

2-9-2011

Trash or Treasure? - You Decide

I don't watch very much TV. Seems it has never given me much in return for the time I spent engrossed in it. What has it done for you? Ever made a lot of money watching soaps or infomercials? I did walk by the other day and looked at an episode of Antiques Road Show entitled something like "One Man's Trash is Another Man's Treasure". They reviewed antiques and treasures ranging in value up to \$50,000 that had been thrown out by their owners. I admit this sounds like a once in a lifetime possibility – or is it? It may be right at your fingertips.

Maybe if investors knew where to look for these treasures, it might be easier to find them. I am not talking about dumpster diving – the process of crawling into dumpsters and bringing out great finds. Anyone can do this, just be careful of nails and sharp edges. It does work I am sure but know what you might be getting into. There are more subtle ways and places to look that we encounter on a regular basis.

In my 35+ years of real estate investing we have found many treasures including small antiques, old furniture, silver, paintings, jewelry and cash. We call it "treasure hunting" and we really mean it. As soon as we have closed on a property, we hit the road to go through the property from top (attic) to bottom (basement if applicable) and everywhere in between.

There are predominately three types of properties that contain possible hidden treasures that are readily available to you:

1. Probates are highest on the list as the heirs have been through the house but don't always take "junk" with them. One closing technique that works extremely well is to tell the seller (Personal Rep or Executor) that you will clean out the house for them and go on to say you will donate or throw in the trash everything else. This concern for cleaning out the property weighs very heavily on some sellers' minds.

In one house I got a complete and original collection of Hawaiian-print shirts from the 1950's. May not sound like much but ask a collector and watch him salivate! With this house we also got a 5 year old Toyota simply by asking for it.

Painting can be a complete unknown to most investors but a rather ugly one could bring tens of thousands of dollars. I looked at a Calder "mobile" that he apparently had made from wire shirt hangers, soldered on copper leaves (eight in all) and painted it yellow. It looked to be worth NOTHING! A child could have done better. The auction estimate was \$100,000+, as you may know Calder was a very famous impressionist....

One property we closed on in North Miami closed last year was purchased by a student to do a rehab. The four of us had gone through this probate house that had been vacant for 1 ½ years. We got some goodies but after the closing, the student called and asked, "Is this a joke?" It seemed he found a plastic bag of cash, diamond rings, bracelets and necklaces. But to add insult to injury, he also found two watercolor paintings that likely are worth over \$20,000. The total find amount to at least \$30,000! The plastic Publix takeout bag was sitting just out of sight on top of a china cabinet that we had searched through twice.

2. Smoke-damaged properties are another source of treasure hunts. The smoke, as it is expelled from the fire's source, becomes electrically charged and clings to everything. Most people seem to walk away and leave everything because of the soot and smell from the fire.

Many times a very nice antique will be left, especially in the closets and on the ceiling. It doesn't seem to matter much if the property is just smoke damaged or burned extensively; property owners leave almost everything in place and walk away. Always

check in the bedroom where the dressers once stood. It is a dirty job but someone has to do it!

3. Finally, and perhaps most surprising, are foreclosures. While we are used to seeing "stripped to the bone" properties, some are left nearly intact. While you might not expect a homeowner to leave anything of value behind, they may not know it is of value. If you suspect it could have any "antique" or unique value, take it to someone else who may know prices. Even easier if it has identifying marks on it, look on E-bay for a similar item.

If you are thinking that you wouldn't clean out a property because it was too dirty or smoky, you may be missing a valuable object that is worth more than the property itself. But each to his own, we like treasure hunting!

To your limitless success,
Dave Dinkel