DECEMBER
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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Calling ALL Investors, Submissions for the 2022 Rising Tide Awards are Open!

By Troy Miller

Every year ICOR recognizes some of the rising stars of the local real estate investment community. The ICOR Rising Tide Awards were created to celebrate excellence and integrity in investing and recognize the spirit of abundance—those individuals who excel in investing and give back in terms of information and knowledge to build the community around them up!

Every year we have some impressive success stories among our members. It's amazing how far some people have come in one year from when they just started investing in real estate, and it is our pleasure to honor them with an award!

Join ICOR on December 2nd, as combine ALL THREE meetings for the "End Of Year Investor Holiday & Networking Party."

ICOR's Rising Tide Awards are broken into two categories:
- Self-Nominated
- Peer Nominated

Our self-nominated awards are for those who have done deals this year to celebrate your victories or commiserate a deal that didn't turn out as planned. So, if you have done a deal this year, I am talking to you!

Our first self-nominated award is the **"Best Deal of the Year!"** I often talk about focusing on base hits because base hits score runs to reference Moneyball, a favorite of mine. But sometimes, sometimes, we hit home runs. Maybe the ROI was out of this world, you were able to structure the deal creatively, or maybe you had a seller in trouble, and you were able to save them for a less-than-desirable situation, all while creating a grand slam for yourself! Please include acquisition, creative finance or deal structuring work done on the property, exit strategy, your numbers on the property, and anything you consider that makes this deal a "home run!"

Our second self-nominated award is **"Best Deal by a Beginner Investor,"** for anyone who has done 1-3 deals or has been investing less than a year. The mountain is often clearer from afar than it is up close, which can be daunting for many beginner investors. However, taking action is critical, and we believe your first three deals will make or break you when it comes to investing. Like the previous award, please include any information that will support your deal submission and get our judges' attention!

Our third self-nominated award is **"Worst Deal of the Year,"** and it is not for the faint of heart. Sometimes deals don't turn out the way we intended, but the key in this situation is that we learn lessons with the hopes of not making them again...otherwise, they become costly mistakes. While this award might bruise the ego, we all learn from each other's mistakes, which is why we celebrate those lessons learned!

Switching to our Peer Nominated awards, we focus and look for submissions for individuals who are not only thriving as investors but continue to bring up the community around them. These investors have set a good example, invested with integrity, and come from a place of abundance to ensure those around them prosper as well!

We are looking for you to nominate **"Outstanding Member of the Year."** I want you to think over the last year who has set an example of the type of person you

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December @ ICOR

End Of Year Investor Holiday & Networking Party Sponsored by

Boomerang Capital Partners

December 2nd, 2022
4:30 – 8:00 pm
Mile High Co-Working
Space Denver
1616 Federal Boulevard
Denver, CO 80204

SAVE the DATE, Friday, December 2nd...

After the success of our event at Coors Field in September, Boomerang Capital has stepped up again to provide us with the opportunity to get together one more time before the end of the year!

All ICOR Three December Meetings will be combined into this One Event

Join ICOR & Boomerang for...

- Free dinner from a few of Denver's Favorite Food Trucks
- Beer, Wine, & Drinks provided
- An Ugly Holiday Sweater Contest:
  Wear your UGLIEST Holiday Sweater for a chance to win a major prize (no, it won't be the lamp from A Christmas Story!)
- Networking Bingo:
  Prizes will be drawn for various types of Bingos
- with music, fun, and a great way to wrap up 2022!

Agenda:

4:30 pm – Registration Open with Food & Drinks Served
7:00 pm – Ugly Sweater Winner Announced, and Winner of Networking Bingo Drawn (must be present to win)
8:00 pm – You don't have to go home, but...you know how the rest goes!

For our Northern Colorado & Colorado Springs members, please join us, carpool, stay the night, and enjoy a night on the town with over 150 of your fellow investors!

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

Save the Date for ICOR's January Meetings

ICOR – Colorado Springs **In Person** Tuesday, Jan. 10th, 6 PM-9 PM (MDT)	**ICOR – Denver** **In Person** Wednesday, Jan. 11th, 6 PM-9 PM (MDT)	**ICOR – Northern Colorado / Fort Collins** **In Person** Thursday, Jan. 12th, 6 PM-9 PM (MDT)

Webinars & Workshops

"Strategies For Tax & Cash-Flow Benefits, With Case Studies" **Webinar** Wednesday, Dec. 7th **A Seasoned Investor who has Weathered 5 RE Cycles offers Hindsight, Predictions, and Prescriptions for 2023** **Webinar** Wednesday, Jan. 4th **Beginner Investor Subgroup** **Webinar** Thursday, Jan. 5th	**"More Money, More Deals": The Private Lending Mastermind with John Burley** **Workshop** Saturday, Jan. 14th Learn over Seventy-Five of the best places (sources) to find property in today's market, 12 steps to Acquiring a property so you can make Your Profit when you ACQUIRE the property, & the ONLY way to get Private Money Investors, Big and Small, including major Wall Street Companies.	**The Lifecycle of a Real Estate Investor: an Overview of Asset Protection & Estate Planning** **Webinar** Wednesday, Jan. 18th , 1 – 4 pm **State of the Rental Market** **Webinar** Saturday, Jan. 28th

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

ICOR Business Member Directory

Service	Contact/Business	Phone	Email
Brokerage	Mor Zucker | Team Home Denver	303.874.1327	mor@teamhomesdenver.com
Contractor/GC	Vern Robinson | Ridge Construction	303.881.1169	vern@ridgeconstructioninc.com
Contractor/GC	Diana Maldonado | Many Build	720.354.2630	alex@manybuildsolutions.com
Estate Planning	Pam Maass | Law Mother	702.706.0036	pam@lawmother.com
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Lender	Greg Osborne | Bridge Capital Resources, LLC	303.475.5873	gregosborne@bridgelending.com
Lender	Justin Cooper | Pine Financial	303.916.5366	justin@pinefinancialgroup.com
Lender	Tyler Ideker | Indicate Capital	303.567.6333	tyler@costfund.com
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Property Staging	Joanna Brown | Property Sparrow	303.900.0642	joanna@propertysparrows.com
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Rehabbing	Derrik Marlin | ELEVATION	720.545.0490	derek@elevationinvest.com
Tax Planning	Larry Stone | Stone Wealth Strategies	970.668.0772	info@coloradotaxcoach.com
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Title	Debbie Myers | First American Title	970.658.4702	DMyers@firstam.com
Wholesaling	Chase Diamond | The Diamond Group	908.664.2593	chase@diamondgroupco.com
Wholesaling	Jose Sala | 5280 Haus	720.633.0617	jose@keygleehaus.com

Calling ALL Investors, Submissions for the 2022 Rising Tide Awards are Open!

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want to work with, learn from, or go to for help or support. This person never holds back in hopes of sharing the abundance that has made them so successful!

And we're looking for **"Outstanding Business/Member of the Year."** Again, thinking back through the year, what ICOR strategic partner or business member provides a valuable service or product and goes above and beyond the "call of duty" to help get the job done or the transaction closed?

For our peer-nominated awards, tells us why they are so deserving of this award, how they helped you, or what they were able to contribute to our industry!

Submissions are open until midnight on January 1st, 2023. Please visit www.icorockies.com/rising-tide-awards to review past winners and submit for the 2022 Rising Tide Awards!

We will present winners at our January Meetings, January 10-12th across the Front Range. For details or to join us for those meetings, visit www.icorockies.com/monthly-meetings!

While this isn't quite the Hunger Games—"May the odds be ever in your favor!"

Best of luck to everyone who submits!

2023 Deep Dive Five Workshops

JANUARY 14TH | 9 AM – 5 PM DENVER

"More Money, More Deals": The Private Lending Mastermind with John Burley

Enthusiasm is contagious... and John is the master motivator! John will share the following techniques and how you can DO them and make them work for you!

- How to get paid $10,000 per deal UPFRONT, every time by a Private Money Partner.
- The one big Fatal Flaw in real estate investing... and how to overcome it quickly and easily
- How to get the Best Deal in Your Market Every time
- How to buy wholesale, today, in this market, right now.
- Why Private Money is Key to Real Estate Investing
- What Real Estate Investing is really all about. P.S. It is NOT houses, property, or real estate!

John will show you:

- How to Make Even More Money in Today's Rising Market
- CASH FLOW—His absolute favorite of all— They Key to Financial Freedom
- Over Seventy-Five of the best places (sources) to find property in today's market
- The 12 steps to Acquiring a Property so you can make Your Profit when you ACQUIRE the property
- 12 steps to Remarketing Your Property and Quickly Getting Money in Your Pocket
- The ONLY way to get Private Money Investors, Big and Small, including major Wall Street Companies
- Subject 2, Mirror Wraps, Owner Financing and Lease Options. Learn the right way to do them
- New Hard-Hitting Regulations like DODD-FRANK and How-To Handle Them
- No more "Theory" or "Concepts"—Factual, Proven, How-To "Meat and Potatoes" Content. Just what you need! Right Now!

FEBRUARY 18TH | 9 AM – 5PM | DENVER, CO

Tenant Proofing Your Rentals Workshop: Covering Rentals from Acquisition, Rehabbing, Marketing, and Management With Atlas Real Estate

Spend day 1 discussing acquiring and what happens for Investor "Before the Buy" of rental property, and how to maximize your rental income while you minimize your time, money and headaches. After taking this class, each student should have the basic knowledge necessary to: manage their rental properties efficiently and effectively, and access other key resources that are available to independent rental property owners.

Agenda: How to maximize your rental income while you minimize your time, money and headaches

- Intro / Overview-why rentals, headaches and benefits
- Rental Goals
- Managing Your Rental
- Tax implications, deductions, and benefits
- Marketing your rental
- 101 Rental Tips
- Before you buy
- Rehab
- Maintenance
- Tenant Management
- Rental agreement and addendums
- Expert Panel — contractor, property manager, landlord

Students will learn:

- Landlord foundation
- Why 50% of landlords are "reluctant landlords"
- Money-saving rental tips-rehab, maintenance, management, agreements

Why you should attend:

- This course is directed to the investor and the landlord
- Great information even if you're just THINKING of becoming a landlord
- You will walk away with at least ONE money-saving tip

MARCH 18TH | 9 AM – 4 PM | DENVER, CO

The Most Overlooked Investing Strategy—Closing Land Deals with Little Competition in this Ever-Changing Market with Jonathan Haveles

With the market shifting the way it has and continuing to do so over the next number of months, land flipping and investing is still a very little-known strategy that has little to no competition. With Interest rates at highs that we haven't seen in 20+ years, are you looking for something else? Many traditional fix and flip and buy and hold investors come across land but are not sure what to do with it? Maybe you have come across land yourself. How can you profit from deals like this that you may have overlooked or even passed on? Would you like the answer? Would you like to see a way to supplement, or even replace, "traditional" real estate investing? Let me show you how to work smarter, not harder with land, while investing very little capital, working remotely and realizing the same or more profits than other forms of real estate investing. Join us to learn!

Learn:
- How to Scale from your first land deal to making 6 figures within 6-12 months.
- The Biggest problem investors face today, and how to solve it.
- How to reach motivated sellers that are willing to sell their property at a discounted rate.
- How to flip, cash flow, or develop the properties you acquire.

Don't miss:
- The Secret to finding deals without taking risks, so you can profit every time.
- How to Create win-win situations for your buyers and sellers.
- How to Invest with Very Little Capital Outlay

Presenter:
Jonathan D. Haveles is an active real estate investor and educator. Involved in real estate since 2005, he has worked in residential sales as a broker; co-created an investing group in Florida for single-family homes; worked with lease options, short sales, and REOs for investment; and has worked in commercial brokerage.

Since 2012, his main focus has been on land investing. In that time, he has done over 1000 vacant land transactions; including land flips, owner financing properties, subdividing, and developing.

He has helped dozens of others learn land investing, quit their jobs and get themselves financially free by becoming full time investors! Many are now 6 or 7 figure earners running successful land investing businesses and some are even coaches teaching land investing.

Unlike others out there that have been teaching the same things for years with very few, if any, adaptations or additions, Jonathan continues to be ACTIVE in vacant land investing and is teaching the exact same techniques he uses to run his business day in and day out. As strategies, techniques, marketing, and more change, Jonathan adapts with them, and brings you cutting-edge, what works today, information that you can implement immediately and see results!

APRIL 22ND | 9 AM – 5 PM | DENVER, CO

Subject To Workshop—THE Tool You Need To Make Millions In This Next Housing Market With Lindsey Jensen

Want to learn a tool that can make you a millionaire during this next housing market?

Subject-to has been a tool to investors for a very long time. This one tool can help you build a retirement and at the same time provide a much-needed service to homeowners in trouble.

Please join ICOR member, Lindsey Jensen as she teaches you what a subject-to mortgage is, different ways to structure a sub-to deal, deal examples, how to get funding for your deals, and pitfalls to avoid! Lindsey Jensen has used this tool to help build a $10M portfolio in only 6 years.

Learn to buy houses...
- no matter what your credit score is.
- without having to qualify for a mortgage
- without having a lot of money

In this workshop we will go over..
- what a sub-to deal is
- how to locate sellers
- how to prescreen sellers
- the many different ways you can present a sub-to deal
- how to find the money
- and pitfalls to avoid

IF you want to do deals no one else is doing, so you have little to no competition, you don't want to miss this event. If you are serious about making it as an investor you need to have this strategy in your toolbelt.

Please join us for one of Lindsey's favorite tools to use in building a rental portfolio.

MAY 20TH | 9 AM – 5 PM | DENVER, CO

Deal Profiles: Understanding Creative Financing Tools and When to Use Them With Lindsey Jensen

If you loved or missed 2022's Creative Deal making Academy, you're in luck! A day of non-stop deal structuring! This workshop is for the hands-on learner. Put creative financing tools to work, and beef up your investor tools box by applying...
- Seller Financing
- Wrap Mortgages
- Subject To
- Lease Options
- Options
- Notes
- SDIRAs
- Private Lending
- And more!

We will spend the day looking at REAL DEALS done by seasoned investors. In Groups, you'll work with your team to make offers along side the other teams to see who and how to make offers stand out and stick! What will be different is that after each case study is presented and offer are made, we will show you how the deal was done and ask the other presenters/investors what they might have done differently!

This way you will see the investment from different investors' perspectives. And then we will solicit ideas from your fellow attendees.

What we want to show you is how many of the more experienced investors "brainstorm" ideas to put deals together to find better solutions to the opportunities that present themselves.

As this volatile market starts to rock 'n roll, ALL CASH is no longer be the best answer AND by attending this workshop, you will learn to recognize other opportunities that might have passed you by!

All workshops are $125 for ICOR Members and $175 for non members! DURING THE MONTH OF DECEMBER, get 5 workshops for one low price of $299 for ICOR members and $499 for Non Members. Register at www.icorockies.com/products/the-2023-deep-dive-five

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

Risk Exposures for Property Managers and Investors

Property managers face a variety of risks as their property portfolio increases. With any business exposure, there are strategies to avoid potential lawsuits. I would consider the following three strategies for property managers:

- **Risk Selection:** What type of properties would you like to manage? Are you interested in HOA's (condo associations) or just residential single-family homes? Is your expertise more in Commercial buildings and business owners?
- **Risk Management:** Is your property management company proactive with regular risk inspections to prevent substantial physical damage. Are they allowing pets that can cause damage to the property?
- **Risk Transfer:** This is a highly recommended strategy as it involves transferring the liability to a third party such as an insurance company. This can be for business policies, residential property policies or even vendor/contractor's policies.

We will discuss how you could protect your property management business with Risk Transfer strategy. My personal experience has found that property managers can be underinsured or carry no insurance. I have personally noticed, a significant lack of insurance understanding in this (Eve what industry? Property managers or Investors) industry particularly regarding the following exposures:

- Buying and selling your own real estate for yourself
- Buying and selling real estate for others
- Managing your own real estate for yourself
- Managing real estate for others
- Adding the property manager as an additional insured

Buying and selling your own real estate for yourself or for other parties involved:

Real Estate Agents should have different insurance policies to protect their business.

- **Business Owner policy with general liability.** It should also protect your business personal property. The GL policy for the Real Estate business can cover bodily injury claims made against you or property damage to a home/property. Cyber liability is also recommended to protect your customers' personal information.
- **Errors and Omissions or Professional Liability.** It covers legal fees for lawsuits related to unintentional mistakes made by your showing of property or omittance in a contract.
- **Commercial Auto Insurance.** If the vehicle's title is under the real estate's entity, it should be covered with a commercial auto policy.

Managing your own real estate for yourself or for other parties involved:

Generally, being your own property manager is a good financial decision, but it also brings along additional responsibilities and liabilities. Below you fill find some of the potential risks when managing your own rental properties:

- Advertising your property
- Determining rental rates
- Preparing the lease
- Tenant screening
- Collecting rent
- Maintenance
- Ongoing repairs
- Discrimination claims against you
- Enforcing the lease
- Eviction when necessary
- Finding new tenants

When managing rental properties for other real estate investors, there is an increase in liability exposure. Additionally, managers should also consider having a Property Managers liability policy and an Errors and Omission to protect against lawsuits from tenants. Both policies should protect you when managing your own properties as well as, when you manage other properties for others.

Adding a Property Manager as Additional Insured on the Owner's Insurance Policy

Whether you self-managed or manage properties for other investors, the property management company should be added as Additional Insured on the landlord's policy. The Additional Insured endorsement protects the management company against lawsuits arising directly from the property. Some examples where the Property Manager would not be covered by their own insurance policies include:

- Theft or burglary
- Water leaks
- Fire or smoke damage
- Vandalism or damage by a tenant
- Damage caused by pets or service animals
- Injuries that occur on the property

Most experienced insurance agents understand that adding the property management company as an Additional Insured is in their client's best interest. Some carriers have a fee to add an additional insured to your property. Most of the time, I am able to waive the fee and it's part of the high-end service that I can offer my investors.

If you would like to discuss more of these topics, feel free to contact me. I work with both residential and commercial investors throughout Colorado, Wyoming and Arizona.

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

The Privatized Family Banking System: Part One of a Four-Part Series

I remember hearing about this approach for the first time and how much it impacted my thinking about finances, and I hope by now that you've already heard about this and are practicing it to some extent. I have personally used this system to act as car loans, down payments on primary residences, rentals and commercial properties, pay off credit cards, private loans to others, pay for emergencies and much more. The intent behind what is outlined below is to help you see an alternative way to have your money flow, in contrast to what is generally taught in public circles, the traditional education system and the financial world as we see it from the publics side. It is also to help set up the next generation for greater financial success (or at least provide some financial relief), and to have the ability to utilize the Privatized Family Bank instead of traditional lenders. This is the **Infinite Banking Concept**.

Some call it Privatized Banking, Private Family Banking Systems, Private Family Banking (which we will use), IBC, and so forth.

We must change the way we think about money!

Our view on money. Money is a tool. Money is not the end goal. If your money is not helping you get where you want to go, then more of it will do you no good. If where you want to go, in the grand scheme of things, is not helping anyone but yourself, you are potentially misaligned in your financial worldview. The Bible talks about money being a root of all sorts of evil. It is not the root, but left unfettered it most certainly will lead to all sorts of evil.

What it is and why it works. The Infinite Banking Concept is a concept, or a system, that has a theoretically infinite number of ways one can utilize, to live life without the bank. The vehicle through which this is accomplish is properly structured, dividend paying whole life insurance, from a mutual carrier. The money in this 'banking system' has a capitalization period (which can be funded in the onset, but each generation will need to fund ongoing via additional policies), but will continue to grow, uninterrupted, even while you have it borrowed against, being used on other things.

Whole Life Insurance. The vehicle intended is strictly Whole Life Insurance. It is not Term, VUL, IUL or any other derivative of life insurance. Term insurance has no cash value, thus you cannot use it like permanent (whole life) insurance. Variable Universal Life and Index Universal Life have their attractions, but have various components (such as being tied to the markets), that make it unsuitable for purposes of 'infinite banking,' thus should never be used for such. Fish follow shiny objects, and get caught. Many of these 'alternatives' are shiny objects and may even be great for a while, but eventually, you'll be caught.

The next article will break down the Whole Life structure, and explain how one can use this system now, and set it up for the next generation.

Jason K Powers is a Multi-Business Owner, Real Estate Investor and an Authorized IBC Practitioner. Jason works with clients across the country showing them how to achieve their financial goals by taking control of the banking function in their life and creating financial velocity that can last for generations.

SELF-DIRECTED IRA EXPERT
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Creating Your Own Private Financing Source with Self-Directed IRAs

Whether you are a first-time homebuyer, an experienced fix-and-flipper or an expert in rentals, there is always a need for funds. Investors will always need money for deals, and sometimes traditional bank loans aren't available to everyone. Others just prefer the flexibility of setting their own terms on a deal.

Although there are plenty of options available for private financing, many investors prefer Self-Directed IRAs (SDIRAs). According to a recent study from Investment Company Institute, $28 trillion are in retirement assets. Of that, $9.2 trillion was reported to be in IRAs alone. With that much money available for use in IRAs, it's nearly impossible not to be curious about how to use those funds for private funding. Creating your own private financing source is possible when you establish a relationship with a private money lender that utilizes an SDIRA. The potential to have the funding within days is just one of the many exciting possibilities afforded by the money-borrowing aspect of Self-Directed IRAs. Best of all, SDIRA loans allow the SDIRA lender and the borrower to decide on the terms of the investment together.

For lenders and borrowers alike, private loans with SDIRAs have provided opportunities for successful deals and have given investors options outside traditional bank loans. As mentioned, sometimes a traditional loan from a bank or hard money lender just doesn't work for unique funding situations. Especially in a market like real estate, in which investors seek creative strategies, having a private financing option is almost necessary.

With a Self-Directed IRA, investors can loan out their retirement funds on their terms, as decided and agreed upon with the borrower. These agreements are usually more customizable than regulated bank loans, and typically the interest rate works out in favor of both parties, making it a great investment for a lender and their SDIRA. Decisions about everything from the principal amount, interest rate, time period, collateral and frequency can be made together, between the lender and the borrower.

Flexibility is a huge benefit when using private funding from an SDIRA. The time frame to have a private loan funded is one of the many advantages that draws investors to this outlet of private financing. Whereas applying for a traditional loan can be a lengthy process, getting funds from an SDIRA lender can take less than a week, depending on the IRA custodian. Due to the simplicity and ease of private loans, they have become one of the most common SDIRA investments. This means private funding is not expected to ever be in short supply.

Private lenders typically have a certain set of criteria when vetting someone for a loan. Lenders may consider the borrower's credit scores, the investment loan to value ratios, the amount of time the investment may last and, in the event the money is not paid back, whether the investment is something the lender would want to own. These are just a few considerations a lender may have. As a borrower, it is wise to have a success book, if applicable.

Borrowing from a bank can be time-consuming and stressful, but private lending doesn't have to be. Private loans with an SDIRA are great investments proven to benefit all parties, from those seeking private funds for their deals to the SDIRA lenders themselves. If you have questions about how SDIRAs can be a source of private financing, call an IRA specialist at an SDIRA custodian you trust!

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

Trusts & Taxes: What You Need To Know

People often come to us curious — or confused — about the role trusts play in saving on taxes. Given how frequently this issue comes up, here we're going to explain the tax implications associated with different types of trusts in order to clarify this issue. Of course, if you need further clarification about trusts, taxes, or any other issue related to estate planning, meet with us, for additional guidance.

Two Types Of Trusts

There are two primary types of trusts — revocable living trusts and irrevocable trusts — and each one comes with different tax consequences.

Revocable Living Trust

A revocable living trust, also known simply as a living trust, is by far the most commonly used form of trust in estate planning. And as long as you are living, there is absolutely no tax impact of creating a living trust. A living trust uses your Social Security Number as its tax identifier, and this type of trust is not a separate entity from you for tax purposes. However, a living trust is a separate entity from you for the purpose of avoiding the court process called probate, and this is where the confusion regarding taxes often comes from. But before we explain the tax implications of a living trust, let's first describe how a living trust works. A living trust is simply an agreement between a person known as the grantor, who gives assets to a person or entity known as a trustee, to hold those assets for the benefit of a beneficiary(s). In the case of a revocable living trust, the reason there are no tax consequences is because you can revoke the trust agreement or take the assets back from the trustee at any time, for any reason. In fact, as long as you are living, you can change the terms of the trust, change the trustee, change the beneficiaries, or terminate the trust altogether.

However, upon your death, a revocable living trust becomes irrevocable, and this is when tax consequences come into play. Following your death, the trustee you've named will step in and take over management of the trust assets, and one of the first things that your trustee will do is to apply for a tax ID number for the trust. At this point, the trust becomes a taxable entity, and any income earned inside of the trust that is not distributed in that year would be subject to income taxes, at the taxable rates of the trust (or at the tax rates of the beneficiaries, if income is distributed to the beneficiaries).

Irrevocable Trusts

An irrevocable trust is created when you make a gift to a trustee to hold assets for the benefit of the beneficiary, and you cannot take back the gift you've made to that individual.

When you create an irrevocable trust, either during your lifetime, or at death through a testamentary trust (a trust that arises at the time of your death through your will), or through a revocable living trust creating during your lifetime, the trust is a separate tax-paying entity, and it is either subject to income tax on the earnings of the trust at the rates of the trust or at the rates of the beneficiaries.

Unlike a revocable living trust, an irrevocable trust is (as the name implies) irrevocable. This means that the trust's terms cannot be changed, and the trust cannot be terminated once it's been executed. When you transfer assets into an irrevocable trust, you relinquish all ownership of those assets, and your chosen trustee takes total control of the assets transferred into the name of the trust. Because you no longer own the assets held by the trust, those assets are no longer considered part of your estate, and as long as the trust has been properly maintained, the assets held by the trust are also protected from lawsuits, creditors, divorce, serious illness and accidents, and even bankruptcy. However, as mentioned earlier, irrevocable trusts also come with tax consequences. As of 2022, the income earned by an irrevocable trust is taxed at the highest individual tax bracket of 37% as soon as the undistributed taxable income reaches more than $13,450. To avoid this high tax rate, in some cases, an irrevocable trust can be prepared so that the tax consequences pass through to the beneficiary and are taxed at his or her rates, which are typically much lower.

We often set up a trust in this way when creating a Lifetime Asset Protection Trust for a beneficiary. When set up like this, the trust can provide the beneficiary with protection from common life events, such as serious debt, divorce, debilitating illness, crippling accidents, lawsuits, and bankruptcy, without being taxed at such a high rate on such little income.

If you have a trust set up, and would like us to review its income tax consequences for your loved ones upon your death, meet with us.

The estate tax is a tax on the value of a person's assets at the time of their death. Upon your death, if the total value of your estate is above a certain threshold amount, known as the federal estate tax exemption, the IRS requires your estate to pay a tax, known as the estate tax, before any assets can be passed to your beneficiaries.

As of 2022, the federal estate tax exemption is $12.06 million for individuals ($24.12 million for married couples). Simply put, if you die in 2022, and your assets are worth $12.06 million or less, your estate won't owe any federal estate tax. However, if your estate is worth more than $12.06 million, the amount of your assets that are greater than $12.06 million will be taxed at a whopping 40% tax rate.

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LONG-TERM FINANCING EXPERT
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“Buy When There’s Blood in the Streets”

It is said the phrase was coined by 19th century British financier, Nathan Rothschild, and member of the notorious Rothschild banking family, who’s financial influence still reigns supreme today. The phrase is meant to steer savvy investors away from the heard mentality when most people allow fear of uneasy financial markets to prevent them from buying equities or other investments and even fall victim to “panic selling”. Furthermore, Mr. Rothschild was trying to encourage any investor with a listening ear to adopt a contrarian investing style.

Right now, most retail home buyers have been priced out of the market due to high interest rates. Many have decided to opt for renting over purchasing until “better times”. My question for you as an investor is, what do you think will happen in “better times”, aka, when rates come down to reasonable levels? Do you think home prices will fall? At the end of October 2022, DMAR reflected active inventory at 7290 active listings, which is still below the pre-pandemic inventory of 8557 active listings in October of 2019. Prior to the commencement of interest rate hikes earlier this year, we were in an inventory crisis. While inventory has increased dramatically, it’s a mere pause until rates come back down again.

Building wealth in real estate is a long game. If one thing was certain when rates were at record lows, it was that investors had an extraordinarily difficult time competing with other buyers, both investors and retail buyers alike. Now that rates are at the highest levels since the early 2000’s, prices have cooled and buyers have more negotiating power. The name of the game is “cash flow”. And if you can structure your debt to allow yourself a healthy margin/yield, you’ll be positioned well later to refinance when rates come down. And when those rates come down, the feeding frenzy will resume…

Fellow investors, be a contrarian, don’t follow the heard.

FINANCE EXPERT
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New Builds vs Newly Renovated—What's the diff?

TL;DR: new builds are not the same as the newly renovated.

Builders are having a rough go of it. Construction costs are up, homes aren't selling as fast as they predicted, and they feel bad about it - actually really bad - and they have for quite a while. Here's a bit of a sampling of headlines:

> ***US housing market in 'free fall' as builder confidence suffers 'disastrous' drop: economist***
>
> ***Housing Market Recession: Home Builders Warn Collapse Is 'Unsustainable'—And Prices Could Tumble Another 20%***
>
> ***U.S. home builder sentiment falls for 10th straight month - NAHB***

With all that awfulness out there, what does that mean for people buying homes and adding value (aka 'flippers')? The answer is: not much.
The first difference between new-construction and value-add real estate investors is that the new construction product is a more expensive product and homes that are more expensive have fewer buyers. The average home in Denver sold price for $462,500 in October, while the average new build is listed at $596,928 . While the headline above of new build prices possibly 'tumbling' 20%, it looks like even more than that could be needed to get to a price relative to other substantially similar homes available. The suburbs offer little respite, with new builds in Aurora at $573,977, Littleton at $699,403, Parker at $720,626 and even Broomfield at $499,722. There is also a greater demand for lower to mid-priced homes by first-time home buyers, which represent the largest body of buyers. In fact, there are probably more first-time home buyers than at any time in history.

While much of that considerable premium is due to builder choice, construction costs have not been helping either. New builds require more materials, as a percentage of the cost, than a home that has been refreshed. Everything is new in a new build and while that definitely has some benefits for buyers, it also comes at a cost. For example, lumber prices have been quite volatile, but are still higher than a few years ago, and are estimated to have added $14,000 to the average new home build . And while a renovation will use some lumber and other materials just as a new build would, it is obviously much less.

Longer development times also come with the territory of new builds. Product that is becoming available for sale now has been in the pipeline for a year or more. Factors such as land acquisition, infrastructure like roads and curbs, permitting, etc. all influence the deliverability of a new construction home. And after all that, there is still the time required to build the actual homes. It was a very different market and outlook when the final product, now sitting finished but unsold, was started. Value-add developers have much less, if any, of those mitigating factors to deal with. They can be much nimbler, which can be used to considerable advantage in both rising and falling markets.

New builds, by their nature, are further from city centers, meaning that commutes from where people need to be outside the home require more time sitting in a car. On the other hand, redeveloped homes are right in the middle of the action, in fact frequently even more so as the towns and cities have grown up around them. And since there are so many more existing homes than new builds, a buyer can choose their exact location and will know exactly what the neighborhood will be like, because it is already there.

Apples and oranges are still both fruit though, and new builds and renovated homes likewise share some important conditions. Seasonality, elevated interest rates, the perception of deeply falling prices (incorrect, but nonetheless makes it tough), looming economic headwinds, depressed consumer confidence, etc. all influence buyers desires or ability to purchase any home.

The current market for homes has some challenges to be sure, but not all available homes are alike. New builds are materially different than the buy and renovate market and are having a tough go for a variety of reasons unique to them: higher price points, further out, and a more difficult development process. These don't need to be concerns for renovators.

RENTAL PROPERTY EXPERT
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Rapid Shifts in SFR Management Processes

It could be argued that the "American Dream" is seeing a massive shift, right before our eyes. The current millennial and Gen X populations responsible for many of the newer household formed, have grown up in an age where housing prices have skyrocketed across many parts of the country, and especially here in Colorado. In tandem, they have also joined and grown in a workforce where remote work and relocation flexibility have run rampant, and in an era where instability in economic, political and health arenas have created a reasonable fear of long-term planning. The many social justice movements and societal shifts toward personal fulfillment and independent thinking have further contributed to the situation

All of this seems to have amounted to a unique period where homeownership interest is declining, just as interest rates are increasing—a perfect storm for the escalating opportunity now found in the rental housing industry. Further, this rise in demand for rental housing also has seen its own shift in the wake of the pandemic.

A strong pivot away from dense urban areas, an increased need for well-suited home offices, and here in Colorado, a deep love of dog ownership, are creating a compelling case for single-family home rentals, especially in our state. This increased demand for rental homes is now, undoubtedly, forcing the industry's rapid advancement.

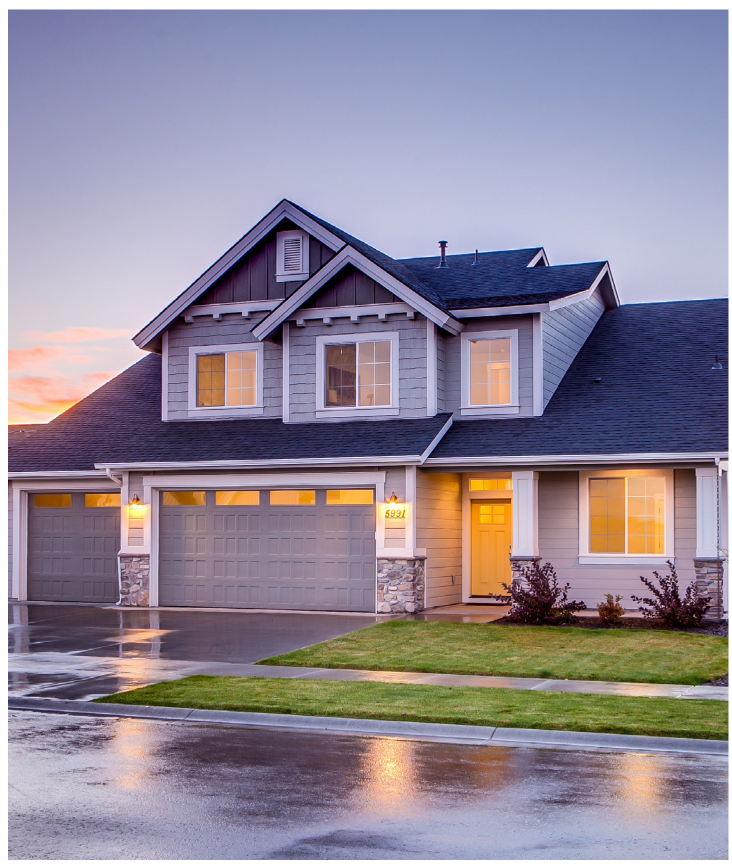
What the SFR market's 3.0 iteration brings with it.

The SFR sector is rapidly shifting as large and midsize institutional investors enter the market, and with them, property management partners with deep experience in the multifamily management industry. In addition, with many SFR renters entering the sector with prior experience living in larger, multifamily apartment communities, they are coming with high renter expectations driven by their former experience with on-site management, community engagement and rich lifestyle amenities. The SFR sector is quickly learning how to translate the multifamily management approach to suit these scattered housing units.

While master planned build-to-rent communities can build amenities and shared community spaces into their plans, institutional investors purchasing existing, scattered housing are getting creative about bringing familiar resident experiences to their tenants as well. For instance, smart technologies such as keyless entry, remote-activated lighting and integrated sound systems are now becoming more common in institutional SFR properties. Sophisticated renter portal platforms are also providing more efficient communication and 24/7 tenant support along the lines seen in large, multifamily developments.

More recently, large management companies like ours are beginning to bring off-grid energy solutions to SFR rental owners as a means to reduce costs for SFR property owners. This move not only improves the financial performance for the investor, but it also appeals to both tenants and landlords who tend to be more value-based and sustainably-oriented than ever before. "By providing their own, off-grid energy resources, SFR owners can reduce inefficiencies created by the utility providers in the tenant turnover process," said Vince Deorio, vice president of growth for Atlas Real Estate.

As SFR residents stay longer, their decision-making filters are shifting. Renters today are not only demanding more sophisticated tools, quick turnaround times and more for their money, but they are also becoming a bit more particular. The average SFR renter stays in a rental home for multiple years, typically upward of three years. That means that these residents are much more careful and keep a long view in their home selection process as well. Flexibility for life-style evolution within the home, long-term growth potential for the neighborhood, and issues like maintenance and repair processes are now critical in the marketing of the single-family rental home.



Opportunities for small portfolio investors and managers to stand out with SFR renters.

As institutional investors continue to grow their presence in the SFR sector, many small portfolio investors or owners of one rental property are growing more concerned about competing for renters. Concern amongst small portfolio investors can be squelched with a little focus on distinguishing themselves from the larger, more standardized competition. Some approaches for going head-to-head with these larger investor groups could include:

- Installing smart home technologies. These are becoming more affordable and easier to install, even as a DIY project.
- Velcro your communication pathways. While small companies or investors might not be able to afford sophisticated portal tools, you can ensure that your renters will always have access to you or other decision-makers for your property. Be prolific with your communication so that they do not feel worried about being abandoned with home issues.
- Get creative with your design features. Many larger institutional investors will have to standardize their material choices for things like paint colors, tiles or other finishes. While we would not recommend going too wild with your color palette or designs, you do have more potential to highlight the unique features of your rental home through smart, stylish design enhancements.
- Consider offering your SFR property furnished. Many institutional-scale investors will not be able to provide furnished residences due to larger-scale liability challenges or procurement inefficiencies, etc. That means that people looking for furnished homes will need to look elsewhere. With well-curated furnishings you can make your home standout against the competition visually, and you can also attract groups like traveling physicians, academics, or even digital nomads looking to explore the country on six-month, one-year or even longer leases

Undoubtedly, we are all quickly pivoting to keep up with the shifting real estate market today. One thing is clear though: Our nation continues to face a serious housing shortage, and we are flush with tenants in search of the right housing solution. With that opportunity, we must optimize the home rental experience to serve today's renters with kindness, innovation, and effectiveness, and for our investment partners, smart strategy. This vision for SFR 3.0 is one that excites our team and one that will bring continued improvement in the transitional years ahead.

Trusts & Taxes: What You Need To Know

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You can reduce your estate tax liability—or even eliminate it all together—by using various estate planning strategies. Most of these strategies are fairly complex and involve the use of irrevocable trusts, but such strategies are without question worth it, if you can save your family such a massive tax bill. To learn how to save your family from such a major tax burden, meet with us, to discuss your options.

And please note, we are only speaking about the federal estate tax here. Currently 12 states have their own estate tax, which are separate from the federal estate tax. We'll cover the specifics of what happens in our state regarding your estate tax, when we have a Family Wealth Planning Session. Give us a call to schedule yours, if you have not yet had a Planning Session with us.

The Future Estate Tax

The current $12.06 million estate tax exemption is set to expire on Jan. 1, 2026, and return to its previous level of $5 million, which when adjusted for inflation is expected to be around $6.03 million. Here's one thing we know for sure: We don't know what the estate tax exemption will be at the time of your death, and we also don't know what the value of your assets will be at the time of your death. Because of this, when you plan with us, we will ensure that we put in place planning strategies to protect your estate from estate taxes, regardless of the amount of the estate tax exemption or the size of your assets.

Proper planning can protect your family's legacy. If you are ready to create a comprehensive plan to protect your family, visit LawMother.com/go to schedule a complementary 15 minute call.

Calling All Colorado Landlords and Rental Property Owners!

ICOR, in collaboration with the Colorado Landlord Legislative Coalition, has begun preparing for the next legislative session starting in January 2023.

As a Colorado Landlord & Housing Provider — your thoughts can impact the position brief we will share as we meet with your elected officials and participate in stakeholder meetings.

This survey will allow us to share your story and perspective and help them make informed decisions.

For More Information or to participate in our Colorado Landlord Survey, point your camera at the QR Code and click on the link

Calling for Submissions for ICOR's 2022 Rising Tide Awards!

Each year, ICOR recognizes members through its Rising Tide Awards. Real Estate Investors who share their knowledge, lead by example, and provide valuable information to raise the bar for the entire Real Estate Investing Community!

Nominate a fellow member for:

- Outstanding Member of the Year
- Outstanding Business Member of the Year

Nominate Yourself for:

- Best Deal of the Year
- Best Deal by a Beginner Investor (Investing less than one year or done three deals or less)
- Worst Deal of the Year

For information, to submit, or see past winners, visit www.icorockies.com/rising-tide-awards