

# Peak Possibilities

Your Monthly Guide to Informed Real Estate Decisions



Investment Community of the Rockies  
— COLORADO REAL ESTATE INVESTORS ASSOCIATION —

6795 E. Tennessee Avenue  
Suite 401  
Denver, CO 80224  
970-682-4267  
icorockies.com

## Table of Contents

### Page 2

September @ ICOR

### Page 3

Investing in Recovery  
Housing Event

### Page 4

ICOR Business  
Member Directory

### Page 5

Compounding Interest  
and the Infinite Banking  
System

### Page 6

FOMO on Real Estate...  
Two Schools of Thought

### Page 7

No One Hates Paying  
Taxes More Than Me

### Page 8

Helpful Rules and  
Calculators for Fix  
and Flip Success

### Page 9

Solo 401K Loans: A  
Versatile Investment Tool

### Page 10

Insuring Your  
Mobile Home

### Page 11

What To Look For In  
Home Inspections

### Page 12

Monthly Meeting  
Information

## Fix & Flip Systems = Success!

By Derek Marlin

With Fix & Flip gross profits at all time high levels, we often receive the question — “**Is now still a good time to Flip?**”? In our view, current market conditions do lend themselves to running profitable property redevelopment projects as we call these projects. Our company volume is down almost 35% compared to 2020 but net profitability is up almost 90%. This can be attributed to market appreciation in homes when we list them for sale but more important is our focus on strict deal analysis up front so that we’re not overpaying for properties. If you are realistic in the ARV (After Repair Value) of a property and work within your rehab budget, then it sets you up for maximum profitability. It’s also important to work off of firm data as much as possible and not get caught up in projected appreciation of projects which are a 2-4 month turn around. This adherence to our company investment metrics of **1) Dollars Per Day 2) Net Profit 3) ROI %** make it easier to analyze properties and not get emotionally caught up in a bidding war or keeping contracting crews busy.

The key to taking these metrics and running a profitable project is through our “Big 4 of Project Management” which are outlined below:

**1) REHAB BUDGET:** The ELEVATION Rehab budget estimator is a two sheet document which helps investors take a systematic approach to budgeting. Your #1 step in determining a proper rehab budget is to focus on the six major systems of a property as they can total 60%+ of your budget.

- Structural Components
- Sewer Line
- Electrical Panel

- Roof & Windows
- HVAC: Furnace/Boiler/AC
- Asbestos

**2) STATEMENT OF WORK (SOW):** The second key document is the statement of work (SOW) which is a detailed description of what type of work is going into the project. ELEVATION breaks the SOW into two different formats based on the property. More cosmetic jobs can be summarized on a single sheet of paper as many rehab elements carry across multiple rooms/areas of a property. The whole house SOW is a spreadsheet which has a separate tab

for every room in a home as many design and rehab elements differ between rooms.

**3) FIXTURES & FINISHES (F&F):** The third component is the ELEVATION Fixture & Finish document which takes the guesswork out of

selecting what style and materials are most desirable to buyers. We update these packages annually with a professional interior designer to stay on trend. It’s important to take most of an investor’s personal taste out of the decision tree and always think through the lens of the widest buying audience. Based on the style of a property and resale price point, one of six packages will be selected. As an investor, time is money and hours spent wandering around Home Depot, Floor & Decor, and various home improvement stores is not a productive use of time. We added a sixth package based on homes in the \$800k - \$1M price range which require a higher level of quality in what we put into a property. Our finish packages are:

- High End (\$800K+ price point)
- Contemporary (Black & Chrome hardware packages)

Join ICOR  
September 7th-9th  
from 6-8:45 pm  
6 Things You Need to  
Know for More Profitable  
& Quicker Flips!

*Continued on page 4*



# SEPTEMBER MEETING INFORMATION

## September @ ICOR

Monthly Meeting | September 7-9th | 6:00-8:45 pm

### 6 Things You Need to Know for More Profitable & Quicker Flips!

Join ELEVATION this month to learn how to profitably rehab properties in today's competitive market. Derek Marlin & Elevation specializes in Property Re-Development or Fix & Flip as it's commonly called. In September, we provide a perfect 30,000 foot overview of all aspects of making an investor successful given the new market variables carrying over from the last year and how to manage and incorporate each.

**The Elevation team consists of investors who pride themselves on their real-time processes that make their projects more profitable... and quicker than the average national or Colorado investor.**

We'll take a deeper dive into the following areas:

- Qualifying Deals
- Sourcing Properties: On & Off-market
- Rehab Budgeting
- Offers & Inspections
- Project Management Planning
- Rehab Systems

At ELEVATION, they're "Raising The Flipping Bar" and look forward to sharing their knowledge & networking with fellow investors who may be new to the rehab industry or long-time veterans. We look forward to adding value to your world!

**For full details or to register visit [www.icorockies.com/events](http://www.icorockies.com/events)**



### Colorado Springs

Tuesday, September 7th

Hyatt Place Colorado Springs  
503 Garden of the Gods Rd West  
Colorado Springs, CO 80907



### Denver

Wednesday, September 8th

South Metro Denver REALTOR Association  
6436 S Racine Cir  
Centennial, CO 80111



### Northern Colorado / Fort Collins

Thursday, September 9th

The Group Classroom  
2803 E Harmony Rd  
Fort Collins, CO 80528



SATURDAY, NOVEMBER 13TH | DENVER, CO | 9AM - 3PM

# Investing in Recovery Housing and Other Government Subsidized Shared Housing Opportunities



If you could **TRIPLE** the income from your Single Family rental property while having true **IMPACT**... would you? According to the Latest figures from the US Government, here are 70,000,000 people facing housing insecurity today. That is a huge problem, and the good news is, there is a **Very Lucrative Solution**. And the answer is Gene Guarino & Sherri Candelario, the founders of the Shared Housing Academy, will share the 4H2F Formula and his little-known **SECRET** in this session.

## In this session:

1. You'll learn how to turn a single-family home into \$3,000 to \$10,000 or more in Monthly Cash Flow.
2. You'll learn how to tap into BILLIONS of dollars available to real estate investors just like you.
3. You'll Discover how the "4 Homes To Freedom" Formula can set you free in 18 months or less.
4. Learn how to Attract tenants that will respect your property while collecting guaranteed rent payments
5. Learn Why Rent & Eviction Moratoriums DO NOT APPLY using the "4 Homes to Freedom" Formula

You will learn how to capitalize on this mega-trend opportunity and become financially resilient in any market to come! Gene will introduce you to Sherri Candelario PhD. the country's leading authority on the topic of Recovery Housing. Don't miss your opportunity to have true IMPACT & maximize your cash flow using the 4 Homes to Freedom Formula



**Shared Housing  
Academy**

**REGISTER AT**  
[www.icorockies.com/events](http://www.icorockies.com/events)

**\$99 for Members**  
**\$149 for Non Members**

**Join ICOR at an upcoming  
Monthly Meeting for the  
deepest discount on this  
workshop!**



## ICOR Business Member Directory

Service	Contact/Business	Phone	Email
Broker	Melissa Millan	203.241.5571	melissa.millan@gmail.com
Contractor	Dillon Gilster   J & K Roofing	303.425.7531	dillon@jkroofing.com
Contractor	Vern Robinson   Ridge Construction	303.881.1169	vern@ridgeconstructioninc.com
Contractor	Robert Groll	720.490.5770	rob.clearviewenterprises@gmail.com
Cost Segregation	Brad Weed   NoCo Invest	970.294.1509	Brad@NOCOInvest.com
Financial Planning	New Direction Trust Company	877.742.1270	info@ndtco.com
Financial Planning	Jason Power   Unbridled Wealth	303.957.9175	jpowers@unbridledwealth.com
Lender	Chuck Townsend   Forrest Financial	303.877.3221	chuck@forrestfinancial.com
Lender	Greg Osborne   Bridge Capital Resources, LLC	303.475.5873	greg@bridgelending.com
Lender	Justin Cooper   Pine Financial	303.835.4445	Justin@pinefinancialgroup.com
Lender	Kim Hubbard   Merchants Mortgage	303.898.1366	khubbard@merchantsmtg.com
Lender	Tyler Ideker   Indicate Capital	303.567.6333	tyler@costfund.com
Lender	David   Neilson   Boomerang Capital Partners	480.779.9779	David@boomerangcapital.com
Property Management	Cory Rasmussen   Atlas Real Estate	303.242.8980	info@realatlas.com
Property Staging	Heather Loyal	303.601.6638	heather@teamloyalig.com
Rehabber	Craig Dillion	719.661.8848	craigdillion@me.com
Tax Planning	Stone CPA & Advisors	970.668.0772	info@coloradotaxcoach.com
Title	Bill McAfee   Empire Title, Colorado Springs	719.499.0968	bill@etcos.com
Title	Debbie Myers   First American Title	970.658.4702	DMyers@firstam.com
Turnkey Real Estate	Travis Abbott   Invest 1 Properties	303.649.1607	Travis@Invest1Properties.com
Wholesale	Kyle Rutherford   Networth Realty	720.379.4920	kyle@networthco.com
Wholesale	Paul Strange   Lincoln Commerical	303.419.2180	paul@lincolncommercial.com

## Fix & Flip Systems = Success!

*Continued from page 1*

- Farmhouse (HGTV-Fixer Upper)
- Mid Century Modern (1950's-1960's style)
- Rental Property

**4) TIMELINE:** The final document is the timeline which tracks every step of running a successful and profitable rehab project. Currently, the ELEVATION Way consists of four main phases and covers over 100 individual steps.

1. Project Planning
2. Rehab Process
3. Materials
4. Listing for Sale

This process is critical to follow regardless of the size of a project. Our philosophy is that a day of planning and organization saves 3 days of possible delays. We've moved this aspect of project management to

www.Monday.com which is a fantastic software platform that enables clients to run multiple projects and teams from one central area. Each project is called a "board" and can be shared with business partners, project managers, contractors and subs.

### KEY TAKEAWAYS

The property redevelopment business—or Fix & Flip, as most call it—can be lucrative, but it's paramount to stay to your investment guidelines and not overpay for properties. It's also smart to be realistic on the listing price once you are finished with a project. Even if a project goes over budget, the market is efficient so properties which are overpriced will sit and typically result in price reductions before they are put under contract. **We're presenting at ICOR's main events in September so be sure to attend on the 7th, 8th, and 9th across the Front Range.** We're always here to add value to investors so don't hesitate to reach out!



# Compounding Interest and the Application for the Infinite Banking System

Einstein reportedly said that “compounding interest is the Eighth Wonder of the World. He who understands it, earns it. He who doesn’t, pays it.” Whether this quote actually came from him is irrelevant when we look at the truth behind the statement. First let’s review how compound interest works, then the negative and positive applications.

If someone offered you \$1,000,000 up front or \$0.01 that doubled every day for a month, which would you take? If you don’t understand power of compounding, the million dollars seems like the logical choice. However, \$0.01 that doubles every day equals \$5,368,709.12 on day 30. If only we all learned how compounding applies to real life before finishing high school.

Americans undeniably have a debt problem, and I’m not talking about the good kind. Chronically charging life on credit cards and procrastinating payment plans, means that 50% of Americans pay 15-29%+ interest... daily, and 96 million people cannot pay more than the minimum requirement (CNBC May 2020). Yes, credit card interest actually compounds daily, the APR is not an accurate portrayal of what’s owed. Any balance not immediately paid off to play the points game, works against our finances each day we don’t pay. If this is your situation, don’t despair, but also don’t delay. We need to talk. Yesterday.

For other Americans, we apply compound interest in our favor through retirement plans. If you’re familiar with the Rule of 72 and start investing in your twenties (72 divided by interest rate equals how long it takes for your money to double), you could have millions saved for retirement. However, many of us are not those people who started investing early. Especially if you finished college during the great recession.

There is a third application. Compounding interests, plus a dividend, activates inside a properly structured whole life policy. This is the magic of what we call infinite banking. The magic also means that you are able to use your money while it grows, unlike retirement plans that have a penalty associated with touching the money before you’re of age. If you are in the disciplined minority who repay what you use with interest, you’ll have the opportunity to both compound and grow your money inside a policy, as well as use it for investment real estate, or a start-up company, etc. Why repay yourself with interest? Because compounding. The gross cash value of your policy compounds while you use or invest the net elsewhere. It feels like magic but really, it’s just math.

Tapping into the power of compounding interest doesn’t require Einstein’s rocket science. However, it does require action. Of course, those who begin in their twenties will be well ahead of those who start in their fifties, but that doesn’t mean you shouldn’t begin somewhere.

We believe there is a strategy for everyone and it’s our job to apply compounding interest in your favor. Whether you’re struggling with bad debt, or want to turbo-charge your finances, let 2021 be a year of activating the math that works like magic. Book an appointment with us today.



## YOUR REAL ESTATE STRATEGY MIGHT BE MISSING A GAME CHANGER

### WHAT IF YOU COULD:

- Maintain fast access to your cash, while earning tax free dividends
- Gain creditor protection
- Earn State & Federal tax credits
- Self-finance your own real estate portfolio, especially during down markets
- Start paying yourself interest instead of the banks

(303) 957-9175 | UnbridledWealth.com | 1400 Josephine St. Denver, CO



**OUT OF STATE INVESTING EXPERT**

TRAVIS ABBOTT / TRAVIS@INVEST1PROPERTIES.COM / INVEST1PROPERTIES.COM

# FOMO on Real Estate... Two Schools of Thought

Yeah, Yeah, Yeah... FOMO (fear of missing out) is probably not the best reason to buy out of state investment properties. But it may not be the worst either. The fact that you are starting to see signs of FOMO creeping into your real estate investing life may be because your friends have mentioned it often. Or maybe you have heard about the huge appreciation rates that property owners are seeing nationwide. Whatever the reason, I am hearing this as a major factor when people are considering investing in real estate or have already invested and are considering adding more properties to their portfolio.

The key is understanding yourself as an investor and includes many variables. We basically sell properties to two types of investors: Millennials and then Young Boomers/Old Gen X'ers. Each group sees investing very differently.

Let's start with Millennials. Most Millennials that we work with make very good money and have taken advantage of the last decade in the stock market by consistently saving and investing and have built up a sizeable nest egg. But now they feel the stock market is at or near its high and they see real estate as a very viable investment option. They are not afraid of investing out of state and many Millennials feel that investing in out of state properties is the only way for them to still invest in real estate at affordable prices. And because the prices are so low, they truly do have FOMO, they fear missing out on what they believe is a once in a generation opportunity to build wealth through real estate. We tell them there is still time, but it is true that it is getting harder and harder to source nice, performing investment properties.

Millennials also typically want to buy as many as they can and are happy to leverage their money, often with our asset-based lending, to buy more properties than they could paying all cash. Their goal is to accumulate enough properties and then pay those off over the following 10 years or so to completely replace their income(s) and be financially free from that point on.

Our second client base is Young Boomers/Older Gen X'ers. They have made it to near retirement (our typical client in this age group is 55 - 60) and they are looking for a plan to augment their retirement. They have FOMO on a comfortable retirement. They are looking to invest in real estate because to them it represents a safe (no ups and downs like the stock market), secure and predictable investment. We typically show them how they can take \$160k - 200k and buy 4 properties from us with financing and will be able to pay those off within 7ish years using positive net monthly cash flow so that they will owe those properties free and clear in a relatively short period of time, after which they will receive all of the net cash flows and significantly juice up their retirements. It is a simple concept that we are applying with more and more clients to help them significantly increase their retirement income.

Ultimately though, it starts with you. There is no reason to have FOMO. But there is also no reason to sit on the fence and do nothing. Take a good look at your investments and ask yourself if you are where you want to be financially. Ask yourself if real estate is the right fit for you, and lastly...listen to and go with your gut.

## ACHIEVING FINANCIAL FREEDOM THROUGH REAL ESTATE INVESTING

As 2021 begins, preparing for retirement and the future is more important than ever. Today's market offers the best opportunity to profit from real estate since 2008! Whether you are looking to do a 1031 exchange, build a College Fund using real estate or diversify your stock portfolio by investing in affordable income producing real estate or create an additional stream of income to supplement your current income, we will show you how to get there!

Since 2008 Invest 1 Properties has been one of the nation's leading turn-key investment property providers. Focusing on Dynamic Mid-West markets with over 900 properties sold, we have the systems in place to assure your success.

### WITH INVEST 1 PROPERTIES:

- We find the property for you
- We fully renovate the property
- We partner with local property management to manage the property
- You just COLLECT THE CHECK



**Invest 1 Properties**

Turn Key Investment Properties

This is truly "hands-off" turn-key investing. We include a rent guarantee and renovation warranty on every property we sell and WE PAY ALL 1031 exchange fees when you close with us! We even offer In house financing with no tax returns, paystubs or W2's, and no bank qualifying!



TAX EXPERT

LARRY STONE / [LARRY@COLORADOTAXCOACH.COM](mailto:LARRY@COLORADOTAXCOACH.COM) / [COLORADOTAXCOACH.COM](http://COLORADOTAXCOACH.COM)



# No One Hates Paying Taxes More Than Me

I must admit it. I hate paying taxes. No one hates paying taxes more than I do. Sometimes you must pay taxes, no one says you must pay retail. One of my favorite jurists, Judge Learned Hand, stated “Anyone may arrange his affairs so that his taxes shall be as low as possible...” You can find the entire quote at <http://libertytree.ca/quotes/Learned.Hand.Quote.6BF7>. What Judge Learned Hand is saying is that you can use any legal method available to you to pay the least amount of taxes possible.

What is the best way to make sure that you pay the least amount of taxes legally? A detailed written tax plan which is indexed to the IRS (Internal Revenue Service) Code (law) which you must follow, Revenue Procedures (Instruction from the IRS) which you should follow, and tax court cases (which sets the limits you can follow). Remember tax guidance which is not written is meaningless. It will give you positive direction in what you can do so you can include it in your business plans. It is organized to provide you with general tax guidance on what should be done when planning for family, home, job, business activity, exit strategy and family transition.

But you may have an accountant or CPA (Certified Public Accountant) who you trust to take care of these issues. Take a lesson from Stephen Baldwin who pleaded guilty to not paying New York state income taxes [https://www.inquirer.com/philly/business/15\\_Celebrities\\_Convicted\\_for\\_Tax\\_Evasion.html](https://www.inquirer.com/philly/business/15_Celebrities_Convicted_for_Tax_Evasion.html)

He stated he had received bad advice from lawyers and accountants. Or you may take a lesson from Nicolas Cage or Wesley Snipes, both had managers who were responsible for filing and paying the taxes. Wesley Snipes served 3 years in a Pennsylvania prison. No matter who you rely on, you are always the one held accountable.

And it is not easy. Unless you studied accounting while attending college, you have not had sufficient training in the relevant tax rules. Even those who studied accounting and took classes in taxes have forgotten most of what they learned.

To be effective and efficient at tax reduction strategies, you must study the tax rules all the time. In addition, you must constantly follow the changes in the tax rules — no matter where they occur. Congress, IRS, and the courts can change the rules at any time. We usually hear when Congress writes a new law. When was the last time you read in the Denver Post that the IRS issued a new Revenue Procedure, or the tax court issued a new ruling on the tax law? Reading your local newspaper will not keep you informed about all the on-going tax changes. Should you rely on someone else to keep you informed — say your accountant or tax professional. How well do they keep informed on all

the tax changes? It is your accountability so you can ask. I recommend that you follow the favorite saying of Ronald Reagan used by him in signing the Russian missile treaties — “Trust but verify”.

Most people assume that their tax returns are correctly prepared and that they have all the available planning choices made. We offer a Discovery Session where you can “Trust but verify” those assumptions. For \$350, we will look at your tax situation for mistakes and missed opportunities. Call us at 970-668-0772 or email [info@coloradotaxcoach.com](mailto:info@coloradotaxcoach.com) for more information.

## What's your American Dream?

Start the conversation about your future.

Oct. 7th - 8th 10:00-6:00 PM MT

Oct. 11th 4:00-6:00 PM MT

RSVP TODAY

970-668-0772 | [info@coloradotaxcoach.com](mailto:info@coloradotaxcoach.com)

[STONECPAADVISORS.COM](http://STONECPAADVISORS.COM)

STONE CPA & ADVISORS

TAXES INVESTMENTS COACHING



FINANCE EXPERT

DAVID NIELSON / DAVID@BOOMERANGCAPITAL.COM / BOOMERANGCAPITAL.COM

# Helpful Rules and Calculators for Fix and Flip Success

Experts have their tried and true methods for helping them identify those projects which will yield the best return. They've developed rules for success and they stick to those rules. Finding calculators and tools to help you identify those same projects with potential, while capitalizing on these tried-and-true rules, can yield successful results for you as well. We've talked to several of our most seasoned flippers and here's some of their top rules and calculators used to help in planning and budgeting for a successful fix and flip.

## Finding Properties and Determining Values

The number one question asked by new real estate investors is "How do I find good properties?" Simple answer, go out and look for them. Drive around the neighborhoods of communities that appeal to you. Look around! And while you're out there, have your phone or tablet logged into Zillow.

Zillow isn't just for personal home-buyers. It's a great free tool to help you identify potential properties while you are out scouting locations. Zillow can provide you with general details on properties — recognizing that their calculations can provide broad data, to get the search started. Once you've identified properties that you found intriguing you can head back to your computer and look them up on PadHawk.com for greater details. This is a fee-based service that identifies properties, neighborhood statistics for each property, finds occupancy, how much is owed, or how much was paid — all details that can help you make a decision on the perfect investment property.

Last but not least, BiggerPockets has some interesting tools to get individualized detailed reports on a specific property. Once users have entered the property information, you can review the results of the report to analyze if each fix and flip deal is right for you.

## Determining Rental Market Value

Perhaps flipping a property for rental purposes is your goal. When you rent the property, it's important that you charge the full amount the market will support. You want to be right on target, charging just enough to be in the marketable range, but not more than other comparable properties rent for.

Unless you already have similar rental properties in that neighborhood, you will want to do your homework. Rentometer.com is an easy way to compare rents, using address, beds and baths, with other local rental properties.

An additional consideration is the short-term rental market. Your fix

and flip property may be most lucrative as a short-term rental like an AirBnB or VRBO. Before you commit to that path, check out this calculator which will give you a better idea for potential return on your short-term rental property. <https://www.airdna.co/airbnb-calculator>

## Estimating Rehab Expenses

Knowing what you can expect to pay, even if it is in general terms, can help you decide whether or not to proceed with a project. Tadd Jones, a 12-year veteran of the real estate finance business and a Boomerang team member, said that he has a general rule of thumb for running a preliminary estimate for project costs. "It's a combination of the age of the home and its square footage. This gives me a ball-park for estimating a renovation." This simple formula can help you get in the renovation ballpark.

Year Home was Built	\$/Square Foot
1959	\$40
1960 - 1979	\$45
1980 - 1999	\$30
2000 - present	\$25

## Managing Properties

More is not always better, especially when it comes to properties you are trying to manage on your own. Property management takes not only money, but time. In an effort to financially and logistically manage properties there is a general rule of thumb to create the best return on your investment.

# of Properties	Management Style
0 - 6	Self-management
7 - 10	Property manager
10+	Hire your own team to manage

## Networking

All of our investors agree that nothing beats networking, for creating good business transactions. Meeting the right people can lead you straight down the road to success. There are no rules and no calculators that can replace good-old fashioned hand-shakes and face-to-face meetings (or in today's world video-conferencing) in developing a successful property investment business.

As experience has shown, calculators and rules-of-the-road are a great place to start, but a poor place to stop. Reach out to people who have experience in fixing & flipping, ask questions. These types of personal connections can be the best resources for a successful flip.





# Solo 401K Loans: A Versatile Investment Tool

401K retirement plans, which includes most solo 401K plans, allow account owners to borrow up to \$50,000 from their account. This personal loan offers the account owner a versatile line of credit, including cash to invest in other opportunities that may not otherwise be accessible within the plan itself. Given the flexibility, 401K loans can be an enterprising way to grow and diversify your retirement account balance. In this article we will discuss why and when a saver may want to consider a 401K loan.

## First, let's review the IRS rules for 401K personal loans:

- Maximum loan duration of 5 years. One exception to this term exists when the funds are used for the purchase of the account owner's "primary" residence. In this instance the plan documents may allow for the loan duration to be extended.
- Maximum loan amount of \$50,000 OR 50% of the overall plan value, whichever is greater.
- Loan principal payments required. In loan parlance the loan must be "fully amortized," meaning NO interest only loans. Further, the loan must be repaid in equal installments including both principal and interest.
- "Reasonable" interest rate required. Lenders and debtors (you in both cases) cannot neither charge 0% nor unusually high interest rate loans.
- Minimum of quarterly loan payments. Loan payments need to be made at least quarterly but can be more frequent.

## Now that we've covered the IRS basics, let's look at some of the more common reasons savers take a loan from their 401K:

**1. Personal Reasons:** When someone needs cash to pay bills, eliminate debt, or use for other investment purposes, they can take a loan from their 401K. There are NO IRS guidelines stating "what" the funds may or may not be used for. As an example, you could use the 401K funds to pay off a car loan. Instead of paying the dealer or bank interest, an individual could pay themselves and grow their 401K.

**2. Purchase of a Primary Residence:** When borrowing for the purchase of a primary residence, an individual can borrow up to \$50,000 and the loan duration can be longer than 5 years. There are two key aspects to be aware of: 1) the plan documents must have specific language about borrowing for the purchase of a primary residence; and 2) the 401K plan documents determine the maximum length of the loan. Practically speaking, the loan duration could be anywhere from 5-30 years. Please note this only applies to a primary residence; you cannot get the extended loan duration for second homes or investment properties (see next).

**3. Investing Beyond Your Existing 401K Platform Lineup:** An investor may wish to use retirement funds to invest in assets beyond their 401K plan sponsor approved platform lineup (e.g., the typical 10-20 mutual funds). In addition, 401K loans can provide a path to investing in businesses you own. For instance, the IRS does not allow certain investments when retirement funds are involved, such as when an individual is the sole owner. The IRS considers these investments "prohibited transactions," which may result in a deemed distribution and tax assessment (if not also penalties). Conversely, borrowed money from a 401K is not considered retirement money and therefore an acceptable source of funds for these investments. More broadly, 401K loans can be used for direct real estate investing, a popular option here at New Direction Trust Company, as well as virtually any other asset class you may select.

Does your 401K plan offer the personal loan feature? It's easy to determine — simply contact your plan administrator and ask. For solo 401K plans, such as those offered by New Direction Trust Company, the account owner is often the plan administrator and the personal loan feature is generally established when the plan is created.

The 401K personal loan offers a unique opportunity to access retirement funds without the potential tax implications of distributions. However, account owners must understand IRS rules for borrowing from your 401K plan, and failure to repay the borrowed funds could lead to a distribution and ordinary income tax on the borrowed amount. To learn more please contact a member of New Direction Trust's business development team to schedule an appointment.



**ARE YOU  
READY TO  
INVEST IN  
REAL ESTATE  
WITH YOUR  
IRA?**

**Use coupon code  
ICOR30**  
to waive account opening fee

 **New Direction  
TRUST COMPANY**



## INSURANCE EXPERT

EVE HOELZEL / EVE.DSTANSFIELD@FARMERSAGENCY.COM / EVEINSURANCECOLORADO.COM

# Insuring Your Mobile Home

Just as with traditional landlord insurance policies, mobile home insurance protects the investment and the contents within it. It also protects you if you are sued by someone who is hurt on your property.

Whether the mobile home is used as a rental or it is vacant, not having the appropriate coverage can be a mistake that can cost you anywhere from a few thousand dollars to \$1 million or more if something goes wrong.

Mobile home insurance, also known as manufactured home insurance, is similar to traditional rental dwelling insurance. It typically covers:

- Repair or replacement of the mobile home due to damage from covered perils such as fire, lightning, wind, hail, water damage from sewers and drains, etc.
- Stated value loss settlement: If a total loss has occurred, you can settle for the full amount of your property at the value listed on your policy
- Reimbursement for the loss of personal belonging
- Trip coverage if you move your home to a new location
- Liability coverage
- Additional living expenses in case your mobile home is damaged severely enough that you need to pay for temporary living quarters while the mobile home is repaired.

When you shop for a mobile home insurance policy, it is important to understand the differences between mobile homes and modular home. The key differences are the following:

### Mobile home or manufactured home:

A home built in a factory and then transported to and installed at a site. Manufactured homes are built according to the HUD Code (formally the Federal Manufactured Home Construction and Safety Standards), a national standard that ensures the proper design and safety of manufactured homes. They are indistinguishable from site-built homes

### Modular home:

These are also factory-built homes, but instead of falling under federal guidelines, they are built according to standards set by state or regional codes in the area where the home will be located. As with the other homes on this list, they are later transported to and installed on a site. Unlike manufactured homes, modular homes are more likely to be delivered in two or more pieces and built on crawlspaces or basements. They also look more like traditional "stick-built" homes.

When insuring Mobile homes or modular homes for investors, insurance agents need to classify the type of occupancy such as the following:

- Mobile homes located in a park or on private property
- Mobile homes used seasonally

- Rental mobile homes
- Vacant

Just as other dwelling insurance policies, Mobile Homes insurance has some exclusion. Many policies do not cover the mobile home while it is being transported. However, you could also add an endorsement. Another exclusion is flood. You will need to purchase it through FEMA or an independent carrier.

If the mobile home has wheels and doesn't sit on blocks or a permanent foundation, you will likely have to purchase a form of automobile insurance to insure the home. Such a policy is likely to offer far less coverage than a typical mobile home policy.

Purchasing mobile homes has become a common strategy within the real estate investing community. It is important to insure it correctly just as other more expensive properties. If you have questions about the different types of policies, you should talk to an insurance agent with experience in mobile home for investors.



## Sure, you have a roof over your head, but do your investments have the right coverage?

How can I help? Let's set up a time to review your policies!  
Your Investment Insurance Specialist,  
Eve Hoelzel, Licensed Agent Producer

970.217.8019

eve.dstansfield@farmersagency.com  
www.eveinsurancecolorado.com



# What To Look For In Home Inspections

Once your offer to buy a home enters into contract, a home inspection is the pivotal event for deciding whether to move forward with the contract, kill it all together, or renegotiate based on inspection findings. An effective home inspection can reveal critical information about the apparent and underlying condition of a home, making you, the buyer, aware of maintenance, repairs and overall costs the home may require immediately and over time.

Oftentimes, home buyers think (wishfully) that the house they want to buy is going to be perfect. However, that is never the case. Even with new builds or recently renovated properties, it is important for buyers to realize there are going to be changes that need to be made, whether they are cosmetic or functional.

Cosmetic changes are typically based on the buyer's personal preference, such as carpeting, paint and other stylist choices. A home inspector should also look for cosmetic flaws that would result in needed repairs such as broken windowpanes or cracks in drywall. While cosmetic issues are important to be aware of and consider, it is the functional issues identified through a home inspection that can lead to major changes in a contract.

Depending on where you live (i.e., dry or wet climate), some of the key functional areas to consider in a home inspection are: roof, foundation, plumbing and pipes, electrical, HVAC (heating, ventilation, and cooling) systems, leaks, mold, rotting wood and termite damage, radon, asbestos, and certain building code violations. These areas will entail the repair or replace and can also be associated with health and safety issues down the line; therefore, they are the focus of an effective inspection.

As the potential home buyer, once you receive the inspection report, it is essential to have it reviewed by an industry professional. These reports can be daunting to read and interpret, ranging from 30 to 80 pages and filled with industry terms. It is important for you to not panic when reviewing an inspection report. It is the inspector's job to note every single minor detail during the inspection process.

Even if your inspection report is 50 pages long, it does not mean the home is going to fall down. On the bright side, the report findings may provide ample ammo for contact negotiations and will undoubtedly provide you with the information needed to plan financially for the pending sale and future property needs.



**ATLAS**  
REAL ESTATE

## Property Management By the Numbers

**3,200**

UNITS CURRENTLY  
MANAGED

**98%**

OCCUPIED &  
COLLECTED

**10**

AVERAGE DAYS  
BETWEEN RESIDENTS

**4**

CONSECUTIVE YEARS  
VOTED BEST OF  
COLORADO



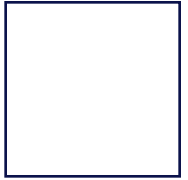
**0**

MAINTENANCE  
UPCHARGES OR  
HIDDEN FEES

[cory@realatlas.com](mailto:cory@realatlas.com) | 303.242.8980 | [realatlas.com](http://realatlas.com)



6795 E. Tennessee Avenue  
 Suite 401  
 Denver, CO 80224



## MONTHLY MEETING INFORMATION

### September Meetings

#### ICOR – Colorado Springs

**In Person**

Tuesday, Sept 7, 6 PM–9 PM (MDT)

#### ICOR – Denver

**In Person**

Wednesday, Sept 8, 6 PM–9 PM (MDT)

#### ICOR – Northern Colorado / Fort Collins

**In Person**

Thursday, Sept 9, 6 PM–9 PM (MDT)

### Subgroups

Join these topic-based communities of like-minded investors, share “Haves & Wants”, network and learn in small groups.

#### Rental Property Subgroup

**Virtual**

Wednesday, Sept 15th

#### TrueNorth Group Planner

**Virtual**

Saturday, Sept 18th

#### Stone CPA Community Discussion- Q&A

**Virtual**

Thursday, Sept, 23rd

#### Fix&Flip Property Tour

**In Person**

Thursday, Sept 30th

#### Investing in Recovery Housing & Other Govt Subsidized Shared Housing Opportunities

**In Person**

Saturday, Nov 13th

Find out more and register online at [www.ICOROCKIES.com/events](http://www.ICOROCKIES.com/events)