

# REI Wealth *Monthly*

Issue 34

**RealCap** Brings  
New Real Estate Sector  
To **Crowdfunding**

Vast Inventory  
Of **Underwater Homes**  
Causing Lead Shortage

What is your **WHY?**

**CARRIE COOK**

**Here's Your Invitation To Ignite Your  
Investment Performance**

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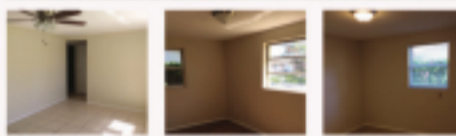


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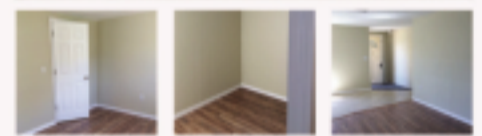
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# VERDICT: GUILTY!

BY KATHY KENNEBROOK  
(The Marketing Magic Lady)

**"** **I** *f you were arrested for being a real estate investor would there be enough evidence to convict you?"* I was once asked! I wholeheartedly responded with a resounding, "YES!" You must be able to do that which makes you stand out from your competition. As you begin your campaigns as part of your overall marketing strategy and goal, continue to diligently test and track results as you go. You **MUST** be able to determine what marketing tools work best for you in your market place in order to draw the highest number of motivated sellers to your real estate investing business.





People often ask me, "What is the best way to find motivated sellers and buyers?" My response is to do that which your competition will not and do a lot of it. Dare to be different in your approach to locating motivated sellers. Analyze, discover and continue to rediscover the best combination of marketing methods that will generate the highest number of motivated sellers for your business. Develop three to five marketing techniques that give the very best lead-generating leverage possible and devote your resources to those marketing techniques which net the very best results. As simple as it may sound--- don't spend time on something that is not productive.

Constantly test and track new marketing techniques since your market and your business will continue to change over time. In most cases, change IS good, especially if YOU plan that change. Spend time listening or reading about those who have come before you and developed marketing strategies that draw high numbers of motivated sellers to you. Spend your time and energy constantly seeking new knowledge about new combinations of marketing methods to create even more leads. Pursue innovative marketing methods in your business to bring you the highest number of motivated sellers. Be innovative. You'll get "status quo" results if you stick to the status quo!

Don't be afraid to use unusual types of marketing products such as florescent orange or pink business cards, post cards or signage to attract sellers. Use t-shirts in your business and wear them all the time. We even had a t-shirt made for our German Shepard dog. When we would take him for a walk people knew what we do for a living. "Wrap" your vehicle in signage and be sure to include a web site address. Implement several different ways to attract sellers since you will need to reach your market in a variety of ways.

Direct mail is another essential tool to use to attract lots of motivated sellers. This is a method most of your competition is not using in their business. Implement mailings on a residual basis so you are in constant contact with these sellers. When their circumstances dictate that they do so, they will want to sell to you first, even if they have been contacted by someone else in the meantime, since you have taken the time to build credibility with these sellers. Use lumpy mail pieces in your envelopes to entice your reader to open the envelope and read your message. Design your direct mail piece so different that it demands people's attention, so it gets opened and read.



Don't be worried about people who make negative comments about you or your marketing methods. You will be the one who will get "the last laugh" all the way to the bank with the profits from your real estate deals. Throw your business cards out into the bleachers when your children's team scores a point. Give business cards to

everyone you deal with on a daily basis. Write an article on real estate and submit it to your local newspaper. Offer to do a free talk on real estate for your local radio station or your local library.



Become a local expert in the real estate field and sellers will seek you out first when they need to sell.

A marketing genius once said, "Perception is more important than reality." People are more comfortable dealing with someone they perceive to be an expert in their field.

Most importantly, absolutely KNOW what your competition is doing. Literally track their every technique. Research and find out all that your competition is doing. Knowing about your competition gives you the ultimate edge over them. The more you know about your competition, the better idea you will have about your market. One of the best ways to find out what your competition is doing is to join local associations or clubs where you are likely interact with them.

There are lots of great ways for you to stand out in your business. Don't be afraid to be different. Although you will still use some tried and proven marketing techniques, those who are willing to take a little risk are the ones who are the most successful.

Believe me when I tell you, some of these lessons come from difficulties, pain, and even a couple of failures along the way. But once you make a mistake, never make that same mistake again! Different gets attention and that's what you want, to get the attention of sellers who need your services.



Very simply, if you don't let people know that you buy and sell houses, you won't! Dare to be different in your approach to finding motivated sellers and buyers.

So when someone asks you, "If you were arrested for being a real estate investor, would there be enough evidence to convict you?"

Your VERDICT must be: GUILTY!



***Kathy Kennebrook***

Kathy holds a degree in accounting and has co-authored the books- The Venus Approach to Real Estate Investing, Walking With the Wise Real Estate Investor, and Walking With the Wise Entrepreneur which also includes real estate experts Donald Trump, Suze Orman, Robert Kiyosaki, and Dr. Wayne Dyer. She is the nation's leading expert at finding highly qualified, motivated sellers, buyers and lenders using many types of direct mail marketing. She is known throughout the United States and Canada as the Marketing Magic Lady. She has put together a simple step-by-step system that anyone can follow to duplicate her success.

Kathy has been speaking throughout the country and across Canada for over 14 years and has shared the stage with Ron LeGrand, Donald Trump, Dr. Phil., Dan Kennedy, Mark Victor Hansen, Ted Thomas and Suze Orman to name a few.

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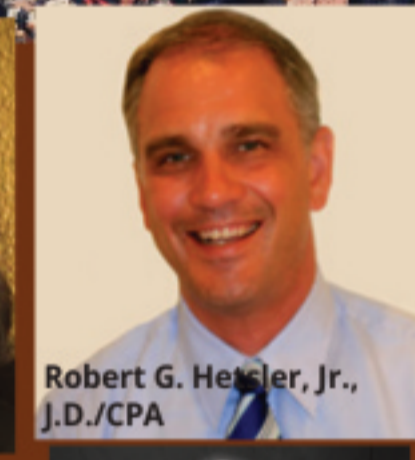
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# REALCAP BRINGS NEW REAL ESTATE SECTOR TO CROWDFUNDING

BY TIM HOUGHTEN  
FEATURING TIM SOTO



**B**lending trends in real estate crowdfunding and the need for sustainable cash flowing properties RealCap offers investors a new opportunity for putting their capital to work.

---

Real estate crowdfunding has been growing at an incredible pace thanks to increased awareness of the option, and the ease of investment it offers. This is a trend only likely to surge over the next year as the Wells Fargo scandal plays out, and investors seek safer and more profitable places to put their money than the old banks. So far much of this action has been focused on the residential sector. RealCap brings something new to the table.



Real estate may still be the best investment option on the landscape, but it is no secret that some questions about the sustainability of home price growth and affordability have been emerging. Overall sensible investors are still seeking sound investments where their capital will be safe, and which provide attractive yields, with a great outlook for ongoing performance. RealCap's founders Tim Soto and Matt Schuberg believe they've found the ideal fit in self-storage.

Self-storage may not jump out at most investors as the most prestigious asset to brag about to friends at dinner. Yet, Matt and Tim are bullish on its advantages. No one wants to be caught holding residential at the top of the market. We've already been hearing about excess inventory and slumping sales in some destinations, while other areas are feeling intense competition which keeps driving housing prices sky high. Matt Schuberg points out that "the self-storage sector remains undersupplied, even with 3,000 potential new developments on the horizon nationwide." Less competition in this sector means more value to be found, and "returns that can be as high as 8% to 15% per year." Self-storage is also one of the few recession resistant sectors which can often perform even better in tougher economic periods. When foreclosures are up and more people are moving, they need storage more than ever. Despite the popularity of reality TV shows showing the auctioning of the contents of some of these units in default, Tim Soto says that in their experience default rates are very low as people really want to preserve their belongings. And it's clearly a lot easier for a tenant to find \$50 a month to keep their prized possessions and heirlooms versus \$2,000 a month for a house payment.

Low management burden is another great perk of this asset class. Now, with the ability to partner with others via crowdfunding, the risks and demands of investing are even lower. With RealCap investors can get started with as little as \$10,000, and benefit from being invested alongside other savvy investors, and an experienced management team who is invested in their success too. RealCap invests alongside its clients in every deal to ensure motivations and interests are aligned.



However, where the RealCap team really makes a difference appears to be in its diverse and creative arsenal of value-add options. In one recent deal in California the team acquired an undervalued facility, and within 3 months had increased occupancy by around 20%. Then Tim Soto explains they dug in and improved cash flow by challenging the tax assessment and cut the tax bill by 70%. They optimized the insurance premiums, and have been leveraging extra acreage on the parcel by adding solar ports to create more income, and are looking at leasing space for cell towers.

--

Together the executive team brings together an immense amount of experience and disciplines. Tim Soto has been involved in real estate investment since 1995 and credits much of the success to the organizational and team skills developed during his service with the Marines. CEO Matt Schuberg comes from a background as a financial advisor. Though after becoming disappointed in the stock market world of vast diversification, with little real security or solid performance expectations among brokers and clients, found he could best serve others through offering solid real estate investments.



RealCap provides a Regulation D filed investment opportunity for accredited investors seeking cash flow and attractive, sustainable yields. Find out more online at [www.RealCapInvest.com](http://www.RealCapInvest.com) or simply call to have a conversation to get the details and see if crowdfunded self-storage is for you.

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**RealCap** is a Real Estate Crowdfunding company that's offering the Self-Storage Opportunity Fund for accredited investors. Our mission is to provide the opportunity to invest passively in high-quality self-storage properties without requiring large sums of capital. We acquire self-storage properties that have value to add, through improving management inefficiencies and creating additional sources of income, including solar ports for RV & boat storage, energy buy-back agreements, and cell towers. Our experience and industry knowledge enables our investors to reap the benefits of investing in commercial real estate without any of the day to day hassles.

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# VAST INVENTORY OF UNDERWATER HOMES CAUSING LEAD SHORTAGE

BY LEON MCKENZIE,  
*Managing Partner, US Probate Leads*



**P**rofessional real estate investors who are looking for properties have had a hard time finding a good supply recently. Market forces, issues with the overall banking industry and consumer perception have all created changes to the real estate industry that have certainly hampered the purchases of homes and other forms of real estate. These changes have made it difficult for real estate investors to find properties that fit the needs of their portfolio.

---

## Underwater Homes Part of the Problem

You may have heard the phrase “underwater” used in the real estate market. What it means is that the value of the property is less than the amount that it was originally mortgaged for. This is common with homes that were purchased before the recession that started in 2008. For the homeowner, this means that they are prevented from many options that would allow them to move to a bigger home or even to downsize.

When a home is underwater, the owner, in order to sell the property would have to provide the gap between the sale price and the mortgage value. Most homeowners don't have the financial wherewithal to come up with the thousands of dollars that it would cost to get out of a current property and move into a new property when they have to come to the closing table with cash.



Homeowners with properties that are underwater are also generally unable to refinance their homes as most banks require a full appraisal of the property before they will close on a new loan. When a home is underwater, the new appraisal will establish the current value of the home, which may be tens of thousands of dollars below where the home was

originally appraised when it was purchased. This means that many, if not most, homes won't be able to be refinanced.

What is the result? For the most part, homes that are underwater stay with their current owners until their mortgages are paid off because the owners can't afford to sell them. This situation in the market is a direct contributor to the shortage of real estate in the market. Trey Garrison writes, “Redfin asks what's causing the inventory crunch and what they found is that, according to RealtyTrac, more than 7 million homeowners can't sell because they're deeply underwater, meaning they owe more on their properties than they're worth. That figure is falling as rising home values put more homeowners into the black, but those same price gains, coupled with weak wage growth and tight credit, are discouraging many from selling and trading up.”<sup>1</sup>

## Overall Inventory is Well Below Average

Due to the challenges with home values, there are fewer homes on the market than need to be in order to support a strong real estate investment market. Garrison said, “Nationwide, the total number of unsold homes rose 5.3% in March to 2 million, but at the current pace of sales, that supply would be exhausted in only 4.6 months, according to the National Association of Realtors. In the 50 markets Redfin analyzed, about 30% of unsold houses were fresh as of March 31, up from about 24% three years ago. In Charlotte, where the number of properties for sale is at its lowest in at least three years, fresh listings — those less than 30 days old — accounted for only 5.5% of Charlotte's inventory as of March 31, also a low. Last month, only 55 new properties came on the market, compared with 225 a year ago.”<sup>2</sup>

This is a phenomenon that is being seen all over the country, though some areas are better off than others. The shortage in real estate inventory means that prices are increased and real estate investors are having a much harder time finding properties that meet their budgets.

Garrison goes on to say, “In Indianapolis, even a 26.6% year-over-year surge in new listings in March wasn’t enough to replenish depleted inventory. Inventory is so low in Oakland, Denver and Dallas-Fort Worth that fresh listings abnormally accounted for a larger share of inventory last month as buyers whittled away at less-desirable properties and builders raced to keep up with demand. Dallas-Fort Worth added more than 100,000 people between 2013 and 2014. Last month, there were 14,332 fewer properties for sale than in March 2012. New listings fell more than 27%. ‘All the desirable properties are



getting snatched up in three days. The ones that are left become our stale inventory,’ Dallas Redfin agent Connie Durnal said. ‘It’s driving the prices up and increasing multiple offers. I don’t see it ending.’”<sup>3</sup>

California is one area that is seeing both contraction and expansion in real estate inventory. Nick Nisperos writes, “Sales growth could be stiff where inventory is tight, experts said, such as the San Francisco Bay area. But in less expensive areas, such as the Inland Empire, demand will remain strong thanks to solid job growth in warehousing, transportation, logistics and manufacturing, experts said. John Husing, chief economist for the San Bernardino-based Inland Empire Economic Partnership business advocacy group, said sales are ‘gently rising’ during the economic recovery. ‘I think what is starting to come online a little bit more is migration from the coastal communities because a large share of the market has been priced out of the ability to buy anything,’ Husing said. ‘I think we’re going to start to see more of that migration with the economy of Southern California as a whole strengthening and the inability of a very wide percentage of the population to afford housing in Los Angeles, Orange and San Diego counties.’”<sup>4</sup>

Certain geographical areas are seeing a rise in prices due to low inventory and other areas are more affordable. What is happening in California is typical of what is happening throughout the country.





## Slow Construction Another Factor in Lead Shortage

The shortage of homes on the market has also been impacted by slow construction. Decreased construction means that there are fewer new homes for people who want to move into another form of housing. Construction has been slowed by a lack of demand as well as challenges for builders in finding financing in order to move forward with new developments. Garrison writes, “Builders haven’t kept pace, either. They’re breaking ground on 1.07 million houses, condominiums and apartments a year, but the U.S. requires between 1.6 million and 1.9 million new units just to accommodate population growth and household formation, according to the Harvard Joint Center for Housing.”<sup>5</sup>

New construction is an important way for the real estate market to create opportunities for people to move. When enough new construction isn’t being created, then it decreases the overall amount of housing inventory for possible buyers and sellers, driving prices upward as supply slips. Memphis is a prime example of where new construction has taken a nosedive, resulting in fewer leads overall for the total area and forcing companies to take radical steps

in order to continue to build. Not only is there shortage of homes being built, but a shortage of lots on which to build them. Amos Maki writes, “The lot situation in Shelby County is getting critically low,” said David Goodwin Jr., owner of David Goodwin Jr. Cos. LLC and president of the West Tennessee Home Builders Association. ‘We know what the problem is. There is very little coming online as far as new developed lots are concerned.’ Some builders, including Grant Homes, even waded into the development world, developing lots and other subdivision infrastructure that developers normally handle. ‘Quite frankly we’d rather be a homebuilder but right now we’re a developer, too, because we need lots to be able to build on,’ said Kim Grant-Brown of Grant Homes.”<sup>6</sup>

With a slowing of growth of the economy, fewer lots to build on and homeowners that are underwater, the stage has been set for investors to struggle in finding new homes and properties to add to their portfolio.

## Probate, Divorce and Bankruptcy Lead Sources Offer Hope to Real Estate Investors

Savvy real estate investors have come to the conclusion that current market forces are not that favorable in the traditional market. There are other



ways to find properties that do fit within most investors' criteria. Probate leads are one of the most popular and productive ways for investors to find homes and commercial property that can be purchased at a discount. When a loved one passes away, an Executor takes charge of dispensing with the personal property that has been left behind, as ordered by the court system. Due to the fact that items need to be sold to pay for funeral expenses, medical bills, taxes and unpaid credit cards, Executors are generally more than happy to sell property for thirty to fifty percent off.

Divorce and bankruptcy cases are another area where investors can take advantage of discounted prices. Like Executors, those going through a divorce or a bankruptcy may be ordered by the court to sell a certain amount of assets in order to complete the case. Many times, the owner is happy to let these go for a discounted price so that they can move on with their life. It is important to note that the language used in these types of purchase agreements may be different than the typical forms used. Check with your attorney to ensure that you are comfortable with the requirements of the court.

## **Finding Probate, Divorce and Bankruptcy Leads**

Do you need to go to your local courthouse and spend hours digging through filings? Smart investors use a lead service to avoid this frustration and streamline the process. Professional lead services can deliver the results of a specialized search in your area directly to your inbox on a weekly basis, giving you the information you need to begin to evaluate these properties and connect with the individuals who are the current owners.

Using a lead service allows you to concentrate on the money making end of your business – evaluating properties, making deals and getting estimates completed. This is especially critical when you are starting your business. A lead service can provide you with a steady stream of viable, timely leads that will help you to find the best properties in the area to add to your portfolio. In addition to residential homes, a lead service can help you find businesses, vacation homes, vintage cars, antiques and other personal property that can be purchased and resold.



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**Sources:**

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### **Some Facts about Probate**

- ✓ ~ 6 million unsettled probates every minute of every day in the United States, Estimated value of \$600 Billion.
- ✓ Over two million new probate cases open each and every year
- ✓ 95% of Probate cases have some type of personal property opportunity.
- ✓ 70-75% of probate cases have some type of real estate opportunity
- ✓ Within 4-6 months of filing more than 40% of the properties in the probate estate will be sold
- ✓ More than 20% of the Executors are out of county and many need local assistance

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# WHAT IS YOUR WHY?

BY GRANT TREVITHICK

**A**re you interested in becoming a real estate investor? Do you want to be your own boss? Keep all the fruits of your labor for yourself, instead of making some company or someone else rich? Do you want the freedom of owning your company, working whenever you desire?



Most of us have watched the TV shows of other people buying and flipping houses. It is amazing to see that someone can search an entire city, find the property they want, do the research to determine what the offer should be, negotiate the deal to purchase the property, secure the financing, close on the purchase, prepare the repair budget, do all the repairs, market the property, find the buyer, negotiate with the buyer, and negotiate all the requirements to finally get to the closing table. It is amazing that each of these investors do all this in only 50 minutes, with 3 to 4 commercial breaks, and always seem to make a lot of money out of each house.

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Wow, if it were that easy, I would want to jump into the game as well. It surely would beat having to get up each day and head into an office, attend meeting after meeting, make nice with an incompetent boss, do all my work, and then go home and do the same thing every day for the rest of my life. That does not sound like fun... so perhaps we can escape this trap by being a real estate investor. After all, I can make as much money as I make in a year doing 3 to 4 houses, at least according to the television shows.

WRONG!

Virtually every real estate investor that I have ever met only talks about the glamorous part of the business. They only talk about how much money they make and how much fun they are having. First off, most of the ones that do the talking are the ones that have never bought or sold a house (at least according to my experience).

The reality is there are two types of real estate investors: the normal real estate investor and the successful real estate investor.

The normal investor attends a lot of classes and reads a lot of books or online. They may even sign up with one of the local or one of the traveling mentors / gurus. They attend a lot of the networking groups for investors. They may look at several properties, but have never pulled the trigger to actually buy one. They talk a good game, but are more of the posers than the doers.



Then you have the 1%. Yes, only 1%. The statistic that I heard many times is that the top 1% of all real estate investors make 98% of the money. My experience proves this out. We have trained thousands of people, while we have one of the industry highest success rates for those that have attended our training (a lot of our students ended up buying houses), yet very few of them have the dedication that is required to truly be successful.

To be a successful investor, you must know What Is Your Why? Why do you want to become an investor? Are you doing this to escape a boring and a mundane life? Are you doing this just to become rich? Why do you think that you want to be an investor?

Are you willing to work hard? Are you willing to work 6 days a week, and sometimes 7? Are you willing to work on the holidays? Are you going to be available to do business whenever your clients are ready? (My definition of an entrepreneur is someone that is willing to work 100 hours a week so you do not have to work 40.)

Are you willing to fail more times than you succeed? Are you willing to be discouraged and disappointed?

Are you willing to spend hours and hours in your car each day? Leaving early in the morning and get home late in the evening? Are you willing to put 30,000+ miles on your car / truck each year?

Are you willing to work when it is 105 degrees in the summer? When it is thundering and raining? How about when it is 5 degrees and snowing? Or icing?

Are you willing to clean out dirty nasty houses? Dealing with flea and bed bug infested houses? Drug houses? Are you willing to clean dirty kitchens, with food left over for weeks or even months? Scrub toilets that just plain nasty and disgusting?



Are you willing to listen to the most heartbreaking excuses and still ask someone to get out of the house? Are you willing to spend thousands of dollars on lawyers taking houses back when the seller uses the law to avoid paying their mortgage payments and yet do not want to move out?

Are you willing to be discouraged, wonder if you will ever buy and or sell another house again, feel like a total failure? And still get out of bed each morning and do what has to be done?

Funny, they do not show that part of the business on television, do they?

If you cannot answer, "absolutely, sounds like fun" to each one of these, then real estate investing is not right for you.

If you can think of anything else to do that would allow you to reach your goals, then my best advice is forget being

a real estate investor and pursue that other avenue. If, on the other hand, you cannot imagine doing anything else, then perhaps you might have what it takes to be successful.

Real estate investing is a marathon, not a sprint. If you do investing right, it is not a get rich quick scheme. Working our model, you can become a millionaire in a short period of time, if you are willing to work hard enough and run the business in an honest manner.



But only if you know your Why. And only if your Why is strong enough.

For me, I love helping people. In our company, our first and primary goal is to always put our clients first and do whatever we can to help them. We buy houses that people are trapped in, giving them the financial freedom move on without the burden of their mortgage. We then sell those houses to good families that desire to have a part of the American Dream, owning their own home, but cannot get a mortgage from a bank (for whatever reason). We help investors by realizing their dreams of becoming a successful investor. And last but not least, we donate the first ten percent of all our profits to charity to help those less fortunate.

That is my why. That is what yanks me out of bed every morning, excites me to make each day as full as I possibly can, with me ready to contribute and help as many people as possible. Of course, along the way we make enough money to become financially comfortable, but our Company never makes money our number one priority. And I think that is what makes us successful.

What is Your Why?

### ***Grant Trevithick***

Grant Trevithick, after a successful career in EDS and AT&T, is now the owner of Owner Finance Homes LLC and Owner Finance Academy LLC. Owner Finance Homes LLC operates throughout the Dallas-Fort Worth area in Texas, buying houses and selling with owner financing. Owner Finance Academy trains people to become real estate investors using owner financing. The Company is accredited by the Better Business Bureau with an "A+" rating. lenders.

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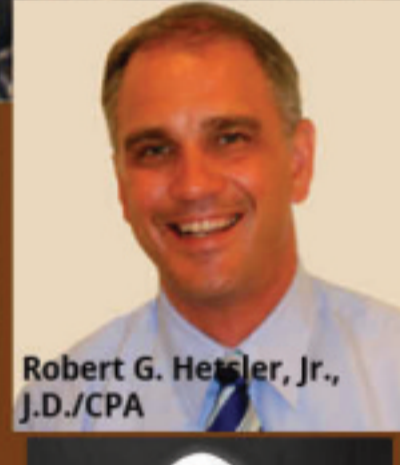
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# HERE'S YOUR INVITATION TO IGNITE YOUR INVESTMENT PERFORMANCE

BY TIM HOUGHTEN  
FEATURING CARRIE COOK

**S** *till looking for better investment performance? How does \$1M in tax free returns sound?*

Securing strong investment yields is still one of the top priorities of all investors out there today. Of course big promises alone can't be the single driving force behind investment decisions. Otherwise we'd all be off to the casinos in Vegas to go all-in on every next roll of the dice, and financial planners would be out of business. Returns are important, but so is diversification, tax planning, and finding sustainable investments.



## The Search for Sound Investments

Finding sound, profitable investments and enough of them can be challenging.

Some have very diverse stock portfolios, yet really have no idea what to expect from their performance. Many have added owning a home to their assets, and hope to gain from equity growth as they pay down their mortgages. Some take this further with direct investment in rentals. Rental homes can provide similar benefits to homeownership, but can also bring significant time demands and expenses. Then there are REITs, which promise ease of investing, but provide no collateral and present the same high volatility risks they are exposed to in other stocks.

Then there is trust deed investing. This may also be called 'note investing' or private lending. This is a sector loved by sophisticated individual investors and institutional investors for its simplicity, strong collateral, and of course the yields. These are the types of investments which have made the likes of Warren Buffett, Sam Zell, Blackstone, and Bank of America very wealthy.



President of Ignite Funding, Carrie Cook says it's entirely "possible to invest \$100k at 10% in mortgages for 25 years, and reap \$1M in tax free returns."

## Ignite Funding

This is exactly the type of investments Nevada based Ignite Funding specializes in. Ignite Funding has been featured on Modern Living with Kathy Ireland and Bloomberg Television. Led by president and woman entrepreneur Carrie Cook the firm has been providing these elite investment opportunities for 21 years.

Ignite Funding offers qualified investors the ability to participate in their success by funding high quality borrowers in the real estate space. These trust deed or mortgage investments provide cash flow, above average yields, and the security of being backed by tangible real estate collateral.

Some big funds and new note brokers have recently made this space popular in heralding the benefits of investing in distressed debt and non-performing existing loans. In contrast Carrie explains that Ignite focuses on issuing new capital to strong builder developers with great track records. Specifically the firm's president explains that they carefully curate

“a pool of highly prized borrowers who have been in business for at least 10 years.” In fact, this lender-broker does not even operate a borrower facing platform. They seek out those they see are the most qualified. If builders do find them Carrie says they “accept only around 20% of the requests received.” The funds are used for acquisition, development, and construction, and target a 10% to 12% annualized return to investors.

## This is NOT Wells Fargo

Among the refreshing differences that investors will find at Ignite Funding is a serious dedication to sustainability and transparency.

Those are words which are easy for companies to spout out these days to capitalize on trends. But this company proves it by really putting the information out there. Other CEOs, especially in this male dominated field might deem some of this transparency clearly unnecessary and going too far. Yet, it is clearly in favor of the investors, as it holds their asset manager to a high standard and ensures they are working hard to deliver the best results today and over the long term.



Some of the ways you'll see this displayed via the firm's website include a calendar of deals being funded, five years' worth of detailed performance documentation, and even information on defaults. That's right; no matter how diligent and careful you are some loans will default. Some big banks have become infamous for how they hide this information for so long. Not here. Carrie Cook's team clearly displays any default information, along with the cures. The data is encouraging too, with the company recouping over 100% of investor capital even in some of the worst performance cases displayed. Carrie credits this success not only to the investors and borrowers involved, but her teams attitude of being willing to “run into the fire, not from it,” as well as the consolidated approach of completely in-house operations from origination to servicing and loss mitigation.



## Who is Investing in Trust Deeds?

In addition to the very visible and notable examples of big funds and billionaires who invest in this asset class, there are a growing number of private individuals who are experiencing great results here.

Ignite Funding accepts a minimum investment of \$10,000, though Carrie says “around 75% of clients are using their IRAs to invest,” which means they can invest a lot more. However, one of the best features here is that while adhering to Nevada’s strict sustainability standards, this type of collateralized investment is open to those earning just \$70,000 or more each year, providing they are not investing more than 15% of their net worth.

For those interested in learning more about trust deed investing, how Ignite Funding protects its clients with multiple layers of security, and who want to soundly diversify their portfolios find out more online at [IgniteFunding.com](https://ignitefunding.com).

[Disclaimer: Money invested through a mortgage broker is not guaranteed to earn any interest and is not insured. Prior to investing, investors must be provided applicable disclosure documents. Ignite Funding, LLC | 6750 Via Austi Parkway, Suite 230, Las Vegas, NV 89119 | P 702.739.9053 | T 877.739.9094 | F 702.922.6700 | NVMBL #311 | CACFL #603J286 | AZ CMB #0932150 and AZCMBBR #0121055.](#)

# Real Estate Investing



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## Dennis Henson's Single Family Fortunes



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## **GREAT New Feature on SingleFamilyFortunes.Com "Folders"**

Each month a new folder is added to this training site!! For example --If you're going to do a "Subject To" deal, you not only need to know what forms are needed, you also need those forms.

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# SO MANY WAYS TO BUY

## *(Part 1)*

BY BRUCE KELLOGG



### #1 – Cash Purchase

This is the simplest method: write a check, wire the funds, etc. But more needs to be known etc.

a) The investor needs to calculate their percent cash return on their cash invested in order to compare with other investment opportunities in front of them. b) When buying with cash, try for a price discount. Don't pay "retail" unless you have to. c) After buying with cash, take out a credit line on the property for security if times get tough. Credit unions are good for this. In tough times, banks often reduce or cancel credit lines, which makes banks unreliable when you need them.

---

## #2 – Assume an Existing Loan

This involves applying to the existing lender to replace the existing borrower. You will have to qualify as a new borrower, and pay fees. In this low interest rate environment, it can be preferable to simply assume the loan. Some commercial and private loans are assumable as well as institutional loans on 1-4 residential units.

## #3 – “Subject to” an Existing Loan

Unlike formally assuming an existing loan, this method involves taking title to the property without disturbing the loan, and just start paying on it. Conceptually, it is simple, but in practice it is not. Most loans nowadays are “due on sale”, so if the lender finds out the property was transferred, they can “accelerate” the loan and call it “due and payable”. They have the right to foreclose if they are not paid, or a satisfactory arrangement made.



## #4 – Create Financing

When a property is purchased, the numbers have to add up. If the down payment and the existing or new loans do not equal the purchase price, then financing has to be created. Often, the seller will agree to “carry back” a created loan for the buyer to complete the purchase. This “note” can be sold, often at a discount, or borrowed against by the seller, so they are not stuck with it. Or, they might like it and keep it in their pension fund, for example. The terms of the loan are whatever the parties agree, as long as the terms are legal.

## #5 – Create a “Wraparound” Loan

One really useful created loan is called a “Wraparound” or “All-Inclusive” loan. This is where a loan is created that “wraps” or “Includes,” the existing loan(s), which the buyer executes in favor of the seller. Usually, the “wrap” includes the part of the purchase price that is unpaid by the down payment. It’s basically the “carryback” amount due to the seller over time.

There are a couple of benefits to the “wrap”. First, it is a useful way to work with a “subject to” transaction, described above as being somewhat complicated.

Second, if the “wrap” is written at a higher interest rate than the loan(s) enclosed in it, the seller will receive excess interest above what he is paying out. Yields can be high with a “wrap” this way.  
million.

## **#6 – “Creative” Financing**

This is where real estate gets “creative”. By legal definition, personal property is any property that is not real property. Examples of personal property are cash, corporate stock, gemstones, art, vehicles, promissory notes, and so on. How about, instead of cash, use other personal property for the down payment? A 4 carat diamond was used to purchase the Mt. Diablo Hotel in Contra Costa County. A mid – 1930’s 40 foot wooden motor boat (gorgeous woods) was used to acquire a triplex in Redwood City. How about a travel trailer for a down payment? Anything goes, sometimes!

## **#7 – Funds From a Whole Life Policy**

In most cases, it is possible to borrow from a “Whole Life” insurance policy and use the funds to buy real estate. This can be investigated by reading the terms of the policy, and then discussing this with the company. Repayment will be required, and reasonable interest will be charged, but it’s a good source of funds.





## #8 – Invest Using Your IRA

Now that interest yields have been low for so long, people are moving to invest in real estate using their Individual Retirement Account (IRA). Investments can be made in real property or personal property such as notes, coins, paintings, securities, and so on. Basically, the method is to move your IRA account to a “custodian” and have them buy, manage, and sell your properties at your direction. Custodians are plentiful on the internet, and they have literature galore. Leverage by borrowing from banks can be used to enhance the return in your IRA. Your custodian can steer you to banks that offer to do this.

## #9 – Cash to New Loan

The most common method of purchasing real estate involves the buyer putting up a cash down payment, then qualifying for a new, long-term “purchase money” loan from a bank, credit union, or mortgage broker. Sometimes, the seller will make (i.e., “carry back”) the loan. Usually an institution will fund the loan and either keep it in their portfolio, or, more

often, they will bundle it with others and sell it as a security on Wall Street. This replenishes their lendable funds.

Down payments vary. Commercial loans are usually 20 – 40% down, depending upon the lender’s guidelines and risk assessment. Owner-occupied, residential loans can be as low as 0 – 3.5% with mortgage insurance usually required. 1 – 4 unit investment properties typically require 20 – 25% cash down, but no mortgage insurance. Lenders’ programs vary widely, including rates and fees, so comparison shopping is recommended.

## #10 – Gifting

Purchasing as described in #9, above, many times offers the opportunity for the borrower(s) to receive a gift of money toward some, or all, of the required down payment. Acceptable donors include “a relative”, defined as a spouse, child, or other dependent, or any other individual who is related to the borrower by blood, marriage, adoption, or legal guardianship. A fiancé, fiancée, or domestic partner can also donate.

Lenders will want a “gift letter” signed by the donor stating that repayment of the gifts is not required. Many lenders will require proof of the funds being transferred, so it is important to learn the lender’s requirements prior to transferring funds around.

*(Read Part 2 in the Next Issue.)*



***Bruce Kellogg***

Bruce Kellogg has been a Realtor® and investor for 35 years. He has transacted about 500 properties for clients, and about 300 properties for himself in 12 California counties. These include 1-4 units, 5+ apartments, offices, mixed-use buildings, land, lots, mobile homes, cabins, and churches. He is available for listing, selling, consulting, mentoring, and partnering. Reach him at [brucekellogg10@gmail.com](mailto:brucekellogg10@gmail.com), or (408) 489-0131.



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# ENGAGING IN REAL ESTATE IN THE NEW ECONOMY

BY AUTHOR

**H** *ow should we be engaging in real estate in the new economy?*

What is the best way to invest in real estate in the new era we are in now? How might new political and economic factors impact our incomes, wealth, lifestyles, and ability to invest? How can we navigate the new landscape successfully regardless of age, current finances, and where we are on the map?

## **The Trump Card, The Data & The Digital Life**

The U.S. presidential election is finally behind us. Love the result, or not, at least it has eliminated much of the uncertainty which has kept investors and consumers on the sidelines for the last year. While it's pretty clear that not everyone is excited about the new choice of president, most have to agree that at least Trump is expected to be good for real estate. Exactly how the new White House administration will impact the American and international economy will depend a lot on if people are able to put their differences down, and get on with embracing the opportunities, as well as how much of what Trump campaigned on is actually realized. So, while we can reasonably expect four good years of real estate growth and perhaps lower taxes as well, there is still some uncertainty.

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Millions of individuals are also facing a lot of uncertainty in their personal finances and incomes too. The horizon might be a little brighter today for those getting into real estate, but many jobs aren't going to be around in the next 10 or 20 years. One Oxford study predicts 80% of current jobs will become redundant thanks to robots and digital roles in the years ahead. A White House report covered by the Huffington Post says there is an even higher likelihood that your career or job role will be extinct in the next few years if you make \$20 an hour or less. There is an over 40% chance your job will be replaced by technology if you earn \$40 an hour. The big concern is that at some point the current middle and lower class just won't be able to catch up. Via Inc., Grant Cardone argues that being a millionaire is the new middle class. That leaves a lot of catching up to do for millions of Americans.

Education and training is recognized as key to helping individuals change this dynamic and stay ahead of the curve. Yet, what you learn makes all the difference.



I guess the only things we do know for sure right now is that both millennials and older generations facing retirement are struggling. 95% of Gen X and Boomers are not financially prepared or on track for retirement. Even millennials coming out of college are getting started with a serious handicap. Harvard data shows over 40% of college students having student loan debt. 57% say it is a "major problem for them." According to a Forbes survey over 30% of college grads say they wouldn't have gone to college if they knew how much it was really going to cost. As of 2016 43% of student loan borrowers weren't paying their loans.

What we have is an intense and urgent need for individuals of all ages to learn new skills that will help them financially, and real estate is clearly one of the only sectors in which most can really be confident in delivering on that.

## A or B?

While there are some individuals and couples with high paying jobs, and some form of reasonable nest egg, the Federal Reserve reveals that the average working age couple in America only has \$5,000 saved for retirement. Market Watch suggests at even 10x that most won't financially survive their first big medical bill. And at an average of just over \$12,000 a year, don't expect Social Security to go very far either.

So what do you do? How do you get started investing in real estate without a large amount of capital?

There are a number of options out there. But to make it really simple; there are two main paths available to everyone from millennials to boomers.

## A. Real Estate Wholesaling

Real estate wholesaling is all about getting in, getting out, and getting paid. It can help you generate cash quickly, and in lump sums. It is more on an active form of investment, yet it completely scalable as a business model. Some have even mastered doing it virtually using new digital tools. If you have some time, but are light on capital and credit, this can be a great choice. It's even great if you are bearish on the future of the economy and real estate market. Once you've made some money in wholesaling you can just grow what you've built, or start adding in other strategies too.

## B. Partner Up

Wholesaling might not be for everyone. It is simple, but some people just prefer more passive investments. Maybe you've got a great job, are still on college, are already retired, or are working on a nonprofit cause you are really passionate about, and just don't have time to be out there searching for deals, fixing them up, and flipping them. Or perhaps you just want complete time and location freedom while money works for you. If that sounds like your deal then partnering up is probably for you. You can partner up with others who will do all the work of finding properties, making offers, rehabbing, placing tenants, and property management, and just get a healthy return on your money. You can do this by teaming up with your friends and family, finding a mentor, going in on a joint venture with other investors just like you, or putting your money to work in private lending. There are lots of opportunities here, and some in which you can get started with just \$10,000 or less.

## 7 Steps to Success

I know it sounds easy when laid out in a magazine like this. Then it can be easy to get distracted, and if you want them there are endless excuses not to take the action to get started. So we've just done something new at Black Belt Investors to pave the way to success for you.

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Aside from just unveiling our newly redesigned website at [BlackBeltInvestors.com](http://BlackBeltInvestors.com), we've launched a power-packed online training center, and the 7 Steps to Success program. The Dojo is our online training center which offers access to constantly updated training materials for wholesaling, building a business, and creative deal structure. 7 Steps is our newly designed path which streamlines the way for investors to get started, and to grow from wherever they are now, to where they want to go. It's highly focused and customizable so that you can hit your goals and breakthrough them fast.

As a special bonus to you reading this you can also hop on the website and download a free copy of my latest book Remote Rehabs.

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# REALTY 411 HEATS THINGS UP IN FLORIDA

BY AUTHOR



**W**ith live events in Miami, Fort Lauderdale, and Tampa this year, our real estate leaders have been heating things up in the Sunshine State.

Realty 411 Magazine and Real Estate Wealth events brought together top real estate and finance minds, speakers, and hundreds of investors at some of Florida's most fabulous destinations. We took over Miami Beach. In Fort Lauderdale it was the stunning Westin on the beach, and then on to rapidly growing Tampa, FL.

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Florida real estate really offers so much value, and it was so exciting to see our panel bring even more value to the table, as well as the hordes of investors who came to learn, invest, and take their wealth game to the next level. Just some of those who helped make this a fantastic year in Florida included this collection of innovative advisory firms, speakers, real estate experts and financiers.

Real estate coach and trainer Laura Al Amery of REI Lab graced the stage with her presence, providing great insight into the best ways to flip houses and fund deals in today's market. Rebecca Rice was on-site with us in Fort Lauderdale. Her firm offers a unique system for finding up to 80 different ways individuals are losing money, and using those funds to leverage America's most powerful companies to create more cash and wealth.

Michael Poggi of Millionaires Investment Group talked to us about he has tapped into a highly profitable new niche which leverages Walmart's commercial real estate traffic to create strong cash flow yields. Antonio Lopez of BREIA announced its expansion into Miami-Dade, as well as a range of discounts with major suppliers and home improvement stores, and connections to funding for lines of credit for members.

JP Morgan revealed how Harbor City Capital spoke on his company which pioneered a new way to invest into the massive multi-billion dollar online marketing space. Mike Mathe was on hand to provide more detailed information

into his fast growing brand Little Pink Houses of America and its franchise opportunities which work on an executive lease purchase model. Fuquan Bilal of National Note Group unveiled his first book Turning Distress into Success, and is currently preparing to launch his second 'The Tire Kicker'. Sensei Gilliland spoke in Miami, diving into the tactics and strategies for investing in real estate, and has just launched a free ebook for investors on his website for those interested in Remote Rehabs and how to invest out of state, profitably.

Other experts in attendance included; Manny Singh, Todd Dotson, VIP Financial, Fortune DNA, and the local Chamber of Commerce.

It's going to be exciting to see how our hundreds of investors in Florida use this information and resources to increase their wealth and have a positive impact on their communities over the next year! As well as seeing which great speakers, educators, and innovators will be joining us at our lineup of power-packed Florida events in 2017.



Florida is full of promise. In addition to its sun-kissed coastline, swaying palms, and sparkling beaches there are strong homestead protections, no state income tax, and a diverse set of fundamentals driving the economy. And yes, Florida has tech too! We'll be there in the New Year, and hope to see you there too!



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- |  |   |  |
|--|---|--|
| <ul style="list-style-type: none"> <li>• Cleveland, OH<br/>Starting in the Mid \$40's<br/>Cap Rate 14%<br/>Strategy: Heavy Cash Flow &amp; Appreciation</li> </ul> | <ul style="list-style-type: none"> <li>• Kansas City, MO<br/>Starting in the Mid \$60's<br/>Cap Rate 9%<br/>Strategy: Cash Flow &amp; Appreciation</li> </ul> | <ul style="list-style-type: none"> <li>• Phoenix, AZ<br/>Starting in the Upper \$70's<br/>Cap Rate 3% - 5%<br/>Strategy: Appreciation</li> </ul> |
| <ul style="list-style-type: none"> <li>• Indianapolis, IN<br/>Starting in the Mid \$60's<br/>Cap Rate 3%<br/>Strategy: Cash Flow &amp; Appreciation</li> </ul>     |   | <ul style="list-style-type: none"> <li>• Toledo, OH<br/>Starting in the Low \$40's<br/>Cap Rate 12%<br/>Strategy: Cash Flow</li> </ul>           |



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# BETTER TENANTS, BETTER PRICE, BETTER LIFE – RENTVEST

BY SPENCER CALDWELL

**R**entVest is out to upset the traditional property management mindset. The results show they are doing very well at accomplishing that mission.

In an exclusive phone interview with RentVest co-founder Spencer Caldwell filled in Realty411 on the property management firm's great growth and unique approach to serving rental property investors.

As of Q4 2016 RentVest had expanded from Phoenix to Tuscan,

Las Vegas, and Texas. The company soon expects to be nationwide. We've all got big goals, but this firm seems to be achieving great traction with new pricing structures, personalized service, and by integrating new technology.

## **\$80 a Month Flat Fee Property Management**

The biggest and most obvious draw to using RentVest for rental property investors is the firm's pricing. Spencer says there are many

advantages to this industry disrupting flat fee structure. Not only is \$80 a month a very attractive rate by most standards, it covers all properties in all price ranges. Mr. Caldwell asks "why pay more for your more expensive properties? It doesn't cost a manager any more to handle a \$5,500 per month rental, than a \$500 rental." Of course, most services do charge thousands more. And yes, this is full service property management, including placing tenants, rent collection, making sure units are rent ready, accounting, etc.

## What's Different

In our interview the company spokesman explained that they are able to offer this deal, without sacrificing service thanks to a variety of efforts which streamline the management process and make it more efficient.

This is investor-centric management, operated by executives who have been real estate investors themselves. Spencer and his firm Gentry Real Estate are well known for buying and assisting other investors with acquiring foreclosure properties at trustee auctions. This perspective enables them to take the pain out of owning and managing rentals by understanding investor concerns, in tandem with the intuition needed for successful management that only comes with years of experience.

One of the firm's mottos is "Better tenants, better price, better life." Spencer explains that this begins with thorough renter screening. He says "there are plenty of tenants out there. It just makes sense to select the best quality tenants to ensure great performance." That means background checks to screen out those with past felonies, past evictions, low credit scores.

RentVest has also optimized communications and relationships on both sides by increasing connection and responsiveness with dedicated management reps. Dedicated managers are assigned to a certain number of properties and have a direct connection with both the tenant and owner. You get to know them by name, and can reach your direct contact by email, and phone.



## Geeking Out the Property Management Industry

Obviously, managing such a vast portfolio and providing great service at these low rates couldn't be done without some great technology. Spencer explains this is empowered at a high level at RentVest thanks to having an in-house tech team and full time programmer to custom code solutions. people.

This includes providing owners and renters a live online dashboard which is updated in real time. Owners are able to watch as the rent comes in, maintenance requests are received, and how fast they are dealt with. Tenants can pay their rent, see that their concerns are being addressed, and know when maintenance contractors are scheduled to come out. Additionally, the firm creates videos of properties on move-in and out which both serves landlords and squashes any disagreements over tenant deposit refunds.



### When to Call

One of the biggest challenges for rental property investors today is that they reach out for property management help too late in the game. Spencer says they will receive calls from rental property owners with vacant properties, and perhaps are just finding out that their salesperson overestimated the potential rent by \$400 a month, or may have forgotten to highlight the \$500 a month in HOA dues which completely erodes cash flow.

RentVest Property Management welcomes investors to call or email with their scenarios even before they purchase new properties. They'll help evaluate your deal, and can provide a third party set of eyes to advise on how quickly a property can expect to be rented, what realistic rents are, and what features may be pluses or minuses when it comes to marketing for renters.

Find out more online today at [www.RentVest.co](http://www.RentVest.co)

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# “QUEEN CITY” COULD SOON RULE RENTAL REAL ESTATE

BY CAROLE J. VANSICKLE ELLIS



**C**incinnati, Ohio, the “Queen City” of the Midwest could be ruling the national rental scene if recent projections prove accurate. The third-largest city in Ohio spent time in the early 19th century as a boomtown and was, at one point, the sixth-largest city in the country. However, the population of the area has been in a decline since the 1950s, only recently starting to increase very slightly (less than one percent) at the time of the last census (2010). That growing population, it appears, is looking to rent, and for investors that means that Cincinnati, with its affordable cost of living, extremely attractive real estate market, and projected skyrocketing rental rates could be a good place to get in on the action early and soon.

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## The Numbers Game

According to Q3 reports, Cincinnati's rental market is poised for take-off in 2017. The city ranked fourth among metropolitan areas nationwide for projected rent increases in the coming year, with only Seattle, Portland, and Denver ranking above it. Cincinnati rental rates are expected to rise 5.2 percent by the end of August 2017; by comparison rates in the top three cities are expected to rise 7.2 percent, six percent, and 5.9 percent, respectively.

With a population that is finally heading in the "right" direction, Cincinnati will likely continue to be an attractive destination for that coveted renting demographic, the millennials. The generation is not in a hurry to own, values mobility over ownership, and covets location over square footage. On top of all that, millennials have been effectively priced out of many metro markets like those on the West Coast and out West, meaning that the idea of living in a city like Cincinnati, while perhaps not first choice, is likely to be extremely appealing because it is affordable and metropolitan.

Finally, with the Greater Cincinnati area adding jobs steadily to the tune of nearly 20,000 last month alone, the growing population will likely be in a position to pay rising rents in a timely fashion. Zillow aimed a spotlight on Greater Cincinnati recently when it specified that these five areas, Dayton, Groesbeck, Bridgetown, Fairfax, and Norwood, would all likely see rental increases of more than 7.4 percent over the course of 2017. Increases like this will certainly outpace inflation, the data giant's analysts noted.

## Timing is Everything

Of course, with rental rates outpacing inflation, an investor also runs the risk of his or her rental rates outpacing wage growth, an occurrence also projected for the Queen City as rates rise. This has already happened in many other hot rental markets, including the "top three for 2017" we mentioned earlier. For now, that works to Cincinnati investors' advantage because the area will easily compete on paper with other metro areas, but as rents continue to rise it could become harder to fill vacancies at market rates, particularly given the fast pace of multifamily housing development in the area.





More new apartments are “going vertical” in the area now than have since 2009, which will increase competition for that millennial demographic that values community living and tends to find centrally-located, low-square-footage apartment living highly attractive. If multifamily operators can keep costs low enough that a renter can spend only about a third of their monthly income on rent (the conventionally-desirable threshold), then they will have a big edge on owners who cannot keep prices below that mark. At present, about 43 percent of renters in Greater Cincinnati spend 30 percent or more of their monthly income on rent.

If all this talk of timing has you chomping at the bit to get involved in the Midwest, you’re not alone. “There’s a convergence of new development projects taking shape in the area that make Cincinnati a perfect “path of progress” play,” noted Bryan Blankenship, CEO at the Cincinnati-based Venture Real Estate Group. Blankenship’s company handles turnkey investing from every angle, including rehabs, flips, and rentals. The group also owns and operates multifamily developments in the area. He added that his company is increasingly encountering not only individual investors, but hedge funds seeking “safe haven” from overheated markets in Arizona, Texas, California and Florida. While this may be reassuring news for investors who like to “follow the money” rather than forging into new territory, it does mean that the window of opportunity in Cincinnati is certainly limited. As institutional investors move into an area, they often “price out” individual investors by creating inflated pricing trends in attractive sectors like single-family residential homes and multifamily development.

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## Planning a Strategic, Flourishing Future

Greater Cincinnati knows it's poised on the brink, and the regional planning bodies are working hard to attract the exact population that turnkey rental investors are looking for. Essentially, the city is on the investors' side in this scenario. In fact, the region is gaining national attention for its "transformational" transit projects that have effectively revitalized the metro area's downtown and bringing in "further development, jobs, entertainment, arts, and social functions," Blankenship said. With millennials likely to play a central role in those rising rental rates, this type of conscientious, strategic planning will be vitally important to the real estate market in coming years and can serve as a positive indicator to investors considering the area that there is, indeed, likely to be further growth coming in Greater Cincinnati.

### **Carole VanSickle Ellis**

Carole VanSickle Ellis serves as vice president of research and analysis at the Self-Directed Investor Society, helping investors "declare independence from Wall Street." Contact her at [editor@bryanellis.com](mailto:editor@bryanellis.com) or visit [sdiradio.com](http://sdiradio.com).nationwide.

Mr. Rosen provides private consulting to major banks, hedge funds, mortgage companies and private lenders.

*"Business is based on two essential components, power and leverage. The most common way people give up power is by thinking they don't have any."*

# Non MLS Investing in SoCal

By JJ Nocco

Whether you Buy & Hold or Buy & Flip, as investors our priority is finding Great Real Estate, in a Hot Area for reasonable prices so we can do business with it. This usually means investing out of our local areas or out of state which brings its own set of problems. Traditionally acquiring Foreclosures and Auction Real Estate in SoCal was always risky and expensive due to investor bidding wars and real estate agents driving up costs.

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[jennynocco888@gmail.com](mailto:jennynocco888@gmail.com)



# SELF-DIRECTED IRAS – WHAT'S NEW?

BY KAAREN HALL,  
CEO, UDIRECT IRA SERVICES

**J**ust back from the Fall Conference for the Retirement Industry Trust Association with some news about Self-Directed IRAs.

## More Retirement Savings

For over 40 years you've been able to invest your retirement savings outside of the Stock Market into assets like real estates, notes, trust deeds, precious metals, private stock and more. Updated statistics from the conference: There is \$24.5 Trillion in overall retirement assets. \$7.5 Trillion of that is in IRA accounts. In the year 2000 there was \$11.6 Trillion in retirement savings overall, so you can see this figure has more than doubled in the past 15 years.

## News on the 60-Day Rollover

On Aug. 24, 2016 the IRS changed its appeals process for those who miss the 60-day deadline. (Rev. Proc. 2016-47) Now, with some "self-certification" legwork, you can fix the problem yourself. In a typical 60-day rollover, a person will take a personal distribution from one of their retirement accounts. Then, within 60 days, they deposit it into another retirement account.

The IRS says that a taxpayer may make a written certification to a plan administrator or an IRA trustee that a contribution satisfies the conditions in Section 3.02 of this revenue procedure. This self-certification has the effects described in Section 3.04 of this revenue procedure. Taxpayers may make the certification by using the model letter (provided by the IRS) on a word-for-word basis or by using a letter that is substantially similar in all material respects. A copy of the certification should be kept in the taxpayer's files and be available if requested on audit.



If you believe your 60-day rollover should not be a taxable event, discuss this with your tax professional.

## The RISE Act

Senator Ron Wyden, who is a Democrat on both the Senate Committee on Finance the Subcommittee on Taxation and IRS Oversight, came out with a proposal called the RISE Act.

The proposal has more than a dozen provisions including:

- Raising the age for Required Beginning Date for Required Minimum Distributions
- Requiring valuations for IRA asset acquisitions
- Prohibiting investing in assets acquired at less than fair market value
- Elimination of Roth conversions
- Roth IRAs would be subject to Required Minimum Distributions
- Exempting small IRAs from RMDs (where account value is less than \$150,000)

This proposal is open for commentary until December 8, 2016.

## DOL's Fiduciary Rule

This year the Department of Labor announced its Fiduciary Rule. To say this rule has caused controversy is an understatement. There are six lawsuits filed against this legislation.

The fiduciary rule redefines who is now a fiduciary and further clarifies the difference between "education" and "advice." It's important now for you to understand the relationship changes for your advisors, as the regulation impacts advice about a 401(k) and IRA rollover or distribution.

As providers of Self-Directed IRAs our industry is largely exempt from this ruling since we do not provide advice or recommend investments. We recommend the account-holder seek advice from a competent investment, tax or legal professionals before moving forward.

Again there is pending legislation so expect some changes. This new rule takes effect in April of 2017.

To learn how to self-direct your IRA, reach out to us at uDirect IRA Services. You can find us at [www.uDirectIRA.com](http://www.uDirectIRA.com)



### ***Kaaren Hall***

Kaaren has helped hundreds of people self-direct their retirement savings. A native of California, she has a 17-year background in Real Estate, Property Management and Mortgage Lending. She has worked at such companies as Bank of America, Centex Homes, Pulte Homes and Indymac Bank. She's held a real estate license in Washington, Texas and California and a Life & Health license in California.

Her company, uDirect IRA Services, LLC, offers self-directed education and services to investors, providing excellent customer service. Kaaren is a public speaker and master networker. A mother of two, she lives in Orange County.

If you have a question about how to use your IRA to self-directed you can contact us here at [info@uDirectIRA.com](mailto:info@uDirectIRA.com) or at 866.447.6598. Our website address is [www.uDirectIRA.com](http://www.uDirectIRA.com).

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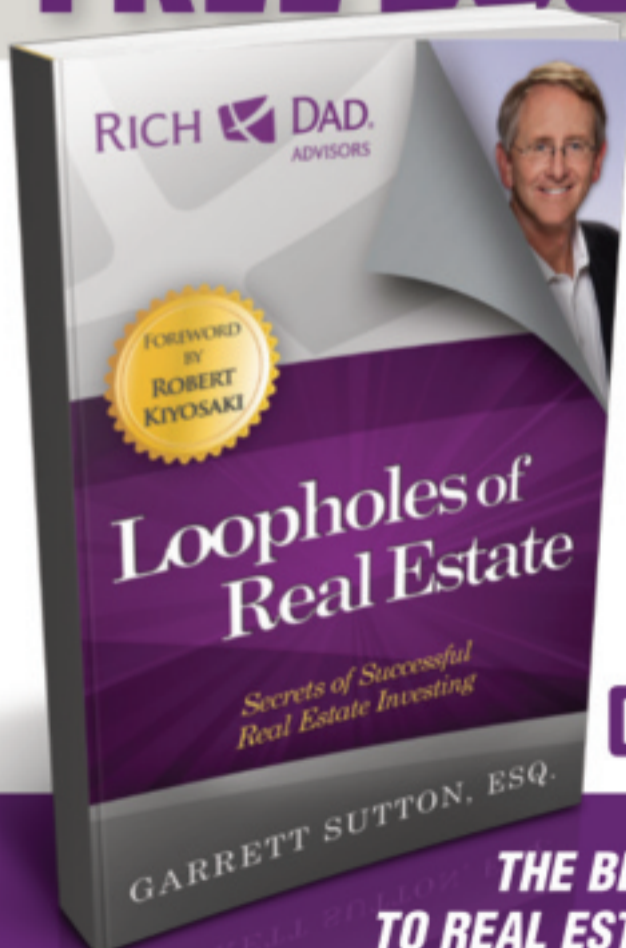
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# REI WEALTH MONTHLY

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