JUNE
2023

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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Avoiding the Pitfalls of Closing Creative Real Estate Transactions

By Debby Myers, First American Title

Getting to the closing table on creative deals can be challenging, frustrating and costly. How do we avoid these pitfalls? Paying attention to these facts of your deal share some information that will increase the ease, speed, and profitability for your next deal.

Join ICOR, June 13th-15th, for Don't Let Your Creative Deals Blow Up at the Closing Table

Research

Do your research on the property before you negotiate a deal. A simple $5.00 Ownership and Encumbrance report provides valuable information. This report will show who is the Owner of record as well as voluntary and involuntary liens against the property. There are instances where getting to the closing table will be impossible without a legal matter taking a place, such as a Quiet Title action. Another example is if the Seller is in the middle of a Bankruptcy. You as the buyer are at the mercy of the timeline of the Bankruptcy court. Would this information be valuable to know before entering a contract? YES!

It will also be beneficial to know the preliminary numbers for the transaction. Is there enough equity to pay off the necessary required debt against the real property? Is the Seller looking at a short sale? Most Sellers care more about the net, the money in their pocket versus the purchase price. There are free title company sponsored programs available to assist you in putting together a professional Seller's Net Sheet.

Contract

If you are not using the Division of Real Estate state approved contract, make sure you have a title company review your contract for the components necessary to close the transaction. Boilerplate contracts may not contain the essential elements we need in Colorado. Title companies are working as scriveners and follow the directions given in the contract. For example, it needs to be clear how closing costs are to be allocated including real estate and Homeowners Association fees, what type of owners/lenders policy is to be issued, how taxes are to be pro-rated, what type of deed will be used, the timeline for the closing and who is to hold the earnest money.

Timeline to Close

If there is a loan in default, IRS lien or other such title issues to cure it may not be possible to close in 10 days. A title company will need the proper authorization forms to allow them to obtain the payoffs. Understanding the required authorizations and get them signed at the time the contract is executed would be beneficial for all parties.

The title insurance industry is constantly changing as we adopt federal, state and other regulatory rules. For example, most title companies will no longer prepare a Deed of Trust and Promissory Note for a Seller Carry or private funded loan. The parties themselves or a real estate attorney can prepare these forms.

Creative Deals

The type of creative deals a title company may be willing to insure and close can vary drastically, so ask first, before ordering title and structuring your deal. Types of creative deals a title company encounter are a "double close", assignment contracts, subject to/wraps, assumable loans and lease to own. As the industry changes so do the limitations and options available.

- A double close is just as the name indicates. Seller (A) enters a contract to sell to Buyer (B). Prior to (A) closing with (B), (B) enters into an agreement

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JUNE @ ICOR

Don't Let Your Creative Deals Blow Up at the Closing Table

Creative financing often involves seller financing and to get all the way to a closed deal, you'll likely have to teach the seller a thing or two. In June, tile and legal experts will teach us a thing or two about lining up the necessary documentation and contract stipulations for closing creative financing deals.

In June, we cover:

• How to educate your seller
• The documentation you'll need to move forward.
• Contract details that can backfire if not modified.
• Subject To's
• Disclosures
• Variations for a nervous seller
• Wrap-Around Provisions

Our experts include:

• Wanda Abramson, Empire Title (Colorado Springs Meeting)
• Greg Parham, First Alliance Title (Denver Meeting)
• Debby Myers, First American Title (Northern Colorado/ Fort Collins Meeting)

Tuesday, June 13th
Hyatt Place Colorado Springs
503 Garden of the Gods Rd West
Colorado Springs, CO 80907

Denver

Wednesday, June 14th
Lakewood Cultural Center
470 South Allison Parkway
Lakewood, CO 80226-3123

Northern Colorado / Fort Collins

Thursday, June 15th
First American Title
2950 E Harmony Rd, Suite 399
Fort Collins, CO 80528

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

Save the Date for ICOR's June Meetings

ICOR – Colorado Springs

In Person
Tuesday, June 13th, 6 PM-9 PM (MDT)

ICOR – Denver

In Person
Wednesday, June 14th, 6 PM-9 PM (MDT)

ICOR – Northern Colorado / Fort Collins

In Person
Thursday, June 15th, 6 PM-9 PM (MDT)

Webinars & Workshops

Real Estate Without the Bank - A Real Estate And Infinite Banking Tour

Webinar
Friday, June 9th

TCome on this 3-property commercial building tour in Denver and see how one company turned these buildings utilizing:

• historic renovations
• tax credits
• opportunity zones
• and Infinite Banking.

Door Knocking Field Trip

Webinar
Saturday, August 26th

On Saturday, August 26th at 8:30 AM SHARP you have the opportunity to spend the day out meeting with sellers in the real world with someone who has made his living knocking on homeowners' doors for nearly 40 years!

Real Estate Market Movers Happy Hour

Workshop
Wednesday, August 30th

Thriving investors will point the way to success—especially in 2023! We stand at the threshold of a new era of investing. Join us to get new insights on today's market—so you can move faster and with greater certainty

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

ICOR™
Investment Community of the Rockies

Summer Break will be over before you know it…
Are you going “F’All In” as ICOR goes back to school?

We are back for our third “semester” of investing in “Colorado & Beyond” education—continuing to build on our past educational series. Initially, we focused on building a solid foundation of investing skills. Next, we focused on creative financing to combat a shifting market and raising interest rates. And now, we are looking at markets and investing strategies that work in today’s market.

Five full-day workshops taught by some of ICOR’s best educators and investors!

SATURDAY, AUGUST 26TH **Real Estate Door Knocking Field Workshop**	**$125** – Members **$175** – Non-Member
SATURDAY, SEPTEMBER 30TH **Multi Family Investing & Syndication Workshop**	**$125** – Members **$175** – Non-Member
SATURDAY, OCTOBER 14TH **Real Estate Property Bus Tour: Come check out the emerging Longmont market along with Greeley!**	**$125** – Members **$175** – Non-Member
SATURDAY, NOVEMBER 18TH **Understanding Mid Term Rentals & Arbitrage Investing Workshop**	**$125** – Members **$175** – Non-Member
SATURDAY, DECEMBER 9TH **Out of State Investing Workshop: The Best Markets for ROI in 2024**	**$125** – Members **$175** – Non-Member

Choose one or go “F’All in” 2023 and SAVE 300+ off these great learning opportunities…

$295 for ICOR Member (includes lunch for all five workshops)

$495 for Non-Members (includes lunch for all five workshops)

Register at https://bit.ly/42nuDTq

ESTATE PLANNING EXPERT
PAMELA MAASS, ESQ. / PAM@LAWMOTHER.COM / LAWMOTHER.COM

Estate Planning: Why You're Never Too Young to Get Started

Real estate investing can be a lucrative and exciting way for young professionals to build wealth and secure their financial future. However, many young investors overlook the importance of estate planning. Estate planning is the process of preparing for the transfer of your assets in the event of your death or incapacity. It's a crucial step in protecting your investments and ensuring that your wishes are carried out.

Here are some reasons why young real estate investors should create an estate plan:

Protect Your Assets: Real estate investments can be significant assets, and without proper planning, they could be at risk if something were to happen to you. An estate plan can help protect your assets by ensuring they are transferred to your beneficiaries in a way that minimizes taxes and avoids legal disputes.

Plan for Incapacity: Accidents and illnesses can happen to anyone, regardless of age. If you become incapacitated, you may not be able to manage your real estate investments and those assets could be lost to the government. An estate plan can include a power of attorney that appoints someone to manage your affairs if you're unable to do so yourself.

Provide for Your Loved Ones: If you have loved ones who depend on you financially, it's important to have a plan in place to provide for them in the event of your death. An estate plan can ensure that your real estate investments are transferred to your beneficiaries in a way that meets their needs and protects their interests.

Minimize Taxes: Estate planning can help minimize the taxes that your estate may owe upon your death. With the right plan in place, you can transfer your assets to your beneficiaries in a way that minimizes taxes and maximizes the value of your estate.

Ensure Your Wishes are Carried Out: An estate plan allows you to specify how your real estate investments should be distributed after your death. This can help avoid disputes among your beneficiaries and ensure that your wishes are carried out.

In conclusion, young real estate investors should create an estate plan to protect their assets, plan for incapacity, provide for their loved ones, minimize taxes, and ensure their wishes are carried out. It's never too early to start estate planning, and the peace of mind that comes with having a plan in place is priceless. If you need help creating an estate plan, schedule a complimentary 15 minute call with our law firm by visiting Lawmother.com/go, emailing Info@Lawmother.com or calling 720.706.0036.

TAX PLANNING EXPERT
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Tax Credits: Should I Buy an Electric Vehicle for My RE Business?

You've seen them on the road, and maybe you've thought that it's time to jump on the bandwagon and get an electric vehicle. The IRS recently issued new guidance on electric vehicles, so the landscape has changed a bit for credits and benefits in 2023.

There are four ways you can potentially benefit from a federal tax credit for an EV you place in service in 2023 or later:

- Purchase a new EV and claim the clean vehicle credit.
- Lease a new EV and benefit from the lessor's EV discount.
- Purchase a used EV that qualifies for the used EV tax credit.
- Purchase an EV for business use and claim the new commercial clean vehicle tax credit.

The new clean vehicle credit is available through 2032, with a maximum credit of $7,500.

That's an overview... but let's take a closer look at each of these options:

Purchase a New EV and Claim the Clean Vehicle Credit

To qualify for the clean vehicle credit, you must meet specific criteria, including income limits, vehicle price caps, and domestic assembly requirements. For instance, your modified adjusted gross income for joint-return filers must be below $300,000. Also, component parts may be manufactured anywhere, but the final assembly of the vehicle must take place within North America.

The credit amount for vehicles delivered on or after April 18, 2023 depends on the vehicle meeting critical minerals sourcing and/or battery components sourcing requirements. However, the full amount of the credit (assuming no phaseouts, etc.) is $7,500.

This approach is real estate activity agnostic – anyone can qualify for these credits.

Backdoor Approach: Leasing an EV

If you can't find an EV that qualifies for the credit or your income is too high, you can lease an EV from a leasing company that can claim up to a $7,500 commercial clean vehicle tax credit. The leasing company may then pass on all or part of the credit to you through reduced leasing costs.

The commercial clean vehicle credit is not subject to most of the restrictions applicable to the clean vehicle credit – there are no income or price restrictions, for example, and the EV need not comply with some of the materials sourcing restrictions.

This approach is also real estate activity agnostic—anyone can qualify for these credits, even with passive real estate investments.

Purchasing a Used EV

For used EV purchases, you can earn a credit of up to $4,000. Not bad, but this credit is limited in numerous ways and so it will be harder to qualify.

First:

- You must buy the vehicle from a dealer,
- The sales price must be under $25,000, and
- The vehicle must be at least two years old.

Second, the income caps are much lower for these types of purchases. The income cap for a married filing joint taxpayer is $150,000 (compared to $300,000 for a new vehicle).

If you can find a vehicle that meets these requirements and the income limits are not a barrier, then this credit is a great option. Otherwise, you're likely better off shopping for a new vehicle instead.

This approach once again is real estate activity agnostic – anyone can qualify for these credits.

Purchasing an EV for Business Use

So far, all of the options explored are independent of business use – the options are just taking advantage of the various credits that are available for EVs.

However, if you purchase an EV for business use, you can qualify for the commercial clean vehicle tax credit which is not subject to critical minerals or battery components rules. For EVs with a gross vehicle weight of less than 14,000 pounds, the credit is equal to the lesser of:

1) 15% of the vehicle's basis (30% if the vehicle is fully electric – i.e., is not partially powered by gasoline or diesel), or
2) The incremental cost of the vehicle (that is, the cost increase of the vehicle because it is electric vs. a normally powered similar car).

The maximum credit is $7,500. However, the catch is that this must be used in a trade or business. Real estate professionals, brokers, fix and flippers—I'm looking at you.

Claiming the Credit

Of course, you should consult with a tax professional to determine whether you can qualify and how to correctly report the purchase to harness the credit. However, in general the seller will provide a seller's report to you after the purchase. This information will be critical when filing the Form 8936 to claim the credit.

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

The Importance of Protecting Your Retirement Account

A retirement account is one of the most important assets you will accumulate in your lifetime. Whether you have a 401(k), IRA, or another type of retirement account, it is crucial to protect it from external and internal threats. Protecting your retirement account is crucial to ensure that you have enough funds to sustain your lifestyle after you stop working. In this article, we will discuss how to protect a retirement account and the threats that can affect it from both inside and outside.

Federal and State Protection

The good news is that retirement accounts in the United States are protected by federal law, specifically the Employee Retirement Income Security Act (ERISA) of 1974. ERISA sets minimum standards for most voluntarily established retirement plans in the private industry, including defined benefit and defined contribution plans. These standards include reporting and disclosure requirements, fiduciary responsibilities, and vesting and funding rules. However, not all retirement plans are ERISA-protected. For example, plans such as the 401k plan, Health Savings Account, and defined benefit pension plans are typically subject to ERISA, but other IRAs and are not.

When it comes to state laws, these can vary when it comes to protecting IRAs, and it's important to note your state-specific laws when it comes to protecting IRA accounts. For example, inherited IRA protection, spousal rights and estate planning can differ. In some states, inherited IRAs are protected from creditors or from being considered part of a person's taxable estate. In community property states, a spouse may have certain rights to an IRA account that can differ from other states. It's important to understand the spousal rights in your state when it comes to IRA accounts. State laws can also impact how IRA accounts are treated in estate planning, because some states may have different rules for how IRA accounts can be passed down to beneficiaries.

External Threats

External threats refer to factors that are outside of your control and can negatively impact your retirement account. These may include market volatility, economic downturns, inflation, and other factors that can cause your account to lose value.

There are some ways you can mitigate these threats. Diversifying your investments is a proven way to protect your retirement account from market volatility. By investing in a mix of assets, such as stocks, bonds, and cash, you can spread your risk and minimize the impact of a market downturn. You should also try to invest in inflation-protected assets. Inflation can erode the value of your retirement account over time. Investing in inflation-protected assets can help protect your purchasing power and safeguard your retirement account from inflation.

Internal Threats

Internal threats refer to factors that are within your control and can negatively impact your retirement account. These may include early withdrawals, fraudulent activity, and other issues that can jeopardize your retirement savings. Internal threats are often within your control, but they can be equally detrimental to your retirement account. For example, engaging in prohibited transactions, such as lending money to yourself from your retirement account or using your account to invest in your own business, can result in significant tax penalties and compromise the tax-deferred status of your account. Therefore, it's important to understand the rules surrounding prohibited transactions and avoid them at all costs.

If someone is considered a disqualified person, such as a family member or business partner, they may be prohibited from receiving any benefits from your account. Prohibited transactions can result in severe tax penalties and can jeopardize the tax-deferred status of your retirement account. It is important to understand the rules regarding prohibited transactions and avoid engaging in any activities that could trigger penalties or sanctions.

Regularly monitoring your retirement account can help detect any fraudulent activity or errors. It is important to review your account statements regularly and report any suspicious activity to your financial institution immediately. Internal lawsuits and disqualified persons are additional internal threats that can negatively impact your retirement account, too. For example, if you're sued, your retirement account could be subject to a lien. Lastly, withdrawing funds from your retirement account before the eligible age can significantly reduce your overall savings and may also incur penalties. It is important to avoid early withdrawals and only use your retirement savings when it is necessary.

Protecting Your Account

So, what are some of the threats you should look out for and what can you do to ensure your account is protected? While there are many things you can do to protect your account, here are a few trusted methods to follow to ensure you're doing all you can to protect your financial stability in retirement.

1. **Use a Custodian to Review Transactions:** Working with a qualified custodian can help ensure that all transactions involving your IRA account are properly reviewed and approved.

2. **Isolate Safe Assets from Real Estate:** Real estate can be a risky investment and is subject to market fluctuations. It's important to diversify your investments and keep safe assets, such as cash or CDs, separate from real estate investments.

3. **Use Multiple IRAs:** Holding multiple IRAs can help spread risk and protect your assets. For example, you could hold a traditional IRA and a Roth IRA to diversify your tax exposure.

4. **Have Insurance, Where Applicable:** Depending on the type of investments you hold within your IRA account, it may be appropriate to obtain insurance coverage to protect against losses or liabilities.

5. **Understand The Rules and Get the Right Education:** It's important to understand the rules governing IRAs and to stay informed about changes that could impact your account. Working with a financial advisor and attending educational seminars can help ensure that you have the knowledge needed to protect your IRA account.

Protecting your retirement accounts should be a top priority for anyone planning for their future financial security. With the right knowledge, tools, and resources, you can take proactive steps to protect your retirement accounts from external and internal threats. By working with financial advisors and qualified custodians, diversifying your investments, understanding the rules and regulations governing retirement accounts, and staying informed about the risks and potential threats to your accounts, you can help ensure that you have a stable and secure financial future in retirement. Remember, protecting your retirement accounts is not a one-time event, but an ongoing process that requires regular review and adjustments to align with your changing financial goals and circumstances. Reach out to an IRA Specialist to talk today!

PRIVATE BANKING SYSTEM EXPERT

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A Safe Haven For Our Money

The recent banking crisis has demonstrated the vulnerability of traditional banking systems. Multiple banks have collapsed, leaving their customers stranded and financially devastated. In such a volatile environment, is it wise for real estate investors to trust their hard-earned money to these unstable institutions? There is an alternative: the Infinite Banking Concept (IBC).

The IBC is a financial strategy that enables an individual to become their own banker. Instead of relying on traditional banks that can collapse or fail, IBC encourages individuals to utilize whole life insurance policies with cash values. These cash values can be borrowed against, ensuring your money remains within your control, providing a safety net against banking crises.

As you have seen, the United States is also currently experiencing unprecedented inflation levels, which can erode your real estate investment returns. When inflation rises, your purchasing power decreases, and the value of your money diminishes.

IBC can serve as an effective hedge against inflation. Cash values in whole life insurance policies grow on a tax-advantaged basis, providing a guaranteed, contractually-ensured rate of return that is often higher than inflation rates. Unlike traditional banking, the value of your 'bank' in IBC is not directly tied to the economy's performance, thus offering protection against inflation's corrosive effects.

The beauty of IBC is that it is not a financial strategy reserved only for the wealthy. Regardless of your current financial status, you can use the IBC to fund your real estate investments, and so many more things in life. Whether you're purchasing a property, renovating a rental unit, or expanding your portfolio, IBC provides a readily available source of funds.

Moreover, the death benefit associated with the insurance policy provides a financial safety net for your loved ones, adding an extra layer of security to your investments. And as your policy's cash value grows over time, so does your ability to invest and generate wealth.

In today's uncertain economic environment, the Infinite Banking Concept can provide real estate investors with a stable and secure financial strategy. It offers protection against banking crises and hedges against inflation, all while providing a powerful tool for real estate investment. Regardless of your financial status, the Infinite Banking Concept is an accessible and practical tool to harness.

The banking crisis and inflation serve as reminders of the inherent risks in traditional financial systems. By contrast, the IBC allows you to take control of your finances, mitigating risk and promoting growth. For real estate investors, it's a pathway to greater financial freedom and security.

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After a Hailstorm: Do I Have Roof Replacement Cost?

Hailstorm season has already started for us here in Colorado. Hail, in our state, usually occurs between May and August. Just last month, we had hail ranging from 1" to 4.5 inches that hit in multiple zip codes. As an insurance agent with over a decade of experience in Business Insurance and Investors policies, I will explain how to protect your investment property with the proper roof coverage. When I review policies for investors from different insurance carriers, I often find a large depreciation schedule built into the insurance policy for wind and hail losses. In an active hail state like Colorado, it's imperative that property 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 was ranked #2 in the United States for hail claims. In our state, we can realistically 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 coverage vs Actual Cash Value coverage 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 above example the difference in 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 cost difference is minimal, compared with the depreciation deduction.

After a large hailstorm, knowing the type of coverage you have on your roof is very important. If you have hail damage and file a claim with your insurance carrier, I strongly recommend using a local roofing company. You will notice after a major storm there will be a lot of roofing companies from out of state that come to Colorado. When you select your contractor for the roof replacement/repair, I suggest following the suggestions offered through #NoRoofScams campaign Feel free to contact me to review your policies coverage, to make sure your investment properties are properly protected. Understanding your policy and how claims will be handled is probably the most important part of your insurance policy. Let me assist you with that process.

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

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

Your Investment Insurance Specialist,
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We're Facing a Year of Unknowns After a Couple of Years of Predictability

I suppose I have offered the same definition of an economist about a thousand times by now. "Somebody who explains tomorrow why the predictions they made yesterday didn't come true today". It is just that this is so very accurate. The problem is that the data shifts nearly constantly. At its heart, economics is a social science (despite our attempts to use numbers as if we were a "real" science). We study human behavior and there is no creature on earth less predictable and volatile than a human being. You remember your beloved Econ 101 class where the professor valiantly tried to assert that people "maximize expected utility." The reality is that people rarely do this — they react to everything they shouldn't pay attention to and ignore what they really should be paying attention to. What does this mean when trying to puzzle out what to expect for this year's economy?

Basically, there are two schools of thought competing with one another on the subject of recession. There are the true dismal scientists that are predicting a recession in 2023 and a fairly deep one. They point to a variety of factors ranging from a slowdown in industrial production to slumping retail and the retreat seen in measures such as the Purchasing Managers' Index. They mostly assert that the central banks are still committed to dealing with persistent inflation and that will propel them towards even higher interest rates. They cite the comments by Jerome Powell as he indicated that inflation as measured by the PCE (Personal Consumption Expenditures) is still over twice as high as the Fed prefers. They want that rate at 2.0% or slightly below and right now it stands at 4.6%.

The other school asserts that 2023 will see nothing more dramatic than a minor downturn that starts to evaporate by the 2nd or 3rd quarter. They look at the fact that inflation has started to erode (probably peaked at the end of Q4 2022). They believe the Fed will slow down when it comes down to rate hikes and they point to the still solid jobless numbers. They look at the fall of commodity prices and the surge in industries such as automotive and aerospace.

If one looks at the data that comes from the Armada Strategic Intelligence System you will observe that we are somewhere in the middle. There was a substantial peak in 2022 – a holdover from the rapid growth that was seen in 2021. That started to ebb last year and is expected to keep dropping for a while this year before tracking back up to what it was in the last decade. The long- and short-term projections are very close to the ten- and twenty-year trend lines. I continue to be impressed by the performance of the ASIS (if I do say so myself) accuracy rates of close to 96% month after month. In the more detailed breakdowns, we see some significant variations — booms in automotive and aerospace but declines in machinery. Less volatility in fabricated metal and more volatility as far as primary metal is concerned.

What is the conclusion one can draw from all this? The first is that there is a substantial degree of uncertainty to contend with and that forces companies to develop a wide range of contingency plans. The outlook for the coming year depends on factors such as Fed willingness to halt or even reverse rate hikes. There is a fear that political gamesmanship will lead to a default over the debt ceiling and that could shove the economy into reverse. Global activity will play a huge role as well. Does China finally resume its production activity or has the world moved on enough to blunt that impact? Commodities have been down but there are still major disruptive threats to oil supply as well as industrial metals. Leftist regimes in Latin America have already impacted copper, aluminum and other metals. Europe asserts that it is no longer staring a recession in the face – at least not a severe one. Does that mean more market for US goods or more competition from European producers? Probably both.

The bottom line is that companies are facing a year of unknowns after a couple of years of predictability. We all knew 2020 and much of 2021 would be miserable and we knew part of 2021 and 2022 would feature growth - we don't quite know what to do with 2023 yet.

What does all this mean for the real estate market? As with many other aspects of the economy there are some big differences according to sector and region. Commercial construction has been in a pattern for the last couple of years but these conditions are shifting. The predicted death of the office building now seems premature as companies grow tired of the virtual system. Employees may like working from home but their supervisors are not big fans and the limitations are more apparent every day. The projects are smaller and located in more distant suburbs but there is a comeback. The surge in warehouse and distribution centers has slowed as consumers are starting to return to the brick-and-mortar experience. The reduction in expansion plans asserted by Amazon just a few months ago is a case in point.

Housing has been profoundly split between the multi-family and single-family categories. Permits for multi-family are up by more than 22% and as high as they have been since the 1980s. Single family permits are down by 11%. There is still a shortage of some 5 million homes and that has been driving up house prices as well as rents. At some point the price of homes will start to fall as demand flags but it has not happened yet. Beyond that there is the regional impact— hot markets that are still blazing. As people have the opportunity to work remotely, they choose their city based on where they want to live as opposed to where they were given employment. Finally, there is the demographic driver to consider. A recent national poll found that over 27% of Gen-Z males were planning to remain living at home until their 30s. That limits the demand for both multi-family and single-family expansion. Interesting enough —only 12% of Gen-Z females wanted to remain in their parent's home.

to sell to (C) under a new contract and terms. These can be very straight forward if the (A) to (B) transaction is a fully funded closing and if the (B) to (C) transaction is cash or is privately financed. However, if the (A) to (B) closing does not fund at signing and closes in escrow there are many requirements for proper disclosure to (A).

- Assignment contracts, also referred to as wholesaling, are more common than double closing transactions. The Buy/Sale contract needs to allow for the assignment and the seller needs to participate via an amend/extend of the assignment documentation replacing the original buyer with the new and ultimate buyer. A title company can be provided with written instruction to collect the assignment fee, or more often this is handled outside of closing.

- A subject-to closing is when the buyer is buying the property subject to an existing loan that is on the property. The financing stays in place and is not paid off during closing. This would be considered an informal assumption and the lender may call the loan due and payable upon transfer based on the terms of the Deed of Trust. It is important that the seller fully understands that their loan is not being paid off. It is beneficial to have a plan in place to obtain the authorization documentation to order a payoff when the property is sold, or the loan is paid off.

- Deeds of Trust may have the option for a buyer/borrower to formally assume the loan. The type of loan, timeframe and approval process varies among lenders. Unfortunately, most conventional mortgages are not assumable. However, loans that are insured by the Federal Housing Administration (FHA), the Veterans Administration (VA) or backed by the Department of Agriculture (USDA) are assumable if specific requirements are satisfied.

- Lease to own deals are between the lessor and lessee until the lessee has fulfilled their obligation and can move forward with the purchase. Title companies do not come into play until the lease is replaced by a purchase contract and we are engaged for title and closing services. We need clear direction on the purchase price, credits for payments received and closing costs.

This subject is very vast and always changing. Each transaction has its own moving nuances. I would encourage you to interview title companies and learn more about the policies and procedures as well as what you can do to make it a smooth, quick and successful closing process. For any questions on this or other title questions, please feel free to reach me at Dmyers@firstam.com or call 970-308-3146.

Cheers, go out and get your next deal!

ICOR's Business Member Directory

Service	Contact/Business	Phone	Email
Brokerage	Mor Zucker | Team Home Denver	303.874.1327	mor@teamhomesdenver.com
Cleaning/Fencing	Susanna Tabares | Heart & Home Solutions	720.477.8268	heartandhomesolutionsllc@gmail.com
Contractor/GC	Vern Robinson | Ridge Construction	303.881.1169	vern@ridgeconstructioninc.com
Contractor/GC	Alex Lovera |ManyBuild	720.354.2630	alex@manybuildsolutions.com
Cost Sergregation	Brad Weed | CSSI	970.294.1509	Brad@SagaxRE.com
Estate Planning	Pam Maass | Law Mother	702.706.0036	pam@lawmother.com
Financial Planning	Sarah Shellman | Quest IRA	800-320-5950	Sarah.Shellam@questtrust.com
Financial Planning	Chris Tanner | New Direction Trust Company	877.742.1270	info@ndtco.com
Financial Planning	Jason Powers | Unbridled Wealth	303.957.9175	jpowers@unbridledwealth.com
Foundation Repair	Drew Rogers | Colorado Foundation Repair & Waterproofing	720.266.9331	diggingcolorado@gmail.com
Insurance	Eve Hoelzel | Farmers Insurance	970.970.8019	eve.dstansfield@farmersagency.com
Lender	Tadd Jones | Boomerang Capital Partners	480.779.9779	David@boomerangcapital.com
Lender	Chuck Townsend | Forrest Financial	303.877.3221	chuck@forrestfinancial.com
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
Lender	Drew Jeffers | Phoenix Loans	970.420.6472	drew@phxloans.com
Lender	Robert Kearny | Colorado Loans Online	303.902.9100	robert@coloansonline.com
Property Mgmt	Eli Jennings | Atlas Real Estate	303.242.8980	info@realatlas.com
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Wholesaling	Chase Diamond | The Diamond Group	908.664.2593	chase@diamondgroupco.com
Wholesaling	Jose Sala | Lincoln Asset Management	720.633.0617	jsala@lincolnasset.com