

Heatley-Moist's

D/FW Land Advisory

Street-Smarts For Winning At Land Speculation

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"We're Waging War On Illiquidity"

***Not Having To Wait Gosh Knows How Long
For A Buyer To Come Along Is The
Number One Reason Our Biggest Players Rated
Corridor Gold (Now It's Colleyville Square Partners Ltd.)
One Of Our Strongest Deals Ever***

Success Of Corridor Gold Offering Re-Emphasizes Growing Demand For User-Driven Investments

It's no accident three of our last four new investments have hit paydirt: 6 acres in Grapevine pays us 47%, 25 acres in Fossil Creek pays us 26%, and a Northeast Tarrant County residential lot development pays us 14.8%-22%. Add to that our latest offering, Corridor Gold: a payoff of 14.5% scheduled to start 9 months from now, and winding up in 24 months at 34.99%. No two of these were even close to being alike, yet all had one common goal: find the user first, then go get the product. Not easy to do for sure, but Hey!...

***What else better is there to do while
we're busting our behinds getting our land inventory resold?***

From:
Las Colinas, Texas
Wednesday, 11:02 am
December 18, 1996

Dear Venturer and Subscriber:

It's time we talked reality.

In at least one respect, land speculation is like old age: it's not for sissies. At the mere suggestion of such, some investment advisers begin breaking out hazard cones.

After all, a lot of things can go wrong.

For example, just playing by the rules is no guarantee you won't end up duking it out with city hall (or the neighbors) over zoning. Or impact fees... platting... architectural standards... easements... and gosh knows what else.

Inside This Issue...

- Taking The Landmines Out Of Land Spec
- Nine Reasons Subscribers To Corridor Gold Couldn't Say "No"
- Most-Wanted Opportunities For '97 & Beyond
- Nine-Step Urgent Action Guide For '97
- NEW!... If You're #1 Beef is NO SALES, Details On Contest Herein Are A Must!

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You can also be sued for back taxes and environmental problems, even if you no longer own the property. If you financed, its possible to lose the property in foreclosure. Even a wrongful one, if your luck runs bad enough.

Stuff that makes strong men cry. And wise men wonder.

Fortunately, however, there are any number of ways of getting the odds in your favor, and avoid much of this misery.

For one, you get to "test drive" the property before actually plunking down real money. A "free look" in brokerspeak, which typically allows 60 to 120 days to make inspections. So many potential landmines can be eliminated right from the start.

And, you can also improve your odds after buying a property.

A marketing campaign to attract buyers is one way. Sending special incentive packages to a select group of brokers is just one we use, mostly because no one else is doing it. These packages we send six times a year, they are very personal, and the next best thing to having your own in-house swat-team of brokers.

Upgrading is another: Rezoning, cosmetic improvements (like dirt-work and fencing), engineering studies, and street improvements... all are good examples. A few bucks spent wisely here adds value, and attracts even more attention to your site as well.

And, you can always enhance your odds even further by hiring all of this out to someone who lives and dies by their success and failures.

Like us.

Past that, there's timing. And of course... luck.

But... no matter how many of these you happen to have in your corner, my friends... speculating in raw land... at its deepest... most fundamental level...

Is Still A Crap Roll!

That... is reality.

Here's another dose: Anytime we gather money for a project, I use it as an opportunity for learning from clients their A-Number-One Beef. Too many companies never ask. Mostly I think it's because they're afraid of the answer. Me, I'm more afraid of not knowing. But I have to tell you, I was bedeviled by the rash of attempts to steer around making an investment in our latest offering with this:

"Sell The Ones I'm In First!"

Not that I blame them, but like morbidly curious spectators gawking at the scene of a nasty accident, few of my customers can resist knowing the effect such an objection will produce.

It's a tough one, alright. A real hairball, in fact.

So step forward, snap to and follow me: Four of our properties sold this year, and 39 of our 122 partners saw paychecks. And unless the facts served up by the experts at this year's M/PF Research Seminar were nothing more than a good ration of legend-making, no one should be shocked to see those numbers double, even triple next year. But despite how sunny the forecasts, the plain and simple fact is, we can only sell our properties...

When We Find A Buyer!

Accent on the when.

Controlling *that* we haven't mastered, just yet. Because no matter how right you do or how good your intentions, the harsh reality is, raw land speculation is mostly (yes, take a number please) a business of waiting. Of patience. Of endurance. Of hanging on for the right buyer at the right price.

In the meantime, something can be done.

Provided, of course, you don't consider it hazardous duty to think in reverse. Here's something we asked ourselves awhile back to re-establish ourselves as a viable asset to our customers:

How Much Better Would Life Be If We Never Bought Another Piece of Land Until After We Found The User?

Like a locomotive from dead start, answers came slowly. Once they became product, however, our business lurched back to life. And so it was how Corridor Gold came into being, our first real-life working model of the user-driven approach to land investment.

Now, listen up, because I'm about to give you a nifty tip you can benefit from, no matter what business you're in: at the end of every offering, I make it a point to finish up with a Q&A interview with each participant. Presuming they were conscious at the time they made the investment, it helps knowing what provoked such behavior.

And, it eliminates oceans of guess work on nailing down exactly what customers want, when they want it, and how. So in 25 words or less each, here are the top nine reasons Corridor Gold was a blockbuster success:

- Blockbuster Reason #1. Forget Waiting On A Buyer.** One-third of the land was committed to an office developer before the first dime was ever raised. Now you're talking.
- Blockbuster Reason #2. Forget Making Payments.** Sure it's more money up front, but it beats getting nickel and dined to death with assessment payments.
- Blockbuster Reason #3. Sit And Do Nothing... And Still Make 14.5%?** That's right. If nothing resells, we still get paid. That we can afford.
- Blockbuster Reason #4. A Downside Not All That Terrifying.** Like a \$27,000-a-year-debt-service on a four-tenant

building would keep anyone awake nights. The first tenant "covers our nut".

- Blockbuster Reason #5. First Payday Starting Next Summer.** And quarterly paydays from there on. Too bad we don't have a dozen more like it.
- Blockbuster Reason #6. Enough Juice Overall For Close To A Double On Our Money.** Counting the land sale, 157% to be exact (34.99% IRR). Pass the gravy, please.
- Blockbuster Reason #7. A Not-So-Hard-To-Believe Shot At Being Out In 24 Months.** By then the building should have resold to an investor, and the land to a bank or restaurant.
- Blockbuster Reason #8. With This Developer In Charge, Who Wouldn't Be Comfortable?** Look at the product he builds, the rents they bring, the streets they're on; then you'll see why I call them tenant-magnets.
- Blockbuster Reason #9. A "Can't Miss" Location, If Ever There Was One.** Demand for office/retail space is such on this highway, even double-wides could lease well.

Maybe now you can see why Corridor Gold was a solid sell-out (oversubscribed in fact), and why it won't be the last you will see. I sincerely wish every single customer who has ever invested a dime with me could have joined in. In fact, let's not mince words here:

**We Believe the Success of Corridor Gold Will
Make Everything We've Accomplished Before it Look Like Small Potatoes.
That It Will Attract More Money, More Clients,
and More Opportunities Than We Ever Dared Dream Possible.**

(At least, it'd better.)

Onward.

Finding money-makers isn't that easy anymore. Not in raw land, and especially not in D/FW, where the easy-to-make deals of a few years ago are all but a distant memory. Now it takes thinking out of the box. Past the apparent. Beyond the no-brainer.

And, it takes the right information.

Listen: nothing in business (or life) is more costly than bad information. And, used wisely, nothing is more profitable than good information. Sadly, many businesses go right on making important decisions every day, without good information.

But not us.

Not when such is so readily available. Every November a group of the wisest-of-the-wise in D/FW real estate huddle to speculate on the future. This think-tank, hosted by M/PF Research, Inc. is fertile ground for brain-picking, client-prospecting, and of course, deal-making. For us though, it's

mostly a scouting report. A show-n-tell on who's building what, where, and how much. And, ideal for deciding which products can get our customers more of what they want.

So here, for the benefit of our brokers as much as anyone, is a quick run-down of the top four of our 1997 wish list:

Most-Wanted Opportunity #1:

**"Lord-Please-Let-Me-Get-The-Collateral-Back"
Note Investments.**

Buying notes is risky business. At least it is for those who fail to grasp this simple-but-ever-so-dependable concept: You loan to own. Forget the notemaker. Who he is. How stout he is. Or how seasoned the note, how fast the return-of-principal, how large the discount or, whether it's a first or second lien. Should any of these thoughts cross your mind, cross them out. Then ask "Where am I if the very first payment never comes in?" If the collateral is so strong that you're hoping you get the property back instead of the payment, you've got a winner. (Now go figure the return.)

Most-Wanted Opportunity #2:

**Part-Land-Spec/Part-User-Spec
Development "Combos"
(Like Corridor Gold)**

It's very seldom developers find land parcels that fit exactly the size project they're doing. Getting stuck with leftover acreage to peddle ties up money that could be going into the next project, not to mention the extra time and effort it takes. This situation is partly what created the opportunity for Corridor Gold, the office development in Colleyville. Our partners brought enough money to buy all of the land, plus build half the building. In return, they get income from the building, plus a profit from the resale of the excess one-acre corner.

Being a "land banker" by itself, however, wasn't enough to create this opportunity. Money-raising campaigns for these projects can gobble up almost as much time as it takes to build the project itself. Unless we're the ones doing it, that is. (Quick-Close is our middle name now). We're just now beginning to see distinguishing ourselves as super-expediters to developers as an enormous profit-opportunity for 1997 and beyond.

Most-Wanted Opportunity #3:

**In-&-Out-In-24-Months
Presold-To-Builders
"Bite-Sized" Lot Deals**

Making lot deals pay off takes the right idea at the right time at the right place. Which means they are easy to screw up. If it looks like a challenge, do a U-Turn. Especially away from high dollar custom build projects, or anything larger than 150 lots. Too slow for our money. Not so with production builders, however: anything less than 30 sales a

year, and they're losing money, a motivator which eliminates much of the downside. And getting your lots presold to builders going in is all the much better. As for the back end, anything less than a double on the money and a two-year payout is hardly worth the trouble.

Most-Wanted Opportunity #4:

**Diamond-in-the-Rough
(Yet Not-So-Difficult To Polish)
Bargain Basement Land Finds**

There's a diamond mine in Arkansas open to anyone with the \$10 admission fee. Actually, its a state park in Murfreesboro called The Crater Of Diamonds, and they'll let you take all the diamonds you can pack home with you. Real diamonds. Worth real money. But even though over 70,000 diamonds have been found by visitors since 1906 (the largest was a 40+ carat whopper), most visitors come away empty handed because...

**They Don't Know
What They're Looking For!**

That's because, unlike what you see at the jewelry counter, raw diamonds are dull, oily, and as fascinating as old dishwater. Kind of like a lot of the land you whiz by, right here in D/FW, every single day. The message here is one we hope fully takes with our brokers. Simple ideas quickly turn into tens of millions of dollars in profits for speculators who prospect for land in just this way.

Which, come to think of it, is exactly what happened at the north side of the intersection of LBJ Freeway and MacArthur.

Fifteen years ago, it was swampland.

Now it's Valley Ranch. Home of the Dallas Cowboys, and 10,000+ people (including myself).

Enough chit chat on wish lists. Besides, such is one step above useless unless you've envisioned what the payoff will be, especially if you want your customers to become life-time customers. The hereafter, as we see it:

- Payoff #1. You'll Be Getting Interest, Not Paying It.** Three years ago we began shutting down the default department. Now it's melt-down time for assessment payments. Immediate cash-producers can push any assessment payments you're making over to the "don't worry column". And, we're talking *months*, not years.
- Payoff #2. Say Good Bye To Waiting On A Buyer.** Get the buyer, then the product. True, it's more complicated on the front end, but the payoff is a heck of a lot faster on the back end.
- Payoff #3. Say Hello To A More Predictable Income.** Corridor Gold (come summer) pays quarterly; RiverBend Estates monthly; Grapevine/DFW6 semi-annually; Fossil Ridge/Loop 820 annually.
- Payoff #4. Get On "House Money" In 24 Months.** No, it won't happen every single time. But if we don't have a shot at getting our

principal back by then, why bother?

Payoff #5. Double Your Money Every Three Years. Here's how to tell: doubling every three years takes 25.99% IRR, every two years a 41.4% IRR. Which means at 34.99%, Corridor Gold sits just shy of a "double". Anything much less is a giant "Who Cares?".

Payoff #6. Forget About Partner Defaults. Paying-it-all-up-front plus accredited investor standards all but eliminates this worry. Default notices are almost extinct. Invitations to Grand Openings already are taking their place.

Let's knit all this together and call it a day.

If you're #1-All-Time-Groaner is letters announcing assessments instead of sales, here follows a simple, yet very specific nine-point guide you can use starting right now to immediately begin getting money back faster, more predictably and more often. To bank dividends from product that is happening, not about to happen. To replace long-term with short-term. Assessments with disbursements. Worry with anticipation. Aggravation with momentum. Pain with pleasure. "Oh No" with "Aha".

1997 Personal Fortune-Builder Urgent Action Guide

- Urgent Action #1. Rearrange Your Finances To Allow For All-Up-Front Cash Opportunities.** Budget-busters, yes. But when those dividend checks begin showing up in the mail, you'll feel a lot different. Cashing in some of those over-priced assets sitting in your market accounts would be a good start on looking for the money.
- Urgent Action #2. Make Your #1 Priority Cash-Flow Products.** And your #2 priority debt-free products. Both can make your JV world look a lot different a year from now.
- Urgent Action #3. Get Over To 6200 S.H. 26 In Colleyville, And See For Yourself A Real-Life User-Driven Product In Action.** You don't have to drive, either. We're arranging a bus tour late February... of this and several other properties. Call now, talk to Bill Moist for details: 972-550-9395
- Urgent Action #4. Get On The "Corridor Platinum" List.** Probably mid-January before its ready, but don't even think about making an investment decision until you see this. (See the enclosed pink sheet!).
- Urgent Action #5. Subscribe To The *National Real Estate Letter*.** Not cheap, but in my book, the "Forbes Magazine" of real property investment. Call 1-508-984-1871, tell them Heatley put you up to it. They'll send you a sample issue... FREE.
- Urgent Action #6. Super-Charge Your Reading List.** What do "clanning", "cocooning" and "anchoring" mean to real estate? Find

out in Faith Popcorn's latest book Clicking, which should top your list. Next Break-point and Beyond, by George Land & Beth Jarman, then Investment Biker by Jim Rogers.

Get in this! →
Urgent Action #7. **Jot Down Three Things About This Company You Would Most Like To See Changed.** On a postcard, and mail before December 31st. Or by FAX. The winner gets Faith Popcorn's book or a one-year subscription to *The National Real Estate Letter*, both mentioned above. Your choice.

Urgent Action #8. **Bring Us A Deal.** Three weeks ago one of our customers turned us onto a note investment we otherwise would never have heard about, another reminder that our customers are our single biggest asset.

Urgent Action #9. **Introduce A New Member To Our Investment "Clan".** Look: the larger the investment pool, the better the play. Everyone knows the "little guys" get the leftovers. That's reality. So bring in a client... for your own good.

That'll have to do it for now. I can't think of anything more we could have done to prepare you for 1997 and what's after. What we've been... what we are... what we hope to become... all of our latest up-to-the-minute thinking we have opened up to you here, so you won't be left guessing about what's ahead, and just as important, what you can do about it.

Meanwhile, everything points to next year as being one of our strongest ever in property resales, and I'm as ready as you are. But the big winners will be those who do more than sit... more than wait... and more than watch... letting fortune-building opportunities such as Corridor Gold go by unused.

Sincerely
(And The Happiest of Holidays),



Mike Heatley
A.K.A.
"The Doctor Of Harsh Reality"

P.S. LAST MINUTE STUFF: If you are in Flower Mound/Town Center (the "sister ship" of Colleyville Square), I have good news about a lease just signed last week. Call me at Metro 214-213-5252.

Do now! →
If you looked at Corridor Gold with even a trickle of interest, I'm ordering you to read right now... this very minute... the pink sheet enclosed with this issue.

RE: The contest described earlier. Let it all come out. You won't hurt our feelings.