

Peak Possibilities

Your Monthly Guide to Informed Real Estate Decisions



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

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ADUs Are Good for People and Places!

By Beth Hale

With housing prices soaring beyond the reach of low and middle-income Americans, many cities are moving to create more affordable rentals by significantly expanding dwellings commonly known as garage apartments, in-law suites and granny flats. The official name for the apartments created from converted space is accessory dwelling unit or ADU.

What is an "ADU"?

Accessory dwelling units, or ADUs, are self-contained, smaller living spaces that are an extension of an existing property. They are often called mother-in-law suites, granny flats, casitas, backyard cottages, garage apartments or basement apartments. An ADU has its own kitchen, bath and sleeping area, but is not considered a separate property that could be sold on its own.

Affordable housing advocates promote ADU's as a way to modestly increase housing stock without drastically altering the neighborhoods that surround them. Slowly increasing density by adding single small housing units on in fill lots is much easier on infrastructure and traffic than large apartment building.

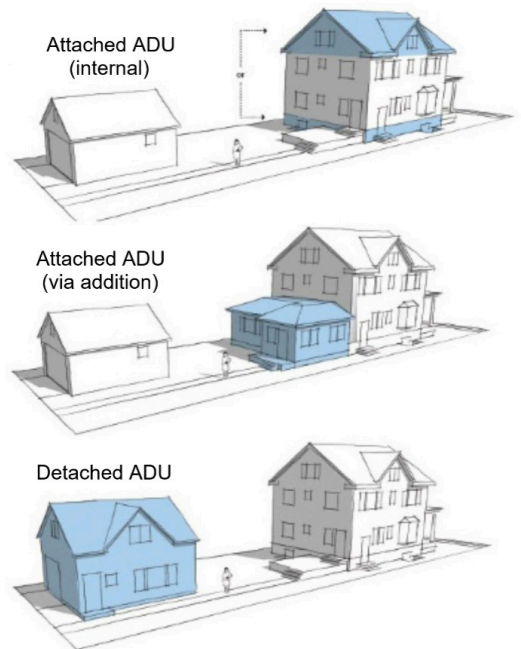
Denver and the surrounding cities have clearly agreed with this sentiment, as zoning laws are slowly changing to allow more areas to be eligible to have ADU's built. Beside zoning, lot size and/or lot coverage can also restrict the addition of an ADU. An additional requirement of newly built units is that the homeowner live in either the primary house, or the ADU. Additional requirements may vary from city to city. Lakewood, for example, requires that the exterior of the ADU must be similar in appearance to the primary dwelling unit, including but not limited to

materials, color, roof pitch, and detailing. Lakewood also requires multiple entities approve the ADU, such as the water and sewer district. Wheat Ridge hasn't allowed ADU's in the past, but in April of this year, the subject was revisited, as Wheat Ridge council members see the need for not just building new ones, but repairing existing, albeit illegal, ADU's. Denver has

a very organized system for permitting ADU's according to Vern Robinson, CEO of Ridge Construction.

In April of 2021 only about 15% of Denver was zoned for ADU's. Denver neighborhoods, where ADU zoning is commonly found includes

Join ICOR in August for "Doubling Cashflow through ADU Investing": Understanding Zoning, Permits, Construction, and Financing



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AUGUST MEETING INFORMATION

August @ ICOR

“Doubling Cashflow through ADU Investing”: Understanding Zoning, Permits, Construction, and Financing

An accessory dwelling unit, or ADU, is a straightforward and old idea: having a second small dwelling right on the same lot (or attached to) as a traditional single-family house, such as:

- an apartment over the garage
- a tiny house (on a foundation) in the backyard
- a basement apartment

Nationwide, there are 1.4 million existing ADUs costing on average \$180k to build adding 30% value and sometimes doubling the resale value

As Colorado grapples with affordable and housing demand issues, cities across the state continue to relax zoning regulations to help offset the demand and create more affordable options.

Many investors see this as a value add to existing single-family rentals to double the cash flow on a single property. But before you even begin breaking ground, there are many things to consider, such as:

- Is or will the property be zoned to allow for the unit?
- Do you have the appropriate lot size?
- Should I consider a stick-build or a prefabricated unit?
- Are there special permitting or criteria I should be aware of?
- Is there special financing for ADUs?
- What are the numbers on a unit to make it move-in ready?
- What is the timeline for an average unit?
- What am I missing or simply not aware of?

Join ICOR in August for three local panels to answer these and other questions from our panel of “been there-done that” experts, including ADU-specific contractors, lenders, investors, and city officials from Colorado Springs (8.9), Denver (8.10), and Northern Colorado (8.11).

Join us to learn and expand your rental portfolio with your existing single-family rentals!

For full details or to register visit www.icorockies.com/events



Colorado Springs

Tuesday, August 9th

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



Denver

Wednesday, August 10th

PPA Event Center
2105 Decatur St
Denver, CO 80211



Northern Colorado / Fort Collins

Thursday, August 11th

C.B. & Potts
1441 E Horsetooth Rd
Fort Collins, CO 80525

August Meetings

ICOR – Colorado Springs

In Person

Tuesday, August 9th, 6 PM-9 PM (MDT)

ICOR – Denver

In Person

Wednesday, August 10th, 6 PM-9 PM (MDT)

ICOR – Northern Colorado / Fort Collins

In Person

Thursday, August 11th, 6 PM-9 PM (MDT)

Webinars & Workshops

Beginner Investor Subgroup

Virtual

Thursday, August 4th

Deal dissection: Analyzing a profitable deal from A to Z. We will analyze the numbers, rehab, expectations and decisions made that resulted in profitable and unprofitable deals. Join other new investors in a small group setting to share ideas, ask questions, and network.

Analyzing Deals In 15 Mins or LESS

Workshop: A Numbers Game

Workshop

Saturday, August 20th

Successful investors create their deal evaluation criteria to match their goals and live by them. This workshop will teach you how to create your own investment criteria and quickly identify “deal or NO deal.”

“How To Build A Buyers-List That Acts Like An ATM” Webinar:

Understanding the 6 buyer types

Virtual

Wednesday, August 31st

This 90-minute session will help you understand buyer types, and how to find, market, and create the buyers’ list that acts like an ATM!

Find out more and register online at www.ICOROCKIES.com/events



ADUs Are Good for People and Places!

Continued from page 1

Berkeley, Sunnyside, West Colfax, Barnum, Whittier, Cole, Clayton, Platte Park, Overland, Baker, and Capitol Hill. Since then, builders have seen a few more Denver neighborhoods added.

There continues to be a swelling of support in areas that aren't currently zoned for these structures, as residents continue to see the many benefits.

Generally measuring between 600 and 1,000 square feet, ADU's work well for the one and two-bedroom homes needed by today's smaller, child-less households, which now account for nearly two-thirds of all households in the United States.

With the average rent for a studio apartment in the Denver Metro Area being between \$1,300 and \$1,500 a month, an ADU has strong investment potential for the homeowner.

An ADU can generate rental income to help homeowners cover mortgage payments or simply make ends meet. The income provided by an ADU tenant can be especially important for older people on fixed incomes.

Another benefit for the elderly is that if one spouse passes on or moves into assisted living, the other spouse can move into the ADU, and have much less house to maintain. Additionally, that remaining spouse can rent out the larger home, to provide extra income to help cover the cost of assisted living. As you might imagine, because of the many benefits provided for the elderly, AARP and AMAC are huge supporters of ADU's. AARP has a design catalog available on its website.

Several Financing options exist for ADU's. Besides traditional renovation loans, there are lenders with specific programs for these projects, taking into account the rent that the ADU will generate when qualifying of the borrower.

A spokesman for Ridge Construction, whose main focus is building ADU's says that rehabbing properties and adding ADU's to them to increase value is still in its early stages, but that financing options are beginning to catch up in providing more feasibility to this rehab strategy.

If you have questions or need further information, please contact Beth Hale at Beth.Hale@MortgageRight.com.

ICOR Business Member Directory

Service	Contact/Business	Phone	Email
Contractor/GC	Vern Robinson Ridge Construction	303.881.1169	vern@ridgeconstructioninc.com
Contractor/GC	Diana Maldonado Many Build	720.354.2630	alex@manybuildsolutions.com
Financial Planning	Chris Tanner New Direction Trust Company	877.742.1270	info@ndtco.com
Financial Planning	Jason Powers Unbridled Wealth	303.957.9175	jpowers@unbridledwealth.com
Insurance	Eve Hoelzel Farmers Insurance	970.970.8019	eve.dstansfield@farmersagency.com
Insurance	Isela Owens	719.219.8498	iselaj623@gmail.com
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Title	Debbie Myers First American Title	970.658.4702	DMyers@firstam.com
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Summer Break will be over before you know it.. Are you going “F’All In” as ICOR

Over the past two months, attendees at ICOR’s monthly meeting heard market experts that the market correction has begun! Most of you have been investing in real estate since 2008, more likely in the past three to five years!

What you have known as one of the hottest and longest real estate cycles in history, but what you know WON’T get you through the impending recession! Some are uncertain and, at times, fearful about the road ahead. *However, as the saying goes, be fearful when people are greedy, and be greedy when people are fearful!*

We think it’s time to go “BACK TO SCHOOL!” and join us for the upcoming F’ALL IN FIVE!

Each month, ICOR will feature a workshop to help you revisit and relearn skills to help you navigate the next one to three years! But, you’re thinking, I already know most of this! Well, do you know these skills in a down or changing market?

In August...

Analyzing Deals In 15 Mins Or LESS Workshop: A Numbers Game Saturday, August 20th, 9 am – 4 pm Denver, CO

Successful investors create their deal evaluation criteria to match their goals and live by them. This workshop will teach you how to create your own investment criteria and quickly identify “deal or NO deal.”

Learn to:

- Set your purchase price
- Estimate your fix-up costs
- Calculate after-repair value
- Set exit goals based on analysis

Free BONUS Tools included with Course:

- Quick Property Assessment tool
- Fix-up estimate sheet
- Neighborhood rating system
- Property inspection form

In September...

Marketing & Negotiations Workshop: “Find The Deal, Make The Deal, & Get Paid” Saturday, September 17th, 9 am – 4 pm Denver, CO

There are 5 elements that drive a successful real estate business:

1. Master Marketing: From Marketing Tumbleweeds to Marketing Stampede
2. Seal the Deal: Getting Sellers from “No” to “Yes!”
3. Know what the property is really worth: From Uncertainty to Certainty
4. Use the Right Contracts: From Legal Ignorance to Legal Precision
5. How to Get the Numbers Right: From Uncertainty to Certainty

Free BONUS Tools included with Course:

- Audio Training Bonus “Online Marketing for High Profit Deals
- Audio Training Bonus “Packaging your deals for a rehabber: The 9 deadly mistakes wholesalers make to tick a rehabber off!”
- The Rapid Cash Generator Workbook — 41 pages detailing the important Frameworks

In October...

Succeeding With Contractors: Avoiding The “Gotchas” Saturday, October 22nd, 9 am – 4 pm Denver, CO

Good contractors can save your investment; bad contractors can cost you your investment. Learn the best ways to work with contractors so you both win.

These are just a few of the questions that will be answered in our upcoming seminar:

1. How much money do I need to put down?
2. How do I know the contractor won’t just take the money and run?
3. How can I ensure the work is being done properly?
4. What’s the best way to get things done?
5. How do I know what I don’t know?

Learn to:

- Vet contractors
- Leverage the magic of the change order
- Evaluate bids
- Negotiate a fair deal
- Protect your interests

goes back to school?



In November...

Find Gold In Performing & Non-Performing Real Estate Notes
Saturday, November 12th, 9 am – 4 pm
Denver, CO

As an investor, would you rather play the role of the bank or play the role of landlord? If you'd be happier never dealing with a tenant or their toilet, this workshop will show you how to invest in notes.

Topics:

- Non-performing notes
- Passive real-estate investing
- Foreclosures as a lead generation tool
- Helping someone keep their home and get back on their feet

Learn to:

- Use the right timing, even in a changing market
- Be a passive investor
- Partner with a struggling homeowner and get them back on their feet while still earning income

In December...

QuickBooks For Real Estate & Rental Property Investors
Saturday, December 10th, 9am – 4 pm

Keeping track of your real estate finances and tenants is easy with the right tools. Learn the ins and outs of QuickBooks and the basic accounting concepts all business owners need—you'll thank us come tax season. Set up your accounting no matter what Quickbooks software or version you use and finally get rid of that old shoebox of receipts. Afraid you've got Quickbooks mastered? We're willing to bet you're missing something crucial in your accounting process—think about it—when was the last time you paid yourself?

We'll Cover:

- Accounting Concepts
- Set up for Real Estate Transaction
- Critical Information that must be known by all businesses
- QuickBooks Training

All workshops are \$125 for ICOR Members and \$175 for Non-Members...

But if you're ready to go back to school and sharpen these skills,
Go ALL IN with the "F'All In Five"

And get all 5 workshops for
\$249 for Members & \$449 for Non-Members...
that's an almost \$75 saving on each workshop

Register for the F'ALL In Five at
www.icorockies.com/products/fall-in--five22





INSURANCE EXPERT

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

Is Flood Insurance Covered with My Hazard Policy?

When homeowners or real estate investors are looking to purchase a new property, they often forget to ask, “is the property in a flood zone?” Your agent could find this information by checking the address with the flood maps. You could purchase flood insurance whether or not your property is in a flood zone. I always recommend purchasing flood insurance for that added protection of an unplanned flood. Currently, you can purchase flood insurance through FEMA or through the WYO “Write Your Own” flood program through private insurers.

Flood insurance is available for homeowners, business owners and even renters. There is a difference between how water losses are considered to be a flood, vs a covered hazard insurance water loss.

Hazard insurance policies would provide coverage for Water Damage that occurs as a sudden and accidental discharge of water. This can often be from a broken pipe, toilet, refrigerator, washing machine, or HVAC system doesn't drain properly, causing a flood. The resulting damage can be severe, depending on the location of the leak and the amount of time it has been leaking. Water damage can often occur on second floors and then can leak to the lower levels and cause extensive and expensive claim damage.

I often get the question from investors, “is water damage covered that originates from the roof?” This is always reviewed on a case-by-case basis but can be covered if it is related to a covered peril from a storm (hail).

Even though each claim has its own merits, flooding events like surface ground water or flash flood are normally excluded from hazard insurance policies.

Flood damage is damage to the home, personal property, or commercial building as a direct result of a flooding event. There should be significant rain over a short period of time to create a flooding event or flash flood. If the rental property or commercial building is in a high-risk flood zone, the property owner must have a separate flood insurance endorsement or policy to have coverage for a flood caused by weather events. Flood insurance is often required by the mortgage lenders for properties that are in a designated flood zone. The most common flood policy is normally covering the building or home. I always recommend to the investor to include coverage for property inside the building as well as a loss of rents or additional living expense coverage. These additional costs for additional living expenses and contents can sometimes be greater than the damage to the building or home. I review many flood policies and I have found that many policies do not include these important coverages.

FEMA has coverage limitations for residential homes and commercial properties. For residential properties, you can obtain coverage up to \$250,000 for the building and \$100,000 for the building contents. For commercial properties, you can secure coverage up to \$500,000 for the building and \$500,000 for the building contents. Contents and building coverage are purchased separately, and there are always separate deductibles. (FEMA, n.d.)

Flood insurance will provide money to repair or even rebuild a home, if it is damaged or destroyed by flood. When a homeowner has to file a claim, they are only responsible for paying the deductible. As a result, the homeowner retains the home, keeps making their mortgage payments, and everyone will be happy.

According to FEMA, a flood insurance policy covers the following:

- The insured building and its foundation
- Electrical and plumbing systems
- Central air conditioning equipment, furnaces, and water heaters
- Refrigerators, stoves, and built-in appliances such as dishwashers
- Permanently installed carpeting over an unfinished floor
- Permanently installed paneling, wallboard, bookcases, and cabinets
- Window blinds
- Detached garages up to 10% of building property coverage (detached buildings other than garages require a separate building property policy)
- Debris removal

If you notice above, what is not covered is the loss of use/additional living expenses and or loss of rents.

In Colorado, purchasing the right flood insurance can be difficult. Before purchasing your new property ask to see if the property is in a high-risk designated flood zone before initiating the property purchase.

Feel free to contact me and I can assist you with the correct flood policy for your investment property.



Missing Elements in Our Financial Education

Reflect for a moment. What are some of your earliest memories of money? Was it your grandfather giving you a silver dollar and teaching you to treasure what was in your hand? Was it watching your parents stress over not being able to pay the bills? Were you taught how to count pennies to buy a piece of bubblegum? These early memories, and emotions associated with them, have an inherent impact on our attitudes and actions towards money. It is almost certain that you were not taught how to budget or steward your finances in our traditional education system. You had to learn it either through the school of life or somewhere else. With that in mind, there is a complete realm of financial education that many do not know or understand. Like most education- it takes effort and a willingness to learn in order to comprehend and apply.

Most of the traditional American financial systems are designed to pull money away from us. Our government, understandably, does not trust us to save for retirement, so we are taught to tuck money away into systems that dissuade us for accessing this money early. (Never mind who may be to blame for not teaching us how to save in the first place.) Thanks to modern technology and auto transfers- we no longer physically touch our finances. Auto draft, auto pay, auto deposit, debit and credit cards, are all designed to make life 'easier'... but an inevitable side effect is that we stop paying attention to where our money is going until overdraft or miss a payment. This is particularly important as we experience inflation and need to recognize that each dollar is buying less. But allowing others to control where our money goes and how it is applied has one significant drawback- you lose access and control

Some are familiar with the envelope system. This is where you physically cash a check and use envelopes to manage a monthly budget. This is an excellent tool to help better control and recognize our spending habits. Once an envelope is empty, theoretically you're not supposed to dip into the others to buy your morning latte or happy hour drink. But what else is beyond managing our money and watching it slip away for life's necessities? I suggest the next stage is learning how money can make money. What if once an envelope or bucket received money, it started to grow, even though some of the money was actually buying purchases and investments? What if, rather than someone else using and locking away your retirement funds, you had full access to use it as needed (car purchases, tuition, emergencies, RE investments) AND it was there to use for retirement. If this sounds too theoretical or impossible, there is a chance you have more to learn.

To understand how this works, let's look at borrowing against versus borrowing form. The concept is best understood in the form of a home equity line of credit (HELOC). A homeowner may borrow against the

equity of the home. They're not actually taking bricks from the house and exchanging them for cash. This concept directly applies to my niche area of finance- the infinite banking concept (IBC). IBC is the idea of borrowing against a pool of money, and paying it back with interest, so that the actual pool of money grows, and most importantly it compounds, until the day you die.

This concept is the how the wealthy actually become and remain wealthy. Most did not win the lottery or just get lucky. Many, began with what they had, applied the concept correctly, and now have the joy of imparting what they know to their families. What matters most is how long, not how much. The wealthy know how to stay in control and maintain access to their finances.

If you're not familiar with IBC, let time be on your side and schedule a free consultation today. It's not about how much you have in your hand, it's about whether you know how to have money make money. Let us be your guide.

WHAT'S STOPPING YOU?

Your real estate strategy may be missing this game changer

SCHEDULE A CALL

(303) 957-9175





TAX EXPERT

LARRY STONE / LARRY@COLORADOTAXCOACH.COM / COLORADOTAXCOACH.COM

If You Think Tax Season Exists Only in April, Think Again...

The "busy" season approaches, and I look forward to it. Some think that the "busy" season for tax work is January through April 15. Literature supports that concept. However, it is not.

For us, September 1 is the start of the "busy" season. Why may you ask? Our clients are focused on reducing their taxes and saving cash. No matter how good your accountant is. If you wait till April 15 to identify a way to save money by reducing your taxes, it is too late. Cash saving is accomplished by planning. September 1 is the start of the "busy" planning season.

Some individuals are curious about how they did last year and want to know if they missed anything. Others want to know what else they could do to keep more of their hard-earned cash. For these questions, we offer the Discovery Session designed to identify mistakes and missed opportunities that cause you to waste dollars paying taxes you do not owe. Our clients have a detailed tax plan which tells them what to do, when to do it, how to do it and why to do it. With their plan in place, they are interested in measuring the results of their tax reduction efforts and cash savings. If it is important to accomplish, you should measure it.

Our maintenance program offers a detailed estimate forecast of their tax obligation. This estimate is performed after September 1 but prior to the end of the year so they can implement ideas to reduce their taxes before it is too late. This project is more detailed than scratching a few numbers on the back of a napkin.

The clients provide us with their updated financial records and estimates of what they expect to happen before the end of the year. With this information and using the current tax rules, we can calculate their expected tax amount due. Not just for this year but future tax years. We can estimate the tax impact of each of your decisions so you can see the impact of what your decisions have on what you pay.

Knowledge is power. When you can see the impact of your decisions on the taxes you pay, you have power to reduce your taxes and save cash. You work hard to earn your money; don't you deserve to keep it? Does it work? Yes. The proof of concept is the amount of cash savings realized by our clients. For the 2020 tax season, our clients saved \$572,026 in cash. Since we began the detailed tax planning, our clients have saved \$7,247,023 in cash. You should get some of that too.

Do not miss this "busy" season. To find out more about how you may reduce your taxes and save cash — especially now with increasing inflation and risks of real estate investing, ask about our Discovery Session. We will look at your tax situation (previous tax return, current profit and loss, and business plans) to identify mistakes and missed

opportunities. Call 970-668-0772 to get more information or to request a Discovery Session.

Stone | WEALTH STRATEGIES

formerly Stone CPA & Advisors

DISCOVERY SESSION

A meeting designed to identify mistakes and missed opportunities in your tax situation and to give you guidance on how to quit wasting dollars paying taxes you don't owe.

970-668-0772 | info@stonewealthstrategies.com
STONEWEALTHSTRATEGIES.COM



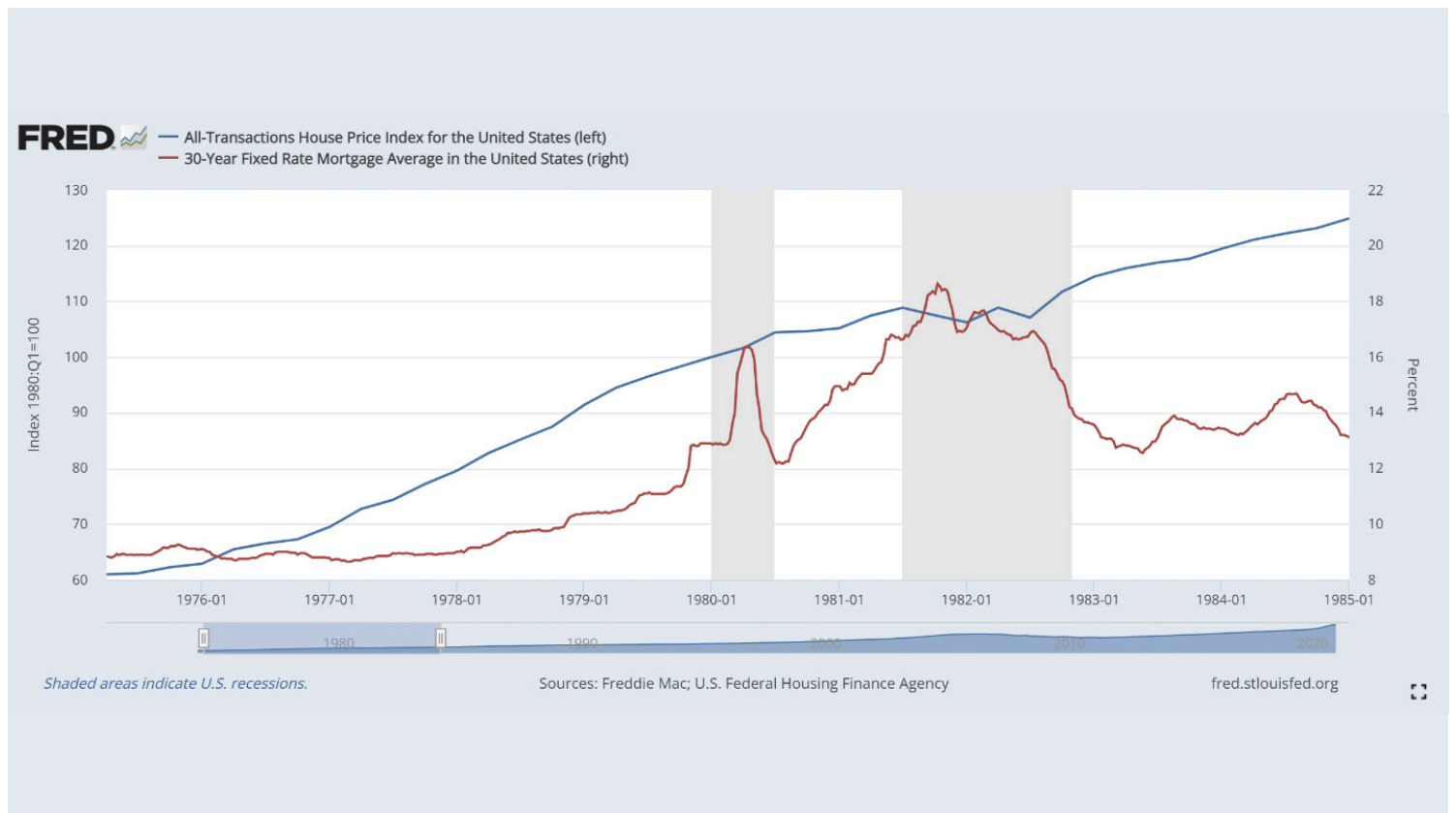
What Will Be the Impact of Rising Rates?

What happened last time rates rose aggressively and there was a demographic driver pushing up demand for homes? That is exactly the question asked in "The Baby Boom, The Baby Bust, and the Housing Market", an article published by Harvard in 1989 that looked at housing prices in the 70s and 80s. The conclusion is that the huge demand driven by demographics overrides all other factors, including interest rates, which is even more stunning considering rates rose during that period from 10% to 18%.

This is extremely relevant to our industry now, and although we don't speculate on SFR, we lend to it, so of course we end up intently focused on it. Even just eyeballing the data suggested the two (rise in rates and demand for SFRs) really aren't correlated, and 'something else' is going on. Here is a chart of home prices vs interest rates from 1975 to 1985, with the blue line representing home prices and the red representing rates, and the shaded zones are recessions. This must have been a head-scratcher then too.

So, last time it was the Boomers, this time it's the Millennials, and we feel confident of a continued increase in home prices, albeit at a much slower pace. And of course, there will be some localized pullbacks-and-froth in asking prices. which should come off as well, and indeed we have been seeing that over the past month or so. Asking prices have gotten pretty silly at more than \$400 per square foot, but they have been settling back down to much closer to something that will actually trade, around \$300 per square foot. However, this certainly doesn't mean an overall 'collapse', and comparing traded prices to traded prices (instead of asking prices to asking prices) will be a much less volatile, and more realistic, series.

Rates can rise, but housing demand seems well underpinned by demand, just like when disco reined supreme.





National REIA Legislative Update

The Fed...

Very few people have the ability to clearly look into the future. Even fewer have the humility to acknowledge that they are supposed to do so and cannot. The latter group does not hold a seat at the U.S. Federal Reserve (or foreign central banks). In fact, using history as a guide, albeit at arm's length because "things are different this time", is not necessarily a bad way of addressing re-occurring problems. However, when the fuel of political pressure is added to the fire of hubris, there will be problems. Problems may be a bit of an understatement for gas going to \$6/gallon and diesel potentially being rationed, food shortages growing with food riots already breaking out around the world. The loss of consumer confidence is somewhat inevitable as 24-hour news channels hype every mole hill as a mountain and politicians looking to make gains or hold their seat pontificate ever more dramatically; it becomes difficult to determine where the real landmines are buried.

Like many financial advisors say, don't pay too close attention to the daily fluctuations, but look for the trends. Inflation is going up and housing demand is coming down, however, entry level market rate housing is, and likely will be, in high demand due to demographic trends. So too will rentals fall into that same niche. For example, rentals are often rated in 4 categories: from Luxury A properties to D properties awaiting demolition or rehab. During the Housing crisis of 2008-14, the B rated properties did quite well, in part because longer term market forces buoyed them. No matter the vacillation of the Fed, the right property can and will be a good buy.

Location...

Every investor has heard too often the mantra about location, however, please keep the impact of legislation in mind when buying real estate. For example, in some areas of the country, there was minimal impact due to Covid shutdowns, or none at all. In California, (yes, I'm picking on the Golden State) the ability to evict a resident who hasn't paid rent since March of 2020 may be extended to sometime in mid-'23! And that's just to start the eviction process. Some municipalities will require the new property owner to cover the cost of moving the resident at lease termination, or cover the cost of the attorney through other taxes in Right to Counsel areas.

Rent Control has been spreading, as bad ideas do, with social media hyping it as a solution, and political causes funding the effort for their own ends. When purchasing, the whole cost of the property, not only your plans, but your exit strategy can be greatly impacted by a new law or regulatory interpretation: be sure to check with your local REIA about ongoing legislative issues. After all, thousands of New York property owners lost their life savings that had been poured into a building when Rent Control first went into effect...and it's happening again

due to the most recent New York Rent Control & Stabilization rulings, which by the way approved their highest(!) rating increase ever at 2-4% for annual leases. With inflation hitting 8% in March of this year alone, fewer people will invest in areas where a return on investment (profit) is precluded, thereby exacerbating the current supply shortage!

Themes:

Over the past several years, Covid notwithstanding, the Housing First and Housing as a Right groups have made noise about Affordable Housing: with this nebulous term, there is never enough, with some areas demanding more housing than the region has people (see LISC presentation 2017 to the Cincinnati Fed Reserve) which stated that 94,180 more housing units were needed immediately! 40K of those homes were to be completely free with government subsidy, the majority of the rest would have some subsidy. Of course, there was no funding plan for such an outrageous claim, because even they knew the claim was ridiculous. Nevertheless, they had a "study" and claimed a need, eventually their squeaky wheel gets the grease.

SIDENOTE: We do not have a Representative Democracy we have a Government of Squawker Response. Those who make the most noise, likes chicks in a nest, get fed the most.

As a corollary to the Affordable Housing call, there are several facets of impact that groups have focused on based upon the receptiveness of their region and they range from screening limitations to anti-eviction efforts, from Source of Income to Right-to-Counsel, from affordability carve-outs in new developments to Rent Control and full government take-over of housing as a matter of public principle vs capitalist profiteering.

From Louisiana investors fighting back screening restrictions, to Illinois passing HB 2775 that protects the Source of Income with broadly expansive language requiring property owners to accept the government as their business partner and comply with all local housing authority regulations, or Right to Counsel expanding in New Orleans, Detroit and Chicago, the activists are in full force. Rent Control efforts are expanding in California, Minnesota and cities across the Midwest: What you don't know could really hurt your investment!

Be sure to click on the Advocacy tab on National REIA's website (www.NationalREIA.org) and then, once there, click on "Bill Tracking" to stay up to date with state specific issues.

Administration Update:

In May the Biden Administration rolled out a new (mostly) Housing Shortage response which included a large mix of regulatory and



legislative fixes. The legislative projects are pretty much D.O.A. in this political environment, so we'll save space and focus on the things that can actually impact RE investors. Regulatorily, and of great interest, there was instruction by the White House to HUD and thereby FHA and FHFA and the subsequent Fannie, Freddie Mac, & Ginnie Mae organizations to consider supporting various housing finance options.

The primary focus was on Modular Housing and building a federal support mechanism for currently utilized chattel loans. As modular homes (typically trailers) are classed as personal property they have not had the benefits of standard mortgages. Banks will typically require a personal loan at a higher interest rate, and have to keep the loan "on their books". Providing a federal support system could create additional appetite and support for the modular home classification as well as improve overall values as financing options increase. One caution, as the chattel loan values are quite low in contrast to most mortgages, banks may still regard them as too costly due to Dodd-Frank requirements and eschew them. However, the expansion of CRA considerations with regard to housing finance options may balance out the high cost to loan value. More to come on this as the program is developed and comments sought.

Regulations

A standing proverb to those in law-making circles: "What the Legislator, gives the Regulator takes away," may be more true now than ever. With legislative logjams in place in part due to razor thin margins, as well as a loss of bipartisanship and the upcoming election, the Biden Administration perceives the most expedient option to be regulatory rule making. The Department of Energy is focused on Energy Benchmarking for all real estate with residential property viewed as the low hanging fruit, and most impactful for their constituency. The Environmental Protection Agency is reviewing Lead and Radon rules with expansions of both issues already announced.

Of course, the Department of Housing and Urban Development, now that many of its political positions are filled either by confirmation or by temporary assignment, is quickly increasing review and repeal of previous administration regulations. From Flood Insurance which has had recent hearings in the House for a 2.0 version, to mandates on Internet Accessibility for all residents of federally subsidized properties – which can include Housing Choice Voucher Holders: This is a head's up to those in Illinois that may have new requirements coming with those vouchers that must now be accepted! National REIA is tracking these Regulatory efforts and weighing in with key leaders and as part of the larger housing coalition as appropriate.

Cyber updates: Phishing ...

From the early 2000's when state-sponsored cyberwarfare became

publicly recognized until by China, Russia, North Korea and Iran, to the substantial increase with the most recent Russo-Ukraine war, US citizens and businesses have been the target de jour. Most of us are aware of phishing efforts: that unknown name email asking for help, etc. And most of wouldn't click a link in an email that we don't know who it's from. However, the substantial increase in fake emails simulating your bank, or various business partners with invoices to download – appearing to be PDFs – are increasingly a venue for malicious software, i.e. malware. Please make sure your virus protection software is up to date, automatically updating if possible. Additionally, even in this quick response world, if an email, invoice or otherwise, raises suspicions, pick up the phone and make a quick call. It may save your hard drive and your sanity!

Fair Housing Training: get it.

Testing...1, 2, 3...

HUD has significantly increased funding for testers and fair housing violations – please make sure you and your business (ALL employees) are up to date on ALL fair housing requirements. This is especially true for reasonable accommodation requests. The housing industry is quite familiar with the highly abused issue of companion animals (not pets!) and a mistake or misstep can cost thousands of dollars. As the new federal administration is settling in and making adjustments, please take an updated fair housing class! Besides, with local, state and various federal programs having potential jurisdiction, not to mention all the bad advice and misinformation on the Internet, a professional in the housing industry really does need to stay up to date on these issues. Many cases are often related to misunderstandings of rights on both sides that should have been resolved early on, but personalities and stubbornness resulted in litigation rather solution seeking. Please don't let a lack of knowledge cost your company or your reputation.





RENTAL PROPERTY EXPERT

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What Makes the Best Property Manager?

Most people think of property management as all the operational activities that guarantee real estate is maintained both financially and physically. While this is certainly the case, effective property management has a more human aspect to it. When the right property manager is involved, it results in more desirable outcomes, including owner satisfaction, memorable stays for tenants, increased rent renewals and decreased turnover, and of course, positive word of mouth.

The one thing that makes all the difference when it comes to renters finding the best home or owners listing their investment is the Property Manager involved. There are skills that every good property manager must have, such as organization, good communication and the ability to juggle numerous demands. However, the best property managers who exceed expectations and ensure extraordinary experiences for both property owners and tenants have two key characteristics: empathy and the ability to create a memorable experience for all involved. Granted, a property manager isn't without a firm hand and thick skin, but first-and-foremost, a great property manager is empathetic.

Perhaps a hypothetical will help. In this first scenario, let's say you've decided to move and rent in a new state. Searching for your soon-to-be home is a daunting and scary process. You have no friends or family in the area and your first point of contact is a property manager. A great property manager with the ability to understand and share the feelings of others will make your transition less stressful. They will guide you to find your new home by addressing your questions and concerns, provide information about the area and welcome you at the day of move-in. With an empathetic property manager in your corner, your search for a new home is one that will leave a lasting memory, create a meaningful relationship built on trust, and ultimately place you where you feel safe, happy, and at home.

As for the second scenario, let's say you are a property owner looking to rent out your investment property. Renting your home comes with a slew of anxieties and challenges. In particular, the risk of bad tenants. Whether this is your first investment property or you have multiple investments, or whether you have invested to generate passive income for long-term financial security, the best property manager will understand your goals and help you achieve them. A great manager will demonstrate concern for your situation and care for your investment, while at the same time demonstrating assertiveness and a firm hand with potential renters when necessary. The best property manager will make the entire experience of listing and filling your property a memorable one.

A property manager is a pivotal player when it comes to listing your investment or finding a great home to rent, and when you work with an

empathetic property manager who can walk a mile in someone else's shoes, you gain a rare, rewarding and mutually beneficial relationship built on trust. Do not let anxiety or fear about relocating and finding a home take control. Stop worrying about your investment property as you search for new tenants. Instead, choose a property manager who leaves a lasting impression, provides a memorable experience, and helps you discover a house and/or tenants that look after one another.

At Atlas Real Estate, our client-centric team stands ready to help you achieve your goals. Atlas exists to 'Uplift Humanity Through Real Estate' in every aspect of our business. One of our core values is "good for you, good for me, good for everything," meaning that we find outcomes that benefit everyone involved and take into account the impact on our community and planet. If it's not a win for everyone and everything, we won't do it.

Our team is intentionally engaged in and committed to a diverse, vibrant community, both within our organization and within the communities in which we live and work. We are a goal-oriented team who takes pride in being accountable, making good decisions, treating our clients with dignity, empathy, and respect, and ensuring a positive, memorable experience for every client, owners and renters alike.

Please contact us and it will be our pleasure to welcome you and help you realize your next big adventure.



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1 Master Marketing:

From Marketing Tumbleweeds to Marketing Stampede

- ✓ Cut through the noise, destroy the competition & get sellers contacting you! Strategies that work in today's market
- ✓ (the economy has changed things)
- ✓ How to become a magnet for CONSISTENT motivated seller leads
- ✓

2 Seal the Deal:

Getting the Seller's from "No" to "Yes"

- ✓ The special techniques that get sellers to drop their price fast
- ✓ Learn the frameworks to negotiate with ease (even if you fear it)
- ✓ How to get the best price & best terms to maximize your profits
- ✓

3 Property Value:

From Uncertainty to Certainty When it Comes to Value

- ✓ The three keys to a property's estimated resale value
- ✓ The best resources to get a property comparable value
- ✓ How to determine the value
- ✓

4 The Numbers:

How to go from Uncertainty to Clarity

- ✓ Learn to Identify the 3 critical numbers & how they work together
- ✓ Determine these numbers with ease
- ✓ What to do if you get stumped on the numbers
- ✓

5 The Right Contracts:

From How to protect yourself so Legal Ignorance to Legal Precision

- ✓ Learn the key clauses your sales contracts must have
- ✓ Finally understand the tricky legal lingo so you don't get yourself in trouble
- ✓ you never get legally stuck with a bad deal
- ✓

Join Tom Zeeb:

*Saturday September 17th
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