SEPTEMBER
2024

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 New Normal: ICOR's Colorado RE CON 2024 and the State of Real Estate

By Troy Miller

As the Colorado real estate market faces unprecedented challenges, many investors find themselves on the sidelines, uncertain about how to move forward. ICOR's Colorado RE CON 2024: Emerging Trends in Real Estate, scheduled for Saturday, September 21st, from 9 AM to 5:30 PM at Asterisk in the RiNo neighborhood in Denver, aims to address these concerns head-on. This event is designed to equip investors with the insights and tools they need to thrive in today's evolving market.

Understanding the Current Landscape

For many investors, the past decade has been marked by unparalleled growth and opportunity. Those who started investing in 2008 or later, and especially within the past four to five years, have enjoyed a relatively straightforward path to success. The market was booming, interest rates were low, and property values seemed to rise consistently. However, the market we once knew has shifted dramatically, returning to a more realistic and, some might say, challenging state.

The challenge for many isn't a lack of knowledge about real estate investing—it's about adapting to the current market conditions. The strategies that worked so well in the past may no longer yield the same results. High interest rates, rising material and labor costs, extended market times, and fluctuating economic conditions have all contributed to a more complex investing environment. It's not that opportunities have disappeared, but they are harder to identify and require a more nuanced approach.

The Need for a Strategic Reset

At its core, ICOR's Colorado RE CON 2024 is about helping investors recalibrate. This event isn't just a conference—it's a "circle the wagons" moment, a base-camp-style summit where investors can come together to share knowledge, discuss strategies, and identify opportunities. The goal is to foster a sense of community where information can be digested, and action plans can be formed.

The event recognizes that while the market has changed, the fundamental principles of investing have not. As investors, our job remains the same: analyze data, identify trends, and monetize that information. However, the tools and strategies we use to do this may need to be rethought.

Key Sessions to Watch

ICOR's Colorado RE CON 2024 is packed with sessions designed to address the current challenges facing investors. These sessions will provide valuable insights into the state of the market and offer practical advice on how to navigate it.

1. Decoding the Colorado Real Estate Market & Economy

This session, featuring economic expert Richard Wobbekind and real estate strategist Chelsea Scott, is a must-attend for anyone looking to understand the forces driving Colorado's real estate market. Richard's in-depth analysis will highlight key economic trends, while Chelsea will provide a data-driven approach to identifying emerging opportunities. This session

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SEPTEMBER MEETING INFORMATION

SEPTEMBER @ ICOR

Colorado Springs | Tuesday, Sept 12th
Denver | Tuesday, September 17th
Fort Collins | Thursday, September 20th

As real estate investors, we often focus on past performance by analyzing comparable properties. However, success hinges on predicting future performance, which requires a shift in focus from historical data to understanding the development path. This approach is what large developers and retailers use to identify growth opportunities before they become obvious.

The key to future success lies in tracking local economic trends, city planning, infrastructure projects, and zoning changes—factors that signal where demand will rise. While many smaller investors overlook this, the groundwork has already been laid by larger players. By leveraging this information, we can position ourselves ahead of the curve. Monetizing data means going beyond reactive analysis and using available information to predict and capitalize on future trends. By understanding the broader development path, we can make smarter investments in areas poised for growth, rather than relying solely on past performance.

In today's data-rich environment, our role as investors is not just to interpret data but to monetize it—transforming insights into actions that lead to long-term success.

Join ICOR in September we're gonna make you rethink your dependence on Comp'ing, and add another tool to help you proactively arrive at the path of development sooner than later!

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

Save the Date for ICOR's Sepetember Meetings

ICOR – Colorado Springs	ICOR – Denver	ICOR – Northern Colorado / Fort Collins
Tuesday, September 12th 6 PM-9 PM (MDT)	Tuesday, September 17th 6 PM-9 PM (MDT)	Thursday, September 20th 6 PM-9 PM (MDT)

Upcoming Webinars & Workshops

Strategic Development Insights: Leveraging Fort Collins' Growth Path	Scaling & Balance in Real Estate: Building Your Portfolio while Maintaining Your Life	Colorado RECON 2024: Emerging Trends in Real Estate
Virtual Wednesday, September 5th "Strategic Development Insights," where Ryan Mounce, City Planner & Project Manager with the City of Fort Collins, will present the latest updates on Fort Collins's path of development. This webinar will guide investors in identifying and capitalizing on emerging opportunities by analyzing key data, such as job growth, median income, and demographic trends—just as major developers do.	**Virtual** Wednesday, September 4th Jim Manning, Founder and CEO of Doorway Properties, successfully closed over 3,500 deals. Learn the three main strategies Jim's team used to generate over $10M in 100% passive income over the past 2 years with over 130 partners, all while having others do the work for you!	**In Person** *Special Event* Saturday, September 21st The dust has settled, and we have all gotten comfortable with what is now the "new normal." The question for many of us is, how do we make this market work for us? Join ICOR with 300+ of your fellow investors for a day of panel discussions, networking, and building solutions to thrive TODAY!

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

Navigating the New Normal: ICOR's Colorado RE CON 2024 and the State of Real Estate

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is essential for those serious about succeeding in Colorado's dynamic real estate landscape.

2. Rethinking Finance: Breathing New Life into Trusted Tools

High interest rates have made it challenging for investors to achieve the returns they once did. This panel will explore how creative financing, past economic cycles, and untapped capital can be used to adapt to the current market. Attendees will leave with practical strategies to reimagine traditional financial tools and thrive despite challenging economic conditions.

3.Surviving the Squeeze: Maximizing Property Rehab Profits in a Tightening Market

Due to rising costs and market volatility, flipping houses has become riskier. This panel brings together contractors, suppliers, general contractors, and investors to discuss strategies for managing costs, adapting to market conditions, and collaborating with stakeholders. Attendees will gain actionable insights to maximize profits in a tightening market.

4. Future-Proofing Investments: Pioneering Paths to 2030

As we approach 2030, real estate investing is poised for a significant shift, with multifamily housing becoming more prominent. This session will explore how technology and market disruptors are reshaping the landscape, offering investors opportunities to diversify into alternative assets like real estate, energy, and land. Attendees will learn how to future-proof their investments and confidently navigate the changes ahead.

5. Colorado's Rental Future: Staying Power or Flight Risk?

Recent legislation and rising costs have created uncertainty in Colorado's rental market. This session will bring together experts from the Colorado Landlord Legislative Coalition, property management, and legal fields to discuss whether owning rental properties in Colorado still makes sense. Attendees will gain valuable insights into navigating the state's evolving regulatory landscape.

Connection Breaks: Building Community and Action Plans

One of the unique aspects of ICOR's Colorado RE CON 2024 is its focus on community and collaboration. Throughout the day, attendees will have 2.5 hours of "Connection Breaks" to digest information, network with others, and brainstorm strategies. These breaks are designed to foster meaningful interactions and ensure that attendees leave the event with actionable plans. Whether you're looking to reconnect with old contacts, collaborate on new projects, or simply gain fresh perspectives, these breaks offer a valuable opportunity to move from the sidelines back into active investment.

Embracing the Challenge

The current market may be more challenging than what many investors are used to, but it also presents new opportunities. ICOR's Colorado RE CON 2024 is designed to help investors navigate this new landscape with confidence. By bringing together experts, fostering community, and providing actionable insights, this event will empower attendees to embrace the challenge and find success in today's dynamic market. Whether you're looking to stay in Colorado or explore other markets, this is the event that will help you chart your course forward.

Don't miss this opportunity to reconnect, recalibrate, and reinvigorate your real estate investment strategy. Join us at Asterisk in Denver's RiNo neighborhood on September 21st for a day of insights, inspiration, and action. REGISTER at events.icorockies.com/recon2024

ALTERNATIVE RENTAL EXPERT
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The $100+ Billion Market You're Overlooking: Why Co-Living is More Than Just a Niche

Many real estate professionals continue to think of co-living as a niche rather than an important part of the housing continuum, but unfortunately, they're mistaken.

I recently came across a comment on a LinkedIn post claiming that co-living, or renting individual rooms versus entire apartments, is too niche of a market to consider investing in. As someone who has been deeply involved in the affordable housing space for nearly two decades, I couldn't help but dive into the data to challenge this notion. What I've discovered is a compelling case for the mainstream potential of this rapidly growing housing segment.

Let's start with a bit of historical context. In 1940, a study by the Harvard Joint Center for Housing Studies found that approximately 16% of all U.S. households included a boarder or lodger. This statistic highlights the prevalence of room rentals in our country's past. Over time, zoning restrictions and shifts in housing typologies have pushed this workforce population underground or into other living arrangements for a variety of reasons, including many discriminatory factors.

Fast forward to today, and the demand for affordable housing options is as pressing as ever. Current market conditions and demographic shifts are creating a resurgence in the need for shared living arrangements. Namely, the aging population is increasing as is the number of single-person households. In 2021, there were an estimated 36.2 million single-person households, representing 28% of all households. This trend is only expected to continue, with the National Association of REALTORS® projecting that single-person households will increase by 7.6 million between 2020 and 2040.

At the same time, the U.S. is grappling with a severe shortage of affordable housing. The National Low Income Housing Coalition reports a shortage of 7.3 million affordable and available rental homes for extremely low-income renters. This scarcity, coupled with rising housing costs and stricter qualification criteria for traditional rental options, has left a significant portion of the workforce struggling to find suitable housing.

Unfortunately, rising rental costs are making it untenable for even workers with moderate income levels to have many choices. The median income for single-person households in 2021 was $38,574, according to the Census Bureau. With the median monthly rent for a one-bedroom apartment in the U.S. at $1,295 as of June 2022, many single-person households can't qualify for traditional rental options. Using the standard underwriting requirement of 3x the monthly rent, a single-person household would need to earn at least $46,620 annually to qualify for the median one-bedroom apartment. This means that approximately 61% of single-person households, or 22 million individuals, would not meet the income requirements for a traditional rental. That's before we begin accounting for larger family groups that don't qualify for traditional housing options.

These underlying economic realities are why the room is the new apartment. I'm clearly biased here, but co-living options like those offered by my company PadSplit offer a solution by providing affordable rents, with all-inclusive pricing often lower than $700/month and extremely low move-in costs (averaging just $265). This makes renting a room an attractive option for millions of essential workers, students, or fixed-income seniors who can't qualify for traditional rentals. The lower barriers to entry and flexible lease terms offered in room rentals are a game-changer for millions of individuals seeking affordable housing. Don't take my word for it, you can read our members' own stories.

Given these trends, the potential for the co-living market is massive. Looking just at those 22 million single-person households who wouldn't qualify for their own apartment and assuming a $700/monthly rental allowance, we're looking at a $184 billion annual market before accounting for any other household sizes. This estimate demonstrates the significant potential for growth in the co-living market, especially as more individuals seek affordable and flexible housing options. Can 3D-printed tiny homes or accessory dwelling units be an option? Maybe, but the economics of new construction relative to the required rents still don't pencil for most of these 22 million households.

Dismissing co-living as a niche market is a fallacy. It is a rapidly growing segment of the rental market that is well-positioned to meet the changing needs of American renters. As demographic shifts continue and housing shortages persist, the demand for shared living arrangements is expected to rise. After all, humans have been sharing housing since we lived together in caves, and it's only in the last century that Americans started thinking everyone should be in their own houses. By recognizing the historical precedent of room rentals or shared housing and understanding the current market conditions; it becomes clear that co-living is much more than just a niche.

By adapting to the evolving needs of renters and addressing the barriers to entry in traditional housing models, we can create a more inclusive and sustainable housing ecosystem that benefits both individuals and communities alike. The co-living market is not a niche to be overlooked but rather a significant opportunity for growth and innovation in the real estate industry.

It's time to challenge the status quo and recognize the potential of co-living as a mainstream housing solution. By aligning incentives and redesigning the process of procuring and paying for housing, we can remove unnecessary barriers and expand access to affordable housing options. The future of housing is evolving, and co-living is poised to play a significant role in shaping that future, just as it has in the past.

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Unlocking Colorado's Hidden Potential: Strategic Shifts for Small Landlords and Capital Raisers

As Colorado's real estate market shifts, real estate investors are seeking new strategies to optimize their portfolios. Our team has been analyzing current market trends, and we're excited to share insights that could help you capitalize on emerging opportunities in the Denver market. The Denver metro area, long known for its robust appreciation and favorable investment conditions, is experiencing a notable transition. While we're not anticipating a market crash, the era of rapid appreciation is giving way to a more nuanced investment landscape. Key factors include moderating home price appreciation, decelerating rent growth, increasing insurance costs and property taxes, and evolving local legislation affecting property owners.

Opportunities for Small Landlords

If you're a small landlord in markets like Denver or Colorado Springs, you may be sitting on significant untapped equity. While the security of low-interest mortgages is appealing, we encourage you to consider the potential of repositioning your portfolio. By strategically divesting some lower-yielding properties, you can unlock capital for higher-performing investments. We're seeing promising opportunities in the commercial sector, particularly in value-add multifamily projects across the Front Range.

Consider the case of a Denver-based investor who recently repositioned a $2.2 million portfolio of four rental properties. By selling these assets and reinvesting the $1 million in equity, the investor constructed a diversified portfolio with 40% allocated to a value-add multifamily project in Aurora, 35% to development deals including projects in Fort Collins, and 25% to real estate debt funds for consistent cash flow. The target return for this new portfolio structure is 17-20% IRR, with the goal of doubling invested capital every 4-5 years. This strategic shift not only diversified their holdings but also positioned them to potentially achieve returns well beyond what their previous portfolio could have delivered in today's changing market.

Growing Opportunities in Capital Raising

If you've been considering a move into raising capital for real estate investments, the current market presents a significant opportunity. We're seeing a perfect storm of conditions that make this an ideal time to start or expand your capital raising efforts:

1. Small landlords are seeking diversification as the single-family market cools, creating a large pool of potential investors with real estate experience.
2. Commercial real estate, especially multifamily, is experiencing a correction, offering attractive entry points for well-capitalized buyers.
3. Many experienced operators are focusing on deal-making rather than capital raising, creating space for dedicated capital raisers.
4. Investors are increasingly looking for passive real estate opportunities, driving demand for fund structures and syndications.

By positioning yourself as a knowledgeable capital raiser, you can bridge the gap between eager investors and promising opportunities. Start by building relationships with established sponsors, educating yourself on current market trends, and developing a network of potential investors. The key is to add value by carefully vetting deals and matching investors with opportunities that align with their goals.

Let's discuss how you can use Property Llama Capital to build a thriving capital-raising business and provide value to your investors in today's evolving market. Contact us today to learn more about our platform and how we can support your capital-raising efforts.

See Chris and other panelist discuss "Rethink Finance: Breathing New Life into Trust Tools" on Saturday, September 21st at ICOR's Colorado RE CON 2024; register now at events.icorockies.com/recon2024

INVESTMENT STRATEGIST

JENNIFER REINHARDT / JENNIFER@REALATLAS.COM / REALATLAS.COM

Taking Advantage of the Current Market

Every four years, we face the uncertainties of an election cycle. Both sides often predict disastrous outcomes if the other party wins, leading to a climate of uncertainty in the markets. What typically happens when uncertainty arises? People tend to hesitate, waiting until they have clarity before making decisions. A confused mind doesn't make a decision. So, how can we leverage this uncertainty in real estate?

I believe the current market presents unique opportunities. Many buyers have been priced out of starter homes due to rising interest rates. As a result, the homes they can afford often need some renovation. What happens to these fixer-uppers? They stay on the market. After sitting unsold for a while, sellers become more willing to negotiate, leading to price reductions. I recently went to a showing of a home near other new construction homes. This home needed yard work, paint, carpet, and the systems were old. The seller didn't want to do any work before listing the house, so it was discounted $75,000 below market. And guess what? It still didn't sell. For a home to sell in this condition, it needs to be discounted even more—$100,000 plus off. Now, if you are the seller, call me and I can help get the home ready, so this doesn't happen to you. If you are the buyer, let's get the house and put a little money into it for some sweat equity while things are on sale.

What if you could get in now and buy a house under market value in Denver? Interest rates are starting to drop. Don't get priced out of your market. There are ways to add value and lower the payment to your home, like adding a mother-in-law apartment in the basement to gain rental income. If you are motivated, we will find a way.

I work with Atlas Real Estate, where my team and I have brokered over a billion dollars in real estate transactions. Atlas manages over 6,000 rental properties, giving us the expertise to help you navigate this complex market. Whether you're looking to buy, sell, or invest, we have the knowledge and resources to guide you.

Right now, we're seeing homes selling for $25,000 to $100,000 less than they would have last spring—especially if they need some work. This is a trend I'm observing in the market. Could the world end in November? Could World War III break out? Maybe. But people will always need a place to live, and real estate has consistently been one of the best long-term investments. I believe there's a window of opportunity right now to secure your dream home at a lower price if you're willing to put in the effort to fix it up.

Real estate investing is a math problem; if you can master the game, it can add years to your life by giving you freedom and options. As a real estate analyst and broker, I can quickly review your portfolio and identify areas where we can add value. You can request a consultation by calling me at 303-514-8491 or visiting my website at www.ambitionpropertyinvestments.com.

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Building Or Buying? The Only Two Ways To Produce Passive Income

Understanding Passive Income

Passive income is the only way to create a truly financially free life. I learned this lesson early from Rich Dad Poor Dad as many of us have. Robert Kiyosaki teaches us that the goal for financial freedom is to get out of the "rat race." To do that you must have more passive income than monthly expenses. That way you will receive enough to pay all your bills without the need to work. Sounds easy, right?

Defining Passive Income vs. Residual Income

Before we get into the only two ways to produce passive income, let's define what passive income is. Many investors confuse passive income with residual income, which could be the same but is often very different.

What is Passive Income?

Passive income is earning money without any of your effort. Often referred to as "mailbox money" because it will show up in your mailbox whether you went to work or not. There are many low-effort investments that produce income that is often confused for passive income. Rental property, for example, but true passive income is zero effort. The money will be there without work, effort, decisions, or stress.

What is Residual Income?

Residual income has different meanings depending on the context. In business, this is income that can be relied on. Rental property is a great example of this because after subtracting for vacancies and maintenance, there is a reasonable expectation of income. Businesses that produce residual income in this context are more valuable. Examples include management companies, software companies, franchisors, or any subscription-type service like Netflix, Apple Music, subscription food services, or gyms. Businesses with little residual income rely on transactions, such as realtors, flippers, or fee-based lenders.

In personal finance, residual income is the income you have left over after all your expenses are paid. If you make $5,000 a month in active and passive income and have expenses of $4,000, you have residual income of $1,000 per month.

Building vs. Buying Passive Income

Obviously, it is great to have high passive and residual income. The more residual income that is invested for passive income, the faster you will get out of the "rat race." Here are the two ways to generate your passive income and achieve a life of freedom.

Building Passive Income

As we start our careers and our pursuit of freedom, we may not have a ton of money or residual income to invest. In that case, you only have one choice: build your passive income. This simply means putting in your effort upfront to create something that will produce income with no further effort. Normally this means starting a business of some kind but could include creating or inventing something that people will pay for. Maybe you have an idea that can solve a problem, a book you want to write, or a song that you could write or produce. Maybe star in a movie?

Buying Passive Income

Building passive income can have a huge upside but is also hard and could come with a high degree of risk. A far easier approach is to put in effort for money, which could be as simple as wages from an employer, and then use the money to buy your passive income. If you invest your residual income into passive income-producing assets, you will generate more passive income. Continue to do that, and you will experience compounding and accelerated growth.

Best Investments for Passive Income

I understand real estate well, so I tend to lean toward real estate-backed assets to generate passive income. This includes investing in other people's projects, land leases, tax liens, private lending, or investing in a mortgage fund like ours. There are more traditional investments that will work also, such as high-yield savings accounts, bonds, dividend-paying stocks, and annuities. Each investment comes with different return expectations and risks, so it is important to look at many options and diversify.

The Role of Rental Property

I know I mentioned that rental property is not a passive investment, which is true, but that does not mean it is a bad investment. Quite the opposite. I think real estate is one of the best investments you can make. It is relatively safe, with multiple ways to increase returns, and is a great way to accelerate your financial freedom.

A Successful Strategy for Financial Freedom

A strategy I have seen used with a high likelihood of success is to own real estate while you are accumulating assets and, when ready, sell them and invest the proceeds into assets that no longer require your effort. Alternatively, own some rentals and invest in passive real estate investments for income today and to help diversify a portfolio. Either way has proven to be an effective plan to financial freedom.

Support on Your Path to Financial Freedom

Because we help both active and passive real estate investors, please let us know how we can support you on your path to exiting the "rat race."

INSURANCE EXPERT
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Mastering Coinsurance and Avoiding Costly Penalties

Adequately protecting your investment properties requires more than just purchasing an insurance policy; it involves understanding the key factors, like coinsurance, that can severely impact your coverage and payouts. Coinsurance is an industry-wide property provision that requires you to insure your property to a certain percentage of its total value, typically 80%, 90%, or 100%. If you do not meet this requirement at the time of loss, you could face penalties, which means you might not receive the full amount you expect from a claim. Coinsurance is intended to prevent the underinsuring of properties.

For Example...

Let's say you have an investment property insured for $100,000 with a $3,000 deductible. The property experiences a $40,000 loss, so you file a claim with your insurance carrier. Any time you file a claim, an adjuster will visit the property, and part of their responsibility is to determine how much it would cost to rebuild the property if it had been a total loss. For this example, we'll say the adjuster determines that the cost to rebuild is $250,000. After referring to the declarations page of your policy, the adjuster sees you have an 80% coinsurance clause, meaning when you entered into this policy agreement with the carrier, you agreed the property would be insured to 80% of the true replacement cost. Had you been carrying $200,000 or more of building coverage (80% of $250,000), you would have met your coinsurance clause. However, as you are only insured to $100,000, you will be assessed a coinsurance penalty based on the percentage you are underinsured (in this scenario, 50%).

This penalty is incurred prior to figuring in the deductible and depreciation. So, in this scenario, the coinsurance penalty would reduce your claim amount to $20,000 minus your $3,000 deductible. So, your insurance carrier would pay out no more than $17,000 for your $40,000 loss.

Avoiding Coinsurance Pitfalls

If you've ever read through your declarations page and wondered why you are insuring your 1,000-square-foot home for $200,000, the answer typically lies within the coinsurance clause. In an attempt to avoid coinsurance penalties in the event of a loss, many insurance carriers will inflate the Insurance to Value (ITV) of your property. They often do so to prevent situations in which clients, already dealing with the stress of a loss, aren't further burdened by penalties for underinsurance. The unfortunate reality is that this can lead to you paying higher premiums for coverage levels you may never need to claim.

At National Real Estate Insurance Group, we take a different approach. We work closely with each investor to determine a fair valuation per square foot for the property, ensuring coverage needs are met without unnecessary costs. We offer Actual Cash Value (ACV) coverage with no coinsurance starting at $75 per square foot. If you're looking for more comprehensive coverage, our Replacement Cost (RC) option begins at $120 per square foot, also without coinsurance.

Why Choose NREIG?

Choosing NREIG means peace of mind. Our no-coinsurance policies are designed to protect you from unexpected penalties without overpaying for coverage. With flexible coverage options and a team of experts dedicated to helping you navigate the complexities of insurance, NREIG supports you in every step of your investment journey. Learn more at NREIG.com/icor24.

Building Success with Integrity: The Importance of Values Alignment for Real Estate Investors

Achieving long-term success as a real estate investor goes beyond financial gains. It requires aligning our values with our investment strategies and practices. Values alignment in real estate investing and all of life fosters integrity and contributes to sustainable success.

On a Personal Level...

- Values alignment becomes the fuel that ignites our passion, motivation, and perseverance as entrepreneurs.
- When we align our values with our ventures, we tap into a deep well of inspiration, allowing us to weather the storms and overcome the inevitable obstacles that come our way.
- By staying true to our values, we chart a course that resonates with our authentic selves, creating a sense of purpose and direction that propels us toward success

How Do We Figure Out Our Values?

Our values often come from experiences we had during life's most meaningful events. There are some steps you can take to uncover the values you hold most dear, then use them as a foundation that keeps you grounded.

- Think about a positive experience in your life that was especially meaningful. What values were you honoring?
- What about a time when you experienced negative emotions? What wasn't being honored?

Write a Personal Values Statement

- Write 5-10 values that are most important to you.
- Which ones are non-negotiable?
- Write a value statement: "In my life and business, I will keep the core values of ______________ front and center in the decisions I make and actions I take."

Post your statement somewhere near your work space as a daily reminder to guide your pursuits.

The Benefits of Values Alignment in Real Estate Investing

Values alignment in real estate investing involves aligning our beliefs, principles, and ethical standards with the way we conduct transactions and manage properties. Examining case studies of real estate investors who have achieved success through values alignment provides valuable insights. By operating in accordance with our values...

- We establish trust, transparency, respect and long-lasting relationships with clients, partners, and stakeholders.
- People want to continue doing business with those investors who have proven a commitment to ethical conduct. As Burg and Mann, authors of the book, Go-Giver so famously said, "people do business with people they know, like and trust."
- Values-aligned investments are better positioned to align with market trends and contribute to sustainable growth, creating long-term value for both investors and communities.
- Integrating environmental, social, and governance (ESG) factors into investment strategies ensures the portfolio reflects a holistic approach to responsible investing.

The Challenges Are Worth the Commitment

Maintaining values alignment may come with challenges. Real estate investors must navigate ethical dilemmas and conflicting interests. Strategies for overcoming these challenges include staying true to personal values, seeking advice from mentors, and actively engaging in ongoing evaluation and adaptation. By embracing the journey and making conscious choices that align with our values, we can uphold integrity and sustain long-term success. By keeping our commitment to standing by our values, we can experience satisfaction and alignment, and achieve financial prosperity while having a positive impact on the world around us.

Want to align your values and get support for reaching your goals so you can live the life of your dreams? Investors often find that "going solo is so slow." While many investors are self-disciplined and directed, working with a small team helps you stay aligned with your values and fast-forwards you in accomplishing your goals. The ICOR Mastermind Program is the ideal structure to keep you accountable and on-track through a small supportive community.

What is the ICOR Mastermind Program?

The ICOR Mastermind Program is a collaboration with the Investors Network Community (INC) Mastermind Program. It is a structured and facilitated meeting with a consistent group of colleagues who honor one another's values and who share a commitment to each other's success. Think of it as meeting for coffee with a small group of colleagues, but with a focused agenda led by a facilitator. Each member gets dedicated time to discuss their goals, plans, and challenges, receiving valuable input and accountability from the group. The structure ensures that discussions remain productive, contributing to each member's growth and success.

The ICOR Mastermind is affordable for every level of investor and utilizes the INC Program's facilitator to run the group. The facilitator is responsible for organizing and managing the sessions, ensuring they stay focused and productive, and following up with procedures to keep members accountable to their commitments. The goal is not just camaraderie but specific, goal-oriented discussions and processes that propel your real estate career forward. To learn more and to schedule a call where you can ask questions and find out if a Mastermind is right for you, go to https://www.icorockies.com/mastermind-groups.

TITLE EXPERT
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Understanding Title's Role in Holding Escrow: A Crucial Clarification

In the real estate transaction process, the role of the title company is often misunderstood, especially regarding its responsibilities in holding and disbursing escrow funds. Whether it involves earnest money, funds set aside for a post-closing occupancy agreement, or any other matter requiring escrow, it is essential to understand that the title company acts as a disinterested third party. This role limits the title company's actions to that of a scrivener, ensuring that funds are only disbursed when all parties involved agree. This article delves into the importance of understanding this position and the implications it has on the parties involved.

Title as a Disinterested Third Party

A title company serves as a neutral third party in real estate transactions, which means its primary function is to follow the agreed-upon instructions provided by both the buyer and seller. As a scrivener, the title company's responsibility is to hold the funds in escrow and release them only when there is clear, mutual consent from all parties involved. This ensures fairness and transparency in the transaction, avoiding any bias or influence from either side.

Elevated Title: Your Trusted Escrow Partner

At Elevated Title, we are exceptionally well-versed in managing escrow matters, particularly those that frequently arise in investor transactions. Our expertise goes beyond just holding funds; we are committed to helping you not only close your deal but also fully understand how the disbursement of escrow will occur—or not occur—depending on the circumstances.

We recognize that investor transactions often involve complex scenarios, and our experience allows us to navigate these intricacies with precision and care. Whether it's earnest money, post-closing occupancy agreements, or other specific escrow arrangements, we provide clear, informed guidance every step of the way. It's crucial to understand these matters before executing contracts and creating escrow agreements. By working with Elevated Title, you gain not just a service provider but a knowledgeable partner dedicated to ensuring that all aspects of your escrow process are handled transparently and effectively.

The Role of Escrow in Real Estate Transactions

Escrow is a fundamental aspect of many real estate transactions, including holding earnest money, funds for post-closing occupancy agreements, and other specific agreements. Escrow provides security to both parties, assuring the buyer that their deposit is safe and ensuring the seller that the buyer is committed to the purchase.

However, disputes can and do arise. A common scenario involves earnest money disputes, where the buyer believes the earnest money should be returned to them, but the seller does not agree. In such cases, the title company's role is not to determine who is right or wrong. The title company is not a judge or jury and does not have the authority to interpret the contract and decide to whom the money should be paid. If there is no agreement between the parties, the title company will not release the funds.

Colorado Real Estate Contract Guidance

The Colorado real estate contract, specifically Section 23, provides clear guidance on how to handle earnest money disputes. According to this section, the earnest money holder must release the funds only after receiving written mutual instructions signed by both the buyer and the seller. In the event of a controversy regarding the earnest money, the holder has several options:

Wait for a Proceeding: The holder can wait for a proceeding between the buyer and seller.

Interplead the Parties: The holder can interplead all parties and deposit the earnest money into a court of competent jurisdiction, where the court will then decide the matter.

Notify the Parties: The holder can provide notice to both parties that unless it receives a copy of the lawsuit (including the case number) within 120 days, it is authorized to return the earnest money to the buyer.

This contract serves as an essential guideline, particularly for those using the DORA (Department of Regulatory Agencies) form. However, for investors or parties using different contracts, it is crucial to delineate what the title company can do if they are holding earnest money and a dispute arises. Without clear instructions in the contract, the title company is left with limited options, potentially leading to delays and additional complications.

Preparing Escrow Instructions for Non-Earnest Money Matters

For escrow matters beyond earnest money, such as funds held for a post-closing occupancy agreement, it is vital to prepare escrow instructions that provide firm guidelines. These instructions should clearly outline the conditions under which the funds will be released, establish time parameters, and specify the course of action if the funds are not released as planned. This proactive approach ensures that all parties are aware of the expectations and procedures, minimizing the risk of disputes and misunderstandings.

Conclusion

Understanding the title company's role in holding escrow is crucial for all parties involved in a real estate transaction. Elevated Title, as a neutral third party, is dedicated to ensuring transparency and fairness. By working with us, you can navigate the complexities of escrow with confidence, knowing that your interests are protected, and the process is handled with the utmost professionalism.

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Taking Back The Banking Function

In the world of real estate investing, the importance of managing your cash flow and maintaining control over your financial resources cannot be overstated. Yet, many investors find themselves with wealth tied up in traditional investments and qualified retirement plans that often carry significant risks. These traditional vehicles are frequently exposed to market volatility, leaving your hard-earned money vulnerable to fluctuations beyond your control. Additionally, the lack of liquidity in these investments can pose a problem; accessing your funds, especially from qualified retirement plans, can lead to penalties and taxes, eroding the value of your wealth. While some investors may be comfortable with these risks, understanding and owning them as part of their overall strategy, the question remains: Is there a better way to safeguard your wealth while maintaining control and flexibility

Imagine a strategy that allows you to maintain full control over your money, ensures consistent growth, and provides penalty-free access whenever you need it. This approach isn't bound by the constraints of traditional financial systems. Instead, it empowers you to become your own banker, giving you the flexibility to use your capital when opportunities arise without interrupting its growth. Imagine having the ability to fund a new real estate investment, cover unexpected expenses, or take advantage of a lucrative deal, all while your wealth continues to grow uninterrupted.

Enter the Infinite Banking Concept, a strategy coined by R. Nelson Nash, which revolutionizes the way you think about and manage your finances. The core purpose of Infinite Banking is to regain control of the banking function in your life. By becoming your own banker, in effect, you can take advantage of uninterrupted compounding of your wealth, while still having the ability to access and utilize your funds whenever you need them. Unlike traditional banking systems, where you are dependent on external lenders and financial institutions, Infinite Banking puts you in the driver's seat, allowing you to leverage your capital to your advantage. This is not just about creating a financial strategy—it's about creating a financial system that works for you, providing stability, flexibility, and growth throughout your entire life.

Imagine if you could access your wealth whenever you needed it, without the fear of penalties or market downturns affecting your plans. Imagine using your funds to seize a once-in-a-lifetime investment opportunity, knowing that even while you're using the money, it's still growing in the background. Picture a financial future where you are not only securing your retirement but doing so on your terms, with a stable and reliable source of income that you've built over time. By controlling the banking function in your life, you can create a legacy of financial freedom that extends beyond your working years, ensuring that your wealth continues to serve you and your loved ones for generations to come.

In essence, this strategy is about taking control of your financial future and using your resources in the most efficient and effective way possible. The Infinite Banking Concept allows you to navigate the complexities of real estate investing with confidence, knowing that your wealth is growing steadily, and you have the flexibility to access it when you need it.

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Would $23,000 Make a Difference to You?

Imagine discovering thousands of dollars that belong to you, only to be told you can't have it. This frustrating scenario became a reality for a woman named Dale Benerofe, a Georgia resident, when she found $23,000 in unclaimed property from her deceased parents. Her tragic story sheds light on a little-known issue that affects millions of Americans: unclaimed property.

In this article, you'll discover what unclaimed property is, how to find it, and why proper estate planning could have ensured Ms. Benerofe received her inheritance. But before we dive into her story, let's get clear on what unclaimed property is, and how it could impact you and your family.

What Is Unclaimed Property?

Unclaimed property refers to financial assets that have been abandoned or forgotten for a specific period, typically three to five years. The financial institutions can't hold on to your money indefinitely. If no one comes forward to claim the assets, the law requires these assets to be turned over to the state for safekeeping.

Typical forms of unclaimed property include:

- Forgotten checking or savings accounts
- Uncashed dividends or payroll checks
- Abandoned stocks, bonds, or brokerage accounts
- Unclaimed life insurance proceeds
- Refunds and trust distributions
- Forgotten certificates of deposit and annuities

Often, these assets end up unclaimed because someone dies and their loved ones have no idea that the assets exist. And, it's far more common than you may think, to the tune of approximately $60 billion across the US.

Consider your personal reality for a minute. If something happened to you tomorrow, would your family know exactly what you have and where to find it? Are you certain they wouldn't miss something? If you're like most people, the answer is no, you aren't certain. What you are likely certain about is that your family would overlook some of your assets if you were to become incapacitated or die tomorrow. And, if they did, those assets could either disappear entirely or end up in your state's department of "unclaimed property."

According to the National Association of Unclaimed Property Administrators, approximately one in seven Americans has some form of forgotten property owed to them. As of this writing, the total amount of unclaimed property nationwide is between $50 billion and $70 billion. You read that right. Billions of dollars. With a sum that high, it's easy to see how it's possible you, too, may have unclaimed property belonging to you.

What the Process Looks Like

Finding out if you have unclaimed property can be an arduous process. Even though you can search online, you'll go through many steps before (or if) you can receive your money. Here's what the process looks like:

Step 1 – Check multiple states. Conduct a search in your current state of residence and any other states where you've lived, worked, or conducted business.

Step 2 – Search variations of your name. Try different spellings and include your middle name or initial to ensure a thorough search. If your name has changed over the years, you must also check your former names. Again, search all variations of your name in states where you've lived, worked, or conducted business.

Step 3 – File a claim. If you find property owed to you, you must file a claim form (usually online) with the state holding your assets. You'll need to file a form in every state where your assets are held; there is no one-form-to-rule-them-all.

Step 4 – Gather documentation to prove your identity and the identity of your loved one(s). Be prepared to provide documentation to prove your identity and your right to the property. This may include proof of address (at any address you've lived), proof of name change, or proof of marriage or divorce. You'll need to provide similar documentation for your loved ones if you have a claim to their property.

Finally, be patient. Depending on the state and the complexity of your claim, the claim process can take weeks, months, or even years.

A Real-Life Experience and Cautionary Tale

Even if you take the above steps to find the property and make a claim for it, you may not be able to receive the money rightfully owed to you. This is what Dale Benefore's story can teach us.

Ms. Benefore discovered $23,000 that had belonged to her parents and should have been passed on to her after their deaths. She was surprised and excited because that sum would have made a significant difference to her and her family. So, in May of 2023, she filed a claim for the money with the State of Georgia's Department of Revenue. As requested by the State, she provided her parents' death certificates and other documentation proving their deaths. However, when the department requested her father's driver's license, she couldn't provide it. It had been long gone.

As of this writing — more than a year since Ms. Benefore filed her claim — she's still fighting for her money. She's frustrated, saying the process has been time-consuming and disheartening, and that this is not what her parents would have wanted for her. In a news interview, she claimed her "mom would be livid" if she knew what Benefore has been through.

The Easy Way to Ensure Your Assets Aren't Lost

There's an easy solution to this problem and a way to ensure no assets get lost and turned over to the government. It's called Life & Legacy Planning, and it's the type of estate planning we do. A well-crafted Life & Legacy Plan includes a comprehensive inventory of assets that stays updated over time so your loved ones know exactly what you have when something happens to you. If her parents had had a Life & Legacy Plan, Ms. Benefore would have received the $23,000 years ago, without the time and stress of fighting with the State of Georgia.

My Life & Legacy Planning process starts with education about what would happen to the assets you have, and how you want them distributed after you die. From there, we'll go through the many options available to you so you can pick the right plan that works for you and your family. We work with you throughout the planning process to create a thorough inventory of your assets that's kept private (and maintained and updated throughout your life) until your family needs it. With a Life & Legacy Plan, you have peace of mind knowing that your loved ones can't access your money while you're alive (unless you want them to), but they'll also be able to get to it easily after you're gone. No worrying about losing your hard-earned money to the government.

And if you've already created your Life & Legacy Plan with us, you already know how important it is to keep your asset inventory updated, so keep an eye out for our reminders to review and update your plan. However, if you know now that you need to update your plan due to a life change or a change to your assets, don't hesitate to call us right away.

Ready to Secure Your Assets? We Can Help

There is way too much money in the State Treasury Departments not to take notice. But by reading this article and educating yourself, you're already on the path to protecting your assets for your loved ones. We can guide you the rest of the way. Click here to schedule a complimentary 15 minute call to learn more.

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The Risks of Flash Floods After Forest Fires: A Property Insurance Perspective

Forest fires are among the most destructive natural disasters, causing widespread damage to homes, infrastructure, and ecosystems. However, the risks do not dissipate once the flames are out. One of the most insidious threats that emerge in the aftermath of a forest fire is the heightened risk of flash floods. For property owners, understanding this risk is crucial, as it can significantly impact insurance coverage and claims.

The Science Behind Flash Floods After Forest Fires

When a forest fire rages through an area, it not only consumes vegetation but also fundamentally alters the soil's properties. The intense heat generated by the fire can cause the soil to become hydrophobic, meaning it repels water rather than absorbing it. This condition significantly increases the risk of flash floods, as water from rain or melting snow cannot penetrate the ground. Instead, it rapidly flows downhill, picking up debris, ash, and mud along the way, creating a dangerous and fast-moving flood.

In a normal, vegetated landscape, plants and trees absorb water, helping to regulate the flow of water during rainstorms. However, after a forest fire, the loss of this vegetation means there is nothing to slow down or absorb the rainwater. The combination of hydrophobic soil and a lack of vegetation can turn even a moderate rainfall into a severe flash flood.

The Impact on Property

The aftermath of a forest fire can leave properties vulnerable to flash floods in ways that many homeowners might not anticipate. Floodwater can inundate homes, causing significant structural damage, and can also carry debris that can further damage buildings and infrastructure. Even properties that were spared from the fire itself can be at risk, as flash floods can occur miles away from the burn area.

In addition to the physical damage caused by flash floods, there is also the risk of contamination. Floodwater can carry toxic materials from the burn area, including ash, chemicals from burned structures, and other hazardous debris. This can lead to costly clean-up efforts and potential health risks for residents returning to their homes.

Insurance Considerations

For property owners, it is essential to understand how flash floods after forest fires can impact their insurance coverage. Standard homeowners' insurance policies typically do not cover flood damage, meaning that those in areas at risk of post-fire flash floods may need to purchase separate flood insurance through FEMA or independent markets. It's important for homeowners to review their policies and understand what is and isn't covered. Flood policy coverage does not take effect immediately; it comes with a 30-day waiting period.

The 30-day waiting period for an NFIP federal flood insurance policy doesn't apply if:

• Your mortgage requires flood insurance
• There's been a wildfire near the area
• Flood maps have changed
• Changing an existing policy

Insurance companies also consider the increased risk of flash floods when assessing policies in areas affected by forest fires. Premiums may rise, and coverage may become more difficult to obtain for properties located in high-risk areas. In some cases, insurers may require additional mitigation efforts, such as installing barriers or improving drainage systems, to reduce the risk of flood damage.

Preparing for the Unexpected

The key to mitigating the risks associated with flash floods after forest fires is preparation. Property owners should assess their risk, review their insurance policies, and take proactive steps to protect their homes. This might include improving landscaping to promote better water absorption, installing flood barriers, or creating defensible space around the property to reduce the potential for damage.

In the wake of a forest fire, the dangers are far from over. Flash floods can strike with little warning, causing widespread damage and loss. By understanding the risks and ensuring proper insurance coverage, property owners can better protect themselves and their investments from the cascading effects of these natural disasters.

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Factors That Influence the Value of Mineral Rights

Are you wondering how to buy mineral rights that will give you the best value? Trying to predict what the value of mineral rights will do can be a tricky business—a lot like trying to predict how well your favorite football team will do this season. There are lots of factors that affect prices, and some of these factors can change rapidly. However, if you want to properly assess and value your mineral rights, you'll need to take some of these considerations into account. Here are some of the top things that can influence the value of your mineral rights.

Key Takeaways

- A variety of things can influence the value of mineral rights, some of which are outside the mineral rights owner's control. Other aspects, like lease terms, can be negotiable.
- To maximize mineral rights values, it's best to negotiate leases with an experienced attorney or professional skilled in the oil and gas industry.
- Keep in mind that physical factors, like location, geography, and the size of the tract in question can impact mineral rights values.

Location

As they say in real estate, location, location, location! There's a big difference between owning mineral rights in say, Nevada versus Texas. It pays to own mineral rights in hot areas—but what is it that makes an area hot? Geography is the biggest part of it. Of course, sites near known hydrocarbon sources will be more valuable, as well as sites that feature geological characteristics that indicate hydrocarbons may exist. The types of wells drilled in these areas can also play a part in value. Right now, some of the most popular positions include the Bakken, Eagle Ford, Haynesville, Marcellus, Woodford, and Permian shale plays. For example, wells in the Delaware Basin of the Permian shale play are incredibly valuable because they generate a lot of oil and natural gas—and the geology is suited for drilling multiple stacked wells.

Producing or Non-Producing Mineral Rights?

When owning or investing in mineral rights, it's all about "activation." To benefit from mineral rights, an oil company has to produce the oil and gas minerals. This is a big factor that affects value. When minerals are being produced and monthly revenue is being generated, the mineral rights on that tract will be much higher than mineral rights ownership for non-producing tracts. When you acquire non-producing tracts, you are essentially gambling on the likelihood that those mineral rights will pay off in the future if hydrocarbons are discovered and produced. Acquiring producing mineral rights limits risk because you're not betting on whether or not a tract will produce hydrocarbons or be developed by an oil and gas operator.

Flow Rate and Well Production

Another factor to assess is the flow rate, or production rate, of the wells associated with those rights. In most cases, more production means higher revenue. But how much higher? Here are some things to think about:

- Pipeline constraints can lower the value of producing natural gas wells.
- Highly fractioned mineral rights in which hundreds of thousands of people have ownership in the same tract of land may see lower valuations. While this doesn't affect what the well produces, the lower valuation is often because of the complexities involved in managing a large pool of mineral rights owners.
- The age of the well. New wells tend to produce the largest quantity within the first couple of months, with production declining as the well ages. Declines are tough to predict since production could drop to 50% or even as low as 10% in the first year—or not!

Horizontal wells are overall projected by major oil and gas companies to have life expectancies of more than 30 years. This means that while there may be a decline within the first months or year of the well, after that, most mineral owners can expect to receive consistent income for decades.

Larger Tracts are Worth More

When oil companies are leasing mineral rights, they're trying to keep the process as efficient as possible — and it is much easier to lease large tracts of land under a single contract than lots of smaller ones. Typically, the oil company will deploy a fleet of landmen that attempt to lease an entire area. Some mineral owners may miss the opportunity to lease during this time. Nevertheless, some states have forced pooling provisions that enable the mineral owner to participate in the exploration and production of the oil and gas, which means they will still have an opportunity to collect royalties on their mineral rights. Either way, having a larger tract offers the mineral owner the benefit of a stronger negotiating position.

Oil and Gas Prices

Oil and gas prices have a large impact on mineral rights values. Values go up when commodities are high and dip when commodity prices drop. Higher prices mean more revenue for mineral rights owners from producing oil and gas wells, and the potential for oil companies to drill more wells — providing additional revenue streams.

If prices dip low enough, wells may not be drilled or they may even be shut-in if it becomes economical to keep producing anymore. Each oil and gas shale play has different economical breakeven points due to transportation costs, location, and productivity.

Extremely high prices can signal potential volatility in the market. It can be an accordion effect. The more oil and gas that is produced, the faster refineries fill up. As they fill, they'll keep accepting oil and gas — but at higher prices, because they are running out of storage room. This increases operator expenses, which forces them to reduce production.

Operators

It may come as a surprise, but operators (in other words, the company drilling wells on a tract) can impact the value of mineral rights. That's because certain operators have a reputation for being better at drilling, more efficient, with more successful wells under their belts than others. For the mineral owner, complexity can be a drawback that makes the mineral rights less valuable when working with a particular operator. This is sometimes apparent with deductions and itemized statements that come with revenue checks. It is the operator's responsibility to make sure all of this information is correct and that the mineral owner is paid exactly what is owed, but errors do happen—so it is important to verify that what you receive aligns with your lease agreement. When working with operators handling thousands of wells, errors can become more common—and it can also be more difficult to work with a busy operator to correct those issues.

If your mineral rights are currently produced or leased by an operator for future exploration and production, this can affect the value of your minerals. Mineral buyers value the operator producing the minerals as much as the location those minerals are located. This has to do with the operator's exploration efficiencies, financial strength to fulfill drilling operations, and drilling strategies. Remember, minerals must be "activated" (producing) to generate revenue.

Lease Terms

Lease terms can have a huge impact on the value of mineral rights—and that can be unfortunate in the case of new mineral owners, who are often unfamiliar with the types of leases available or the particulars within the terms. It's always advisable to hire a professional to negotiate lease terms, but many new owners are inexperienced enough to think they can negotiate terms on their own. This is where mineral rights owners can run into trouble. Some examples include:

Royalties: The royalty reservation (how much owners will receive from the revenue generated by their mineral rights) is the top influencer where value is concerned. Royalties differ by region—Texas sees a standard 25%, for instance—but many areas will see between 12.5% and 20% royalties. Negotiate too low, and your potential future revenue stream will be less, reducing the overall value of your mineral rights.

The Mother Hubbard Clause: This is a common provision in oil and gas leases. While specific terms may vary, a Mother Hubbard clause is essentially a catch-all that can allow a mineral rights lease to cover not only the land described in the lease, but also adjoining lands that the lessor owns. It can result in a situation where a leaseholder keeps a poorly performing well on the tract of land simply to hold production rights to the entire tract—including those made eligible by the Mother Hubbard clause. Naturally, this can devalue mineral rights.

The No-Deduct Lease Clause: These are worth more than cost-included leases. The typical royalty structure, with the majority of the revenue generated going to the operator, is set up as such because it is the operator who takes on risks, pays operating costs, and covers expenses. No deductions are made from the lessor's share for the costs of production, storage, processing, and so on. A cost-included lease stipulates that the mineral owner must also pay a portion of operating expenses and is less valuable than cost-free leases.

What This Means For Your Money

As you can see, there are quite a lot of factors that can influence the value of mineral rights. Some of these things, like current oil and gas prices, are outside your control, but others, such as lease terms, are negotiable. To get the most bang for your buck, pay close attention to factors like location and geography, and work with experienced professionals to help you understand more about the value of mineral rights.

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