DECEMBER
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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Navigating the Real Estate Rollercoaster: A Year-End Toast to ICOR's Community, Connections, and Comic Adventures

By Troy Miller

Hey ICOR Superstars and Colorado Real Estate Whiz-kids, As the year comes to a close, let's take a moment to reflect on the incredible journey we've had together. Whether you're a seasoned investor or just dipped your toes into the wild waters of real estate, give yourself a pat on the back because, my friends, you've made it through another roller-coaster of a year!

Join ICOR this month for "Navigating Uncertainty: Active-Investors Share Insight, Hindsight, and How They Are Pivoting"
***Special Holiday Schedule* December 12th , 13th , & 14th**

Now, let's talk about something as important as finding the perfect deal — community and connections. They say, "Show me your friends, and I'll show you your future." Well, guess what? You're in the right place because the ICOR community is like the Avengers of real estate (minus the capes, unfortunately).

This year, we've laughed together, learned together, and, undoubtedly, faced a few challenges together. But guess what? We've emerged stronger, wiser, and with a boatload of unforgettable memories. And that's what community is all about, right? It's not just about the real estate deals; it's about the people you share those deals with, the ones who understand your excitement over a fixer-upper or the thrill of closing a killer deal.

Now, let's dive into the theme of "show me your friends, and I'll show you your future." Have you ever noticed how hanging out with positive, motivated folks can make you feel like you can conquer the world? Well, if you haven't, you've clearly been hiding under a rock. Surrounding yourself with a community like ICOR is like having a squad of real estate superheroes by your side. Need advice on a tricky negotiation? Call up your fellow ICOR member. Feeling a bit overwhelmed with paperwork? Your ICOR buddy has got your back.

Let me share a little story to drive this point home. Imagine you're in a room full of eagles and one pigeon. What's going to happen? Well, the eagles are going to soar to new heights, and the pigeon... well, it might learn a thing or two about flight. The moral? Hang out with eagles, my friends! In the real estate game, ICOR is the place to find your flock of eagles, your community of go-getters who won't settle for anything less than soaring success.

And let's not forget the power of networking. Networking is like the secret sauce that makes your real estate journey extra spicy. Remember those awkward high school dances? Networking is nothing like that, I promise. It's more like speed dating for real estate enthusiasts. You get to exchange business cards, share stories, and maybe even find your real estate soulmate. Who knew finding a good deal could be so romantic?

So, why is networking so crucial? Well, it opens doors you didn't even know existed. It's like having a magic key that unlocks opportunities, partnerships, and, most importantly, friendships. In the world of real estate, connections are gold. And where do you find this gold? Yep, you guessed it — ICOR events, meetups, and conferences. It's like a treasure hunt, but instead of a chest of gold, you find a network of amazing individuals ready to support you on your real estate adventures.

Now, let's sprinkle a bit of humor into the mix. Real estate can be a bit like dating. You swipe right on a property, hoping it's the one. You go on a first date

Continued on page 3

December @ ICOR

Navigating Uncertainty: ICOR's December Chapter Meetings in Colorado

As the year draws to a close, the Investment Community of the Rockies (ICOR) is gearing up for its December Chapter meetings across Colorado, set to redefine how investors engage and adapt in an ever-changing market landscape.

This month's Denver, Fort Collins, and Colorado Springs meetings will introduce a dynamic new forum-style format designed to foster insightful discussions and proactive learning.

At the heart of this transformation is the "Hot Seat" session, where a distinguished guest takes center stage to share firsthand anecdotes about their experiences navigating the current market conditions. This unique approach allows attendees to gain valuable insights into the challenges and opportunities present in today's dynamic investment climate. The guest's perspective serves as a compass for others, illuminating successful pivots and strategies that have proven effective amidst uncertainty.

The overarching theme echoes the timeless wisdom of Warren Buffett, the Oracle of Omaha, whose words resonate in these turbulent times: "When people are greedy, be afraid. And when people are afraid, be greedy." The meetings emphasize the relevance of this philosophy and encourage investors to capitalize on the current market conditions by adopting a proactive and opportunistic mindset.

Attendees will be reminded that successful investors, following the example of seasoned professionals, are actively seeking opportunities and making strategic investments even in uncertain times. The meetings underscore the importance of overcoming fear and hesitancy, as now is the time to be greedy, seizing the potential for growth and financial success.

In the spirit of community and shared knowledge, ICOR's December Chapter meetings aim to empower attendees, inspiring them to become more active participants in the market and reinforcing the idea that successful investing is a continuous journey. As the year concludes, these gatherings serve as a catalyst for a new wave of investment resilience and prosperity in the face of ambiguity.

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

Save the Date for ICOR's December Meetings

ICOR – Colorado Springs	ICOR – Denver	ICOR – Northern Colorado / Fort Collins
Tuesday, December 12th, 6 PM-9 PM (MDT) *2nd Thursday of Every Month*	Wednesday, December 13th, 6 PM-9 PM (MDT) *Special Event & Date*	Thursday, December 14th, 6 PM-9 PM (MDT) *3rd Thursday of Every Month*

Upcoming Webinars & Workshops

Out of State Investing Workshop

In Person

Saturday, December 9th

"Live where you want to live, but invest where the numbers make sense!" What are the markets investors are leaning towards for the MOST ROI in 2024? Ever thought about investing out-of-state but haven't pulled the trigger? Well, one thing's for sure—you can't go into out-of-state investing alone.

Special Event ICOR's Real Estate Market Movers' Happy Hour

In Person

Tuesday, January 16th

5:00 pm | Doors & Bar Open
6:30 pm | Special Session: "Lease Options & REOS"
7:30 pm | Special Session: TBD
8:00 pm | Special Session: TBD

Lease Option & REO Workshop

In Person

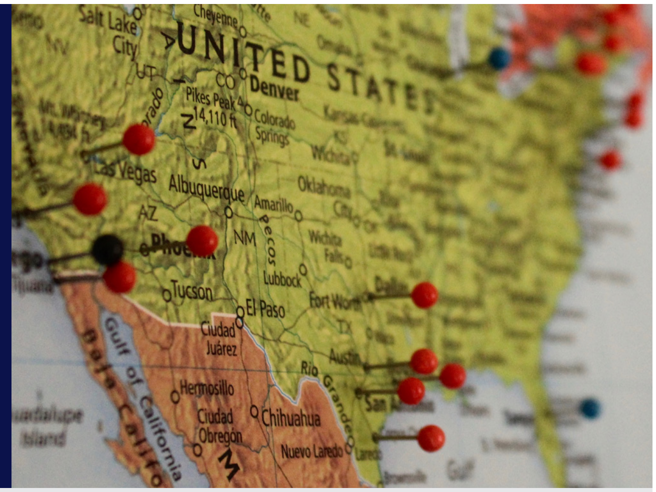
Saturday, January 27th

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

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

SATURDAY, DECEMBER 9, 2023
9:00 AM - 4:00 PM • ENGLEWOOD, CO

Out Of State Investing Workshop: The Best Markets For ROI In 2024



"Live where you want to live, but invest where the numbers make sense"

Ever thought about investing out-of-state but haven't pulled the trigger? Well, one thing's for sure – you can't go into out-of-state investing alone.

We have put together an exceptional learning lab AND marketplace to help investors, just like you, build their network and learn about the hottest markets all over the country. Don't miss your chance to hear directly from our national panel of experts, as well as insights from our local market experts, to drill down to the WHAT and the WHY so you can learn HOW and begin immediately investing out of state!

- Finding & Analyzing Deals in "New-to-You" Markets
- Boots on the Ground vs. Virtual Due Diligence
- Investment Goals – establish investment criteria
- Risk: mitigated or "throw the dice."
- Create your niche
- Market research: choosing areas/locations/neighborhoods
- Quick Calculation Formulas
- Determine Exit Strategies: DIY or Turnkey

Running Numbers on Market Case Studies of properties that have been done in each market to LEARN:

- Acquisition costs for good, better, best inventory
- Holding costs
- Nuances of the market, codes, laws, and regulations that will affect the bottom line.
- Rehab costs for the market and how they vary from neighborhood to neighborhood
- Running comps to determine rents and after repair values

$125 for members, $175 for Non Members
https://www.icorockies.com/events/outofstate1223

(inspection), and sometimes, there's just no chemistry. Other times, you find yourself falling head over heels for a fixer-upper with "potential." It's a wild ride, and having a community like ICOR to share your dating... I mean, real estate stories, makes the journey a lot more entertaining.

And let's not forget the hilarious moments of learning. We've all had those "oops" moments, like the time you accidentally sent the wrong email to a client or the day you realized you forgot your keys during a property showing. Laughter is the best medicine, and in the world of real estate, a good sense of humor is your best friend. So, here's to the laughter, the lessons, and the unforgettable moments that make our real estate journey uniquely ours.

As we bid farewell to this year, let's raise a virtual toast to the ICOR community, the friendships forged, the deals closed, and the lessons learned. Remember, your future is as bright as the connections you make and the community you build. So, here's to a new year filled with more successes, more laughter, and, of course, more real estate adventures.

And be sure to start 2024 off on the right foot by joining us at the first "Real Estate Market Mover's Happy Hour, which has become the biggest and most attended real estate networking event in Colorado! Be sure to register at www.ICORockies.com/events!

Cheers to you, ICOR rockstars! May your deals be prosperous, your networks vast, and your future as brilliant as the Colorado sun.

I wish you all a fantastic year ahead!

Yours in real estate and laughter,

Troy Miller, Your Friendly ICOR Enthusiast

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

Increasing Costs for Property Insurance

In 2023, Colorado ranked among the top 10 states with the highest insurance premiums. Property owners faced significant increases in their insurance policies, a result of the dual impact of natural disasters and escalating construction material costs. In our region, a substantial population resides in or near high-risk areas for wildfires, compounding the challenges. Furthermore, the state faced with a heightened frequency of hailstorms.

The total number of natural disasters in the United States in 2023 nearly equaled the total observed in the last decade. With 170 reports of hail measuring equal to or larger than 2 inches, there was a noteworthy surge compared to the 91 reported hailstorms in 2018.

Replacement costs saw an average increase of 45 percent between 2020 and 2023. Given that property insurance hinges on the cost of rebuilding from the ground up, insurers raised premiums to counter the elevated loss ratios stemming from current inflation. Nevertheless, it is anticipated that premium increases in property coverage will gradually subside over the next three years if inflation returns to a more normal level.

Contrary to the notion that insurance companies profit substantially from customer premiums, the reality in Colorado paints a different picture. In fact, the profit margin here is the third lowest in the nation, influenced by the prevalence of natural disasters and high inflation.

Addressing the escalating costs in insurance requires exploring two solutions. The first is the Fair Access to Insurance Requirements plan, which was passed by the legislature and then signed into law by the Governor on May 12, 2023, designed to provide coverage for policyholders unable to secure insurance in the regular market. The second solution encourages property owners to mitigate their properties through enhanced maintenance and safety measures. Insurance carriers are required to inspect dwellings and notify if the location doesn't fit their guidelines anymore.

This situation underscores the imperative for property owners to stay abreast of the evolving insurance landscape and carefully assess their coverage needs amidst the heightened risks associated with natural disasters and inflationary pressures. If you wish to conduct a reconstruction cost analysis and compare your premium with other carriers, consider reaching out to a trusted insurance agent who understands the new reconstruction cost in your area. I am also available to prepare an updated insurance analysis for your investment properties and buildings.[1]

https://leg.colorado.gov/bills/hb23-1288

TAX PLANNING EXPERT
PETER MCFARLAND / INFO@FUSIONTAXLAW.COM / FUSIONTAXLAW.COM

Five Time-Tested Year End Tax Planning Strategies

The leaves have changed, we've had our first major snow, and that always means that its time for year-end tax planning. My clients are clamoring for ideas for generating last-minute tax savings. Here are six powerful business tax deduction strategies you can easily understand and implement before the end of 2023.

1. Prepay Expenses Using the IRS Safe Harbor

IRS regulations contain a safe-harbor rule that allows cash-basis taxpayers to prepay and deduct qualifying expenses (ordinary and necessary business expenses) up to 12 months in advance without challenge, adjustment, or change by the IRS.

2. Stop Billing Customers, Clients, and Patients

If you are a cash-basis taxpayer, here is one rock-solid, straightforward strategy to reduce your taxable income for this year: stop billing your customers, clients, and patients until after December 31, 2023.

Customers, clients, and insurance companies generally don't pay until billed. Not billing customers and clients until after year's end is a time-tested tax-planning strategy that business owners have used successfully for years to reduce the current tax year's income, while still earning the revenue.

3. Buy Office Equipment

Increased limits on Section 179 expensing now enable 100% write-offs on most equipment and machinery, whereas bonus depreciation enables 80% write-offs. Either way, when you buy your equipment or machinery and place it in service before December 31, you can get a big write-off this year.

Qualifying Section 179 and bonus depreciation purchases include new and used personal property such as machinery, equipment, computers, desks, chairs, and other furniture (and certain qualifying vehicles).

4. Don't Assume You Are Taking Too Many Deductions

If your business deductions exceed your business income, you have a tax loss for the year. With a few modifications to the loss, tax law calls this a "net operating loss," or NOL.

If you are just starting your business, you could very possibly have an NOL. You could have a loss year even with an ongoing, successful business.

You used to be able to carry back your NOL two years and get immediate tax refunds from prior years, but the Tax Cuts and Jobs Act (TCJA) eliminated this provision. Now, you can only carry your NOL forward, and it can only offset up to 80 percent of your taxable income in any one future year.

What does this all mean? Never stop documenting your deductions, and always claim all your rightful deductions. We have spoken with far too many business owners, especially new owners, who don't claim all their deductions when those deductions would produce a tax loss.

5. Consider Buying a Vehicle

Want a new or new-to-you (used) SUV, Crossover, or Van? Let's say that on or before December 31, 2023, you or your corporation buys and places in service a new or used SUV or crossover vehicle that the manufacturer classifies as a truck and that has a gross vehicle weight rating (GVWR) of 6,001 pounds or more. This newly purchased vehicle gives you four benefits:

1. Bonus depreciation of 80 percent
2. Section 179 expensing of up to $28,900
3. MACRS depreciation using the five-year table
4. No luxury limits on vehicle depreciation deductions

Looking for a pickup? If you or your corporation buys and places in service a qualifying pickup truck (new or used) on or before December 31, 2023, then this newly purchased vehicle gives you four big benefits:

1. Bonus depreciation of up to 80 percent
2. Section 179 expensing of up to $1,160,000
3. MACRS depreciation using the five-year table
4. No luxury limits on vehicle depreciation deductions

To qualify for full Section 179 expensing, the pickup truck must have:

- a GVWR of more than 6,000 pounds, and
- a cargo area (commonly called a "bed") of at least six feet in interior length that is not easily accessible from the passenger compartment.

Short bed. If the pickup truck passes the more-than-6,000-pound-GVWR test but fails the bed-length test, tax law classifies it as an SUV. That's not bad. The vehicle is still eligible for expensing of up to the $28,900 SUV expensing limit and 80 percent bonus depreciation.

What about an electric vehicle? If you purchase an all-electric vehicle or a plug-in hybrid electric vehicle, you might qualify for a tax credit of up to $7,500. You take the credit first, and then follow the rules that apply to the vehicle you purchased.

I hope you find these tips to be helpful in generating some last-minute tax savings. If you want an annual, proactive tax strategy session each fall, please reach out to learn more about Fusion's Empowerment Tax Packages. We are proud to offer bundled tax preparation + legal services that keep you compliant, supported, and paying as little tax as possible – LEGALLY.

SARAH SHELLAM / SARAH.SHELLAM@QUESTTRUST.COM / QUESTTRUSTCOMPANY.COM

IRS Announces Retirement Plan Contribution Limits for 2024

As the year draws to a close and Americans eagerly wait for the holiday season to begin, those of us in the retirement industry wait with great anticipation for the IRS announcement of the upcoming year's contribution limits. That time has arrived, and Quest is here to summarize the changes. Most plans received a cost-of-living increase for contributions this year, with catch-up contributions for those 50 and over (55 and over for HSAs) remaining the same as last year. Here is a review of the changes so you can start planning your 2024 contributions.

Traditional and Roth IRAs

Two of the most popular accounts, Traditional and Roth IRAs, saw a $500 increase bumping up their contribution limits to $7,000 from $6,500 in 2023. Catch-up contributions will remain the same at $1,000, so for age 50 and over, you can contribute up to $8,000. It's important to note that contribution limits for Traditional and Roth IRAs are for the combined total, so you can contribute up to $7,000 total between the accounts, not to each account.

For taxpayers that are eligible to deduct contributions to their Traditional IRA, those phase-out ranges have been increased as well. There are several factors that make up the phase-out limits for the tax deduction, including if you are covered by a plan at work and if you are filing single or married. For an explanation of those limits, please refer to the full article on the IRS website.

Roth IRA Phase-Out Ranges Increase

Roth IRAs will also see an increase in their phase-out ranges, allowing more individuals to be able to contribute to a Roth in 2024. Phase-out ranges dictate if you will be able to make a full contribution, a partial contribution, or any contribution at all to a Roth account for the current year, and these limits are based on your Modified Adjusted Gross Income (MAGI).

For single and heads of households, the Roth phase-out range has been increased to between $146,000 and $161,000, which means if you make less than $146,000, you can make a full contribution to your Roth and if you make between $146,000 to $161,000 you can still make a partial contribution. Single filers will not be able to make any contribution once they are over $161,000.

For married couples filing jointly, the phase-out range has been increased to between $230,000 to $240,000, allowing couples to contribute at least a portion of their income to their individual Roth IRAs as long as their combined income is under $240,000. This is an increase from 2023 where the phase-out range was $218,000 and $228,000. For a married individual filing a separate return, the phase-out range is unchanged.

Employer Plans

Employer plans will receive an increase in contribution limits as well. The SIMPLE IRA (Savings Incentive Match Plan for Employees) will receive a $500 increase on employee contributions from $15,500 in 2023 to $16,000 in 2024. The catch-up contribution remains at $3,500, allowing those 50 and over to contribute a maximum of $19,500 into their account.

The SEP IRA (Simplified Employee Pension) will also see a contribution increase in 2024 growing from $66,000 to $69,000. SEP plans work a little differently, since only employer contributions are allowed and the amount a company contributes is a percentage of earned income, but contributions will be capped at $69,000.

The IRS is also increasing contributions to 401k plans in 2024. Employee contributions for 401k, 403b, solo plans, and most 457 plans are increasing from $22,500 in 2023 to $23,000 in 2024, with catch-up contributions remaining steady at $7,500.

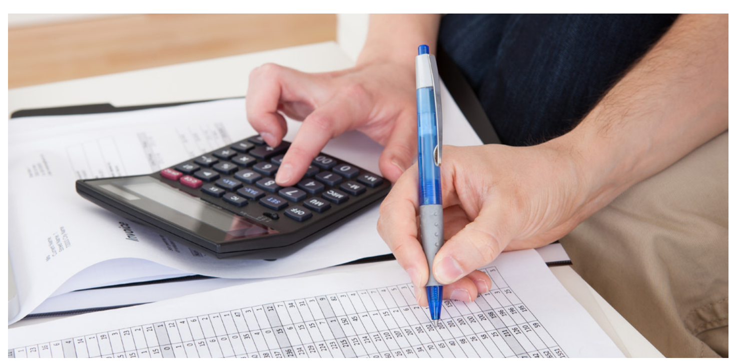
Health Savings Accounts (HSA)

HSA's will get a big boost in 2024, with single plan contribution limits increasing to $4,150, which is a $300 increase from 2023. Family HSA plans will jump to $8,300, which is a $550 increase from 2023. Catch-up contributions are available for either plan and will remain at $1,000 for those 55 and over.

Coverdell Education Savings Account (ESA)

While the Coverdell is not a retirement plan, it is a plan that Quest offers. The IRS has not announced any changes to the contribution limits for ESAs, but the limit has remained consistent at $2000 per child per year since 2002, so no change is expected at this time.

Planning for retirement is easier if you have the latest information. We hope this helps you budget your contributions for the new year!



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

PRIVATE BANKING BOOTCAMP

QUEST TRUST COMPANY

Unlocking the Power of Self-Directed IRAs

with Anne Marie Rogers

Monday, January 29, 2024
6:30 PM MT

Details & Register

Active vs. Passive Investing: Lessons Learned from Real World Examples

with Collin Taylor

Monday, February 5, 2024
6:30 PM MT

Details & Register

Roth Conversions: Maximizing Tax-Free Growth in Your IRA

with Zachary Wilson

Monday, February 12, 2024
6:30 PM MT

Details & Register

Retire Your Way: The Solo 401k Strategy for Entrepreneurs

with Nathan Long

Monday, February 19, 2024
6:30 PM MT

Details & Register

PRIVATE BANKING SYSTEM EXPERT
JASON K. POWERS / JPOWERS@UNBRIDLEDWEALTH.COM / UNBRIDLEDWEALTH.COM

Safeguard Your Real Estate Investments with Instant Term Life Insurance

For real estate investors, the balance of risk and reward is a daily consideration. While tangible assets like properties can seem like solid pillars in one's investment portfolio, unforeseen circumstances can threaten the stability of even the most carefully laid plans. This is where "Instant Term Life Insurance" becomes an invaluable asset.

Why Instant Term Life Insurance is Critical for Real Estate Investors: Real estate investing is inherently linked with long-term planning. Whether you're a seasoned investor with a diverse portfolio or just starting to dip your toes into the property market, the importance of securing your investments cannot be overstated. Instant Term Life Insurance is designed to provide rapid coverage for real estate investors, ensuring that their fiscal responsibilities are met, and their legacies are protected, even in the event of an unexpected tragedy.

Features of Instant Term Life Insurance:

National REIA has partnered with Unbridled Wealth & Jason K Powers to bring member their new Instant Term Life Insurance! This product stands out with its quick and hassle-free application process. Here's what real estate investors can expect:

- **Speedy Enrollment:** Say goodbye to lengthy applications and underwriting processes. Our instant policy is designed to get you covered swiftly so that you can focus on what you do best – investing.
- **Flexible Terms:** We understand that each investor's needs are unique. That's why we offer flexible coverage options that cater to different investment scales and horizons.
- **Competitive Rates:** Tailored specifically for real estate investors, our rates are competitive, providing you with the financial protection you need without undermining your investment returns.
- **Nationwide Coverage:** No matter where your investments are in the 50 States, our coverage travels with you, offering a nationwide safety net.

Benefits for Real Estate Investors:

- **Asset Protection:** Ensures that your investment properties are protected, avoiding forced sales or foreclosure in the event of your death, by having appropriate life insurance coverage for outstanding mortgage debts.
- **Estate Planning:** Provides funds to pay estate taxes or settle debts, keeping your real estate holdings intact for your heirs.
- **Business Continuity:** Offers the means to maintain business operations for your partners or successors, ensuring that your real estate ventures continue without financial interruption.
- **Debt Coverage:** Can be used to pay off outstanding mortgages or loans tied to real estate investments, shielding your portfolio from debt liabilities.
- **Liquidity at Death:** Delivers immediate cash to your estate, which can be crucial for handling maintenance costs, property taxes, or supporting ongoing development projects.
- **Buy-Sell Agreements:** In the event of a death of one partner, funds from the policy can be used to purchase the deceased partner's share of investment properties, which is essential for real estate partnerships.
- **Tax Benefits:** The death benefit from a term life insurance policy is generally income tax-free, providing your beneficiaries with maximum financial benefits.
- **Collateral for Loans:** Some investors may use their life insurance policy as collateral for loans, which can be used to further invest in real estate opportunities.
- **Flexible Investment Capital:** The payout from a term life insurance can serve as a financial springboard for your beneficiaries to invest in new opportunities or expand existing holdings.
- **Peace of Mind:** Knowing that your investments and your loved ones are protected in case of any unforeseen events can give you the confidence to take on new ventures and grow your real estate portfolio.

Conclusion:

Our Instant Term Life Insurance isn't just a policy; it's a strategic tool for real estate investors across the United States. It's about securing your hard work and ensuring your investments stand the test of time, no matter what life throws your way. Real estate investors understand the value of protection and planning. With our Instant Term Life Insurance, you can make sure that your assets, and your legacy, are always in good hands. To learn more about how our product can be tailored to suit your investment strategy, visit www.1024wealth.com/NREIA.

DAVID NIELSON / DAVID@COPACAPITAL.COM / COPACAPITAL.COM

Economic Soft Landing = Stability for Fix and Flips

In the dynamic realm of real estate, staying ahead of economic trends is crucial for investors seeking to maximize opportunities. A recent Wall Street Journal article, "The Elusive Soft Landing Is Coming Into View" sheds light on the evolving economic landscape, presenting fix-and-flip investors with a unique opportunity to thrive in a more predictable market.

As the U.S. economy approaches what economists are calling a "soft landing," fix-and-flip investors can find promise in the potential for a stabilized environment. Nancy Vanden Houten, lead U.S. economist at Oxford Economics, states, "What we are expecting now is a soft landing. We expect the economy to weaken quite a bit, but it does look like we'll avoid an outright contraction in gross domestic product."

The prospect of a soft landing signifies a shift from the rapid growth witnessed in recent years, creating an environment where fix-and-flip investors can flourish. Here's why:

1. Accurate Property Valuations:

In a stabilized market, the softening of economic growth often translates to more accurate property valuations. Fix-and-flip investors can benefit from a more measured and realistic assessment of property values, enabling informed decision-making for potential investment opportunities.

2. Reduced Speculation, Increased Opportunities:

Market stabilization typically marks a decline in speculative behavior. For fix-and-flip investors, this means a less competitive landscape and increased opportunities to identify and acquire properties at favorable prices. A reduction in speculation allows for strategic investments with a focus on long-term success.

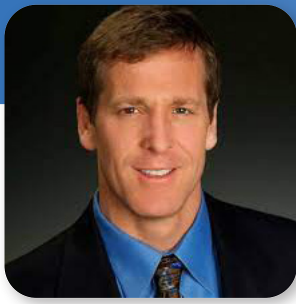
3. Predictability and Planning:

A more predictable market provides fix-and-flip investors with the advantage of strategic planning. With a clearer understanding of market trends and property values, investors can develop comprehensive business plans, streamline renovation processes, and optimize project timelines for maximum profitability.

In conclusion, as the soft landing unfolds, fix-and-flip investors are poised to not only weather the economic shift but to thrive in the opportunities it presents. The landscape is evolving, and those who stay attuned to the nuances of this soft landing are well-positioned to capitalize on a more measured, stable, and ultimately prosperous real estate market.

As always, adaptability and strategic acumen will be the keys to success in this dynamic realm of real estate investment.

https://www.wsj.com/economy/the-elusive-soft-landing-is-coming-into-view-ef708d64?mod=Searchresults_pos2&page=1



The Three Faces of Foreclosures

So, you want to invest in residential foreclosures? Not sure quite where to start? It is helpful to understand first that there are three faces to “foreclosures”, each with very different characteristics.

The first face of foreclosure investing is the “pre-foreclosure”. The pre-foreclosure period begins when a homeowner gets behind on his or her loan, and ends with the foreclosure sale. The pre-foreclosure phase itself is divided into two stages.

The first stage covers the period of time beginning when the homeowner misses their first mortgage payment, and ends in the final month preceding the impending foreclosure sale. During this time if a homeowner is not already marketing their home, it will be up to the investor to reach out to and find these distressed homeowners through ads (“We buy homes fast” and “We have CASH for homes”) and networking.

The second stage occurs during the final month leading up to foreclosure. The precise laws differ from state to state, but most states require some form of public notification of a pending foreclosure. Investors can seek out these notifications, and many have ample contact information for the investors to approach the distressed homeowner. Many larger communities have a number of online and subscription services which compile the pending foreclosures in a specific geographic range. You can also network within your local real estate investors association and/or do an internet search (e.g. “foreclosure listings in order to find these publications and services).

The pre-foreclosure face offers wonderful wealth generating potential to investors. They can approach distressed homeowners and give them some quick cash when there is ample equity in the homes. There are also opportunities to work with some of the foreclosing lenders directly (with the distressed homeowner’s approval of course), as it is in the lenders interest to avoid costly foreclosures.

Pre-foreclosures may be arguably the most written about method of finding discount property. It is amazing how many distressed homeowners wait to the last minute with their properties, always thinking they would be able to bail themselves out. It is then, with little time left on the clock, that some of these distressed homeowners realize that the only viable remaining option is an investor in a position to move quickly.

On the plus side pre-foreclosures can be lucrative. A typical pre-foreclosure might have an investor paying off a distressed homeowners $220,000 loan, giving the distressed homeowner $25,000 in cash to restart their lives, and taking over a $350,000 property. The primary negative associated with pre-foreclosures is the taxing emotional element associated with constantly dealing with homeowners involved in a downward spiral. Simply put, this will not be feasible for every investor.

Around thirty-four years ago we were one of those investors fresh out of one of those “get rich quick” seminars. Our model was to focus on pre-foreclosures, and we went to one and only one home. The family we visited was the most likeable family. The husband was a veteran, and both he and his wife lost their jobs within a short time of each other. When visiting the home their little girl took my hand and showed me the “doggie window”, the hole in the kitchen door for their family dog to go in and out of the house. I left this visit emotionally drained and with a sour feeling in my stomach. This was the last pre-foreclosure we ever visited.

The second face of foreclosures is the “foreclosure sale”. This occurs when the loan on the home is not brought current by the distressed seller or the home is not sold.

Again, the procedures and process have slight differences from state to state, and prospective investors will need to educate themselves as to the foreclosure sale process in their respective state. For many states, the sale of the property takes the form of an old-fashioned auction on the courthouse steps (in many states this occurs sometime during the first week of the month following the foreclosure)..

Like pre-foreclosures, this also can be quite lucrative. However, unlike pre-foreclosures, there is no emotion element other than controlling your adrenalin at the foreclosure sale. The main drawbacks are that often investors are bidding on property they have not been able to access (this makes assessing repairs and improvements quite challenging), an investor may need to assess the title and any liens quickly (this can lead to mistakes and can be costly), and many states require certified funds at sale or within a very short time frame (such as 24 hours). While investors can make money with foreclosure sales, having access to large sums of cash or fast financing limits these to a subset of experienced and well-financed investors. If you’re interested in this face, we suggest you go to a foreclosure sale and witness how one works firsthand.

The third face of the foreclosure process is the “post-foreclosure”. If the property is not sold in pre-foreclosure and not purchased by an investor at the foreclosure sale, then it goes back to the bank or other lien holder who secured the loan.

With many loans offered today requiring little down payment, record numbers of properties are going through the foreclosure process without attracting investor interest in the pre-foreclosure or foreclosure stage. These properties eventually land on the desk of someone within a financial institution (bank, mortgage company, etc) that has the responsibility of disposing of these properties. Many institutional lenders dispose of so many properties that they have entire departments dedicated to this task. Oftentimes, these departments are referred to as REO (real estate owned) or Post-Foreclosure Departments.

When contacted by investors, institutional sellers will generally fall into one of three categories There are many ways to find these institutional sellers. We teach how to find and approach institutional sellers as well as the agents that many institutional sellers utilize to sell their inventory of properties. (For more information please go to www.regularriches.com).

The first category are institutional sellers that will be happy to work with an investor directly, bypassing listing the property with a real estate agent. The second category are institutional sellers that will at first indicate plans to list their REO property, but can be persuaded by the skillful investor to delay the listing until the investor has a chance to see the property and make an offer. The third category are institutional sellers that will not consider working with an investor directly, but will instead list their properties with selected real estate agents.

One of the key benefits of purchasing post-foreclosures is that the sellers have no emotional tie to the property. For financial institutions, this is a simple business transaction.

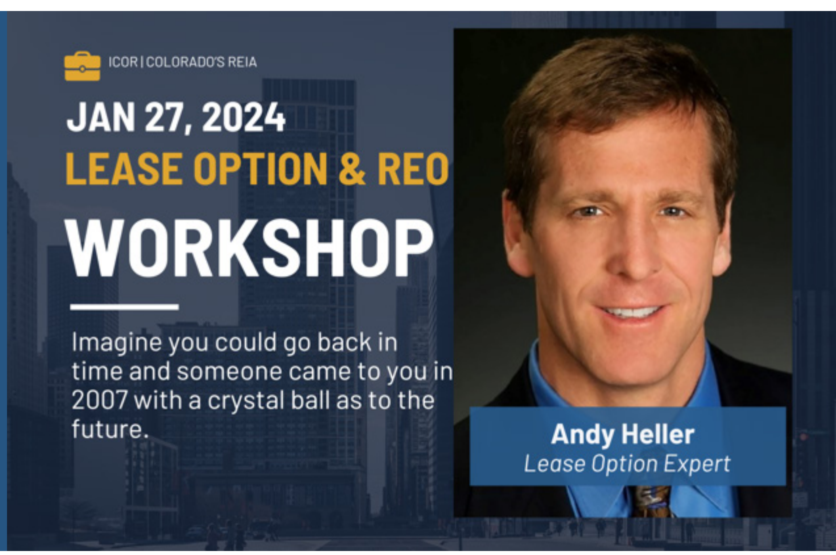
Further, investors seeking post-foreclosures should remind themselves that institutional sellers are in the business of lending money, not managing real estate. At some point, if a bank or lender has too many properties on their books, the number of REO properties will need to be reduced, sometimes quickly, and oftentimes at a discount to investors.

There are always REOs available for purchase, yet there are times when REOs spike, and with those spikes the discounts available to investors are maximized. How can an investor plan for these spikes? By far the best indicator of future spikes in REOs is the mortgage delinquency rate. When there are measurable changes to 90 day mortgage delinquencies, it is highly probably that REOs will spike shortly thereafter. Therefore, long-term strategic investors can look for spikes in 90 day mortgage delinquencies, and when they occur look to position oneself to maximize purchases when the deals are plentiful.

“Foreclosures” is a buzz word that attracts the interest of many new real estate investors. It is helpful to understand from the start that there are actually three very different and unique “faces” to the foreclosure process. Most established investors that buy foreclosures are actually focusing primarily on one of these three “faces”. Therefore, for new investors who are just getting started, take a look at the characteristics (time, money, risk, emotion, potential profits) of each of these “faces” of the foreclosure process and select the one that is the best fit for you.

Whichever one you select, implemented properly, the three faces of the foreclosure process all have the potential of putting a smile on the face of the investor. That is the one common denominator of the three very different faces of the foreclosure process.

Andy Heller and Scott Frank are co-authors of the Fortune Magazine recommended book “Buy Low, Rent Smart, Sell High”. Combined, they have been investing in residential real estate for over sixty years. Visit them at www.regularriches.com.



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Seizing Opportunities in a Down Market: A Real Estate Perspective

In the face of economic uncertainty, fear often permeates the market. Questions about potential wars, job security, and soaring interest rates can paralyze individuals, causing them to remain on the sidelines, hesitant to take the leap into real estate ventures. Some people are not thinking about investing, they are thinking about survival. However, it is precisely during these challenging times that real estate investors can make strategic moves to secure market share and capitalize on unique opportunities.

As a seasoned real estate investor and agent, I navigate the fluctuations of the market with an eye for potential. In the current downturn, a trend has emerged – many property owners, grappling with financial uncertainties, are opting to sell without investing in renovations. Buyers are not wanting to buy a home and then have to put more money into it to fix it up. This presents an exceptional opportunity for investors willing to take calculated risks and secure properties at significantly lower price points.

There is a window for investors to acquire assets at a price below their potential value. The reluctance of sellers to invest in pre-listing renovations has begun to create a buyer's market, providing a window of opportunity for those who recognize the potential for substantial returns on investment. With the lack of inventory not allowing for the prices to crash, it also minimizes the risk for real estate investors that buy at a discount.

One of the key advantages of entering the market during this downturn is the ability to secure properties at prices substantially lower than during peak times. With many properties available at a discount of around $200,000 compared to when the market was at its peak, investors can gain entry at a more favorable cost basis. While these properties may require some refurbishment, the added value far outweighs the initial investment.

Here are some examples of what I am seeing in the markets. I am working on a property in Sloan's Lake, which my investor initially purchased for $700,000, that has a post-renovation value of around $1.2 million. Similarly, a property in Aurora, acquired for under $400,000, can potentially yield a value of $525,000 after renovations. Across state lines, a duplex in Kansas City, acquired for $410,000, is anticipated to reach a value of $475,000 once upgraded. These examples highlight the potential for substantial returns in a market where strategic investments can yield lucrative results.

Real estate investors today do need to have a larger down payment because the interest rates are higher now than in the last few years. We do need to take a laser focus on the property acquisition analysis. I have done around a billion dollars in sales in real estate with my team, and the numbers are making sense again with the very select properties that are discounted. The deals that I am finding make sense for a long-term hold and a flip, which provides a lot of risk mitigation for my investors. I hold monthly workshops to teach real estate investing and bring off market deals to clients. You can register at https://www.meetup.com/real-estate-ambitions/

The current market dynamics also signal a shift in favor of individual investors. Previously, the real estate landscape was dominated by cash buyers, hedge funds, and transactions with no appraisal gaps or inspections. Now, with these competitors temporarily stepping back, individual investors can access opportunities that were once out of reach. It is a moment of great opportunity for those who have been waiting for the right time to enter the market.

In conclusion, while economic uncertainties may breed fear, they also create a fertile ground for savvy real estate investors. The current market downturn offers a unique chance to secure properties at significantly discounted prices, with the potential for substantial returns on investment. By recognizing the opportunities inherent in the current market conditions and taking calculated risks, investors can position themselves for success in a landscape that is undeniably on sale.

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Compassionate Conversations:
A Roadmap for Discussing Estate Planning with Your Parents

Discussing estate planning with your parents requires finesse and understanding. Let's explore practical tips and examples to guide you through this crucial conversation and pave the way for a secure and well-planned future.

1. Choose the Right Environment:
Tip: Pick a quiet, comfortable setting conducive to open conversation.
Example: Invite your parents for a relaxed dinner at home or a comfortable place where interruptions are minimal. A serene atmosphere can set the stage for a thoughtful discussion.

2. Initiate with Empathy:
Tip: Begin the conversation by expressing care and gratitude.
Example: "Mom, Dad, as we go through life, I've been thinking about ensuring everything is in place for our family's future. Your well-being means the world to me, and I want to make sure I understand and support your wishes."

3. Focus on Shared Goals:
Tip: Center the discussion around common aspirations and values.
Example: "I've been contemplating our family's legacy. Are there specific values or goals you want to make sure are passed down to the next generations? Understanding this can help us plan more effectively."

4. Educate Without Overwhelming:
Tip: Share relatable stories about the positive impact of estate planning.
Example: "I read about a family friend who had a well-thought-out estate plan. It really made a challenging time more manageable for their family. It got me thinking about how we can ensure our affairs are in order."

5. Share Personal Stories:
Tip: Relate positive experiences from your network.
Example: "Aunt Susan's estate planning made a significant difference for her family. It inspired me to consider our own situation. Have you ever thought about how you'd like things to be managed in the future?"

6. Introduce Professional Guidance:
Tip: Suggest seeking advice from experts.
Example: "I've been exploring the idea of consulting with an estate planning attorney. They can provide valuable insights and ensure everything is legally sound. Would you be interested in exploring this together?"

7. Be an Attentive Listener:
Tip: Approach the conversation with a genuine desire to understand.
Example: "I want to hear your thoughts and concerns. This is a collaborative effort, and I'm here to listen and support you through the entire process."

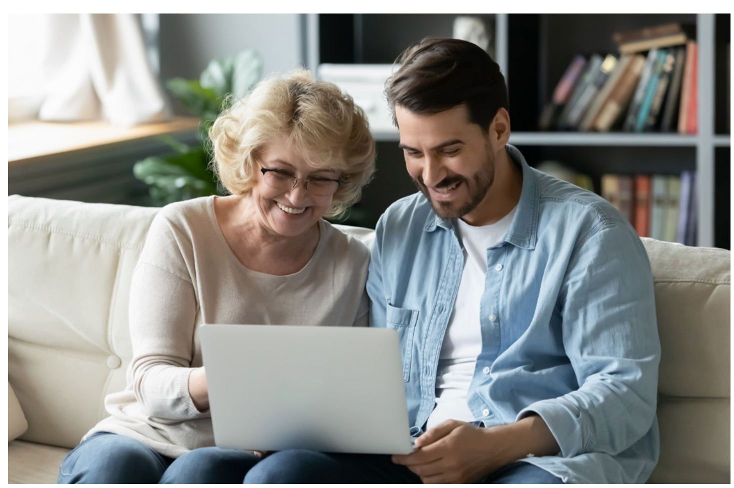
8. Address Emotional Aspects:
Tip: Acknowledge and address emotional elements.
Example: "I realize this might be an emotional topic. Discussing the future can bring up various feelings. I want you to know I'm here to support you through this, and we can take it one step at a time."

9. Highlight the Family Impact:
Tip: Emphasize how planning positively affects the entire family.
Example: "By having a clear plan, we can prevent misunderstandings and ensure your legacy is passed on just as you envision. It's about securing a harmonious future for all of us."

10. Take Gradual Steps:
Tip: Break down the conversation into manageable sections.
Example: "Let's start by discussing your preferences for healthcare decisions. It's a crucial aspect of future planning, and we can take it one step at a time."

Conclusion:
Initiating a conversation about estate planning is an act of love and responsibility. Utilize these tips and examples to navigate this dialogue with care, fostering a collaborative approach and ensuring your family's future is secure and well-planned. Remember, these conversations may take time, so be patient and understanding as you embark on this journey together.

At Law Mother, Estate Planning law is our focus. We are proud to be sponsors of ICOR and offer ICOR members a complimentary 15 minute call. To schedule your 15 minute call please visit our website: www.LawMother.com/go.



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