

Steele's Strategies is Published Occasionally  
Let us know if you develop new strategies that  
work in this market.



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# STEELE'S STRATEGIES

There are three marketplaces: Local, national & international.  
If you opt for the international one, you automatically get all three.

February 2012

Dear readers,

Let's start out today with an easy problem (#1), BUT don't go away until you looked at (#5) and Real Estate Basket Investing. This is at least a 10 year strategy that we all need to know about.

**Problem #1:** In a world of manipulated facts & data, whom can you believe?

**Example:** This is apropos if you are in real estate:

## Even home-sales data is bogus, Realtors say



John Crudele

The real estate industry lives by the motto "location, location, location."

Next week it'll be known for "deception, deception, deception."

The National Association of Realtors admitted this week that it has been reporting bad figures on sales of previously occupied houses for the past five years. It will correct the mistakes next Wednesday with everything reported since January 2007 revised downward.

**Ed comment:** Expand this if you will: Once you know someone lies then doesn't it make everything they have said in the past and/or will say in the future suspect? Doesn't this make you think that just maybe, at least, part of the education you might have received from NAR is suspect? Were they misleading you for some reason of their own? It reminds me of the first time I picked up on this deviousness in the real estate business when I discovered that in the California State real estate books they said, "You shall do this," when it was a law, and they said, "You should do this," when it was something they wanted you to do but it wasn't a law. Devious? You bet?

### 300 Strategies for Making Real Estate & Business Deals, Volumes 1-12



[www.steelesstrategies.com/buy.htm](http://www.steelesstrategies.com/buy.htm)

**Possible Strategy: Believe only in yourself** – you can't be a victim if you assume the responsibility for what you think & do.

Just believe what you actually know and the few sources that you personally have developed or followed over a period of time. If you had believed the above NAR pronouncements over those five years and you were dependent on that information for your livelihood, you probably didn't fare too well. When you read that inflation is running 4% but you know food went up 44% last year – you better do your own thinking & planning.

**Problem #2:** There are some real estate markets in the U.S. that are not doing too well. What do you suggest?

**Possible Strategy (A): Buy an airplane ticket to Brazil.** With a lot of courage make it one-way. Opportunities in Brazil are exploding. The country passed up England last year and is now the sixth economic country in the world. And for toppers they pass up France this year for the number five spot.

Brazil is part of BRIC – the new acronym for Brazil, Russia, India & China. This is the economic power group on the horizon. You have some choices here when information comes your way, catalog it or activate it. If you have interest, then activate it in some way. How?

Run the thought through your mind? How can I use this information in my real estate or other business? How about learning Portuguese?

I recently authored some books on how to do creative transactions, brainstorming, international real estate and things like that. They are currently being translated into Spanish and German. I have now made arrangements to have them translated into Portuguese. Will it prove successful? I don't know but I will take the first step and the market tells me there is movement in that direction.

**Possible Strategy (B):** Make that a ticket to Mongolia instead. Simon Black's last report stated that in 10 years Mongolia will have the highest per capita income in the world. I don't know about the world being someone's oyster but it is certainly one with un-ending opportunities. Want to know about real estate opportunities in Mongolia? Google Simon at Sovereign Man.

**Problem #3:** How can the average real estate broker connect with the foreign marketplace and bring those buyers, exchangors, foreign capitalist, etc. into my home-town market here in the U.S.?

**Strategy A) Make contact with other brokers that are doing it now.**

**Hats Off to Steve Cropper:**

Steve is a Real Estate Financial Man & Exchangor from San Clemente, California. He has developed clientele in Viet Nam and China and spends a good deal of his time in those

countries. He is making contacts and doing transactions with people and companies that can also enhance your business if you want to expand your operations into the Asian theater. Steve does a lot of financial transactions also, so if you have capital or know of capital wanting to be placed into the Asian theater, contact Steve. He also has capital wanting to come out of some of those countries. I believe he is in Viet Nam currently.

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**Strategy B).** Put a free posting on one of our web sites.

[www.dealmakersinternational.com](http://www.dealmakersinternational.com). Post a property from another country or dollars or assets wanting to trade out of one country into another or anything else that has to do with an international business opportunity.

**Problem #4: Why is there such a spread between interest rates in real estate (5% to 10%) and bank loans and other interest rates world wide (0% to 3%:**

In general real estate people are practical when it comes to interest rates but impractical sometimes in doing what has to be done to make a transaction work. The incongruity is that they can then turn around and put monies in CD's at 2%. Many of the government bonds are at very low rates. Some ridiculously low. I would never keep my money in those rates for very long but I would use those rates in a minute in real estate to get a transaction done.

For instance, in Europe this week the ECB is putting up \$650 billion for the banks at 1%. Will it get the job done, doubtful but it is aimed at a problem. In real estate there is nothing wrong with creating a 1% or 2% TD if it makes the deal work. I will close on a deal like that. I won't hold that paper very long but in order to make the deal work I would close and then move the paper on later.

Don't be afraid of low interest paper. In the above example regarding Government Bonds at low rates. On the same day that the 1% offerings were made, Greece was paying just under 17% on some bonds. If it were me, I would prefer the 1% bonds rather than have the Greek bonds which I know are going to go bad.

Consider using a 1% or 2% created TD for exchange in order to move some equity out of vacant land that you are holding during a market that is down. You can't build on the land now but you could create a low interest rate piece of paper against it to acquire something else during the holding period

**Problem #5:** What is new in real estate? Think with me. Some of the old real estate standbys don't seem to work like they use to: e.g. Subdividing acreage into lots, building

entry level houses, buying fixer uppers, buying low and selling high and its big brother “flipping”, etc., etc.

**Possible Solution: Basket Real Estate Investments are part of the future.** These work great locally and nationally and really shine international because of the added dimension.



**The Basket: Use two of three of the following or three of three of the following when designing your real estate basket strategy.**

- 1. Using a Performance Mortgage** is by itself possibly one of the most unique and innovating solutions in today’s un-peaceful and manipulated real estate market.
- 2. Couple this Performance Mortgage with Gold and Silver** in a basket and you add an enormous leveraging factor. It is an awesome new way to leverage never before seen in real estate or other businesses. The easiest way to look at it is to understand that you are setting up to pay-off your real estate mortgage at 10 cents to 20 cents on the dollar.
- 3. Add a foreign country** (different political venue) to the basket mix for the acquisition or trade or finance of your real estate or capital investment. This changes your playing field from the local or national market to the world. Let’s just say it adds 1,000% to your options.

Any two of these above in a basket will completely change the risk factor and open up options never before possible in real estate (or business). Put all three of the above in the basket and no one can come close to touching the options that become available.

**1. The performance mortgage** means that you will receive interest income, not at a fixed rate, but as the rents increase so does your income. If inflation goes up so does your income stream to offset the dollar devaluation. If hyperinflation sets in, probably 50% of the economist say that it will, you have protection and a vehicle that will let your income increase. Hyperinflation is when inflation hits 50% per month or 600% per year. Can’t happen? 50% of the pros say yes. Iran’s inflation went up 55% in one month – Jan 2012. One political event is all it takes.

Inflation or Hyperinflation is a monetary event. Not an economic event. Man, not the marketplace, causes it. The performance mortgage helps you circumvent getting trapped by politics.

**2. Gold, and its little sister Silver,** are constitutional money. Dollars (& Euros et al) are fiat currency with no gold backing. Recorded history shows that every fiat currency in history (said to be 3,800 examples) has failed. This means that the gold and silver will appreciate in fiat terms against the dollar. Therefore the mortgage on your real estate, being denominated in fiat dollars and relatively static, will be relatively fixed. A \$1,000,000 mortgage declines very slowly. By putting 10% to 20% of the mortgage amount in the basket in gold and silver you now have an asset in the basket that appreciates in fiat term. Voila! \$100,000 to \$200,000 in gold and silver (making the total basket investment \$1,200,000) appreciates up to \$1,200,000 plus and pays off your mortgage. Does it work? Absolutely. Look at our six & seven years Excel Performas and you will see the results. The curve is moving up as the dollar inflates. The more you put in the basket of the gold and silver and the faster the dollar devalues the fewer the number of years it takes to balance and pay off the mortgage. Free and clear real estate is one way to go today and get your leverage by using the gold and silver.

**3. Going international:** This is the third ingredient in the basket, but just maybe the first in importance as it speaks to diversification at a time when it is absolutely vital to the thinking man. When over 50% of the people in a country get at least part of their sustenance from the government in some way you know that the haves are paying more than their fair share. They can take more away from you or change the rules at any time. Diversification is the only true answer and owning your income stream from at least one other country is wise and protective of your assets and families. Also there are some areas of the world that have very good real estate opportunities. Simon Black calls it planting flags. You just have to stretch a little to see the many opportunities out there beyond the horizon. There are dozens of political reasons to consider this but I will just mention one, rent controls. Inflation or hyperinflation usually brings rent controls with it. There are more tenants to vote than landlords. Rent controls stifle performance mortgages (number one in the basket above). That is the last thing you would want if you owned the mortgages.

Doug Casey still has the best comment about people going international: He says, “When people finally wake up and realize the importance of getting equities off shore, it will be like all the water behind Hoover Dam trying to get through a 1/2 inch water hose”.

**Note 1:** What is illegal in one country is absolutely legal in another. This is just one of a multitude of other benefits you automatically get by thinking international.

A book can be written about each of the three investments in this basket. Many of the answers we know from our personal history and experience (unfortunately that means mistakes we have made). The good news is that what we have done right has worked 100% of the time. If you define the problem right you always can get the right answer if you brainstorm it out.

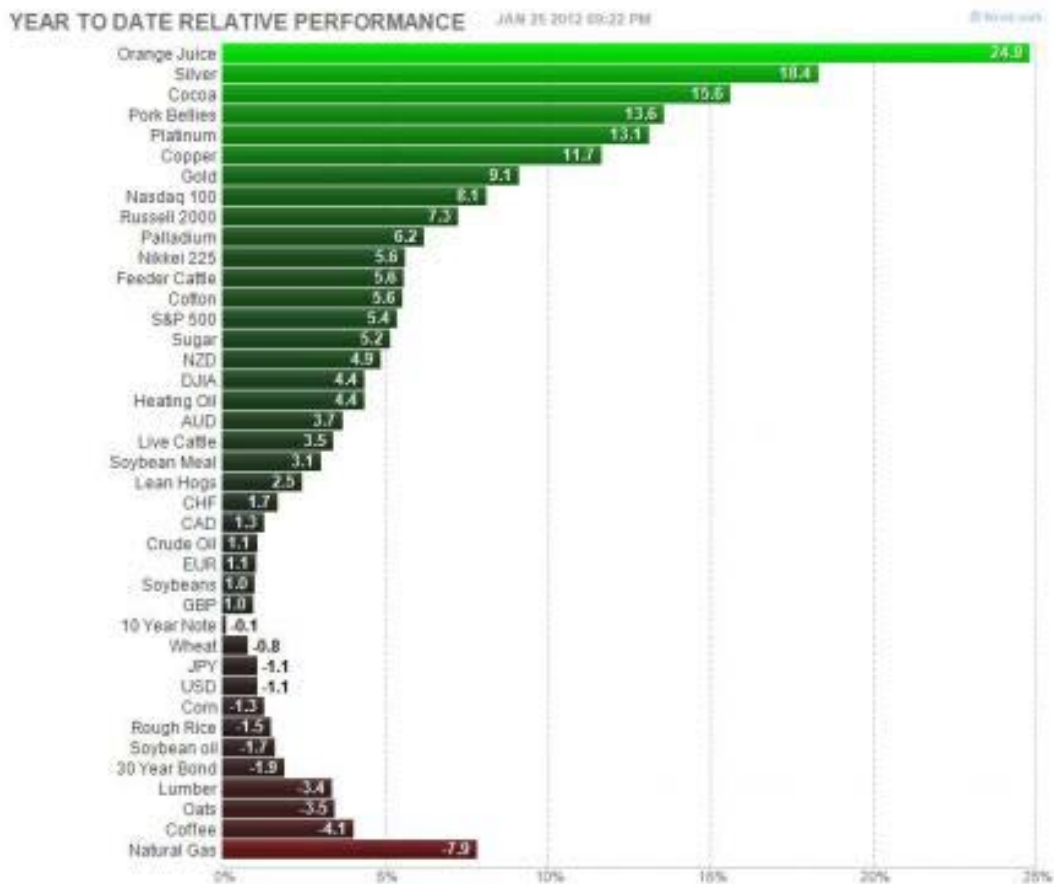
**Note 2:** Our consulting service is available if you would like assistance in designing your existing real estate holdings into basket configurations and also please make contact if you would like to participate in international basket investments transactions with us.

Final: You can't put Orange Juice, Cocoa or Pork Bellies in your Investment Basket. Gold and silver are the only true answers to Real Estate & Basket Investing. Please see the commodity chart below.

MUY IMPORTANTE - Editor's Note About Gold & Silver:

Above is shown how the elements fit into the basket but it is extremely important that you understand what is going on inside the basket as the investment is seasoning. Most people do not have a clue about this and it is the crux of why the real estate basket investments work.

First, gold and silver are not investments. They do not produce or create wealth. They hold wealth but usually you have to cash in the gold/silver so to speak and invest it in things that accumulate or produce wealth. What happens, however, in inflation and/or hyperinflation when they are printing fiat currency without gold backing (often called quantitative easy), the wealth is transferring from the fiat paper to the gold/silver. You can't actually say that the gold/silver is stealing the wealth from the fiat currency but it has the same effect. The gold/silver does not earn the wealth but the wealth is transferred to the gold/silver. The fiat currency does the investing and all the work and creates the wealth and then the wealth is all or mostly transferred from the fiat with out any work to the gold/silver. That is what makes the Real Estate Basket Strategy work.



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Following are the links to 4 postings and packages we currently have using this Real Estate Basket Investment strategy. The ranges are \$235,000, \$1,335,000, \$1,854,200 and \$3,000,000. We are looking for takers. Two are cash deals and two are trade.

1. <http://www.dealmakersinternational.com/en/classifieds/equity-partner-wanted-235000-shore-income-producing-1st-td-plus-gold-silver-basket-inves>
2. <http://www.dealmakersinternational.com/en/classifieds/2-first-tds-performance-mtgs-rental-property-trade-us>
3. <http://www.dealmakersinternational.com/en/classifieds/basket-investment-cash-required-two-first-tds-real-estate-gold-silver>
4. <http://www.dealmakersinternational.com/en/classifieds/1st-td-exchange-panama-us>

THANK YOU, END