APRIL
2022

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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How Do We Fund Our Deals?

By Bill Cook

Since we don't use banks, how do we fund our deals?

Do banks have money to lend? *Think carefully*—this could be a trick question! Don't banks "borrow" the money they lend from their depositors? And why do depositors keep their money in the bank? Because it's the safest place to keep it, right? But is it really?

What interest rate is your bank paying on savings these days—0.3%? And what is the current rate of inflation...something like 14%?

Join ICOR
April 12th – 14th
from 6-8:45 pm
Creative Deal Structuring & Financing: "Making Impossible Deals Possible!"

Here's a broad-brush picture to help you understand what's *really* happening behind the banks cloak of secrecy. You put $10,000 in the bank earning 0.3% interest. One year later, your nest egg has grown to a whopping $10,030. But let's not forget about inflation. In reality, after you factor in inflation, the actual buying power of your $10,000 *dropped* by 14% to $8,630! *What—you lost HOW MUCH MONEY in only 12 months?*

Inflation is called the "*invisible tax.*" You can't see it, but you sure can feel it every time you walk in a store!

Sure, the days of bad banditos like John Dillinger, Baby Face Nelson and Pretty Boy Floyd are long gone, but they've been replaced by something far more sinister: *The Federal Reserve*. We strongly encourage you to read *The Creature from Jekyll Island*—it's a real eye-opener!

So how do Kim and I creatively fund our deals? By offering to pay our private-money lenders a much higher interest rate than they're getting from their bank, and securing the loan to real estate with which they feel comfortable.

Think of the bank as a middleman—*and we're cutting the middleman out*! The result: Our private-money lenders get a much higher rate of return than their banks offer, and we get a much lower interest rate than what banks try to charge us. Win-win!

This isn't the only way we fund our deals. Here are two more creatively funded deals we've done.

We bought a house off Grassdale Road in Cartersville, Georgia, which the owner owned free and clear. Held it as rental property. He got tired of being a landlord. The owner's asking price was a bit *above* fair market value, which meant we couldn't get a mortgage unless we put down a sizable down payment—which we didn't have.

Kim and I offered to pay the seller his asking price, if he'd give us owner financing with monthly payments of $400. This would allow the property to cash flow as a rental home. A few days later, we closed in our attorney's office. We got the property, and the seller got a thirty-year 4.43% interest note with payments of $417. This was a great win-win deal!

Now let's look at a Lonnie Deal we did in 2008. (NOTE: With a Lonnie Deal, you buy a mobile home in a park for cash, and then sell it on time.) The seller offered to sell for $11,400. Because we didn't have the cash, we offered to put down $3,000 and give him an $8,400 zero-interest note with monthly payments of $100.

The seller accepted. Only one problem: I didn't have the $3,000 down. I called an investor friend and made this offer: If he'd put up the $3,000, we'd give him half the deal. We'd manage it, which meant he never had to do anything. We also promised that he'd get

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APRIL MEETING INFORMATION

April @ ICOR

March 12th – 14th from 6 to 8:30 pm
Creative Deal Structuring & Financing: "Making Impossible Deals Possible!"

Are you the 'go-to' person in your area? The person everyone turns to when uncomfortable situations arise? Are you ready to get a 'knowledge' jump on your competition?

We believe the next one to three years will be filled with people in need and, if you are like us, you are anxious to sharpen your deal-structuring and deal-financing skills and go find opportunities to help!

When talking with a seller, it's about doing for, not doing to. It's about finding people to help and problems to solve. It's about having the knowledge and skills to help when your competition can't. It's about being prepared!

Will you know how to structure an opportunity into a win-win solution? We want to share with you some incredible deal structures!

This month we'll cover…

- Why Creative deal structuring allows you to profit from real estate in more ways than just equity
- Exchanging into a new property that you like better, makes you more money, and you don't have to pay taxes on it
- Scale your real estate investing faster
- How to open up more deals with less competition
- How it allows you to make money in *ANY market*
- What is Creative Deal Structuring (solving people's real estate problems) through:
  - Seller financing
  - Subject-to
  - Lease Option
  - Options
  - Financial Partners

In April, ICOR turns to one of its own! Lindsey Jenson, Colorado Springs Member, discusses how she was sitting in your seat just six short years ago and quickly turned to and sharpened her creative deal structuring and financing skills. After sitting on the sidelines for ten years in the real estate industry, she quickly turned the tables slaying the market and competition, through creative deal structuring and creative financing, Lindsey became the been-there-done-that investor and created' her New Generation Home Buyers real estate investing business.

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

Colorado Springs
Tuesday, April 12th
Hyatt Place Colorado Springs
503 Garden of the Gods Rd West
Colorado Springs, CO 80907

Denver
Wednesday, April 13th
PPA Event Center
2105 Decatur St
Denver, CO 80211

Northern Colorado / Fort Collins
Thursday, April 14th
C.B. & Potts
1441 E Horsetooth Rd
Fort Collins, CO 80525

How Do We Fund Our Deals?

Continued from page 1

all net money out of the deal until his $3,000 was recovered. After that, we'd split all net proceeds 50-50. He agreed to the deal and we've been splitting $300 a month ever since!

With these three examples, you've seen me use a private-money lender, get owner financing and finally, bring in a money partner. What you didn't see was me going to a bank. Please know that I'm not against banks. It's just that I'd prefer to work with people instead of institutional lender and their mountainous pile of paperwork and unbending government regulations.

And remember this, when it comes to creative deal funding, this is just scratching the surface!

Join ICOR in welcoming Bill Cook, along with Jeff Watson, Maria Giordano, and Lindsey Jenson for ICOR's Creative Deal Making Academy 2022, April 23rd & 24th in Denver to expend and develop your creative deal making and creative financing. For information or to register visit, www.icorockies.com/events/cdma2022 or join us for the April monthly meeting for a preview.

UPCOMING EVENTS

SATURDAY, MAY 14, 2022 | DENVER, CO | 9AM – 1:00PM

Short-term & Vacation Rental Investing Workshop

There are 650,000 Airbnb hosts worldwide, competing to book about 43.3 million travelers on the platform. Less than 7% of hosts qualify as "Superhost". Less than 0.04% of those hosts have been invited into the Airbnb Plus program. What if you could open your vacation rental business with the basic knowledge needed to start at the top right away?

Elizabeth Sickels is joining us on Saturday, May 14th to outline the items you need to know and understand to successfully start your vacation rental business with confidence. Or, to optimize your current business. Just a few of the topics she will be sharing so you can leverage the knowledge of an Airbnb Superhost.

- Evaluation
- Design & Furnishing
- Client Acquisition
- Guest Hospitality
- Systemization
- Business Development
- Regulations & Taxes
- Expert Guidance

Register early to take advantage of early bird pricing and as always. ICOR Members save at least 50%.

REGISTER AT
www.icorockies.com/events/your-short-term-and-vacation-rental-business

$99 for Members and

$149 for Non Members

April Meetings

ICOR – Colorado Springs
In Person
Tuesday, April 12th, 6 PM-9 PM (MDT)

ICOR – Denver
In Person
Wednesday, April 13th, 6 PM-9 PM (MDT)

ICOR – Northern Colorado / Fort Collins
In Person
Thursday, April 14th, 6 PM-9 PM (MDT)

Subgroups

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

Winter Networking Happy Hour
In Person
Tuesday, April 5th

Beginner Investor Subgroup
Virtual
Thursday, April 7th

TrueNorth Planner
Virtual
Saturday, April 16th

Rental Property Subgroup
Virtual
Wednesday, Apr 20th

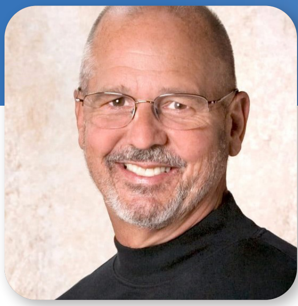
Creative Deal Making Academy
In Person
Saturday – Suday, April 23-24th

Deal Finding Subgroup
Virtual
Tuesday, March 26th

Canon City Market Tour
In Person
Saturday, May 7th

Short-Term & Vacation Rental Investing Workshop
In Person
Saturday, May 14th

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



No Seller Wants Cash—EVER!

Just got a call from a realtor. She represents a homeowner who needs a quick sale. The realtor said, "Bill, my client will only consider an all-cash offer. We're not interested in any of your creative razzle-dazzle deal structures, understand?"

Kim and I get a lot of calls like this. I've learned not to say, "No seller wants cash—EVER—ya dingbat!" Saying such would ruin the relationship and destroy the possibility of meeting face-to-face with the seller.

So what do you think? Do sellers really want cash or could I possibly be right?

In this situation, what if I immediately agreed to pay the seller's $80,000 asking price—in cash? There's only one condition: The seller must put the $80,000 on her kitchen table, cover it with plastic wrap, and agree that once a month the seller, realtor and I will get together and marvel at the big stack of money plastic wrapped to the table.

Sure, this is a silly stipulation that no seller would agree to. But why wouldn't the seller—since the she's getting exactly what she wants—cash—agree to it? Think hard on this. It's an important question to contemplate!

Maybe you say the seller is gonna put the money in the bank because it's safe there. But is it? Right now banks are paying 0.3% interest on deposits. But with the current 14% rate of inflation, the seller's money's buying power is actually shrinking by 13.7% per year. You call this safe?!?

Maybe you say the seller is gonna use the money to buy another house, or a car, or go on a nice vacation. And this is my point! The seller doesn't want cash. The cash is simply a conduit that allows the seller to get rid of something she no longer wants (her house), and get something she wants more (another house, a car, a nice vacation.)

Here's another way to look at it. The seller is using what she has (her house) to get what she needs (cash) to get what she wants (another house, a car, a vacation.) Again, cash is just a conduit; it's not what she really wants!

If I can help the seller get rid of what she has and get what she wants—without using cash as the conduit? Might the seller say yes?

Here's a deal we did last year that shows this creative deal structure in action. We met a lady who had a house in a neighborhood in Woodstock, Georgia. Problem was, she wanted a home in the country, but because of poor credit she couldn't qualify for a mortgage. She needed to first sell her house and then use the cash to buy a country home.

We also knew an investor who wanted to sell a house in the country because it was too far away from everything. We brought the two together and they simply traded houses. They both got what they wanted and we got $10,000 from the investor for facilitating the deal!

Remember, there are a thousand ways to buy a house—cash is only one of them! Bottom line: When sellers tell you they want cash, they're lying. Their goal is to use the cash to trade for something they want more. Your job is to find out what that thing is and then help them get it.

How do Kim and I get owner financing when we buy a house? We explain to the sellers that we'd gladly pay them 5.0% compounding interest secured by the property, which is a whole lot more than the miserly 0.3% interest the bank would pay them if we gave the cash to the sellers for their house and they put that money in the bank.

Do you seek real-world real estate investing information? Go to BillandKimCook.com. It's packed with free creative deal structuring techniques and strategies. Bill and Kim Cook have been investing in real estate since 1990. Their portfolio consists of single-family rentals, a small mobile home park, plus notes and options.

CREATIVE

DEALMAKING

ACADEMY

Saturday, April 23rd & Sunday, April, 24th

VISIT WWW.ICOROCKIES.COM/EVENTS/CDMA2022 FOR MORE INFORMATION

TWO-DAY AGENDA | GUEST SPEAKER ROSTER | LIMITED TIME EVENT PRICING

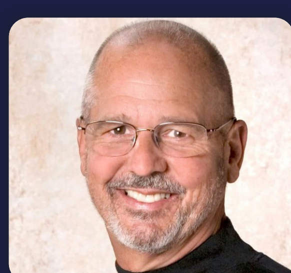
RESERVE YOUR SPOT TODAY!

This TWO DAY content-rich, intensive academy was created to show you what fast, furious, and successful investors are using to navigate the new world of creative real estate finance and deal structuring. We are presenting a forum where local and national experts can present and discuss their own strategies and philosophies. We have called in the heavy hitters to bring you the best of the best in Colorado and across the nation.

Understand, learn and utilize these creative deal-making strategies:

- Creating "financial friends" through Private Lending
- Creative down payment strategies: Options, Substitution of Collateral, and more
- Owner Financing
- Other People's Money
- Leveraging Retirement Accounts: Solo 401(k)s, Roth IRAs, and Health Savings Accounts
- Wrap Mortgages
- Master Leasing

MARIA GIORDANO



BILL COOK

LINDSEY JENSEN

JEFF WATSON

New Direction
TRUST COMPANY

TAX EXPERT
LARRY STONE / LARRY@COLORADOTAXCOACH.COM / COLORADOTAXCOACH.COM

Avoid the Easy Way—S Corporation Owner Reasonable Compensation

Sometimes people like to take the easy way. Even tax professionals like to use conventional wisdom, rules of thumb and safe harbor methodologies to simplify, but these approaches do not pass the important test of the tax court judges.

A recent poll of 4,451 CPAs, EA's and other tax professionals asked the following question:

Which of the following methods of determining reasonable compensation (for S Corporation owners) are recognized by the IRS?

A. Industry Rule (set wages as a percentage of sales or revenue based on industry standard)
B. 50/50 Rule (50% distribution – 50% wages)
C. Safe Harbor Rule (Set wages at the social security maximum)
D. All the above
E. None of the above

More than 3/4s of the respondents selected A, B, C or D. That is not a passing grade. None of the above (E) is the correct response. Why did so many get this answer wrong? They are following the popular myths available over the internet and published by some magazines. *Entrepreneur* magazine (November 19, 2020) stated that determining your reasonable compensation should not be more that 50% of the total amount you take out. Forbes (October 15, 2020) stated that a good starting point for determining reasonable compensation is 40% of your profits.

There are many myths on the internet and published related to how much you pay yourself out there. The IRS requires that the owners of an S Corporation who performs services for that corporation pay reasonable compensation. But how do you determine what is reasonable?

In 2012, the Tax Court weighed in their idea of reasonable compensation in Watson v. Commissioner, 668 F. 3d 1088, where Watson was an accountant (go figure) and paid himself a salary of $24,000 even though the firm grossed $3 million in revenue. Yes. Watson was a CPA with advanced accounting degrees. The IRS asserted that the $24,000 wage was not sufficient to support his lifestyle. The IRS brought in a comparative analysis of what others would pay someone like Watson to perform similar work. The tale is that the Tax Court asked Watson — how did you determine your wages were reasonable? Watson had no response. The Tax Court concluded that if you could not explain your methodology to determine your wages then your wages were deemed unreasonable. The reclassified all his distributions taken during the year as wages resulting in additional taxes, interest, and penalties.

Many attorneys love the word "reasonable" because it provides a place where they can disagree. There is no single factor or rule which can be used to set reasonable compensation of the S Corporation owner wages. One may want to look at the factors recommended by the IRS, see https://www.irs.gov/pub/irs-news/fs-08-25.pdf as a starting point.

What is expected by the Tax Court is a reasonable compensation study. It should be in writing, and it should use comparable wage and salary information related to the work performed. The decision that your compensation is reasonable will be based on your specific facts and circumstances. These change every year so you should have reasonable compensation reviewed annually.

At Stone Wealth Strategies (formerly Stone CPA and Advisors), we assist our clients with a reasonable compensation study. We recommend that you have one, too. If you think you may be missing something in your tax coaching and preparation, ask about our Discovery Session by emailing info@coloradotaxcoach.com.

TADD JONES / TADD@BOOMERANGCAPITAL.COM / BOOMERANGCAPITAL.COM

It's Not Sexy So Why Are We Writing About It

The major steps of acquiring, planning, executing, and then selling a property are generally considered and covered, but what about record-keeping? Granted, it's not exciting, and it's not sexy, so why do we think it's worth covering? Because it makes a difference.

The main benefits of good record-keeping are:

Knowing where you stand. As anyone who has been involved in larger construction projects will tell you: there are very extensive rules and processes to track work in process and percentage of work completed. While it's probably not helpful to go that far overboard, the basics are worth looking at in order to understand the importance and how it applies to all projects, regardless of size. By tracking expenses and resource expenditures not only at the end of the project but all the way through important decisions and adjustments or course corrections can be made all during the project. Including not only cash but also receivables and payables will help you manage expenses and make sure cash is available when needed. Budget vs actuals will help you determine when/if you have room for new cabinets, and when you'd better just reface or repaint. These types of calculations are made easy with good record-keeping and are impossible without; 'wing it', and you are almost certain to make a mistake.

Co-mingling assets can ruin the protective features of your LLC. As Mick McGirr (Attorney at Law, Mick@PhocusCompanies.com) points out, what the courts refer to as "piercing the veil" can occur when clear delineations are not made between what belongs to the LLC, and what belongs to an owner or other party. It is more likely to happen in a small company, but can be easily avoided by being explicitly clear about 'what' belongs to 'who'. It can happen quite innocently and unintentionally, for example, if you buy something for a project, and pay for it from your personal credit card and not record that specific expense in the LLC, but use a 'catch-all' or 'true-up' at the end, it could be argued you weren't taking the LLC seriously, and then neither will the courts. Avoiding this is easy: separate bank accounts and good records.

Fair reporting and distributions for partners. How do you know whose money is whose? And if there's money for distributions and when? Complete, timely and transparent records answers all these questions and enables trust and good partnerships (and will reduce unproductive and unpleasant arguments). And if you are not using partners now, but considering them for the future as you take on additional projects, having clean records from past projects will make those initial 'recruiting' conversations easier and help in establishing fair arrangements.

Accurate records mean you can avail yourself of tax benefits and be comfortable when/if you are audited. For example, you can include development costs, including interest expenses, to only be taxed on actual profits. And if you are doing this project in a self-directed IRA, you can 'charge' yourself fair labor rates for your work.

Accurate records mean ease of refi and a shot at a lower rate. Jeremey Lovett, an experienced consumer mortgage officer (Jeremy@intentmortgage.com), points out "Borrowers who come in with well-organized records are going to end up with an easier and faster loan process. They are also more likely to benefit from a lower rate lender instead of having to focus on lenders who charge more for the extra time necessary to close unorganized borrower's loans."

Record-keeping doesn't need to be overly complex or burdensome. A spreadsheet will work, or software such as Quicken (at the low end) to QuickBooks (at the high end) makes things easy and has all the pre-canned financial and tracking reports. Add-ons such as Expensify or Zoho can make capturing expenses simple.

PRIVATE BANKING SYSTEM EXPERT

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

Have You Diversified... Enough?

Diversity is healthy for any environment or situation. Eat too much of the same thing, even if it's nutritious, and your body will lack other essential vitamins and minerals. Our gardens flourish the most when we plant variety of fruit, veggies, plants and flowers. And of course, diversifying our assets is common knowledge. However, how many of us *actually act* on that wisdom?

I've talked to multiple people in the last two weeks who are nervous about the stock market, world events, and the projected impact on real estate. But what actions can we take today to hedge against unknown changes? Diversify with an asset that is arguably the most secure and functional product available. I'm not saying to lock away money in a CD for a rainy day. I'm saying that today is the best time to look at utilizing the primary tool used to establish the wealthiest families in our country— *a properly structured, dividend paying whole life insurance policy*.

By using a properly structured policy, you are investing in an asset that will grow regardless of what happens in the future. You'll also be able to use the money you place in a policy by accessing an unstructured policy loan. You'll have cash ready when the market drops and properties become available. You'll can be a lender, not just a borrower. And unlike borrowing from a traditional retirement plan, if you end up in a difficult situation, you're not committed to monthly payments that can strain your finances.

This is how Colorado entrepreneur and real estate investor, Stan Bullis, was able to move quickly on opportunities in Cañon City, CO. Within eight days of learning about an auction of the historic St. Cloud Hotel on Main Street, cash was in hand to bid on the property, and won at only $80,000! To help protect that investment and diversify, he was then able to purchase other cash-flowing properties in the area and is working to revitalize the Colorado gem of a city.

If this process of using a policy sounds unfamiliar, it's possible that it is one of the best kept secrets for how the wealthy become and stay wealthy. It is how the Rockefellers remain a financial powerhouse after 150 plus years. It is how Walt Disney started Disney Land and McDonald's became a household name. Maybe most importantly, it is where banks place the money that we deposit. For just one example look at page 170 of the Wells Fargo 2020 Annual Report (just google). The first line asset class states "Corporate/bank-owned life insurance".

There are two simple steps you can take today to diversify. First, email Jason K. Powers or me to see how this structure applies to your situation. Second, register for the in-person tour of Cañon City to capture a vision of how diversification can change the trajectory of your financial future.

Building Cañon City

and how Infinite Banking helped build it

Sponsored by ICOR

Presented by Unbridled Wealth

Saturday, May 7, 2022

9am - 1:30pm

Join us at we tour a small part of the city with Entrepreneur and business owner, Stan Bullis, as he shows us how he acquired over 100,000 square feet of real estate and continues to bring Cañon City into a new Golden Era.

You'll also hear from Business Owners, Real Estate Investors and Wealth Strategists, Jason K. Powers, Olivia McGraw and Jonathan Wield, how a little-known financial tool played an integral role in all that was acquired.

In addition to the tour, we will sit down for lunch at Unbridled's farm-to-table restaurant, Fremont Provisions.

During our meal, we'll look closer at the ins and outs of these real estate developments and show you how you can take advantage of the lucrative financial strategy that underpins them all. When this strategy is combined with real estate, it can accelerate your pay down on properties, create greater cash flow over time, reduce your taxable burden, all while building up a cash flow system that can last for generations!

Register at icorockies.com/events or click on the QR Code!

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

Managing Renewals in a Wild Rental Market

Self-managing renewals in a stable rental market can be hard, add in a pandemic, rapid rent growth and ever-changing landlord laws and suddenly it becomes much more difficult. Here are a few actions you can take to help manage the process.

The first step in every renewal is to get a pulse on market rents in the neighborhood. Educating yourself on the status of current rates for rental submarkets will give you the ammunition needed to push rents if, for instance, you plan to be aggressive in rent growth in order catch up from pandemic-caused losses. We all had to be cautious with renewal rents during the pandemic, as no one wanted to lose a paying renter during unstable times. Today, rental platforms like Zillow.com and hotpads.com log interest to a specific rental to help you gauge those interested in a property listing. The higher the interest in a property the more quickly it will rent at the asking price. Knowing where the current rental market sits for your specific submarket gives you the ceiling and potential trajectory for your renewal offer.

The second step in the process to is evaluate the cost of a turn, should you lose your current tenant. If your current rent is $1800, the market rent is $2400, and the cost to fix up the property is $3000, you will reach your ROI at the 5-month mark. In this case being aggressive on your renewal price — that is, asking for a rent increase of $300 — means that you can feel confident that even if you do lose the tenant, your return will be increased.

Additionally, you have the market data to present to the tenant demonstrating that you are still offering an excellent rate for the neighborhood; thus, they are still getting a great deal.

Often, when residents are presented with a rent increase, whether small or large, they respond with a litany of issues or problems about the home. The list can be long, and rather than deny or avoid it, this is your opportunity to maintain the property, or at least take care of some of the deferred maintenance items that will ultimately add to your property's value. By doing so, you are also showing your resident that you care about them and the home they are living in. This speaks volumes about your commitment to them, and consequently, you'll often see residents reciprocate. If you approach the renewal negotiation with this in mind, you can use it as a bargaining tool to make your residents feel as though they are getting something beneficial out of the transaction. Everyone walks away happy.

To sum it up, the rental market is stronger than ever so don't be afraid to make warranted changes. With the cost of buying a home higher than ever, you have the leverage to be aggressive about rents and renewal offers.

Roof Replacement Cost Vs. Actual Cash Value

As an insurance agent with over a decade in experience in Business Insurance and Investors policies, I have met with many property investors to explain the importance of having the proper roof coverage on your home insurance policy and rental properties. When I review policies for investors with other insurance carriers, I often find a large depreciation schedule built into the insurance policy for wind and hail. In an active hail state like Colorado, it's imperative that investors understand the importance of having the correct roof coverage on their insurance policy.

According to the NICB (National Insurance Crime Bureau) report, from 2017-2019 Colorado in ranked #2 in the United States for hail claims. In our state, we can count on having a hail claim every 5 years. Knowing that this state has such a large propensity for hail and severe weather, I found it important to share my experience and knowledge with you.

Let's start out with the importance of Replacement Cost vs Actual Cash Value for the roof of your property. **Replacement Cost** is a type of coverage that replaces the current roof with a new roof without deduction for depreciation. This means that the current roof, no matter how old will be replaced with a new roof minus the deductible within the policy. ***This option represents the most preferred coverage properties should have in a policy.***

Actual Cash Value is a type of coverage that pays for a depreciated value of a roof, minus the deductible. This can cause many problems to investors as the depreciated value can be a judgement call by the claims representative or fixed schedule within the policy form. Let's look at an example below to help show the difference in a claim settlement based on a 10 year old roof.

If you have Actual Cash Value endorsement coverage on your investment property and would like to calculate the depreciation, you can go to: https://www.claimspages.com/tools/depreciation/roofing/asphalt-architectural-shingles/

In the example below the difference on one hail loss/claim would be an ***additional $17,500 out of pocket expense to the property owner***. If the insured is aware of the depreciation deduction for hail losses, it should be included in their annual budget. We are only including Roof Replacement and not including the repair cost for gutters, siding, windows, etc.

When I review policies with the Actual Cash Value endorsement, I also give my clients an insurance estimate of what it would be, if the policy had the Replacement Cost Coverage. Often the difference is minimum compared with the depreciation deduction.

Feel free to contact me so I can review your policies and coverages to make sure your investment properties are properly protected. Understanding your policy and your how claims will be handled is probably the most important part of your insurance policy. Let me assist you with that process.

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

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

970.217.8019
eve.dstansfield@farmersagency.com
www.eveinsurancecolorado.com

Replacement Cost Coverage 8 unit apartment complex	**Damage Amount**	**Deductible**	**Final Claim Payment to insured** ($50-$10k=$40k)
Roof Replacement	$50,000	-$10,000	= $40,000

Actual Cash Value Coverage 8 unit apartment complex	**Damage Amount**	**Depreciation applied to claim 35%**	**Deductible**	**Final Claim Payment to insured** ($50k-$17,500-$10k =$22,500)
Roof Replacement	$50,000	-$17,500	-$10,000	= $22,500

ICOR Business Member Directory

Service	Contact/Business	Phone	Email
Broker	Melissa Millan	203.241.5571	melissa.millan@gmail.com
Contractor	Vern Robinson | Ridge Construction	303.881.1169	vern@ridgeconstructioninc.com
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Financial Planning	New Direction Trust Company	877.742.1270	info@ndtco.com
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