGH RISE TOWERS in San Diego and was well known there (A Steve Wynn Developer type). He brought in his Broker, another Realtor/Agent and a scale model of the project. His plan was to build two 60 floor casino towers on this property. It seems he had come to agreements with the surrounding 4 blocks of owners except for us! And he said if we could not come to an agreement he would build around us and we would have a little 80x100 parcel walled off from everything! This can be done, and to see a great example..

Next time you Visit Las Vegas and have time to go behind the TREASURE ISLAND CASINO next to the MIRAGE CASINO on the west side you will see.... A small apartment building – about 10 units – just sitting on the edge of the property near Industrial. To get there Go South from Sprint Mountain towards the parking garage of TREASURE ISLAND (go past this) and take your FIRST RIGHT to go to the MIRAGE parking garage. However go PAST the entrance (going WEST) towards the employee parking lot. And you will eventually see on your left the employee smoking break station and drop off point, and the 10 unit apartment building on your Right! When Mr. Wynn was buying property all around here for his future big project (THE TREASURE ISLAND HOTEL AND THE MIRAGE) he actually hired (again from my tennis background) a tennis player now lawyer named MIKE MUSHKIN who I grew up with to negotiate and buy all this property. The apartment building owner wanted WAY too

much and became famous for not negotiating in good faith, so the MIRAGE BUILT ALL AROUND HIM as this NEW BUYER FOR WALL STREET told us might happen!

NOTE – I had dinner with Mr. Wynn in 1980 when our Business Fraternity at UNLV ALPHA KAPPA PSI invited him to be our speaker, and he showed up and talked to us for 3 hours and had dinner! And ELAINE WYNN helped support NEVADA BALLET THEATRE where my son's mom was the PRIMA BALLERINA so we met her a few times as she is great supporter of the arts here in Las Vegas.

SO THE NEW BUYER FOR THE WALL STREET PROJECT soon made us an offer for \$250,000. Well my mom was excited to sell it above our recently quoted \$150,000 value estimate we had received, but I told her to HOLD ON and let me do my homework before we SOLD IN HASTE and made some mistakes. AS I USUALLY DO I reached out and got some OTHER ADVICE. This time from an old tennis friend of mine from the 70's who was now one of Southern Nevada's Best Commercial Brokers – CHIP JOHNSON. He gave me some great advice, and because this was in the BOOM YEARS all CASINO COMMERCIAL PROPERTY VALUES were through the roof.

So we turned down the \$250,000 offer. We then got an offer for \$300,000 and this they said was their last offer.... We turned them down ...(because of the knowledge we had)... They then said FINALLY THEIR HIGHEST AND BEST OFFER WAS FOR \$400,000. I COUNTERED THAT OFFER (WITH MY MOM'S SUPPORT BUT STILL NERVOUS) AT \$800,000. Which I had found out was the real worth. \$1,000 a Foot for a parcel like this for a CASINO. We gave them until Friday at 5pm to accept this deal or it was dead. This was 3 days to think about it. So about 443PM on That Friday we got a SIGNED AND ACCEPTED COUNTER OFFER BACKIN OUR OFFICE – SO WE HAD A DEAL – AND OPENED ESCROW.

We found out that we did not have complete clear title at the time and had to hire a SPECIALIZED TITLE ATTORNEY to clear this up as the foreclosure my dad went through to acquire the property had some questions. This attorney cost about \$18,000 and needed some time fix the issues. But we were nervous about all of this realizing if we could NOT GIVE THE BUYER GOOD TITLE we could be in hot water as this WOULD AFFECT their huge project! We got some spiritual support on all of this and it eventually worked out!

Later the newspaper called me and wanted an interview during the escrow process – and I passed. The BUYER WHO FOUND THIS OUT called me to thank me for NOT doing the interview and maybe saying the wrong thing. Soon after he asked for a six month extension of the escrow. Well... realizing he had a team of attorneys on staff, but was a good guy, and this would be a concessioin, I asked for \$20,000 more for this extension. We knew we could use some more money to pay the attorney for the title issues too!

The NEW BUYER was catching a plane when he called me and said he would agree if I would to \$10,000 (and so I did as I did not want to rock the boat and have a team of attorneys bother me about all this). The NEW BUYER SIGNING NOTHING said he

would send me a check for \$10,000 by mail. Well this made us nervous, but soon enough the CHECK CAME IN THE MAIL WHICH CLEARED AND EVERYONE WAS HAPPY.

THE NEW BUYER DID FINALLY CLOSE ESCROW FOR \$810,000 and we took that money and did an IRS 1031 EXCHANGE BUYING 4 MORE RESIDENTIAL PROPERTIES. This deferred ALL My mom's taxes on the profit into the future!

The NEW BUYER we soon learned FLIPPED THE WHOLE FOUR BLOCKS TO SOMEONE ELSE making a substantial profit (millions) and since he had gathered and put together four blocks of all the surrounding owned property into one big parcel why not? This property was flipped two more times for people with bigger visions, but then the State of NEVADA got involved. Why? Because they began to start their building the new freeway off/on ramp at Charleston and Wall Street and the I-15 right there. They SUED us after the sale! I called the State Attorney and he said all they wanted was for us to NOT make a claim against the ownership of the parcel (which we had sold) for this new freeway. Which we signed off on. But why the lawsuit? He said because people are lazy and don't respond otherwise! The signoff cost us nothing to do! They are building that freeway offramp STILL and it is unfinished and a multimillion dollar project.

WHAT HAD I LEARNED? Always get advice from others – even if in your field – which I do most of the time anyway – to do the best job I can. Know the market, know the property, and know the value. And if in the future, if selling a big or other commercial property GET A TITLE INSURANCE INVESTIGATION DONE BEFORE THE SALE to double check the status of title and other issues that may need attention (or fixing). And which Title Company to use for Commercial and Delicate transactions – you will have to become a Client to find this information out from me as this was valuable in solving our problem! Other skills I used in this transaction I had done before such as an IRS 1031 Exchange – which saved my mom from paying ANY TAXES as they are deferred into the future – to be paid from the sale of any future property she exchanged into – I had done a number of 1031's before, so this was in my wheelhouse. Also in my "skill set" was buying the 4 other properties – representing my mom as her BUYERS BROKER – using the Exchange funds from this \$800,000 sale – to buy 4 houses at about \$200,000 each. My mom was happy to pay me 10% for the sale and the acquisition of the 4 houses! As her cash flow went up and the four houses were easier to manage!

So, what my mom saw was this:

\$150,000 value appreciated to \$810,000! \$1250 monthly rent grown to \$5,200 a month rent from the new 4 houses! No tax due! And since then these houses have doubled in value and are now worth \$1.6 million! So, exchanging can be very profitable! And when one RECASTS your position using good Real Estate Principles you can improve your position by just RECASTING YOUR OWNERSHIP. In this case selling one big property for four smaller ones. If interested in trying to improve your position, or recast your ownership, doing an exchange, changing your cashflow or changing your debt let's talk.

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