FRANK MCKINNEY’S MAVERICK APPROACH TO REAL ESTATE SUCCESS

How You Can Go from a $50,000 Fixer-Upper to a $100 Million Mansion

Frank McKinney with Victoria St. George

John Wiley & Sons, Inc.
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To the many desperately homeless people throughout the world whom we have been blessed with touching via our Caring House Project Foundation. You will never know the profound impact you have had on my purpose for writing this book and for living.
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My best seller, Make It BIG! 49 Secrets for Building a Life of Extreme Success, represents more of a philosophical approach to succeeding in the business of life.

The anticipated success of that book was acknowledged by recognizing those who were influential in shaping my life, as well as what followed between the pages of Make It BIG!, beginning with certain grade school teachers, on through to those responsible for the publishing of the material contained in Make It BIG!

Frank McKinney’s Maverick Approach to Real Estate Success—How You Can Go from a $50,000 Fixer-Upper to a $100 Million Mansion is all about real estate. On May 19, 1986, we began with the renovation of our first $50,000 starter home. Now, as of the time of this printing, we are designing and creating from the ground up the world’s most opulent spec home with an asking price well above $125 million.

In the space allotted I am honored to take the time to acknowledge those who have helped me create markets over the past 20 years. Some of you are no longer with me, others no longer with us. It is important to note that all of this began a little more than four years after I graduated from my fourth high school in four years with a cumulative 1.8 GPA. So rest assured that there are many who contributed to the past 20 years. What you are about to read was not supposed to happen.

This book is a celebration of 20 years of making real estate markets where they never existed before, and I wish to express my gratitude to all the people who contributed to our success. Since this book is already too long by thousands of words, I am forced to
keep my acknowledgments on the short side—a difficult task with 20 years to reflect and draw upon. There are many who contributed to our achievements, far more than will be acknowledged. For those omitted, you know who you are and what role you played. Forgive me for not mentioning you, and thank you for your patience and trust.

I feel compelled to start with those who influenced me to get into real estate in the first place. I want to begin by thanking my late father, Frank E. McKinney Jr., who passed away in a plane crash on 9/11; not the 9/11 you know, but the McKinney family’s 9/11—September 11, 1992. My dad had a tough outer shell that concealed a sensitive and loving soul. He was a driven man, a very successful bank executive and three-time Olympic medalist (gold, silver, and bronze) in swimming. Growing up as a troubled teenager, I don’t remember much from my father’s many lectures and heated discussions about my behavior, but I do remember him telling me that 97 percent of my character was perfect; it was the other 3 percent that continued to be my downfall. In helping me identify what that 3 percent was (and we all have it, by the way), he helped guide me toward real estate without ever mentioning the words.

When I moved to Florida in 1982, wanting to leave my troubled years behind and become a responsible young man, I thought I might want to be a banker like my father. We were polar opposites, but nonetheless I would share this idea with him from time to time before I left home. I am now about the age he was when he started to subliminally discourage me from following in his footsteps, and I find it hard to comprehend how unselfish he was. After all, he had followed his father’s footsteps; I was Frank III; it would have been completely normal for a father to encourage his son to stay in the family business. But he didn’t. He’d say, “Mickey, there’s no money in banking and too much structure. You’re better off creating something where you can express yourself without the conservatism required of a banker.” With only a few words on many occasions, he encouraged me to seek my highest calling outside of the norm, and that’s what I have done. Thanks, Dad.

My mom always believed that God and a contingent of guardian angels who worked in shifts around the clock were watching over
her son. She used to call me the “miracle child” when I began to succeed in real estate. These were not miracles, only God answering the prayers from one of only a few living saints that I know—my mom. Neither she nor my father was disappointed that I didn’t pursue college. They let me find my own way without road-mapping my formative years. It was my mom’s early belief in me, and her patience with certain phases that we encounter as we grow, that allowed me to find my highest calling in real estate so early.

My wife, Nilsa, and I have been together almost the entire time I’ve been in real estate, and her parents, Laura and Ernesto Colon, and Nilsa’s brother, Erik, and his wife, Nicole, have been there for nearly my entire career. They’re family. We’ve spent many nights around the holiday dinner table laughing at the pranks (think wisdom teeth) that could only take place between family members who love each other.

While my entire family (four sisters and a brother) has been involved in my real estate career, my brother, Bob, has played an important role in helping navigate all the challenges and successes of those years. Bob is 10 years younger and has been a part of all my creations. Before he was a teenager, he would visit from Indiana and sit at the early $50,000 open houses with me. We’d toss the football in the front yard while we waited for potential buyers. Bob is now a very successful real estate developer and broker in Indiana, and he has lent significant input to the creation of our nine-figure spec home. Thanks, “Chook,” for never letting me lose the little boy inside. (Now everybody will call him “Chook.” What are older brothers for?)

Speaking of older brothers, I am the oldest of six children, and my thanks would not be complete without acknowledging my four sisters, Martie (who made $50,000 on her first real estate deal), Marlen (whose equity in her home has tripled), Madeleine (I wish I had her demeanor), and Heather, my little sister, who is just now buying her first house. Thanks, sisters, for helping me when I was starting out.

I want to thank all of the lead handymen and subsequent general contractors who have worked with me or my companies. I haven’t heard from many of these men in years, but it was they who taught me the nuts and bolts of building. Rueben (Bud) Bishop, who was
my first handyman, Bennie Moreno, Ron Sofield, Mark Schwartz, Roger Jacques, Jim Kleen, Dave Farrow, John Kilheeney, Greg Lin-der, Bob Berry, and John DiDonna—I haven’t forgotten about any of you. I know I was (or am) difficult to work for sometimes, but the Frank McKinney Way was not designed to come easy, and I want you to be proud of our results.

I’ve had many great employees who do their jobs far better than I ever could. Some have moved on; others are still with me. The support of Mark Bernardi, my personal assistant, has allowed me to write this book, make many speaking appearances, and still have plenty of time for my true passion—real estate. Lori Tanner, our internal operations manager, not only keeps all of our books straight but is responsible for keeping the Frank McKinney Way in the forefront of our clients’ minds long after our mansions have sold. I also want to thank Ray Ferrera, our project manager. While he is no longer with us (but I will get him back), he held the longest tenure of employment at Frank McKinney & Company and helped grow this company into what it is today.

Still others have helped shape the character behind the career; they might not have been directly involved, but they certainly provided guidance. Rich DeVos is one of a few living heroes of mine—if only I can retain what I have witnessed in him and live my life more like his. Donald Trump has been kind enough to endorse my books and mention me in his. Donald has influenced much about my career, and I want to thank him for providing such meaningful and lasting influence. My very good friend Peter Blum has become kind of a surrogate father for me. He sets a wonderful life example for me to try to follow. I enjoy our lunches together. There also are a few fictional characters who I want to thank for their influence on my career, those being Robin Hood and Willy Wonka.

Many of the clients who have purchased our estate homes over the years have turned into great friends. Some I can mention only by first name out of respect for their privacy, like Dan, Malcolm, Alfred, Peter (two Peters), Cynthia, Jack, Janet, Daniel, Charles, Victoria, and Tom. Others have provided a kind of mentorship where I was fortunate to learn the inner workings of a successful person’s mind. Many of these men and women helped me make each project better
than the last. They include George and Sandy Valassis, Tom Melone, Jeff Levitetz, John Ferber, and Joe Edelman, to name a few. Even those who haven’t purchased but provided valuable feedback, I thank you for taking the time.

Many real estate brokers and other professionals who have worked in our marketplaces have helped build our success almost from the beginning. Brokers such as Jack DeNiro, Randy Ely, Clark French, Cathy Jorgens, and their associates provided valuable early input. Our current brokerage, Premier Estate Properties, has been making markets with us for the past five years. Joe, Gerry, Pat and Laura Liguori, and Carmen D’Angelo are the best. They do things the right way, the Frank McKinney Way, and I’m delighted that they will be selling our nine-figure home, among our other offerings.

I don’t like the negativity and sensationalism that permeates the airwaves and print media. Often I avoid this useless drain in favor of my own reality. However, I want to thank all the members of the media who have sprinkled my story around the world over the years. Not all features were glowing, but I’d like to think most provided the viewer, listener, or reader with entertainment, curiosity, and a call to action in their lives and perhaps in the lives of others.

Cooperation between government and private enterprise must take place for free enterprise to work. In the case of construction, whether it’s on the ocean or inland, this relationship is critical. There are so many individuals from the cities where we have had the privilege of working, yet I only have room to thank Mary McCarty, Tom Lynch, Jay Alperin, David Schmidt, Jeff Perlman, Alberta McCarthy, Lula Butler, George Diaz, Jerry Sanzone, Susan Ruby, Brian Shutt, Bill Benjamin, Basil Diamond, Tom Gerrard, Kelly Gotleib, Tom Thorton, Tom Coffman, Tony Mauro, Greg Dunham, Trela White, Dick Schofield, Karen Hancsak, Jan Moore, Lisa Peterson, Mark Hull, and all the others from the building departments of the various coastal municipalities. You helped guide many of our projects through to success, both for us and for the cities in which they were created.

If it weren’t for the vision and foresight of our bankers and those who provide our financing there would have been no year two in my career, let alone 20. I’ve had a 24-year relationship with Bank of
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America, and special thanks go to Joe Silk, Maxie Washington, Victoria Rixon, Jim Gallagher, Bruce Allen, Scott Shealy, Sam Fisher, Chris Willis, Chris Gialanella, Bryan Joyner, Dorothy Payne, Lauren Chaney, Lynn Parker, and many others, for working so far outside of the box that we decided a few years ago to throw it away completely! Now that is hard for bankers to do, so to all those at Bank of America I thank you for your trust and confidence in me.

I’ve had a 16-year relationship with some of the greatest, most competent lawyers in the country. I enjoy a closeness with Scott Elk, our transactional and real estate lawyer, and I look forward to seeing him because it means we’re either buying an opportunity or selling one. Scott’s partners, Eric Christu and Devon Coughlin, protect us, defend us, and if necessary represent our role as plaintiff, and they do so with great success. I also want to thank another partner at the firm, our estate planning attorney, Adam Bankier, for taking care of things so well that when I go to the big mansion in the sky, all of my loved ones and our charity will be well cared for. I want to thank all of the junior partners, associates, paralegals, bookkeepers, and secretaries at Elk, Bankier, Christu & Bakst.

A quick thank-you to Northwood University and to its president, Dr. David Fry, and the provost of the Palm Beach campus, Dr. John Haynie. They supported my first book, Make It BIG!, appointed me to a seat on the board of governors, and bestowed me with an honorary doctorate degree. It was nice to finally be able share with my family my college degree, especially this one, as it took nearly 20 years to obtain! I enjoy my interaction with my fellow board of governors as well as the young men and women on the three Northwood campuses. Northwood is the absolute best business school in the country, where students can go to learn the importance of free enterprise, then implement the privilege upon graduation. You may not have heard of Northwood, but remember, there were perhaps few who had heard of Harvard after its first 25 years of existence.

During a time when my understanding of the passage in the Bible, “To whom much is given, much will be asked,” was becoming clearer I decided that, in addition to sharing our blessings from the sales of our estate homes, I was going to direct all proceeds earned outside of real estate from my appearances, book royalties, and re-
lated offerings to our Caring House Project Foundation (caringhouse-projectfoundation.org). I founded the Caring House Project Foundation (CHPF) in 1998, and it earned 501(c3) status in early 2002. The CHPF’s mission statement reads: “The Caring House Project Foundation’s primary objective is to provide housing, food, and medical support for the desperately homeless around the world, particularly in South America, Indonesia, the Caribbean, and in the United States of America.” In 2004 and 2005 the CHPF provided shelter for 1,824 desperately homeless people, and more than 95 percent of all monies donated went directly to those who needed assistance.

As the CHPF grew, it became clear that Nilsa and I could not run the foundation without competent guidance and support. Where would we be without our board of directors, the men and women who see to it that thousands of lives are touched through the angelic hearts of those who give to the CHPF? I would like to thank board members Pam Cahoon, Paola Fernandez Rana, Marti Forman, Gint Raciunas, Ezra Kreig, Dennis Moran, Mike Magi, Gladys Whigham, Commissioner Addie Green, Sheila Smith, Nilsa McKinney, Robert McKinney, and Scott Elk for understanding the joy that comes from sharing one's blessings by serving. While not a board member, Marlene Green is the foundation’s part-time director of development and marketing, and her expertise has brought us beyond our previous limitations. I also wish to acknowledge all who have donated to the Caring House Project Foundation, including you who purchased this book. I want all of you to feel good when you lay your head on the pillow tonight, because through your generosity you have brightened the life of one of God’s children.

I have been fortunate to be invited to appear and speak for many great organizations all over the country, and a few hosts have been extremely generous in their direct support of the CHPF. I want to thank Robyn Thompson (the queen of rehabs), who has been responsible for more than $200,000 in donations to CHPF, Angel Aloma, Jeff and Sophia Kaller, Jane Wilcox, David Dweck, Michael Masterson, Justin Ford, Juan and Sharon Restrepo, Mike Kiel, Dwan Bent-Twyford, Amy Witt, Bill Twyford, Wendy Patton, Jan Shoonbridge, Sherman Ragland, Diana Rainoff, Cameron Dunlap, Bonnie Stelzer, Bob Burns, Mike Litman (responsible for more than
Acknowledgments

$100,000 in donations), John Assaraf, Alex Gajano, Stephen and Alicia Pierce, and many more.

In 2005 I participated in the Badwater Ultramarathon to raise awareness and money for the CHPF. The invitation-only Badwater Ultramarathon is recognized globally as the single toughest foot race in the world. It starts in the Death Valley desert in July at the lowest point in the Western Hemisphere (elevation 282 feet below sea level) and finishes 135 miles later, high on Mt. Whitney (elevation 8,500 feet above sea level). Badwater tests the athlete's stamina and will against a brutal stretch of scorching hot highway—a hellish environment of more than 130 degrees, with pavement temperatures as high as 200 degrees. There are no aid stations, and all 80 racers must provide their own support and crew. If it weren’t for my crew—Jay Batchen, my primary pacer, Nilsa, who was on the course the entire time, Mary Kashurba, who paced and aided with medical, Joe Kashurba, her sixteen-year-old son, who was just amazing and served as our videographer, Mike Magi, who paced and made my supplement drinks, and Mark Bernardi, who drove and prepared drinks—I never would have made it. I want to thank Marshall Ulrich; while Marshall was not on our crew, he lays down Marshall Law when it comes to the triple crown of adventure racing. Nobody has accomplished more. His insight helped get me to the finish line. A special thanks goes to my coach, Lisa Smith-Batchen, who sacrificed much over the months leading up to the race in order to see me to the start line, and who talked me through some of my lowest points during the race over the satellite phone.

I’m not sure my success over the last few years would have been as significant if it wasn’t for Mike Hamilton, my first editor at John Wiley & Sons, Inc., who took a chance on my first book, Make It BIG! 49 Secrets for Living a Life of Extreme Success. This book helped establish us as more of a brand name in ultra-high-end real estate. Now the thanks go to Laurie Harting, my new editor at Wiley. Laurie helped me realize why I love real estate so much and why it is important that I share my knowledge with you. Of course when you graduate high school with a 1.8 GPA (grade point average) a great ghostwriter is a must. Victoria St. George of Just Write plowed through more than 1,000 pages of material to help me create this
work. Without her writing and editing expertise this book would have been hundreds of pages longer than even the longest Harry Potter book! I also want to thank my personal publicist for this book, Jessica Jonap, and our public relations firm Pierson Grant, Jane Grant, and Maria Pierson for helping spread the good news with so much passion.

Finally, my thanks and eternal gratitude go to my very reason for living—my wife, Nilsa, and my daughter, Laura (aka “Ppeekk,” pronounced “Peekey”). I disagree with the statement “behind every successful man is a strong woman”; in my case it should read “beside,” not behind. Nilsa and I have been together since August 5, 1987. We were married on September 3, 1990. (Notice what has happened to my real estate career since those dates?) While I may be the public face, Nilsa is the strength. Our estate homes are beautiful because of her interior design talent. She can run the companies without me (and often does). Let this be a good lesson to anyone who wants to succeed in real estate, or in any other career for that matter: Your spouse will be a significant contributor to your success or otherwise. I’ve been fortunate to have had Nilsa along for nearly the entire 20-year ride. Honey, I hope you’ve enjoyed the circus. I’m certainly blessed to have such a loving and caring wife.

I close my acknowledgments with my little girl, Laura. I have a framed picture on my desk of Peek reading *Make It BIG!* when she was six years old. She is now seven and wants to know what I am going to say about her in my second book, as she was quick to find the references to her in the first. My hope is that one day she will look back on her father’s career and life and be proud of who he was and what he did for those less fortunate.

I cherish the times we go to the houses I have built, and she walks through with me and tweaks everything to make sure it shows well. Not long ago she noticed a sick fish in one of our elaborate fish tanks. We brought this to the attention of the fish person who, upon diagnosis, told us we were fortunate to have discovered the illness early, as all the fish would have died if the sick fish hadn’t received treatment. Now, as we are designing our nine-figure spec home, Peek and I will walk the proposed oceanfront site with a blank piece of paper and she will proceed to describe the layout of the house and what
rooms and amenities belong where. After our tour we will go and get a Slurpee from 7-Eleven, like always.

I walk my daughter to school every day. Since she was four years old in pre-kindergarten and for the past four years, rain or shine, we have walked together, hand in hand, for the most important 15 minutes of my day. We have yet to drive even once. We always pick up a rock or shell during our walk. We have a large collection of these keepsakes (more than 500), and one day we’ll make something special out of those rocks and shells. These times are so precious because she is precious. She fills my heart with the warmth only a parent can know. I love you, Ppeekk.
Imagine you’re one of about 50 fortunate people who have come to the beautiful Gold Coast of Florida for a rare weekend gathering called “Frank McKinney’s Succeeding in the Business of Life Experience.” You’re going to learn from someone who has earned a reputation as the “maverick” king of high-end, speculative real estate. He was dubbed “the real estate rock czar” by the Wall Street Journal, and his latest ultra-luxurious masterpiece was on the market for $50 million. You’ve been told that you’ll receive personal success coaching from the man who has defined new levels of splendor when it comes to the creation of multimillion-dollar, custom-built oceanfront mansions. You’re expecting to spend three days in the lap of luxury, learning real estate secrets that will help you, too, make millions.

You drive from the Palm Beach Airport down South Ocean Boulevard (State Road A1A) toward the beach communities of Palm Beach, Manalapan, Boca Raton, and Delray Beach, following the map you’ve been given, and arrive at—what? Instead of an opulent oceanfront mega-mansion behind imposing gates and surrounded by lush trees and flowering vegetation, you see a small, modest, one-bedroom house in a mediocre section of town, with card tables set up in a tiny front yard. It’s about 96 degrees and 96 percent humidity—a typical Florida spring day—and as soon as you step out of your car, you’re drowned in
sweat. You’re thinking, “Where am I? And what in the world have I gotten myself into? This house can’t be more than 800 square feet!”

The real estate king is nowhere in sight, but there’s a gentleman wearing a polo shirt with Frank McKinney & Company embroidered on the breast pocket. He waves you over and checks off your name on a list. “Welcome!” he says. “Please have a seat in the bus parked at the end of the street. We’ll be leaving shortly.”

“Where’s Frank? Where’s the $50 million house?” you ask.

The man smiles. “Frank will join us later. Hop on the bus—it’s air-conditioned and you’ll be more comfortable.”

At that point, you’ll do almost anything to get cool. You take another look at the house in front of you. It’s modest, sure, but it’s well built and attractive and looks as if it’s been cared for by the owners. But why were you told to meet here? Certainly this house could have no relation to the Real Estate Rock Czar. You’re full of unanswered questions as you walk down the block and climb onto the bus. Most of the seats are already full of people chatting with each other. From the buzz it seems that no one else has any more idea of the plan than you do. You sit next to a gentleman and start getting acquainted. He, too, is wondering what in the world is going on.

In the next 10 minutes five more people, all of them sweaty and confused, board the bus and take the remaining seats. Then the driver of the bus gets on, followed by the man in the polo shirt. “We’re ready to leave now,” he says. “For those who don’t know me, I’m Robert McKinney, Frank’s younger brother. I’ve been working with him for the last 20 years on a number of his projects, and he’s asked me to lead the first part of this experience.

“You’re here to discover what it takes to become as successful as Frank has been in real estate. You may have heard Frank speak about his secrets of building a life of extreme success. You probably read his first best seller, Make It BIG!, and you want to have a world-class real estate tycoon as your role model and mentor. Well, you’re about to enter a time capsule. We’ll be driving by many of the houses and markets Frank has created. It will take us approximately 20 minutes to drive from Frank’s first $50,000 fixer-upper to his $50 million mansion. Each minute of our trip represents a year of Frank’s 20-year career in real estate. Think about that as we ride along.”

The bus pulls out as Robert points down the street. “The house
where we started our tour was the first residence Frank constructed as part of his Caring House Project Foundation. He built it for Buster, a homeless man whom Frank met while feeding the homeless from the back of a truck in Delray Beach. As you know, your fee for this weekend was a donation to the Caring House Project Foundation, most of which will go to build critically needed housing in one of the world’s poorest countries—Haiti. It takes only $4,000 to build a concrete home there for a family of eight who never have lived in a house before."

As you are driven through the streets of Palm Beach County, Robert acts as tour guide, describing several homes in neighborhoods that range from middle class upward. “There’s the very first house Frank bought for $36,000 in 1986. It was falling down and the neighborhood was really bad—drug dealers, drive-by shootings. Frank saved $30,000 working as a tennis pro to buy that house and renovate it. He sold it after six months for $50,000, making a $7,000 profit. That was his first big real estate deal.” Bob grins. “By the way, the same man who bought that house from Frank 20 years ago still lives there. The neighborhood’s come up quite a bit—comparable houses in the same block are now selling for over $150,000.”

The bus enters a slightly better neighborhood. “This is Bankers Row,” Robert says. “Frank bought and renovated five houses along this street, making profits of $20,000 to $40,000 or more on each. See that house with the fountain? That’s where Frank and Nilsa were married. They bought it for $75,000 in 1989. It has a guest house and wonderful architectural details throughout, including an original 1920s fountain in the front courtyard. That house recently sold for $1.7 million.”

The bus turns toward the ocean, and Robert points out a lovely, uniquely styled home on the water. “That’s Driftwood Dunes, the first piece of oceanfront real estate Frank ever bought. He’d been buying, renovating, building, and selling less expensive real estate for six years, doing well on every deal and building up his net worth. He bought the oceanfront property for $775,000. To cover the purchase price and the capital needed to rebuild the house according to his vision, Frank had to sell everything, including his own home, his car, and even some of his clothes. He and Nilsa lived in a studio apartment for four years so he could put every dime into the renovations. He sold Driftwood Dunes in
1994 for $1.9 million. Since then, Frank has invested only in the finest
direct oceanfront properties in Palm Beach County."

This is more like it! You settle back in your seat as the bus travels
down A1A, the only road along this stretch of Florida’s Atlantic coast.
You crane your neck to see one magnificent mansion after another as
Robert ticks them off: “That’s Chateau d’Amoureaux, a 12,000-
square-foot oceanfront estate done in the style of a French chateau.
Frank renovated it extensively and sold it for almost $6 million in
1996. There’s La Marceaux, the first oceanfront property Frank de-
signed and built from the ground up, also in the French style. It’s
23,000 square feet and has a two-story-high living room, a 3,000-
square-foot master suite, room for six cars in the garage, its own pri-
ivate beach, and a replica of the Oval Office. That sold for $12 million
in 1998. There’s the piece of oceanfront land that Frank sold for $27
million. He was going to build two houses on it but the land deal was
too good to pass up. By the way, most of the estates that Frank reno-
vedated or built have more than doubled or even tripled in value since
he initially sold them. We’ll see two of his latest estates tomorrow.
We just closed on both of them, for $7 million and $17 million, re-
spectively. They were on the market for less than 90 days.”

“What’s the average time on the market for these kind of proper-
ties?” someone asks.

“Fifteen months,” Robert answers. If you weren’t impressed be-
fore, you’re impressed now. Selling two multimillion-dollar proper-
ties in less than two months? How could Frank do it?

The bus pulls through security gates into a driveway that looks as
you had always pictured it would: tall palm trees arching overhead,
lush green foliage interspersed with colorful flowers along the road-
side, a slight mist in the air that lowers the temperature a couple of
degrees immediately. Down a slight incline to the right you see a full-
sized tennis court surrounded by greenery. The bus parks next to the
12-car garage and you get out. The massive wooden front door is
open and you look through it into the two-story living room with its
floor-to-ceiling windows and magnificent view of a vast stretch of
white sand Florida beach. To your left is a two-story guest house next
to a hand-built rock wall. Cascading over the rocks is a waterfall that
drops directly into a beautiful swimming pool. Every inch of the
property around the pool, guest house, and house is landscaped with
exotic foliage flowers and plants that provide the perfect setting for this magnificent estate.

As the group walks toward the front door, you ask Bob McKinney, “How much is this place worth?”

“Actually, Frank created and sold this estate in 2000 for $30 million,” Bob replies. “He bought it back in 2004 and sold it again with an asking price of $50 million. Values have gone up that much in the last few years. But remember where we started? Twenty years ago Frank bought his first house for $36,000 and sold it for a $7,000 profit. That was a $50,000 house at the time. Now Frank’s houses sell for $50 million and he’s planning one that will sell for more than $125 million. But it’s taken 20 years of taking risks and a lot of hard work for him to get to this high level. Now, we have iced tea and lemonade set up around the pool—please help yourself.”

The journey these 50 people took is the same one I hope you will take with me through the course of this book. It’s a journey I’ve been proud and humbled to take; it has provided a good life for my family, created beautiful homes for people to live in, and helped me build housing for homeless people in the United States and some of the poorest countries in the world. It’s allowed me to become an artist and to stretch myself every single day. And in recent years, it’s given me the privilege of sharing my journey with others so they can achieve success in real estate and, more important, in the business of life.

My first best seller, Make It BIG! 49 Secrets for Building a Life of Extreme Success, described the habits, traits, beliefs, and philosophies that have made me who I am today. (You can see more at www.frank-mckinney.com.) Over the past 20 years, I have spoken to people in hundreds of companies, business organizations, real estate investment clubs, nonprofit groups, schools, and social organizations. All of them questioned me intensely on the specifics of my career. How did I locate properties? How did I find financing? How did I buy? How did I sell? How did I risk? How did I succeed while still doing it my way? As I answered their questions, I began to realize that I had never done what the pros say is important when it comes to real estate. Instead, I’d done it my own way, and that difference helped me succeed at the highest possible level. I decided it was time to describe my own unique approach to real estate—not just the techniques but also the psychology,
because I’ve found that what’s inside your head (and the minds of your buyers and sellers) has just as much impact on your success as what’s on the bottom line of a contract or closing statement. This book is the summary of my 20 years of real estate—the highs and the lows of the journey from $50,000 fixer-uppers to $100 million oceanfront estates.

If you’re reading this book, I assume that you are interested in real estate as a potential investment vehicle. Like people who attend my Experiences and speeches, you’re ready to hop onto the real estate bandwagon; or perhaps you’ve already bought one or more properties and would like to move up. Perhaps you’ve made some money, perhaps you’ve lost some, or perhaps you’ve been too fearful and intimidated by the complexities of real estate to do much more than open the newspaper on the weekends and dream. If so, relax—what you’ll learn from this book is designed to help anyone find profitable deals that lead to a greater net worth and financial abundance.

My goals for you on this journey are threefold. First, I’d like to encourage you to take the leap into investing in real estate. Exercise that risk threshold! Real estate has been my profession for more than 20 years (I am 42 now) and it has given me a wonderful career while supporting my family. As you’ll read in later chapters, real estate creates consistent wealth for more people than any other investment. I believe it also can be more satisfying than almost any other investment opportunity. After all, you can’t put your hands on a stock portfolio or other intangible investment the way you can on a piece of real estate you’re building, renovating, buying, or selling. And you have greater control over the value of your real estate than you ever do with stocks, bonds or other investments.

Second, I’d like you to be realistic about what it will take for you to succeed in real estate investing. While you can make very good money in any one transaction, building true success will take time, money, energy, and focus. Over the course of my career I’ve sold homes at many different price points to buyers ranging from first-time home owners in up-and-coming neighborhoods to billionaires looking for the absolute best in oceanfront property. I’ve spent 20 years in the trenches, honing my skills and intuitions, and enjoyed every minute of the journey, but it’s hard work. When I sell an estate today, yes, I do have a multimillion-dollar payday, but that’s a reflection of hundreds of deals with much smaller profits and thousands of hours of research,
design, and physical, mental, and emotional investment. I wrote this book so you could shorten your learning curve by benefiting from my years making markets where none had existed before, but you’ll still have to put in the time, energy, and effort to succeed. So if you’re looking for the latest get rich quick scheme, buy another book and good luck to you. If you want to learn how to build your net worth through creating value in real estate, then keep reading.

Third, you must be willing to be a Maverick. In my real estate career I’ve never done things the expected way, because I found that the way it’s usually done was either inefficient or ineffective. Instead, I’ve taken the road of high risk, high visibility, and high reward. People have told me I’d never succeed, and I’ve loved proving them wrong by changing the mind of fate itself. The title of Maverick is one I wear with pride, because to me it means finding and taking your own road, going against conventional wisdom, and doing what really works. Today I’m considered a visionary, an innovator, an artist whose canvases are the sun-drenched beaches of Florida’s Atlantic coast. But I’m still a Maverick, and I hope to be until the day I die. This book is designed to teach you, too, to go against the grain and discover the Maverick way of creating your own real estate fortune. The principles I use are simple, clear, and directly applicable for any kind of real estate property from $50,000 and up. They’ve been proven to work with one home or one hundred. I have shared these precepts with beginning investors who are now well on their way to creating wealth through real estate. And I believe you will find the Maverick approach can be your key to wealth as well.

The 20 years I’ve spent in real estate have taught me a lot—not just about what it takes to build wealth and to be successful, but also about how much it means to any family when they walk into a house they can call their own. It’s also taught me the value of sharing your blessings with others. This book is part of my commitment to share with others the blessings of my life by helping people step into a brighter future, whether it be with a new home, or a new or better career as a real estate investor. My hope for you is that by reading this book, following its precepts, and using them as a jumping-off point as you build your net worth by investing in real estate, you, too, will become a Maverick success and can share your blessings as well.
One of our first $50,000 fixer-uppers, circa 1986.