

SEPTEMBER
2020

Peak Possibilities

Your Monthly Guide to Informed Real Estate Decisions



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

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

**Join ICOR
Sept. 9th at
6 pm
Lessons in Notes:
"Watching a
Mortgage Crisis in
Slow Motion"**

Table of Contents

Page 2

But Wait, There's More...
NETWORKING!

Page 3

Is Staging Worth it?

Page 4

Monthly Meeting
Information

Page 5

Private Lending Using
Self-Directed IRA's

Page 6

Recapturing debt
with Infinite Banking

Page 7

While Future Stimulus
Is Uncertain, Relief Is
Available for Colorado
Landlords

Page 8

Create Your Perfect
Landlord Experience

Creativity is Like Water— It Takes On the Shape of Any Cup

by Eddie Speed

Being a successful entrepreneur in real estate investing is all about discovering voids and filling the gaps. At this point in the wake of the COVID19 financial beating, new voids have suddenly appeared that weren't here just three months ago. I'm confident the economy will recover. But will we have a V-shaped recovery that turns back up immediately, or a U-shaped recovery that gradually turns back up, or are we looking at an L-shaped recovery where things stay flat for a long time?

I DON'T HAVE A CRYSTAL BALL—I HAVE A REARVIEW MIRROR

Everybody is asking me to look into my crystal ball and foretell the future. And I wish I could! I tell them I don't have a crystal ball—I have a rear view mirror. It gives me a clear view of the past, I've developed, expanded, and perfected in previous downturns are being put to use to fill gaps in today's market to save the day for thousands of investors.

I can honestly tell you that I've boosted my net worth more in weak markets than in boom markets. But I haven't done it by taking advantage of people down on their luck, just the opposite. I've done it by HELPING people down on their luck using creative financing to fill the voids big institutions couldn't fill. When buyers are being left behind, creativity makes deals come together instead of falling apart.

THE SUREST WAY TO FAIL IS TO BE SET IN YOUR WAYS

I think of the real estate business as more like a river than a pond. A pond can quickly turn stagnant, but rivers are always flowing and staying fresh. As the saying goes, you'll never step in the same river twice.

When I got into this business back in 1980, mortgage interest rates were a staggering 20% and I was calling on mortgage lenders and real estate companies. They were set in their ways and saw no way forward because they only knew how to do things one way. But because I had a different mindset and fresh perspective, plus a toolbox of creative techniques learned from my father-in-law, it turned out to be a bonanza for me.

Creative financing helped me thrive in 1986 after the huge savings & loan banking debacle that started in Texas and the Southwest, that caused the most loans to default since the Great Depression (and led to the formation of the Resolution Trust Corporation to liquidate the mountains of defaulted loans). It helped me thrive in the 1998 financial crisis when 8 of the top 10 financial institutions went belly up. It helped me thrive during the terrible downturn after 9/11 in 2001. It helped me thrive in 2008 when the Lehman Brothers subprime lending fiasco collapsed after loaning money to anybody who could fog a mirror, and financial powerhouses fell like dominoes.

I'm confident that creative financing is the answer to not just survive in 2020, but to THRIVE! Lots of real estate investors are finally seeing the beauty of creative financing.

LOOK FOR THE OPPORTUNITY HIDDEN INSIDE EVERY PROBLEM

Right now, the reason you see an empty shelf at the grocery store where the toilet paper used to be is because of a supply chain problem. Well, that's not the only place where the supply chain has been disrupted. It's also happening in the downstream flow of lending money.

Continued on page 2



But Wait, There's More... NETWORKING!

How many times have you sat through a presentation and heard that line, "But wait, there's more!?"

Last month I talked about the return of the popular ICOR Email Answerline returning. Hopefully ICOR members, you have had a chance to login to the membership area to opt into and are patching into the networking resource as it is getting ready to go live.

But wait, there is more...

In addition to the **Answerline**, ICOR is creating a weekly Friday Morning Real Estate Exchange for members! Out of need and necessity, ICOR heard from its members that they missed the networking and conversation. So, combined with the Answerline, the **Friday Morning Real Estate Exchange** will be a way to get to know your fellow members, have conversations around deals and the market, asks for requests and referrals, find your next contractor, lender or even your next deal.

I imagine this looking like going into your local diner, grabbing a cup of coffee, hearing the news from others about what is going on in town. Similar to when you came to an ICOR meeting in person, we will start with quick introductions of everyone and focus on your biggest hurdle right now. And with a "room (virtual of course)" full of experience, you

will hear different thoughts, opinions, and options.

Following intros, we will jump into "Haves & Wants". You're not only going to get your haves and wants heard by people in your local area, but you will hear from investors and landlords across the state. My goal with the Friday Real Estate Exchange is to make the membership small in the sense of community, to connect faces with names, develop relationships, and get business done easier and hopefully faster!

One thing I am experiencing during this pandemic is there is always a few extra steps in the process no matter what I am working on due to this "new normal"! The hope is between these two platforms, ICOR becomes your virtual basecamp not only for education, information, but still allows the members to network and thrive during this very fluid crazy time. So instead of adding those extra steps we are experiencing, ICOR's goal is to streamline the process for you-helping you save time, money and connect you to the people and resources you need.

Be sure to check out the Friday Morning Real Estate Exchange, every Friday morning from 8:30 to 9:30 am. Bring your deals, wants, come to share, discuss, and have a little conversation over a cup of coffee with ICOR and your fellow investors!

Creativity is Like Water — It Takes On the Shape of Any Cup *Continued from page 1*

The money flow starts when a warehouse facility lender supplies the money for banks and mortgage companies to lend. In turn, these banks and mortgage companies then loan that money to real estate wholesalers and rehabbers, as well as individual retail home buyers.

These loans must meet the guidelines and requirements of Fannie Mae, Freddie Mac, FHA, or other federally backed financial conduits who will eventually purchase these loans from the loan originator. But if those loans have some kind of a "glitch" (and there's a huge range of potential glitches), then the loan originator has to buy them back in an "agency buyback." At that point, the loan gets branded as a "Scratch

and Dent" loan. (Right now, we are seeing 10X the normal number of Scratch and Dent loans.)

What happens to all these Scratch and Dent loans? The loan originator has to find somebody else to sell them to, and many potential downstream buyers have moved the goalposts by changing their criteria, or simply evaporated altogether. These agency buybacks cause the money to flow back upstream instead of downstream, so it causes a logjam that stops the money from flowing to close deals. (They are trying to sell those Scratch and Dent loans to me at 95¢ on the dollar, and when it gets down around 60¢ I'll get serious about buying them.)

As warehouse lenders see the logjam downstream, they have become extremely limited in extending credit to banks and mortgage companies until they can clear out their inventory.

With banks and mortgage companies in turmoil, the neck of the funnel has narrowed so it's harder for loans to squeeze through. The requirements to qualify for a mortgage have tightened up dramatically in recent weeks. Lenders are requiring bigger down payments, and a credit score for the retail buyer of 700 instead of 620. (We're seeing way more buyers in the "penalty box" today than just 90 days ago.)



BOOMERANG CAPITAL

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



Is Staging Worth it?

Congrats! You are nearing the finish line with your project and the last task is the sale. Staging your house with temporary decorating can make the process more efficient and profitable. According to realtor.com, homes that are staged sell 88% faster and for 20% more than non-staged homes.

The goal of staging is to help buyers imagine themselves living in that space. An empty home can feel intimidating, institutional, and even boring. Furnishings overcome those concerns and introduce little risk as the buyers will replace it with their own. As Max Maximilian de Melo of America One Luxury Real Estate shares, "Staging is a crucial tool to successfully sell houses at any price point. It helps tremendously overcoming a lack of vision and conveys the emotion of "feeling at home".

When in doubt, leave it out

Be careful not to overdo furnishing and accessorizing as clutter will make the space seem insufficient and small. As an extension of this concept, leave closets entirely empty to feel spacious. Now of course there is going to be something wrong with your house, so why make buyers work hard to find it? Give them something to focus their dislike on that can be easily changed and agreed on. Paint a main wall in the entry or living room a bright color, like orange or purple, which will give buyers something obvious to change and make the property 'their own' via a quick and cheap adjustment.

Curb Appeal

If you have spent the majority of your time and money working on the inside, take a few moments to consider the outside. Luckily, a little effort can go a long way.

Cut back trees and shrubbery which will make the house seem both cared for and easy to maintain, and let more natural light into the house as you show it. Consider painting the front door a bold color that contrasts with the exterior and will make the house memorable (and is easily changed). A new or updated mailbox is cheap and a bit of consideration will go a long way. There are a lot of great pre-made ones or get creative with ideas ranging from simply painting it to match the house, building a custom post or even building a custom mailbox to match the house specifically. In any case, make sure to check the specific regulations about height and size. For your final prep going into showing, power wash everything and clean the windows.

Virtual Staging

Pictures matter now more than ever. Multiple services can modify photos and fill a space virtually, saving time and money and may be just right for a quick turn.

Our Experience

We had a borrower with a high-end home that sat on the market for a few months. It was in a good location, priced right and had been done very nicely, but wasn't moving. We introduced a staging company who put appropriate furnishings in, including cars in the garage and driveway. After a single open house they had 3 full price offers. Staging works.



THE BEST FLIPPIN' LENDER

PRE-QUALIFICATION
CLOSING TIMEFRAME
ORIGINATION FEE
CREDIT CHECK
INTEREST RATE
LOAN-TO-COST
PROCESSING FEE
DOC PREP FEE
MINIMUM INTEREST
PREPAY PENALTY
VALUATION FEE
PAYOFF FEE

LESS THAN 24 HRS
72 HOURS
1 POINT *
None
12%
85%
ZERO
ZERO
ZERO
ZERO
ZERO
ZERO

(480) 779-9779

boomerangcapital.com

2152 S. Vineyard #105, Mesa, AZ 85210

Company NMLS: 1644075

**1 point origination is for experienced flippers*



MONTHLY MEETING INFORMATION

September @ ICOR:

Monthly Meeting | Lessons in Notes:

“Watching a Mortgage Crisis in Slow Motion”

Are you surviving or thriving in this Covid-19 situation? We are in the beginning stages of a massive mortgage meltdown and we will be revealing the data behind it and how you can profit from it. NoteSchool is helping investors nationwide open their eyes to something COVID has created!

NoteSchool will teach the world of creative finance and real estate notes and can show you some simple adjustments to your business to really THRIVE during and after a pandemic! Learn how to help your seller (who is hurting right now, your lender (who is hurting right now), and even your buyers (who are hurting right now)! Come join us for a 90-minute presentation on creative financing and real estate notes and find out why you CAN NOT AFFORD to lack this knowledge RIGHT NOW!

Why attend

- Covid-19 changed the landscape of investing...This could be the TIME-LIEST information you hear during the pandemic. A lot of investors are either quitting or doubling down on strategies that worked in the past... in 90 minutes you will see how to work smarter and THRIVE during and after a Pandemic!
- Inventory- Learn how to beat your competition on price and make MORE money than your typical deal!

Who should attend

- These strategies apply to all real estate investors- brand new, active, passive, and even the “ninja’s” who do 150+ deals a year!

What you will Discover

- How you can win big by timing the current Mortgage crisis
- How to double your profits without having to Spend an Extra Dollar on Marketing
- Passive Investing- Be the Bank- no tenants, no toilets, no turnover!
- How to wholesale a note for an “assignment fee” and that it’s much easier

Meeting Schedule



Northern Colorado

September 9th / 6:00 – 8:30 pm
Online Zoom Meeting



Denver

September 9th / 6:00 – 8:30 pm
Online Zoom Meeting



Colorado Springs

September 9th / 6:00 – 8:30 pm
Online Zoom Meeting

Additional Events:

Every Friday | 8:30 – 9:30 am

Friday Morning Real Estate Exchange – Networking

September 5th | 9:00 – 12:30 pm

TrueNorth Group Planner Session

September 22nd | 6:00 – 7:30 pm

Colorado Real Estate Market Update & Investor Confidence Index

September 24th | 6:00 – 8:00 pm

Smart Underwriting for Creative Financing (COVID-19 Consideration)

September 26th | 9:00 am – 4:00 pm

How To Become A Deal Architect, Find Killer Deals,
& Money In A Pandemic

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





Private Lending Using Self-Directed IRA's: An Alternative Source of Capital for Real Estate Investing

According to the 2019 Investment Company Fact Book*, Americans have a little over 27 Trillion dollars stashed away in their retirement accounts. Did you know these people can lend those retirement funds to facilitate real estate transactions? Most people have no idea that their retirement funds can be invested in anything other than publicly traded securities and annuities. Having this knowledge could assist you in two ways. First, you may personally have retirement funds you would consider lending, and second, you may know someone who's willing to lend their IRA funds if the loan is secured by real estate.

27 Trillion is a very big number, and to put that into perspective, total debt on ALL U.S. mortgages is 11.05 Trillion as of January 2020**. In short, there is more than enough money residing in individual retirement accounts to fund every single mortgage in the U.S two and a half times over!

Why would someone be interested in lending their retirement funds to a real estate investor? For starters, this offers the lender greater control over their retirement funds. They get to choose the borrower, determine the terms of the loan, and they decide how much risk they are willing to take. For instance, a "conservative" lender may only lend in the first position with a loan that is secured by a mortgage or deed of trust that has a 60% loan to value. A 60% loan to value means the borrower must come up with 40% of the purchase price in order to borrow the remaining balance. A lender willing to take on more risk may be comfortable lending rehab money to a fix and flipper with a mortgage or deed of

trust in the second position. Either way, the lender is in control and gets to make all the decisions.

Why would someone consider borrowing private money for their real estate investments? In a word, flexibility. Many real estate investors will run into a situation where traditional lenders simply won't work. Perhaps the investor needs funds quickly, and the traditional lenders cannot act quick enough to make a deal happen. It may be that the real estate investor does not meet the stringent guidelines imposed by traditional lenders, and therefore cannot qualify for a loan. Instead of dealing with a bank or lending institution, borrowers can work with an individual that may be more flexible. A private lender may provide more freedom when it comes to the terms and conditions of the loan. They may be able to fund a deal quicker and with less underwriting than a traditional lender.

There are a couple of caveats to remember when considering private loans. First, if someone is wanting to use retirement funds, they can only lend those funds using a self-directed IRA. Traditional retirement plans will not allow the account owner to lend their funds for any purpose. Secondly, private lending involves risk. It's advisable to involve legal counsel and be sure to educate yourself on best practices when lending or borrowing retirement funds. If you'd like to learn more, feel free to contact New Direction Trust at (877) 742-1270, or visit us at www.ndtco.com.

*https://www.ici.org/pdf/2019_factbook.pdf

**<https://finance.yahoo.com/news/size-u-mortgage-market-2020-154148225.html>

Unlock Your Retirement with a Real Estate IRA

REAL ESTATE INVESTING GUIDE

Utilizing tax-advantaged retirement funds
with real estate investment opportunities.

New Direction
TRUST COMPANY



Download our FREE
real estate investing guide

ndtco.com/real-estate-investing-guide



New Direction
TRUST COMPANY



UNBRIDLED WEALTH

JASON K. POWERS / JPowers@UNBRIDLEDWEALTH.COM / UNBRIDLEDWEALTH.COM

Recapturing debt with Infinite Banking

The average household in the United States currently carries a debt of \$137,000, which is a staggering amount. For context, the median debt in 2000 was only \$51,000.

Here in America, we're taught to finance our cars and our homes. Then, we're told to get a few credit cards—because you need good credit—and it's okay to buy something that you can't afford—but pay it off as soon as you can... and the cycle goes on.

In the end, we find ourselves standing at the kitchen table, looking over a staggering pile of bills. We scratch our heads, wondering how we got into a position where debt became such a daily burden.

There are plenty of popular strategies to help people get their debt under control. Grandma's envelope system for household budgeting, for example, might be a great starter strategy for those who can't seem to control their spending habits. Debt stacking is a great approach for knocking down debt, though it does require some discipline.

One of the services we offer at Unbridled Wealth is helping you build a debt recapturing plan by applying the Infinite Banking Concept (IBC). The Infinite Banking Concept is best achieved through a properly structured dividend-paying whole life insurance policy, which we help you develop. Once you understand the process of using a whole life policy to recapture your debts, you begin to see tremendous cash value growth through the life of the policy, which offers you more freedom to manage your own personal finances.

The whole life insurance policy we're talking about is far different than your 'average' policy. It is not Universal Life (IUL's, VUL's), Annuities, or Term, nor is it an investment product. Instead, it's a way for you to build cash value inside of a policy while still having access to that cash along the way. Your money will gain uninterrupted compound growth inside the policy. Rather than needing to finance everything with a traditional bank, you have the ability to be your own bank.

How much money would you save in life, if you didn't pay interest to an outside bank? So, what about recapturing debt inside of a policy? If a bank were willing to gradually consolidate your outside debts, let you decide the terms of the loan repayment, guarantee you growth of the cash value that you have accumulated (even with an outstanding debt balance), and offer to pay a guaranteed sum of money to a beneficiary once you pass away (outstanding loans or not), would you be inclined to use that bank?

I should hope so!

This is what IBC can do for you.

Alternatively, you can pay down your debts, pay interest to the banks, and end up with a zero-dollar debt balance. That's a great accomplishment too! But would you, if you could, take advantage of all the other benefits along with it?

Reach out to us and we'll show you how.

Jason K Powers is a Business Owner & Wealth Advisor with an eclectic and exciting background in real estate investing, sporting event photography, founding an international non-profit and wealth advising. Through these life experiences and having a heart to help people, his primary focus is to help his clients succeed. Jason can be reached at jpowers@unbridledwealth.com or 303.957.9175.

WHAT'S STOPPING YOU?

Your real estate strategy may be missing this game changer

SCHEDULE A CALL

(303) 957-9175



UNBRIDLED
WEALTH



ATLAS REAL ESTATE

CORY RASMUSSEN / CORY@REALATLAS.COM / REALATLAS.COM



While Future Stimulus Is Uncertain, Relief Is Available for Colorado Landlords

As property managers and owners, we keep a keen eye on the state of our local economy and strive to provide the most up to date resources for both our clients and our residents.

The Coronavirus crisis has impacted every aspect of our lives. We know this is a stressful time not only for residents on the brink of eviction, but also for property owners who depend on the rental income in order to pay their mortgages.

Currently one in ten Coloradoans are out of work. The federal eviction moratorium covering Fannie Mae and Freddie Mac backed mortgages expired mid-July and the \$600 per week unemployment benefits supplement has been reduced to \$400. Our government is in gridlock on what to do next, and there is a wave of evictions that are beginning to start.

There is good news though, if you have tenants who did not pay rent between March first and the end of July and still have an outstanding balance, you may be eligible for rental assistance from the state and HUD. Landlords can now apply for the Property Owner Preservation (POP) program on behalf of their residents which provides over \$19 million in assistance as part of Federal CARES Act funding. This is good for both landlords and residents, because you may be paid the large amount owed to you and your resident may not have to face eviction.

This program allows the state to pay unpaid rent on behalf of tenants impacted by COVID-19 for the period of March 1 – July 31. There are several landlord requirements such as agreeing to postpone evictions and agreeing to a 30-day minimum notice period following any non-payment after the POP program ends. The program also caps the dollar amount of rent that can be paid based on affordability levels for families making 100% of the area median income. This does not reduce your ability to earn the rent going forward in the contract rate, but if you do have a Class A rental that is above the cap in rent numbers, you may not be fully reimbursed. The large majority of defaults will fall under this cap.

From our most recent collection rates, taken from a sample of more than 3,200 properties, our property management team has only seen a 2% decrease in collections since April. While we would like to credit our amazing team members, we know this is likely partially inflated by the increased unemployment benefits and stimulus from the federal government.

We are keeping in close communication with our residents, creating payment plans when possible and advise those who are self-managing to do the same in order to avoid the cost of vacancy. The POP Program

is a light in the tunnel to help you and your residents through this difficult time. Eviction is often a losing-scenario for both parties and we try to avoid it when necessary. The local executive order has also been extended requiring landlords to give a 30-day notice prior to starting the eviction process.

To learn more about the POP Program, please visit <https://cdola.colorado.gov/rental-assistance>. If you would like to discuss how property management can save you stress, time and money email me at cory@realatlas.com.



Owners Helping Owners Build Long Term Wealth

INVESTMENT BROKERAGE + PROPERTY MANAGEMENT

cory@realatlas.com | 303.242.8980 | realatlas.com



6795 E. Tennessee Avenue
Suite 401
Denver, CO 80224



Create your perfect landlord experience with...



ICOR MEMBER OFFER!

Enjoy a lifetime membership for just 95¢
ICOR discount sign up link: bit.ly/3fLtoW2

RentPerfect.com | 877-922-2547

- Online application process
- Credit, criminal and eviction screening
- Custom lease creator with digital signatures
- Online move-in and move-out inspection process
- Online Rent Pay with payment reminders



AN EASY TO USE, ONLINE PLATFORM FOR LANDLORDS AND PROPERTY MANAGERS