JANUARY
2024

Peak Possibilities

Your Monthly Guide to Informed Real Estate Decisions

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

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The Fair Lease/Purchase... an Investor's Perfect Hybrid!

By Andy Heller

We see them all over the roads today. Growing in popularity, Hybrid and electric vehicles are beginning to offer an enticing option to dependence on foreign oil supplies. Similarly, the Buy Low, Rent Smart, Sell High lease/purchase model offers investors a Hybrid of the "buy and flip" and "buy and hold" investment models.

Most residential investment models resemble and can be grouped into one of two general categories. Each has a major flaw that concerns many investors who consider or invest in each model.

The "buy and flip" model by definition is for the investor who seeks to purchase property at a discount, oftentimes improve the property, then sell the property quickly for immediate gain. This model is ideal for investors who have no interest in landlording, as the "buy and flip" investor does not intend to seek a tenant for the property in advance of sale.

The main problem with the "buy and flip" model is that if a buyer does not come by quickly, then the investor is faced with discounting the property and/or involving a real estate agent in the marketing of the property. Due to this possibility, most "buy and flip" investors need a discount of 25% or more even after adjusting for the necessary repairs and improvement. With such high investor discounts, the pool of properties available with such significant discounts is often small. Simply put, the higher the discount the investor needs to make his or her model work, generally the fewer properties available at such a steep discount.

The "buy and hold" model by definition is for the investor who seeks to hold property for the long term. Many "buy and hold" investors envision funding their retirement years by selling the properties once the notes have been paid off, sometimes thirty years after purchase. A key benefit for these investors is that the need to acquire these properties at a significant investor discount is minimized, as the investors are seeking their primary return many years into the future. Thus, the supply of homes that meet their long-term investment model is often plentiful.

Kickoff 2024 with ICOR Chater Events Across the Front Range, with the Real Estate Market Movers' Happy Hour in Denver on January 16th, Michael Jake in the Hot Seat on January 11th, and Dave Lund in the hot seat on January 18th!

There are two main issues with the "buy and hold" model. First, there are no opportunities for "cash windfalls" from the real estate during the "hold period". Without the cash windfalls, funds to expand the portfolio generally must come from the investor's day job, other investments, and sometimes partly from positive cash flow. Because of such "slow growth" characteristics, it is rare to find a pure "buy and hold" landlord with much more than five or six properties.

Second, many "buy and hold" landlords burn so much time, effort, money, and energy taking care of repairs, maintenance, and high vacancies common with pure rental property (some investors delegate this to a management company, and while this may save the investor time, it cuts into the profits as the management company must be paid for their work). The time, effort, money, and energy spent dealing with landlording issues often serves to minimize the investor's ability to grow his or her portfolio to any reasonable size. Worse, troublesome landlording experiences often sour new investors on real estate.

A properly implemented "buy and lease/purchase" model takes the best of the "buy and flip" and "buy and hold" models. It also minimizes each model's most glaring flaws.

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January @ ICOR

Seize Your Success: ICOR's January Chapter Meetings in Colorado Await Your Presence!

Get ready to kick off the new year in style! Join us at ICOR's January Chapter meetings in Denver, Fort Collins, and Colorado Springs for an immersive experience that goes beyond networking. It's time to set ambitious goals and connect with industry colleagues who can help you shape a successful path in 2024.

Connect and Reconnect: Don't miss the chance to forge valuable connections within the real estate sector. Whether you're a seasoned pro or just starting out, our meetings provide the perfect platform to connect and reconnect with industry colleagues. Build a network that could lead to lucrative collaborations and opportunities.

Goal Setting for Success: Ready to make 2024 your best year yet? Attendees will engage in dynamic discussions on effective goal-setting strategies. Walk away with a clear roadmap that propels you toward success in the real estate market. Your goals are within reach—let us show you how to achieve them.

Decode Market Indicators: Unlock the secrets of the real estate market in 2024. Delve into market trends, economic factors, and emerging opportunities with industry experts. Equip yourself with the skills to quickly identify market shifts and seize potential opportunities. The time to position yourself for success is now.

Empower Yourself: Our meetings are designed to empower you with the knowledge and skills needed to thrive in a fast-paced market. Take control of your real estate journey by attending ICOR's January Chapter meetings. Be proactive, stay informed, and position yourself as a leader in your field.

Secure Your Spot: Ready to dive into the future of real estate? Secure your spot at ICOR's January Chapter meetings. Don't miss out on the insights, connections, and strategies that will set the tone for a successful 2024. Register now and take the first step toward unlocking your real estate potential!

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

Save the Date for ICOR's December Meetings

ICOR – Colorado Springs	ICOR – Denver	ICOR – Northern Colorado / Fort Collins
Thursday, January 11th, 6 PM-9 PM (MDT) *2nd Thursday of Every Month*	Tuesday, January 16th, 6 PM-9 PM (MDT) *Special Event & Date*	Thursday, January 18th, 6 PM-9 PM (MDT) *3rd Thursday of Every Month*

Upcoming Webinars & Workshops

***Special Event* ICOR's Real Estate Market Movers' Happy Hour**
In Person
Tuesday, January 16th

5:00 pm | Doors & Bar Open
6:30 pm | Welcome & Announcements
6:45 pm | Special Session: "Lease Options & REOS"
9:00 pm | Program End

Lease Option & REO Workshop
In Person
Saturday, January 27th

Imagine you could go back in time and someone came to you in 2007 with a crystal ball as to the future. You were told if you took a couple of preparatory steps, you would be in a position and able to buy investment real estate 40%, 50%, and 60% below market for a 1-2-year period. This would be a generational opportunity, and with this tip in 2007 you would be able to set yourself up for life.

Private Banking Online Bootcamp w/ Quest Trust:
4 Part Series: Virtual

Monday, January 29th
- Unlocking The Power of Self-Directed IRAs

Monday, February 5th
- Active Vs Passive Investing

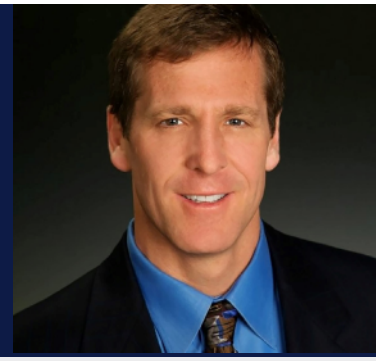
Monday, February 12th
- Roth Conversions: Maximizing Tax-Free Growth in Your IRA

Monday, February 12th
- The Solo 401k Strategy for Entrepreneurs

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

SATURDAY, JANUARY 27, 2024
9:00 AM - 4:00 PM • ENGLEWOOD, CO

2024 Real Estate Reset: Seizing Unprecedented Lease Option Opportunities



Today in 2023 the experts are predicting a down turn and a reset, we are hearing about bank failures.

We don't think it will be as bad as 2007, but wouldn't you like to be ready to roll if it is even just a bit bad?

And consider banks were foreclosing well before 2007 and continued right up until COVID, which was a severe anomaly. Wouldn't you like to know which banks you can reach out to and how best to approach them to get on their cash buyers list? And no matter how you buy the house — you need to sell it and with interest rates at all-time highs it's getting harder and harder for buyers to qualify for a loan. Knowing how to utilize lease options opens you up to a whole new pool of buyers for higher than market value so you can maximize your profits.

Andy Heller will be teaching exactly what is happening in today's real estate market and the opportunity of a lifetime this will lead to for those investors ready to take advantage as the market shifts.

Many experts are predicting the real estate opportunity of a lifetime. Or at least of this decade.

Come learn from the nations leading expert in REOs and Lease Options. And bring your questions as he has about 2 hours of Q & A time built into the day so he can make sure he gets all your questions answered.

$125 for members, $175 for Non Members
https://www.icorockies.com/events/lease-option-and-reo-workshop

The Fair Lease/Purchase... an Investor's Perfect Hybrid! *Continued from page 1*

First, most investors who use the lease/purchase model are able to "flip" some of their properties and sell others to their lease/purchase tenants. This allows the investor to generate the "cash windfalls" necessary for portfolio expansion, without the pressure of having to sell that is specific to the "buy and flip" model. Additionally, the investor should be able to make purchases work with as little as 10 – 15% investor discount (much less than the typical "buy and flip" model), because the pressure and risk associated with having to sell fast is no longer present.

Second, on the landlording side, most lease/purchase agreements transfer the repairs and maintenance responsibility to the tenant, as the tenant is not a typical renter but rather a "future homeowner". The typical lease/purchase agreement can also be signed for significantly longer terms. Both these factors save the landlord much of the time, headache, and cost associated with upkeep and turnover common with most rentals. A final bonus is even when the tenant does not exercise the purchase and vacates either voluntarily or involuntarily, the properties generally are in much better condition than had the tenant been a typical renter.

What do we mean by "fair" lease/purchase as noted in the title?

Sadly, many investors have given lease/purchase a bad reputation by offering restrictive terms designed to minimize the lease/purchaser's probability of exercising the purchase option, while "supposedly" maximizing the investor's return. We have found a correlation between offering attractive and reasonable option terms, and the profits available to the investor, our "win/win" philosophy. People are not stupid, and if the terms are not attractive demand for the investor's lease/purchases will be minimized. By making the terms especially attractive, there should be higher demand for the lease/purchase, and the investor can be more selective among the available candidates. Carrying this supposition further, higher quality tenants placed in the property mean less money and time spent landlording. That time and money can then be better spent expanding the investor's portfolio to truly significant levels.

Does this "buy and flip" and "buy and hold" hybrid model work in practice?

Implemented correctly and in the right market, we can attest that an investor can manage a large portfolio of properties with minimal management time with the Fair Lease/Purchase Hybrid. We have, and we've been able to do this while maintaining full-time day jobs. More importantly, we have been teaching thousands of investors since 2006 how to do exactly this all over the country.

Join ICOR at our January 16th Real Estate Market Movers' Happy Hour in Denver to hear Andy present on the current market and explore the up tick in REOs and how investors can capitalize on Lease Option strategies in the next few years, for details visit www.icorockies.com/events/icor-2024-january-re-market-movers-happy-hour

SELF-DIRECTED IRA EXPERT
SARAH SHELLAM / SARAH.SHELLAM@QUESTTRUST.COM / QUESTTRUSTCOMPANY.COM

Make a Positive Impact in Your Community with Social Investing

Imagine a world where you can make money, help your community, and have fun at the same time. Sounds too good to be true, right? Well, it's not. One of the best ways to make a positive impact in your community in multiple ways is social investing, which can be done by investing in real estate with a self-directed retirement account.

As we know, real estate investing with a self-directed IRA can help you create wealth, provide tax benefits, and generate income, but did you know that there is also a very important social aspect of self-directing your investment dollars that can help your community? As an investor, we have so many choices when it comes to investing in a real estate asset. How active or passive do I want to be? What neighborhood do I want to buy property in? Who should I hire to help me fix it up? How can I grow my account while also making the best deal for all involved? These are all important questions to consider, but what you might not realize is that the answers to these questions actually have more of an impact than you can see from the surface.

Contribute to Economic Development with Social Investing

One of the ways you can make money and also make a positive impact on your community is by buying rental properties. When you buy a property in your neighborhood, you are not only improving your own financial situation, but also contributing to the economic development of the area. You can use your money to renovate, rent, or sell your property, and create more opportunities for other people in your community. Investing in real estate is not only a smart financial decision, but also a way to show your love and care for your community. You do more than just help grow your own wealth.

Additionally, when you hire local contractors, you create job opportunities for others. You're creating opportunities for people who help you maintain and manage your properties, such as cleaners, landscapers, plumbers, electricians, general contractors, and more by giving them a way to generate income for not only yourself, but them as well. When you buy, renovate, or manage a property, you are hiring local contractors, workers, and other industry professionals who depend on your business in your area. You are also generating rental income that can be spent or invested in the local area, creating more economic opportunities for employment and entrepreneurship. This helps support local businesses and create a healthy community.

Preserve the Character and Culture of Your Community

Social investing also allows you the ability to improve the quality of life for yourself and others by making your community more attractive, safe, and vibrant. This helps to preserve the character and culture of your community, as well as its environment and natural resources. By purchasing real estate investments in your community, you are contributing to the improvement of the infrastructure and public services that make your area more livable and attractive. And what does that do? It creates an enjoyable living environment that fosters social interaction and community spirit.

You are also supporting causes and organizations that matter to you and your community, such as charities, nonprofits, or local events. With your SDIRA investment, you are paying property taxes that fund schools, roads, parks, libraries, and other amenities that benefit everyone. This attracts more customers and visitors to your area, who will spend money at local shops, restaurants, and entertainment venues. This boosts the revenue and growth of local businesses, as well as their ability to hire more staff and expand their offerings. You are making a difference in the lives of people around you, as well as your own.

By investing in a home in your area with your self-directed IRA, you are not only making it more comfortable and enjoyable for yourself, but you are also enhancing its curb appeal and functionality. When you do this, you improve the appearance and functionality of your property, which adds value to the neighborhood and encourages other owners to do the same. This can have a positive impact on the neighborhood, as it can inspire other homeowners to follow your example and upgrade their properties as well. A well-maintained and attractive neighborhood can increase the value of all the homes in the area and create a sense of pride and community among the residents.

Let's look at an example. Say you want to use your money to purchase a fix and flip property, one that is all beat up and run down. If you are active, you might say to yourself, "I can use my SDIRA money to fix up the property. I'll use a local contractor that is in my neighborhood. I know that he uses local materials, too, because of the business relationship I have with him already." This is the perfect example of an investment being done in a way that helps make a difference in your local community.

Create the American Dream for Others by Lending

Maybe you prefer not to be active. You don't want to have much involvement in the deal, like having to locate a contractor to fix up the property or spending time finding a renter or buyer, but you don't mind using your IRA money to be passive. As an investor, you have many options when it comes to financing. You can either use bank money to fix it up, or you can use private money that you lend to a local real estate investor that then goes and follows the same model. It might sound silly, but you are helping create the American Dream for many when this strategy takes place — all while earning above average returns that you can use to build wealth for retirement in your self-directed IRA.

For some, this is one of the most important benefits of being able to self-direct. Instead of casting a wide net over a large variety of investments — some that might not align with you — social investing in your local community helps you reduce the possibility of investing in something that doesn't align with your moral compass, political beliefs, and so on.

Investing money in your community by investing in real estate is a win-win situation for both you and your community. Achieve financial success while also making a positive social impact. Enjoy the benefits of owning a property while also giving back to your community. You can be proud of being an investor who cares about more than just profits.

Interested in learning more about using self-directed accounts to invest in real estate and other alternative assets that can impact your own community? Schedule a 1-on-1 consultation with an IRA Specialist today.

SELF-DIRECTED IRA EXPERT
OLIVIA McGRAW / OMCGRAW@UNBRIDLEDWEALTH.COM / UNBRIDLEDWEALTH.COM

Unlocking Financial Freedom: The Case for Implementing Infinite Banking 2024

Q: When is the best time to plant a tree? A: 40 years ago. Q: When is the second best time? A: Today. Implementing the Infinite Banking Concept (IBC) is similar. In the realm of personal finance, most people are on the lookout for innovative strategies that provide both stability and growth. One such strategy that should be considered is the Infinite Banking Concept. This financial philosophy allows individuals to leverage specially designed life insurance policies to build a robust financial foundation. In an unpredictable economy, employing a plan that includes guarantees could not be more important.

A fundamental principle of IBC is the creation of a cash reserve within a life insurance policy. Unlike traditional insurance policies that primarily focus on providing a death benefit, policies are structured to accumulate cash value over time. Cash value simple means accessible and "as good as cash..." but better. This cash reserve serves as a unique and versatile financial tool. The difference between this cash and the cash in your wallet is that Cash Value grows with compounding interest as if it never left the policy, if the policy holder knows how to be a good banker. IBC empowers individuals to break away from the traditional banking model, where savings typically earn minimal interest. Instead, the policyholder's money grows within the life insurance policy, providing a stable and tax-advantaged environment for wealth accumulation.

One of the key advantages of implementing IBC is the unparalleled financial flexibility it offers. The cash value within the life insurance policy can be accessed through policy loans. Unlike traditional loans, these policy loans allow individuals to borrow against their policy's cash value without undergoing credit checks or dealing with lengthy approval processes. This financial flexibility enables individuals to use the borrowed funds for various purposes, including investments, real estate acquisitions, education expenses, or even starting a business. As the policyholder, REI, or other borrower repays the loan, the interest paid can help build the cash value, fostering a cycle of self-financing.
Then there are the tax advantages. While contributions to the policy are made with after-tax dollars, the growth of the cash value is tax-deferred. Tax efficiency can be particularly advantageous for individuals seeking to maximize their wealth while minimizing tax liabilities.

But what about market unpredictability? Unlike many traditional investment vehicles tied to market fluctuations, IBC offers a more stable and predictable growth environment. The cash value is shielded from market volatility, providing a reliable source of financial growth regardless of economic conditions. For those seeking a balance between growth potential and risk mitigation, the IBC can be an attractive option.

Incorporating the Infinite Banking Concept into your financial planning can be a transformative step toward achieving financial freedom and resilience. By building a cash reserve, enjoying financial flexibility, leveraging tax advantages, protecting against market volatility, and contributing to legacy planning, individuals can create a comprehensive and robust financial strategy.

As with any financial approach, it's crucial to thoroughly understand the Infinite Banking Concept, assess individual financial goals, and consult with a knowledgeable financial advisor. The IBC is not a one-size-fits-all solution, but for those seeking a unique and dynamic strategy for long-term wealth creation, it presents an intriguing and potentially lucrative option. Schedule and a free consultation today and propel your financial world in 2024!

Knowing When to Walk Away

In the exhilarating world of real estate investing, opportunities abound, and the promise of profitable ventures often beckons. Yet, seasoned investors understand that not every opportunity is a golden one, and the key to success lies not just in making deals but in knowing when to walk away.

It's not uncommon for investors, especially those hungry for success or enticed by the potential of a particular property, to find themselves in a situation where they are tempted to force the numbers to fit their investment criteria. Perhaps it's the allure of a prime location, the potential for a high return, or a desire to jump into a hot market. Whatever the reason, the danger lies in the temptation to tweak the numbers to make the deal work when, in reality, it might not.

The Dangers of Forcing the Numbers

When investors find themselves in the position of trying too hard to make the numbers work, it often leads to a range of problems that can jeopardize the success of the investment. Here are some key pitfalls to be aware of:

1. Overlooking Risks: Forcing the numbers may lead investors to overlook potential risks or downplay challenges associated with the property. Ignoring red flags can result in unforeseen complications down the road. Here are a few personal examples that I have overlooked on specific deals have been a property with an inadequate layout, on a busy street, or an unimprovable curb appeal.

2. Strained Finances: Pushing the limits to make the deal fit your financial parameters can lead to strained finances. This might involve stretching budgets, underestimating repair costs, or relying on overly optimistic projections.

3. Increased Stress: Investing in a property that doesn't naturally align with your financial strategy can lead to increased stress and anxiety. This can impact decision-making and potentially hinder your ability to navigate challenges effectively.

Valuable Resources for Decision-Making:

In your journey to make informed decisions about potential investments, tap into valuable resources that can provide valuable insights:

a. Local REIA (Real Estate Investment Association): Organizations like ICOR (Investment Community of the Rockies) and local REIAs can be goldmines of information. Attending meetings, networking with experienced investors, and leverage the expertise of mentors who can offer a fresh perspective on your deal. Their seasoned eyes might catch aspects you might have overlooked.

b. Lender Guidance: Your lender is more than just a source of funds; they can be a valuable partner in assessing the viability of a deal. Listen to their insights and concerns. Understand the value they are attributing to the property and the factors influencing their decision. Their expertise can serve as an additional layer of due diligence.

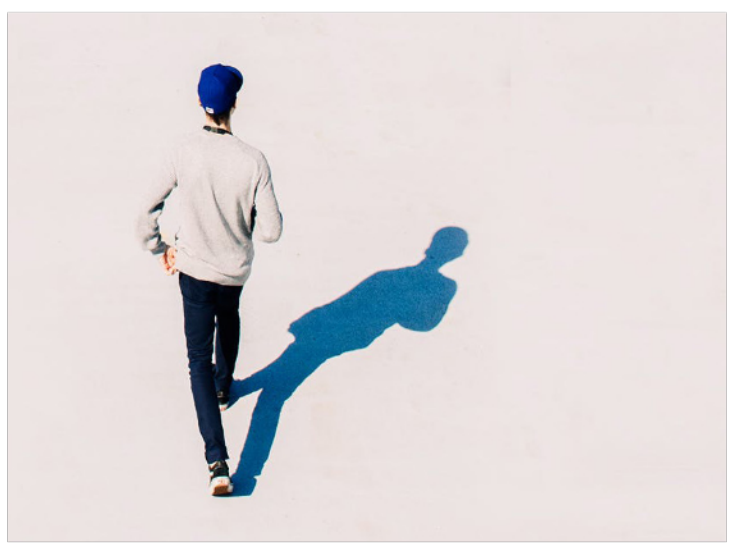
c. Team Collaboration: Your team of real estate professionals, including realtors, insurance providers, and other experts, forms a critical part of your success. Engage with them early in the process to get a comprehensive understanding of the property's potential challenges. Realtors can provide market insights, while insurance providers may shed light on potential risks associated with the property.

The Courage to Walk Away

Walking away from a potential investment can be a challenging decision, especially when emotions and enthusiasm are running high. However, successful investors understand that having the courage to walk away from a deal that doesn't align with their financial goals is a mark of wisdom and prudence.

In conclusion, as you navigate the complex landscape of real estate investing, remember that not every opportunity is a gem waiting to be unearthed. Trust your financial instincts, be vigilant about the numbers, and leverage the collective wisdom of your local REIA, lenders, and professional team. Don't be afraid to walk away from a deal that doesn't stand up to rigorous scrutiny.

Happy and prudent investing, Merry Christmas, and Happy New Year



INVESTMENT STRATEGIST
JENNIFER REINHARDT / JENNIFER@REALATLAS.COM / REALATLAS.COM

Unveiling 2024: The Secrets of Real Estate Wealth — Join the Revolution!

We are approaching a new year, and with it comes a world of opportunities in the realm of real estate investing.

I am a real estate broker and analyst in Denver. I find off-market deals at times for my clients. Recently, I stumbled upon an incredible flip deal that has the potential to make an investor a lot of money. The home is in Sloans Lake, highly desirable due to its proximity to downtown Denver. Priced at $690k and projected to reach an ARV of around $1.25 million after renovations, it is a unicorn deal.

I search for off-market deals both in Colorado and out of state. When I find them, I broker them to my clients, who then get richer and continue working with me. It is how I have built my business. So, when my colleague sent me the off-market deal, I found myself discussing real estate investing over coffee with a female client. She had attended my workshop on real estate investing, and we were meeting for the first time. I brought up the deal, and she asked if we could go see it, like on a real estate investing field trip. The house, though in need of some updates, held its promise. For my client, the timing aligned perfectly; I could not buy it personally because I had recently purchased a different deal, and my partner was out of town. If only I had unlimited money, I could buy all the unicorn deals, until then I pass them to my clients. It is how I have built a name for myself in Denver; I make investors lots of money.

Opportunity comes to those who are ready. My client had taken the initiative to come to the investing class; she had reached out and invited me to coffee, and then she had jumped on this deal. Reflecting on history, it's staggering to realize that until 1974, women couldn't secure mortgages independently—a stark reminder of the industry's male-dominated past. Yet, here stood my woman investor, equipped with a background in finance, confidently going after this deal. I am a broker in the multi-family space, which can be highly lucrative, but there is a very real barrier to getting into this space. She was ready! I would ask the reader, what are you doing to get ready for investing in 2024?

Getting comfortable in finance is key to success. I love breaking barriers and providing the resources and support necessary for investors to thrive in this field. Real estate investing, after all, isn't merely about buying and selling properties; it's a gateway to financial freedom, a means to support families, homes, and communities.

With a mission to simplify real estate investing, my team and I accurately vet deals, catering to both seasoned investors and those taking their first steps. Guiding them through real deals and equipping them with the tools for success is key.

Looking ahead to 2024, I want to expand further. I am excited to announce the launch of a mastermind group through ICOR—a safe haven for collaboration and mentorship. Recognizing the unique strengths individuals bring to the table, this platform aims to make real estate accessible to all who hustle.

If you're eager to embark on this journey, join my exclusive inventory list of off-market deals by texting me at 303-514-8491. Let's champion diversity in real estate and embrace the opportunities that await us in 2024.

Here's to seizing opportunities, breaking barriers, and empowering success!

PAMELA MAASS, ESQ. / PAM@LAWMOTHER.COM / LAWMOTHER.COM

Want to Grow Wealth? Warren Buffet's Unexpected Investment Advice

If you are going to take investment and estate planning advice from anyone, Warren Buffett is likely one you want to consider. As one of the most successful investors in history, his track record speaks for itself. However, his wisdom goes beyond picking stocks and making money.

At this year's Berkshire Hathaway annual shareholder meeting, Buffett shared several pieces of financial advice but also provided insights on the importance of personal growth and estate planning when seeking to grow wealth. While many of us may feel overwhelmed by the thought of estate planning or building our wealth, Buffett's advice reminds us of two key but simple steps we can take to create financial and generational wealth.

Focus on Your Human Assets to Build Your Wealth and Your Legacy

In almost every interview Buffett provides, he stresses the importance of investing in yourself. "The best thing you can do is to be exceptionally good at something," said Buffett. "Whatever abilities you have can't be taken away from you. They can't actually be inflated away from you. So the best investment by far is anything that develops yourself, and it's not taxed at all." Your earning power is the greatest determiner of your financial well-being, and the one thing you can count on no matter what's happening in the external economic environment. If you have a highly valuable skill, and you know how to get paid well for that skill, market your services, and sell your services to those who need them, you'll never have to worry about money. That doesn't mean you won't worry about money; but it does mean you don't have to worry about money.

If you don't have a highly valuable skill or if you have a skill that will soon be replaced by AI, that's the first place for you to invest. You may need to get retrained, or uplevel your skills to be more human or relational so you can use AI, but not compete with it, and all that may take investment. Don't shy away from investing in additional training to get even better at your service, or even get the additional support to learn to market and sell your services. Those investments will always pay off whereas the stock market is out of your control.

Investing in yourself not only leads to financial success but also personal fulfillment and a clear sense of purpose that will organically become your legacy. At the end of the day, you likely won't be remembered for your financial success (though it's a nice bonus if you are!). Even Warren Buffett, who is renowned for his wealth and investment skill, is even more often acclaimed for his wisdom, humility, and generosity than for his money.

Raising Kids Well is Key in Effective Wealth Planning

During a Q&A session with an estate planning attorney, Buffett stressed the importance of talking to your children about your estate planning well before your death. Buffett stated, "If the children are grown when the will is read to them and it's the first they've heard about what the deceased thought about things, the parents have made a terrible mistake."

Leaving your family in the dark about your personal and financial wishes until you die or become incapacitated due to an accident or illness can lead to large amounts of confusion and conflict among family members. If you don't want to leave a mess, don't wait to talk to the people you love. As we recommend and build into our Life & Legacy Planning Process, Buffett recommends involving your heirs in the planning process. By doing so, you can ensure that everyone is on the same page and that your wishes are understood and respected far in advance. Additionally, this provides an opportunity to discuss your values and beliefs with your heirs, which can have a lasting impact on their lives. Buffett expressed that if you really want your heirs to act responsibly with their inheritance, you must live out your values and instill them in your heirs.

How to Start the Conversation About Estate Planning With Your Heirs

So how do you start the conversation about estate planning with your heirs? We recommend you do it directly and with an invitation to meet with you and your lawyer together. This is something we love to do with our clients, and we'd love to support your family in this way too. You might say something like: "I want to make sure that we're all taken care of, both now and in the future. That's why I'd like to talk to you about my wishes for our family resources, and how we can ensure that everything is handled smoothly when I can't be here."

If your loved ones aren't immediately open to having a conversation about estate planning with you or are resistant to how you want your assets managed after your death, don't worry. Talking about estate planning can be uncomfortable at first, but as you normalize the topic, the conversation will become easier and more open.

Or, if you are worried that filling your heirs in on what they'll receive will cause harm, please call us. This is a place we can really help by supporting you to get prepared to have a conversation with your heirs and also supporting them to be ready to receive their inheritance. When you talk money and inheritance with your heirs during your lifetime, you have the opportunity to truly pass on not just the money, but your values too. If you wait until you are incapacitated or have died, it's simply too late.

Finally, if you are the future heir of a parent who has not yet talked with you about estate planning, you can jumpstart the conversation by getting your own planning done, and then talking with your parents about the choices you made, why you made them, and letting them know you'd like to help them feel comfortable talking to you about the choices they are making. If you aren't sure how to handle any of this, please reach out.

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The Sunsetting of Bonus Depreciation: Implications Post Tax Cuts and Jobs Act

The Tax Cuts and Jobs Act (TCJA), signed into law in December 2017, brought significant changes to the U.S. tax code, including a temporary expansion of bonus depreciation. This tax incentive allowed businesses to deduct a substantial portion of the cost of qualifying assets immediately, stimulating capital investment and economic growth. However, the TCJA included provisions for the gradual phase-out or sunset of bonus depreciation, which has important implications for businesses as they plan their tax strategies in the coming years. It is particularly important for Real Estate Operators who syndicate deals, and rely on Bonus Depreciation to support their financial model and projected returns to investors.

Understanding Bonus Depreciation

Bonus depreciation is a tax policy designed to incentivize businesses to invest in capital assets. It allows companies to accelerate the depreciation of qualified assets, deducting a substantial portion of the asset's cost in the year it is placed in service. This provides businesses with immediate tax benefits, reducing their taxable income and overall tax liability.

The TCJA temporarily enhanced bonus depreciation by allowing businesses to deduct 100% of the cost of qualified assets acquired and placed in service between September 27, 2017, and December 31, 2022. This was a significant departure from previous tax law, where bonus depreciation was limited to 50% or less.

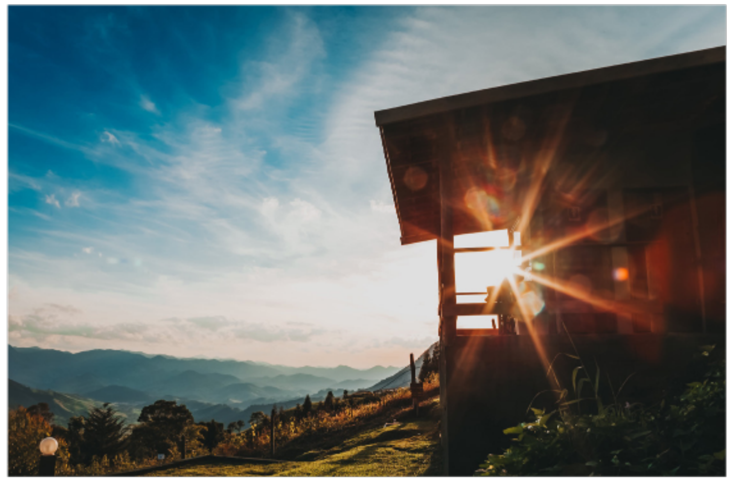
The Sunset Provision

While the TCJA provided an immediate boost to bonus depreciation, it also contained a sunset provision that would gradually reduce the benefit over time. Starting in 2023, the bonus depreciation rate is set to gradually decrease as follows:
2023: 80%
2024: 60%
2025: 40%
2026: 20%
2027 and beyond: No bonus depreciation

Implications for Businesses

Reduced Tax Benefits: The gradual reduction of bonus depreciation means that businesses will no longer be able to deduct 100% of the cost of qualifying assets in the year they are acquired. This will lead to increased taxable income and potentially higher tax liabilities.

Impact on Capital Investment: The phase-out of bonus depreciation may have implications for business investment decisions. Companies that were relying on the immediate tax benefits of bonus depreciation to support capital expenditures may need to reassess their investment strategies.



Tax Planning Considerations: Businesses will need to adjust their tax planning strategies to account for the decreasing bonus depreciation rates. This may involve spreading the tax benefits over several years or exploring alternative tax incentives and credits.

Industry-Specific Effects: Certain industries, such as manufacturing and technology, which rely heavily on capital investments, may be more affected by the reduction in bonus depreciation. Businesses in these sectors may need to carefully evaluate the financial impact and adjust their budgets accordingly.

Potential Legislative Changes: It's worth noting that tax policy is subject to change through legislation. As the sunset of bonus depreciation approaches, there may be efforts to extend or modify the provision. Staying informed about legislative developments is crucial for businesses planning their tax strategies.

Conclusion

The sunsetting of bonus depreciation from the Tax Cuts and Jobs Act introduces new challenges and considerations for businesses as they navigate changing tax incentives. While the immediate benefits of 100% bonus depreciation will gradually diminish, it's essential for businesses to adapt their tax planning and investment strategies accordingly. This may involve spreading out deductions over multiple years or exploring other tax incentives to support capital investment. Additionally, keeping a close eye on potential legislative changes is crucial, as tax policy is subject to revision and can impact businesses' bottom lines. Effective tax planning and consultation with tax professionals will be essential for businesses to optimize their tax strategies post-TCJA bonus depreciation.

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Who's Afraid of Fraud? We All Should Be

I have a neighbor who over a year ago received a call from the FBI, seeking her assistance in targeting a group of individuals who were performing illegal wire transfers. Over the year she had assisted with other tasks and had become a trusted ally of the FBI. Then recently, the FBI asked her to increase her involvement after having gained the trust of the illegally operating group. They told her they had set a trap to finally catch these guys and that they would keep her updated on their every move. They thanked her for her willingness to do her part to catch the bad guys. Then the call came in with her FBI contacts directing her to transfer $700,000.00 to this group, where they could then track the money to see where it went and then make an arrest after 18 months of work. The FBI guaranteed the return of the money once the transfer was completed and they were able to make the bust. She agreed, transferred the $700k, and waited... and waited. After a few days she began to wonder when the money would be returned. Not understanding how long the arrest might take, she was patient. After a couple of weeks went by, she decided to call the FBI and ask about her money....as you already guessed, they had no idea what she was talking about or even who she was.

These stories of fraud are becoming all too common. The minute details and the elaborate amount of work these fraudsters are going through to trick you are amazing. We used to worry about our mail being stolen, then our email being hacked, but we are entering all unfamiliar territory. Your need to stay vigilant is more important than ever; consider these six vital tools in your fight to protect what is yours.

1. Freeze your credit. https://www.experian.com/freeze/center.html With your file frozen, others will not be able to access credit in your name. When you need to access your credit for real, simply login to Experian and put a "Thaw" on your file. This is completely free, and you can do it as often as you like. As a Private Investigator, I am often asked how to protect yourself from identity theft or people opening fraudulent accounts in your name. This is my first go-to.

2. Treat your bank account number like your social security number. For years we passed out a piece of paper called a check which contained routing numbers and account numbers. With ACH transfers and wire transactions, your bank account information has become the new gold standard for criminals.

3. Use a credit card for most transactions. There are protections that credit cards offer. If something is fraudulent, you can dispute, and the company involved with that transaction is usually found at fault for letting a fraudulent transaction go through their system.

4. Expect your bank to be more diligent when it comes to wire fraud. What used to be an email request for me now requires in-person, ID scanning, code-giving experience. A little frustrating, but these financial institutions are only trying to protect you.

5. Be specifically cautious when buying a home and going through a title company. There are countless stories about fraudulent wiring, where the down payment you thought was going to the title company actually went to the Congo. Check the URL and make a phone call to the title company to clarify the wire. Don't hesitate to go back to a certified cashier's check right from your bank.

6. Verify the URL on all emails that require you to change your password to your financial institution or any website. Fraudsters know we use the same passwords on many online sites. Getting your email account and password you use at Starbucks could unlock your account at Bank of America. I always suggest having sole and separate passwords on all websites. It is hard to remember, so if that's too much, at least change the financial institution credentials to be unique.

I could not possibly cover all the ways you can get scammed today. With AI and Chat GPT, the spelling is getting better on the emails and the graphics are looking more legit. I can promise you with all the data breaches, your identity is most likely out on the dark web, so treat your transactions as if everyone is fraudulent at first. This country was founded on innocent until proven guilty, your transactions should be considered fraudulent until proven legitimate.

How Much Investor Discount is Enough?

The spices and seasonings of the gourmet real estate investor

Emeril can't figure out where he made his mistake. He thought he was getting a great deal when he bought a house and got a 10% discount. However, he barely turned a profit on his investment.

Julia also is completely stumped. She bought a house with a 25% discount. However, after selling the property, Julia lost money.

Any cook can try to cover up a bad chicken with salt, pepper, oregano, lemon, paprika and more, but what do you have? Still a BAD CHICKEN DINNER.

In the same light, a real estate investor who starts off with too small a discount on their purchase, can try to make up for it after the purchase with hard work, fancy improvements, and eye-catching advertising. However, what will they still have? Usually, they will still have a BAD INVESTMENT.

So, what are the right spices and seasonings (discounts) every gourmet real estate investor should know about? How should they be applied like gourmet chefs Emeril Lagasse and Julia Child?

There are four key spices and seasonings that every gourmet real estate investor should know about and understand how to apply. The four key discounts make up the Total Investor Discount and they are the:
• Minimum Investor Discount
• Repair and Improvement Discount
• Negative Property Attribute Discount
• Length of Time on the Market Discount

Minimum Investor Discount

The first is the Minimum Investor Discount (MID), which is the minimum profit an investor should receive from any real estate investment. So, what is the minimum profit an average real estate investor should get? 10%? 25%? Perhaps 50%? More?

The answer is….it depends on your real estate investment strategy.

If your strategy is "buy and flip", then all of your profits come from the difference in the Purchase Costs (purchase price, repair costs, marketing cost, holding cost, etc.) and the Sales Price. The differential is your only profit source. Because there is the risk that a property may not sell quickly, many "buy and flip" investors require a 25% or more Minimum Investor Discount.

If your going to use the "buy and hold" strategy, which usually means you're going to rent your property, then you have access to multiple profit sources. These investors have access to the same profit source as the "buy and flip" investors. However, they make much of their profit over an extended period of time from rental payments, appreciation of the property, equity gains from paying down the loan with the tenant's money, and tax write-offs. The pure "buy and hold" landlord has a total of five "profit sources". Therefore, their Minimum Investor Discount can be as low as 5-10%.

Finally, if you're going to "buy and lease/purchase" your property, then you usually have access to the same five profit sources as the "buy and hold" investor. However, you also gain access to another profit source, option money (the lease/purchaser pays this for the right to buy your property at a later time). With lease/purchases, you need to keep in mind that your property may sell quickly and you may not have access to these other five profit sources. Accordingly, "buy and lease/purchase investors" often need a Minimum Investor Discount in between the "buy and flip" and "buy and hold" discounts. Therefore, they often need a Minimum Investor Discount of 10 – 20%.

Emeril and Julia both got reasonable discounts, 10% and 25%, respectively. However, they did not make a satisfactory return on their transactions. What happened? Recognizing the appropriate Minimum Investor Discount for your chosen investment model is a good "first step". Emeril actually received the right MID for his lease/purchase strategy….10%. However, when the house took longer to lease/purchase due to some problems he failed to consider and the house sold one year later, he only made $1,000. Julia also got an even better discount…25%. However, when it took her nine months to sell the property, she lost $10,000.

So, where did they go wrong? They used only one of the four spices and seasonings in the Total Investor Discount. A successful real estate investor uses all four, as needed, to make sure their purchases are always savory.

Repairs And Improvement Hassle Discount

The second of the four key discounts is the Repair and Improvement Hassle (RIH) Discount. The basic concept to understand here is that an investor should not complete repairs and improvements that the seller is either unwilling or unable to complete without additional compensation. The investor is assuming risk that the repairs and improvements might be more excessive and costly, the investor is paying the mortgage or finance costs while the repairs and improvements are being completed, and of key importance the investor's time and energy to get these done has VALUE. The "rule of thumb" we use is an additional discount of 1% for every 3% of repairs and improvements as a percentage of the value of the property fixed up.

Emeril's property was worth $200,000 fixed up, and required $48,000 worth of repairs and improvements Therefore, for Emeri's property, $48,000 of repairs equals 24% of the fixed up value. Repairs and improvements of 24% are fairly significant. Emeril had to bear a decent amount of risk, and likely spent a good amount of time managing his contractors. Accordingly, the additional RIH Discount should have been 8% (1% for every 3% or 24% / 3%).

Julia's property had a fixed up value of $100,000 and repairs and improvements of $15,000. Here, the repairs and improvements represent 15% of the fixed up value, and her RIH% should have been 5% (15% / 3%).

Negative Property Attribute Discount

The third key discount can be one of the trickiest. Simply put, a Negative Property Attribute (NPA) is a problem with a property that cannot be eliminated with repairs and improvements. A good example is a home without a basement, located in a subdivision where basements are common. Another example is the first home in a subdivision that borders a main thoroughfare. This home could be offered for free, and there are many families with kids who would still not even consider this home.

A property's Negative Property Attribute is often the main reason that a property is available at a discount. Therefore, if an investor does not in turn consider a proper additional discount to begin with when buying the property, they run a risk of severely impacting their profits and even losing money. How does an investor account for Negative Property Attributes? The investor does this by asking a critical question: "how difficult will this attribute make it for me to rent, lease/purchase, or sell this property"?

Emeril's property was missing a basement in a neighborhood filled with basements, so the NPA Discount should have been 3-5%. Julia's house bordered a busy street and was on a very steep hill, her NPA Discount probably should have been 6-8% (3-4% for the busy street and 3-4% for the very steep driveway). The more properties you work with, the more you will get comfortable with the appropriate additional NPA Discount specific for each investment

Can an investor simply decide to avoid properties with Negative Property Attributes? Sure, this is possible, but the main concern here is that this will reduce the investor's pool of available investment properties. Most of our best deals come from properties that have Negative Property Attributes. The reason is that these attributes turned off most buyers, leaving investors who know what they're doing as the most likely purchasers of these properties. The key is not to avoid properties with NPAs, but rather to properly account for the NPAs within your Total Investor Discount.

Length Of Time On Market Discount

The final of the four key investor discounts is the Length of Time on the Market (LTM) Discount. The theory here is actually quite simple. The longer a home has been on the market, the more likely there are additional issues to deal with. For one, if the property has been vacant for a long period of time, it may have developed problems from lack of use (pipes may freeze over and spring leaks, lack of air circulation can cause molding, etc.). Additionally, the longer a property is for sale, the more chance that a negative reaction in the community becomes attached to it. Accordingly, when you go to sell it, rent it, or lease/purchase it, you may have to discount it to overcome this bad stigma. The good news is that it is often easier to negotiate big discounts on properties that sit on the market for long periods of time because their owners tend to be anxious to sell them.

So, how much additional discount should an investor get for a house that sits on the market for an extended period of time? Our "rule of thumb" is 1% for every month over two months up to 10%. What this means is that we've found that a typical residential property should get a contract on it within two months. After that, the negative stigma begins to attach, vacant houses begin to suffer, and sellers (and their agents) become more anxious. Commercial listings are generally longer and more complicated, so the investor often should not begin adding 1% until after the 3rd or 4th month that the property has been on the market.

Emeril's property was on the market for four months, so he should have received an additional LTM Discount of 2% (for months number 3 and 4). Julia's had been on the market for five months, so she should have received an LTM Discount of 3% (the steep hill and busy street we're probably impacting it).

Total Investor Discount

Now you know the special spices and seasonings to make gourmet real estate investments. When applying them, we simply add up the four discounts to determine the Total Investor Discount (TID) we need to make the property a winning investment. We then multiply this percentage times the Fair Market Value of the property in repaired and improved condition (based on comparable surrounding properties).

Emeril obtained a $20,000 discount on his investment that he valued at $200,000 (fixed up). However, he paid too much. Yes, he got his MID of 10%, but he did not include the RIH of 8%, NPA of 4%, and LTM of 2%. In actuality, his Total Investor Discount should have been $48,000 (24% x $200,000).

In the same light, while Julia got a $25,000 discount on her real estate purchase, she also paid too much. Yes, she received her MID of 25%, but did not get the RIH of 5%, NPA of 7%, and LTM of 3%. Therefore, her Total Investor Discount should have been $41,000 (41% x $100,000).

Now you might be asking yourself, what if my repair, improvement, and holding costs exceed my Total Investor Discount? The answer…it doesn't matter. As an investor, you should be compensated additionally for these. In other words, the price you pay should not exceed the Fair Market Value (of the property in fixed up condition) minus all costs and your TID, what we call the Maximum Purchase Price or Ceiling Price. If the price exceeds the Ceiling Price, then you're likely making an unsavory real estate investment.

Finally, Emeril and Julia's properties may seem like more trouble than they're worth. However, when we see properties like theirs, we instantly begin to smell the simmering profits and prepare for another gourmet investment. This is because most buyers like properties with little or no problems. Therefore, sellers are usually willing to substantially discount them (if not immediately, eventually). Emeril and Julia may have been able to get the appropriate TID, if they had been patient (sometimes these negotiations will go on for months), and if not, they should have moved on to other properties. As you can now see (or smell), we look forward to finding properties with problems and adding the right spices and seasonings (discounts) to cook up another gourmet investor meal. Good luck and happy cooking!

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Different Types of Landlord Policies

Landlord insurance plays a pivotal role as a financial safeguard for rental property owners, offering comprehensive coverage against potential financial losses resulting from covered incidents. In the unfortunate event of a tragedy or unforeseen circumstance, the assurance that your property will be promptly repaired or replaced becomes paramount. This insurance not only provides peace of mind but also acts proactively, ensuring that the financial implications of covered incidents do not become an overwhelming burden. Essentially, it offers a layer of security that extends beyond the physical structure of the property, encompassing the economic well-being of the property owner.

When landlords acquire a new rental property, securing an appropriate insurance policy becomes a critical step in safeguarding their investment and assets. The requisite insurance in this context is known as a Dwelling Fire policy, designed to provide coverage for both vacant homes and rental properties. Within the category of Dwelling Fire, three standard policy forms exist: Dwelling Fire 1 DP-1, Dwelling Fire 2 DP-2, and Dwelling Fire 3 DP-3.

The DP-1 policy provides more limited coverage and endorsements, specifically encompassing only 9 named covered perils. Notably, DP-1 lacks replacement cost coverage for dwellings, resulting in coverage based on Actual Cash Value. This evaluation includes a depreciation table derived from the dwelling limit. Landlords frequently opt for DP-1 policies when their dwellings fail to meet the minimum insurance requirements established by standard carriers.

In contrast, the DP-2 policy boasts 18 named covered perils and the potential for coverage based on replacement cost. This means that landlords under DP-2 can receive payment for the replacement or repair of damaged property.

Based on my experience, many landlords prefer DP-3 policies due to their comprehensive coverage, including protection against perils such as theft and vandalism, as well as liability coverage. In cases of negligence leading to a liability claim, DP-3 policies cover legal or medical expenses, a feature absent in DP-1 and DP-2. Furthermore, DP-3 policies extend coverage to landlord-owned contents like appliances and furniture, along with loss of rental income—a crucial aspect during significant claims.

Considerations for insurance policies should include:

- Property replacement cost
- Personal property coverage (e.g., appliances)
- Loss of rents
- Liability protection
- Sewer and drains coverage

Loss of rent coverage mitigates income loss when the property becomes uninhabitable, providing compensation for up to twelve months. It's advisable, given potential delays in material supplies and building permits, to extend the loss of income time limit to a minimum of 18 or 24 months. The amount received by the property owner for loss of rents or income depends on the terms outlined in the lease agreement with the tenant.

In conclusion, selecting the right landlord insurance policy requires thoughtful consideration of coverage options to ensure comprehensive protection for the property and the landlord's financial interests. My recommendation is to reach out to a local insurance agent specializing in rental properties. They can provide you with the tailored policy you require.

ICOR's Business Member Directory

Service	Contact/Business	Phone	Email
Cleaning/Fencing	Susanna Tabares | Heart & Home Solutions	720.477.8268	heartandhomesolutionsllc@gmail.com
Contractor/GC	Alex Lovera |ManyBuild	720.354.2630	alex@manybuildsolutions.com
Cost Sergregation	Brad Weed | CSSI	970.294.1509	Brad@SagaxRE.com
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