



Financial Management Association
One Washington Square
Accounting & Finance Dept, BT 850
San Jose, CA 95192
www.cob.sjsu.edu/fma

Fall 2009 Professional Development Meeting Minutes

Speakers: Carroll Buck

November 10, 2009

4:30 PM – 5:30 PM

Held at BBC Room # 202

1. Speaker: Carroll Buck
2. Topic: Creating Wealth: The Value Proposition
3. There is a difference between interest and commitment. When you're interested in something, you're only interested when you need it.
4. Finding Value
 - a. Federal Agency sales, IRS, DEA, Customs
 - b. State Tax sales
 - c. Estate Sales
 - d. Ebay
 - e. Newspaper classifieds
 - f. Auctions
5. Creating Value
 - a. Develop a product
 - b. Start a business
6. Holding Value
 - a. Own or control an item of value over time
 - b. Wisely use leverage to maximize wealth
 - c. Over 80% of fortunes in the USA were created through real estate ownership
 - d. The value of real estate doubles every 7 to 8 years
7. Commodities Markets
 - a. Chicago Board of Trade – primarily commodities like, wheat, corn, pork bellies
 - b. Nymex – Trades out of New York
8. Mutual Funds
 - a. Mutual funds are traded as stocks, bonds, and money market funds
 - b. 12,000+ public companies are traded in US with each of the 4 large CPA firms servicing 25% of the companies
 - c. Consider index stock mutual funds such as the Russell 3,000 or Wilshire 5,000



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d. Individual stock picks have very long odds of success. Play black jack in Las Vegas instead.

9. Real Estate

- a. Most fortunes in the US were and continue to be created by real estate investment
- b. Four housing units or four complex is the most units available for residential financing

10. Risk

- a. Limiting exposure to loss
- b. Government financial instruments represent the risk free rate
- c. The amount charged above the risk free rate is a risk premium.
- d. Striking the balance of risk and reward
 - i. Especially when you're looking at portfolio management

11. International Real Estate

- a. There is a general belief that Mexico, Central and South America
- b. The data does not support the assertion
- c. New construction properties in Florida are available in abundance for \$80 per square foot with US laws, roads, and hospitals

12. "Don't sweat the petty things and don't pet the sweaty things"

13. Investment Strategy 1: Buy a four unit apartment building

- a. Instead of single family buy a 4 plex.
- b. Live in one unit until the building has a true positive cash flow
- c. Finance with a 100% loan through the owner, FHA or HUD.
- d. As the equity grows consider pulling out a down payment to purchase another unit.

14. Investment Strategy 1 Benefits

- a. Totally leveraged with 100% financing
- b. Tax Deductions for 75% of the structure while you reside there
- c. Over 30 years a \$1,000,000 property will grow to \$8 million in a normal market
- d. You may sell and buy a different property if you move without tax consequences through 1031 tax free exchange of property

15. "If you can't beat them, arrange to have them beaten"

16. Investment Strategy 2 : Buy a property in a cool area

- a. Choose a property in an area where you like to vacation

17. Benefits

- a. You may visit (vacation) the property once a year and the IRS will allow you to deduct the cost of the trip on your taxes



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- b. Since you live in a high cost area if you lose your job you can sell your property and move to your low cost property
- c. The equity differential should allow you to have a property free and clear with cash in the bank while you consider your next move

18. How do you write-off job hunting?

- a. It's a line item
 - i. Can expense meals, flights, etc.

Minutes submitted by:
Elizabeth Le
November 11, 2009