

Mike Heatley's
D/FW LAND ADVISORY
Street Smarts For Real Estate Speculators

12th
Year!

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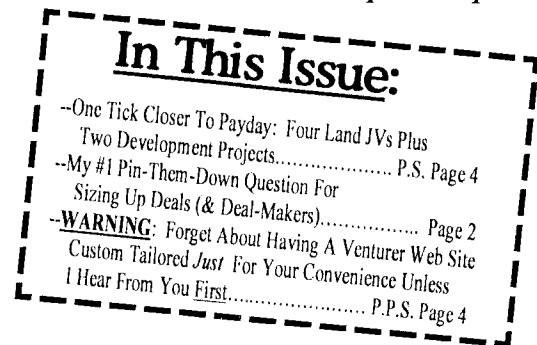
Mike Heatley's (Now-That-I-Know-Better)...

Ten Get-In-Your-Face Questions To Ask Before Making Any Real Estate Investment

You've already heard how great the returns are, how wonderful the company is and now it's time to write the check. Right here is where veterans know to slow down, take notes, keep records and ask the right questions, because partnerships have teeth and they can bite you with them anytime they want. Don't come crying to me if you didn't get eyeball-to-eyeball with your promoter for the answers to these not-so-polite questions before handing over the check...

From:
Las Colinas, Texas
Monday, 1:38 p.m.
October 4, 1999

Dear Subscriber and Fellow Speculator:



The one part of my job that truly bites is slogging through the mountains of details it takes to uncover that one out of a hundred that you could call a Buy. And now that so much money (big money) is chasing deals, the climb has steepened ever more severely. If last year two days a week went to due diligence, this year it's four. A typical month now adds up to reviewing 15 to 20 properties, out of which only two made the grade for all of the last 12 months. Deal-mining has shrunk to the stingiest yields I've seen in nearly three decades.

SO: How do you sift through all the B.S. and quickly get to the ones that pan out?

Paranoia.

A little of it can do you good. Enough, say, to save you from an adventure or two you'd rather not have noted on your track record. Here are my favorite Watch-Your-Back-No-B.S.-Allowed questions I have learned to ask to keep me safely distanced from promoters who find it difficult being "intellectually honest."

GET-IN-YOUR-FACE QUESTION #1.

**Your Track Record Reads Like You're Ready To Walk On Water.
Talk To Me About Those Deals That *Didn't* Go So Well...**

Just remember that the track record you have been given wasn't generated by an independent third party; it was authored by the promoter. It shouldn't surprise you, therefore, that only the assets are visible. You want the *liability* side of the sheet. "What was your worst business venture *ever*?" ... wedge that one in. Worry about the types who have never lost. Better to ride with the battle-

scarred than someone who hasn't made a mistake since they ditched the stroller. Get out and go see some people. Put those references your promoter gave you on the witness stand, as in "What was your #1 Beef with this company?" Audited financial statements, those too.

GET-IN-YOUR-FACE QUESTION #2.

**What Can You Who Brought Me This Investment
Do That Anyone Else In Your Industry Can't Do?**

My #1 Tester

Go to the Yellow Pages. Is there anybody who *doesn't* offer quality and service? Right Everyone blathers on about being the best, being number one, specialist at this, specialist at that. Getting the promoter to pinpoint the specifics that makes it so, that's the test. If your promoters can't rattle off a machine-gun flow of specifics that distinguishes their company from competitors, that makes them more of an expert than others, slow down. "So, how 'bout an example or two of what you mean by 'good service.'" Be wary of those who struggle. *

GET-IN-YOUR-FACE QUESTION #3.

**Pardon My Overly Cautious Nature, But I Worry About Promoters
Who Skyrocket To Success. Before You Turn Around Their Band-
width Is So Clogged They Can't Handle The Projects They've Already
Started, Leaving Behind, Of Course, The Ones I Have Money In.
What Comfort Can You Give Me That This Isn't You?**

The last thing you need is being hooked up with an opportunist so busy putting together new deals, there's no time left to make good on the ones already started (like yours). Next thing you know, the investor group has been "warehoused" at the expense of a promoter chasing newer projects on an ever more grand scale. That one you won't win, I promise. The old standby "If you can't take care of the business you already have, pretty soon you won't have any business to take care of" is foreign language to these types, because they are not focused on the customer, the relationship. It's ever the deal, the market, the image with them. Do a U-turn if you don't like the answer. You want the needy, not the greedy.

GET-IN-YOUR-FACE QUESTION #4.

**It's So Annoying To Have To Dig For The Downside When The Pro-
moter Could Just As Easily Put It Right Out Front And Be Done With
It. What Would Be Your Worst Case Scenario For This One?**

Not a good sign if your promoter hasn't assessed the "screw-up" factor. Hopefully, you'll pick up on an air of confidence as your promoter demonstrates what the project looks like flying on one engine instead of two. Anybody with a calculator can make a project look great. What you want is the set of numbers that goes with the not-so-great. "What could happen that would cause me to lose my entire investment?" ... nail it with that.

GET-IN-YOUR-FACE QUESTION #5.

**Forgive My Skepticism, But The Way This Agreement Is Written, Nothing
Prevents You From Going Across The Street And Starting Up A New Ven-
ture Which Could End Up A Direct Competitor Of The Project You Just
Presented Me. Why Is It Necessary That You Have An "Out" Like That?**

Tell me you were smart enough to start your tape recorder at the beginning of this interview. Good. Just make sure it's still running when the answer to this comes. Then replay it a few days later to

see if you still buy the story. (TIP: My interviews *always* begin with tape recorder out, on and in plain view. Since you are not fortunate enough to have had training in short hand or court-reporting techniques, you shamelessly point out that this form of note-taking is far superior to pen and paper.) Oh, and if you hear something like "I could never do that," you respond: "Good, then you'll have no problem with making that part of the agreement." That not-so-minor precaution could save you mountains of misery.

GET-IN-YOUR-FACE QUESTION #6.

My Problem With These Is That They All Seem To Have One Thing In Common: They Always Take Longer Than Expected. What Is It That Makes You Think This One Will Be The Exception?

Have you ever noticed how much faster time passes once it's *your* money invested in a venture? In less time than it takes to make out a Christmas list, a whole year has flashed by. Pay close attention to the story here, and if you don't believe it... 100%... gather your marbles. Litmus test: "If it does half as good as they say, will you still be happy?"

GET-IN-YOUR-FACE QUESTION #7.

No Wimping Out Here...

Too Often Promoters Tend To Sugar Coat Unpleasant Experiences. How Did You Handle It On Those Occasions When Things Began To Unravel?

When things go good, anybody can look good. But the true measure comes when there's fire in the kitchen. Not in your favor is that the ability to break bad news in a timely manner is one talent almost nonexistent among promoters. You want the front line blood-n-guts general who functions under fire, who's around to guide your project back to safer ground when trouble comes. The combat-experienced should have no problems putting you at ease on this.

GET-IN-YOUR-FACE QUESTION #8.

Who Is The Competition For This Investment, And What Makes You Think They Won't Leave Us in the Dust?

Know this: not *everybody's* project can be successful. Somebody always ends up eating dust. Just make sure yours is the one that's serving up the dust. Your promoter should be able to pinpoint precisely who the competition is, know what they've got on you and what you've got on them. There should be no doubt that marketing risks have been assessed and battle plans drawn for outmaneuvering the competition.

GET-IN-YOUR-FACE QUESTION #9.

With My Limited Resources, Every Lick Has To Count. That Eliminates Putting Money Into "One-Shot" Deals. Only Ground Floor Positions That Lead To Bigger And Better Opportunities Down The Road Are Meaningful To Me. What Doors Will This Investment Open For Me?

Life is too short to discover you've become yesterday's news once you've handed over the check. Every single investment should enlarge your world, expand your circle of influence and leverage your time and efforts to the maximum. "Setting asides profits, what will this investment do for me to brighten my future? What sort of Platinum Club Privileges does this entitle me to? What people can it introduce me to who can help me? Will opportunities suddenly come easier, faster,

more often? At the end of the day, am I better positioned than before?" Ask these of your promoters to make sure the ladder you're on is leaning against the right wall.

GET-IN-YOUR-FACE QUESTION #10.

Many Of The Good Things About Your Proposal Depend On The Future, Which Nobody Can Predict. What Events Are Most Critical To This Project's Success, And How Soon Must They Happen?

When you see ROIs that resemble basketball scores, start looking for "insurance" that the project can hit its target. Get your promoter to pinpoint precisely what's going to happen (or already has) that should safely puts this project in the don't-worry zone. Betting on the come is part of real estate investment, yes, but betting... 100% on the come... 100% of the time... leave *that* to the day traders.

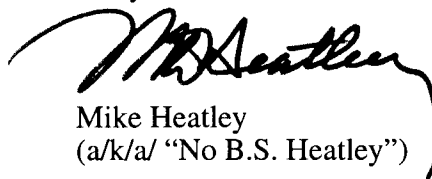
You know, it's good it doesn't happen often, but sometimes I'll get to this point in a letter, and I'm so rushed it's a struggle wrapping things up.

Like now.

Should that ever happen to you, one possible solution might be to handle it in this manner: only minutes from now there's this soccer game about to start... and...

**My Granddaughter's
In It!**

See you next issue,



Mike Heatley
(a/k/a/ "No B.S. Heatley")

P.S. Brace yourself for... a fatter-than-expected payday if you are in Richardson/Breckinridge JV... a ground-breaking if you are in Las Colinas/Premier Center... an Approval Ballot for a Pad Site Sale if you are in either Rufe Snow Drive JV or Lewisville/Valley Ridge JV... a Grand Opening if you are in the Colleyville Square Expansion Phase project... the most exciting new development ever to impact our property (plus maybe even an offer) if you are in Coppell/Freeport Parkway JV...

P.P.S. Already you've seen improvements like frequent Update Bulletins on your ventures, plus updated property flyers and property signs both redesigned to fit the user's point of view. More will come by year end, starting with regular summaries updating your investments (as soon as we get the software glitches out) showing date purchased, total invested, total distributed *etc. all on a single sheet, plus a web site for facilitating communications and sharing information. Why so many upgrades? Well, as I see it, nothing in the world should be more important to a company than making it easier for its customers to do business with it. You agree on all this, right? Good. Then call the below number right now and say it out loud so I can hear it:

Do This Now!

(214) 213-5252