

FRANK FLANIGAN

Growing Real Estate Assets in a Tough Climate

by Wendy L. Werner

EDWARDSVILLE—Frank Flanigan doesn't really work.

That statement might come as a surprise to the clients whose real estate closing he is handling this day. It probably wouldn't make sense to his long-term staff, many of whom have worked with him for years. And it would certainly not be understood by another attorney scheduled to meet with him on a Saturday afternoon.

But Flanigan, who owns **Flanigan Law Office Ltd.** and Madison County Title Company in Edwardsville, loves what he does so much that it is unlikely that he would call it work. And anyone who takes the time to talk with him can quickly conclude that, to Flanigan, his practice is more a way of life than work.

Flanigan grew up in Chicago and attended Knox College, a small liberal arts school where

teacher, and they married between his second and third year of law school.

He joined Chicago Title soon after graduating, working first in Chicago and shortly thereafter moving to Edwardsville, which he's since made his home. He was an attractive candidate to the firm, in part because he and his wife were both interested in living in a smaller community than the company's headquarters.

"I loved Chicago Title," says Flanigan. "We were treated as professionals, and I learned a great deal from the other attorneys who worked there, some who were true luminaries in the real estate field, including Logan Fitch, author of *Real Estate Titles in Illinois*, and Bob Kratoville, an established author. The lawyers all got together once a month to play bridge, and that informal setting was a great learning experience for a young lawyer."

that real estate was his true passion.

"When you get to a real estate closing, typically both parties walk away from the deal satisfied. In the general practice of law, neither party left happy; there just wasn't the same feeling."

He formed a company called Abstracts and Titles with another former employee from Chicago Title. His new firm became a representative of Lawyer's Title and another smaller title company. "We were together in that business for 18 years, and when we decided to go our separate ways, I formed Madison County Title. That was 25 years ago."

Of course, in the current real estate climate, it would seem that fewer people would leave some closings very happy.

Flanigan concurs but believes that a good real estate attorney can still make a difference—if given a chance.

"One client, for instance, has had big real estate investments, including one bad investment that was foreclosed upon without his seeking legal advice. By the time he got to me with a third problem, he had lost a great deal of money. We are working to create a scenario where assets will eventually grow even though they are in a tough place right now, and we helped this individual realize a smaller loss. As outside advisors, we can help mitigate a situation where perhaps the real estate investor has become too trusting. While the banker may be their friend, they still expect to be re-paid.

"The lawyer can intervene and propose something like a short sale where the bank can get their principal back but perhaps won't get penalties or all of the interest expected. My client may be embarrassed about his or her lack of knowledge or expertise to negotiate that situation. For our local or regional banks, it's better to get the property sold and move on."

First: Set the Client At Ease

In his more than 45 years in practice, this is the biggest shift in real estate that he has ever encountered.

"I went through a time in the early 1980s when interest rates were up to 18 percent. It was different from now, because from an agency standpoint, we handled contract for deeds and lease options to keep things moving. We still had a demand, and fewer people had lost their jobs or were as worried



he met his first wife, now deceased, who was a resident of Galesburg. While he was attending college, his parents relocated to Gary, Indiana, where his father worked in a forging company. When it was time to select a law school, he chose Indiana University-Bloomington, where he could save money on in-state tuition. His future wife was a school

Chicago Title wanted Flanigan to stay, wining and dining him and offering him more money. But after almost six years, Flanigan says, "I wanted to try something new, and I wasn't then nor have I ever really been tied to the money."

He practiced with Burt Bernard, who ran a general firm in personal injury and defense law. It took less than a year for Flanigan to realize

about losing them. People are reluctant to buy now because of the risk of unemployment, and people were not as leveraged as they are at present. Twenty-five percent of homeowners are now 'underwater,' meaning their mortgage is greater than the value of their property. That's challenging."

But Flanigan is still extremely busy.

In a recent week, he had 104 hearings in front of the Board of Review regarding challenges of property tax assessments.

"The assessors in many cases would stipulate that the property was over-assessed. Normally, I would conduct 25 of these in an entire year. The problem was that the multiplier goes back three years on a three-year average of sales that indicate on paper the value of your house has increased. The news says otherwise. And yet the assessor comes in and raises rates. The clients know the assessment is inaccurate, and that brings them to me. My goal is to advocate for them in the process."

Flanigan handles both residential and commercial real estate. Understanding that these are typically the largest financial transactions that most people make, Flanigan appreciates clients' anxieties about the process. He still handles 50 percent of the closings in his office, typically purchases and sales rather than refinancing.

"The first thing I try to do is relax my client. Then it is easier to go over the paperwork and set them at ease."

The commercial closings are somewhat different.

"They are often considerably more detailed and financially complex. We have handled closings that involved construction loans of over \$25 million at the closing. You have to cross the T's and dot the I's. Unlike a state like California, where the actual deal may not close for several weeks, we like to hand over the deed with one hand and take the money with the other. We want to close at a table. We might have multiple lawyers involved in each closing and handle five or more in a day. I enjoy complicated transactions; I like to put pieces of the puzzles together."

'The Recovery Is Coming'

Flanigan's eyes twinkle when he talks about a complex real estate law that was in place 20 years ago and how it might be handled today. His knowledge of that history informs how he handles complex deals for his clients now.

"We have a searcher, an examiner, and a lawyer who can make suggestions about how to handle this complex deal moving forward. And in the beginning, I spent a lot of time in the basement of the courthouse."

Flanigan, 74, gives no impression that he

plans to retire any time soon. He smiles broadly.

"This geographic area has a reputation for lawyers who practice for many years. Leland Buckley didn't stop until 92. Fred Springer practiced beyond 80. My wife would go crazy, as would I, if I went home and wasn't working."

In spite of the difficulties in the economy right now, Flanigan is optimistic.

"The recovery is coming," he says. "The construction industry needs to be primed in order for our economy to recover. We need more money in the pockets of people who can buy houses. Unfortunately, I don't see any recovery from the banks in terms of lending. The smaller bankers still aren't making any money. They have to be in the position to want to make loans. Maybe retail will turn the corner over the holidays, or perhaps there will be improvement in California and Florida that will spill over into some other geographic regions. And we are still dealing with a domino effect with people needing to sell their houses in order to buy something else."

He continues with an observation about changes in the housing market.

"Houses have gotten bigger—the market has changed in that there is a huge difference in the price points of houses today. The value of houses has gone much beyond the corresponding upgrade in salaries. Perhaps the next generation will purchase smaller houses. This recent boom caused growth into mansions, and perhaps that trend has ended."

Flanigan has always been just as involved and enthused about his work in the community as he is about his real estate practice.

"In 1966, my partner was the vice president of the Chamber of Commerce. The Chamber set up a committee to meet and talk about the needs of our community. The Committee determined that we needed a new hospital. Ultimately, our group merged with Collinsville and built Anderson Hospital, which opened in the early 1970s."

Flanigan was the fund raising chairperson in Edwardsville and served as the chairman of the hospital board for 15 years. Seeing the whole thing happen and working with the organization was fascinating.

"It's been my pro bono work," he says, his energy for that work showing in the animated way he talks about it.

"It provided me with the opportunity to develop relationships with many other parts of the community. The hospital took a \$10,000 donation and turned it into a \$150 million dollar hospital! Our committee was also fortunate to have a connection to the local newspaper. Having them help promote us helped maintain enthusiasm for a slow process that at times seemed daunting. This was supposed to have

been a one-year Chamber project, and over 40 years later, I am still involved; as a matter of fact, there is a hospital meeting tonight."

'I Love What I'm Doing'

With Flanigan's continued active involvement, his observation about the upcoming generation of attorneys seems to ring true.

"Lawyers in my generation would spend more time in the law office than lawyers do now," he says. "It used to be that I could call a lawyer on Saturday or Sunday on a cell and find them in their office. I don't see the same level of commitment of younger lawyers as there was on the part of my peer group. I can call my contemporaries, and they are still there on weekends or in the evening. I know it's unheard of, but I scheduled a Saturday meeting with one of my peers. It's an aspect of the seamless joining of my life and my practice. An hour here or there on a weekend is just part of having your own business. I love what I'm doing—if I didn't, I wouldn't be here."

Family also plays a big role in Flanigan's life. Between his three daughters and his wife Rita's three children, they have 12 grandchildren, 10 of whom are under 10. Pictures of all of them surround his office.

"Stop me," he beams, "I could talk about my family all day."

His three daughters are all involved in interesting work. One works for an innovative not-for-profit housing organization in St. Louis; another works for an arts organization, and the third practices law in his office. Two of them followed in his footsteps to Knox College, while his youngest went to McKendree for something different than her sisters. His attorney daughter started at his office directly from law school, 12 years ago.

Enjoying real estate as he does, Flanigan has a place at the Lake of the Ozarks and a fishing shack in Palmetto, Florida that he insists really is a shack.

"It's a very small place on a canal. I'm going this winter because the silver trout will be there. We fish with lures and the trout run in schools. If you're fortunate, you can catch two at a time on one lure. Now, that's success."

A relatively new family tradition at the Lake of the Ozarks retreat has also been successful: a middle-of-the-night shopping venture on Black Friday for his grandchildren. "We go out at 2 a.m., shop until 6 for the kids, and head home, where the husbands have made breakfast..."

Getting up in the middle of the night to fight holiday crowds and shop until dawn may sound like a chore, but Flanigan describes it the way he would describe his law practice:

"It's a lot of fun." ■