Real Estate Journal SPRING 2021



- 2. Looking Forward to a Year of Promise
- 3. NREIA Legislative Update
- 4. Getting Your Family Involved
- **6.** Joint Venture Deals in Self-Directed Retirement Accounts: A Real-Life Example
- **10.** The Home Depot is Passionate About Making Pro Customers Successful
- **12.** 3 Tips to Keep You Out of Landlord Rehab
- **13.** Want to be a Great Investor? Learn to Value a Good Story!
- **16.** 7 Signs Your Real Estate Company Needs a CFO
- 17. #CancelRent
- **18.** The Best Ways to Find Motivated Sellers
- 20. Inflation Ahead
- **22.** Negotiation Tip: Be a 'Don't-Wanter' of the Deal

\$4.95

Circulated To Over 40,000 Real Estate Investors Nationwide

Vol. 6 Issue 2





Allison Koetsier is an Associate Broker with Compass Realty Services who helps real estate investors meet their investment goals. A rental property owner and real estate investor herself for more than 20 years, Allison owns almost 100 units in Grand Rapids, Coopersville, and Sturgis, Michigan.

Allison is a member and former board member of the Rental Property Owners Association (RPOA) in Grand Rapids, Michigan, and currently teaches several continuing education courses for the group. She also attended Michigan State University and earned a Doctor of Veterinary Medicine degree. She moved to the Grand Rapids area in the late 1990s. She shares her home with her 13-year-old son, two loving pit bulls, and two seeing-impaired cats

Continued on Page 14

PRSRT STD US Postage P A I D ound Publishing Inc 98204



Three Threats We Had Forgotten About

By Chris Kuehl, Ph.D.

ver the past year there has not been much room to worry about anything other than the pandemic and the lockdowns. The economic carnage has been obvious enough – economies falling into recessions that were unprecedented in their severity. There is not much to be gained from rehashing this debacle, as there are clear signs that a corner has been turned.

This is now the year of transition, but at this point it is not clear what the economy will be transitioning to. There are those that suggest that everything will return to the patterns of the past and others that assert that nothing will ever be the same.

The reality lies somewhere in between, as it has been obvious that patterns have shifted as people and businesses adjust to the new realities in the world. Along with these new challenges and threats have come some old familiar issues and

these are especially significant for those in the real estate investment business.

The most threatening and perhaps the most immediate is the renewed threat of inflation. It has quite literally been over 20 years since this has figured prominently in any kind of business conversation. It was in the early 1990s when the Fed saw the core rate above 2.0% for more than a few weeks and it is the core rate that matters as far as setting interest rate policy. The "real" *Continued on Page 8*

Learning from Texas' Mistakes

By Mark Gannaway, CPCU

If you have ever visited Texas or listened to someone from Texas, it doesn't take long to hear the phrase, "Everything is bigger in Texas!" Unfortunately, sometimes it's not a good thing! The latest being the Valentine's Day Snowstorm of 2021, which now appears to be the largest single insurance catastrophe event that the state of Texas has ever experienced, including Hurricane Harvey in 2017, which exceeded \$125 billion.

The major cause, bursting water pipes and the resulting damage due to recordbreaking cold for the entire state, and a state agency that was ill-prepared to manage the state's power grid for such an event. Millions of people had no power, no heat, and no water for several days. State Farm reported they had approximately 75 water claims due to frozen pipes for the entire year of 2020 in Texas. The first week after temperatures rose above freezing in Texas, they reported over 29,000 similar claims.

So, how does all this Texas woe and gained insight impact you, the landlord investor? By learning from Texas' mistakes, hopefully you will be prepared if it happens to you.

Continued on Page 11





Looking Forward to a Year of Promise

By Rebecca McLean, Executive Director, National REIA

appy New Year! I'm not sure those words have ever had as much meaning for me as they did at midnight on December 31st.

There's no nicer way to say it: 2020 was a gut punch to our country, our industry, our members, our Association, and our business. But, as they say, adversity doesn't build or change character, it reveals it. You learn what you are made of when you go through a period of extreme adversity and 2020 was certainly revealing for all of us.

At National REIA, 2020 confirmed that we are, above all, resilient. We remained focused on continuous improvement and learned how to be even more effective at building certainty for our members. We saw our associations embrace technology and new processes. We saw new leaders emerge from our ranks.

To be sure, 2020 will be remembered for its unprecedented uncertainty. However, as I look back, I find much for which I am grateful. From our Local REIAs who pulled together despite being apart, to our members who continued to trust us to support them as they build their dreams, many silver linings emerged in 2020.

Our Chapters and Local Associations Hit the Ball Out of the Park

When asked to pivot on a moment's notice, our Local REIAs didn't blink. Even as many states shut down in the spring, our local REIAs and their leadership teams were on the job, building certainty for our members. What they accomplished last year—while making personal sacrifices, juggling work with children at home, worrying about their own business—is nothing short of astounding. They are the definition of resilience, and that set the tone for every success we celebrated in 2020.

We Accomplished More with Less

Our culture of continuous improvement is always pushing us to seek new, better, and more effective ways of doing our work of serving our members. In the midst of the pandemic, we had to adjust overnight to the need to get urgent information to our members, new ways to connect our members for networking, a tighter market, and more. We successfully field-tested many strategies and methods for working smarter and faster and supporting our members even more that we will continue to build upon as we grow into the future.



The Shift to Digital was Accelerated

Another positive outcome is a new era of innovation. We all had to learn how to do more with less virtually overnight. As a result, the adoption of new technologies has picked up steam. We have become more streamlined and efficient. That benefits everyone, from our members to our industry partners to our educators and more. We were also able to pass on much of what we learned to our members for their own businesses and introduced them to new technology and digital ways of operations for their real estate investing as well.

We Continued to Serve

Going beyond our goal of being a good role model for our Chapters and local associations, we continued to fulfill our mission of being the number one resource for real estate investors by providing the valuable information they needed quickly, keeping them informed and providing stability and support. We added online resources, organized a weekly update call, and brought in experts to provide information and guidance in a minute-by-minute changing environment. We also took seriously our commitment to the communities we serve and continued as a good corporate citizen through monetary donations and engaging in community service. Our Chapters and local associations contributed their time, resources and dollars as well. I have never been more proud of our execution on our commitment to serve the industry and our communities.

What the New Year Will Hold

We are emerging from 2020 even stronger than when we entered, which speaks to the ingenuity and resilience of our team of Chapters and local associations and their members. I appreciate the lessons we'll take with us from 2020 even as I'm excited to return to more "normal" circumstances. Please note I did not say "return to normal" as I don't believe that we will ever go back, but that is a topic for another day.

Our Chapters and local REIAs can expect us to continue our over 35 years of support with intention and focus. Our members can expect that we will continue to build certainty by providing resources and information they need under a banner they can rely upon; they can trust that we are THE choice for reliability and predictability. Our Chapters and local associations, members and industry partners can also expect that we will continue to be committed to always improving the outcomes and the experience we deliver.

Thank you to everyone who persevered with us throughout the past year. Now, on to bigger and better things in 2021!

Rebecca McLean is the Executive Director of National Real Estate Investors Association.





Federal Funds

s of this writing over \$800 Billion from the CARES Act has yet to be spent, funds from the bipartisan December Stimulus package have recently arrived in state and municipal coffers as part of the Emergency Rental Assistance Program – with at least a dozen states still not prepared programmatically to even handle those funds.

With the final votes sending the Biden Stimulus plan to the President's desk, his initial bill for \$1.9 Trillion of Covid Relief, has passed along party lines, in part due to over \$800 Billion in support (or bailout, depending on your perspective) for states and municipalities. Meanwhile for those seeking to pay rent, extending Unemployment Insurance, Supplemental Unemployment Insurance, and \$1,400 direct stimulus checks will be critical.

Emergency Rental Assistance

As mentioned in the preceding section, states and municipalities that previously did not have rental assistance are in the final stages of preparing for an unexpectedly high volume of funds from the federal government to be passed out, up to \$5k per person, to pay rent and utility arrearages. As each state and locality with a population exceeding 200,000 residents, will receive funding, that is a total of 690 different locations AND programs. While there are federal guidelines for the how the funds should be expended each one of the 690 programs can be different in application, qualifications and release of funds. Please do not assume the application for region will be sufficient for another!

On our news site, www.RealEastateInvestingtoday. com there is post about what each state is doing with their programs (as of this writing some states have not made information available). This will be an ongoing and dynamic process. There is also an interactive map on the page with direct links to those states with established programs.

It is also worth noting that the Feds have set up the program so that homeowners with mortgages can apply as well. While that that may vary by state, it is an option.

FHA Foreclosures

If your business niche is REOs, it's been quite a dry spell. The FHA has a new extension of its Foreclosure Moratorium (and eviction moratorium from those foreclosures), from the time of this printing until June 30, 2021. Similar to the CDC's Eviction Moratorium this is expected to be extended until at least September 30, 2021. The growing backlog however, could create enough pressure that a legislative alternative may be created. One solution being bandied about is to allow for a capitalization of the late payments and reset the mortgages. Banks holding mortgages without FHA insurance are free to do as they like...however, if you believe that, you are not paying attention.

Federal Checkbook and the Executive Pen

Plans are underway for an Infrastructure Bill – something that hasn't happened in almost a decade. With State budget woes continuing to varying degrees the need for (expensive) infrastructure has been growing steadily. Roads, bridges and highway systems have been reaching engineering and age obsolescence and, in some cases, critical need for repair and/or replacement. Republicans and Democrats are working together and with their state counterparts, albeit not publicly, on developing the list of needs and their commensurate costs.

In the meantime, over at the Whitehouse more executive orders have been forthcoming since the Inauguration than in any other Presidential term. The one of most interest to property owners has been the expected extension of the CDC's Eviction Moratorium. In January, incoming President Joe Biden asked the CDC to extend the Trump-era Moratorium and they did so until March 30th. There has been substantial speculation that a new and different Eviction Moratorium might be in the works, with the Housing Coalition sending a counter letter to offset the 50+ page document authored by lowincome housing advocates. The advocates' extensive document suggested numerous changes with one of the most drastic being a universal declaration that ALL renters were excluded from eviction for nonpayment. Late March will likely unveil the next step for the Eviction Moratorium, in part due to the next story. (See article on Page 17.)

In the near future, changes in programs are expected at the Treasury, Commerce, HUD and Labor Departments that will have impacts on how business is run, especially for real estate investors leaning on LLC pass-through companies and working with employees and contractors.

Texas Judge Strikes Down CDC Eviction Moratorium

In late February, U.S. Federal Judge John Barker of the Eastern District of Texas struck down the CDC's Eviction Moratorium due to its likeliness to "broaden federal police powers", especially as they override state authority and local control. This has been appealed to the 5th District Court of Appeals. Due to the timing, and the possibility of a new eviction moratorium, this issue may end up being set aside if a new Executive Order is forthcoming. It is highly unlikely the Administration wants the Supreme Court to rule on the case and would rather let the current moratorium expire and implement a new order which would force (all) the case(s) to restart. Even with the DOJ's appeal, look for delays and postponement of the current case. There are several other cases currently pending in different District Courts. Additionally, there are courts refusing to comply with the CDC edict - 2 counties in Georgia have made headlines and will be an interesting test of the new administration's approach to the non-compliant, and may become reminiscent of Virginia's Second Amendment issues a couple years ago.

Additional Bills

States are very active, as are local municipalities, at this time of year. New blood and ideas are moving issues forward, after what has been a hiatus for many legislative bodies during the last year. From Colorado to Maryland, local REIA's have been active in their Legislatures with no region excluded from the pain. National REIA's state bill tracking has exploded this year with the 2021-22 legislative session. The Property Management category alone is tracking over 3,000 bills across the country that could impact rental property management and ownership.

While congress is known for initiating bills that are often DOA, the new partisan push may change the dynamic of what has life. Of the numerous bills being watched, two in particular stand out. They are:

- H.R. 1451 "To amend title 18, United States Code, to provide for prohibitions on eviction, and for other purposes."
- H.R. 1594 "To amend the Fair Credit Reporting Act to exclude certain evictions and information relating to such evictions from consumer reports, and for other purposes."

Both of these bills will need to be reviewed and monitored closely as their impact could be very damaging to the viability of the rental markets.

Cyber-Aware

Computer fraud skyrocketed in 2020. From Phishing scams, hostage-taking malware, to outright hacking of data and private material, Internet fraud has reached epic proportions. Some of this is due in no small part to state-sponsored cyber-terrorism. China, Iran, Russia and North Korea are some of the leading sources of state-sponsored hacking. However, with the government doling out billions in relief, it is not surprising that many people are finding unexpected letters of acceptance for unemployment insurance or even 1099s winding the way through the snail mail process. Now more than ever, it is critical that your personal and business information is protected and backed up. Check the health of your credit score as well! Additionally, if you receive a strange letter from a government entity - check on it. If, however they call with threats, especially from Social Security with warrants for your arrest and the suspension of your Social Security number...just hang up. The real department of Social Security will not call you.

After all, the next call will likely be an opportunity to extend the warranty on the car you already sold!



Getting Your Family Involved

By M. Jane Garvey

s a long-time investor and leader of Chicago Creative Investors Association, I am seeing more and more people join who are joining because their parent sent them. I have the feeling that to most parents it is a dream, to see their children take an interest. Today I am going to look at what that could mean for you, and your business, and give you some suggestions on how you might make it happen.

As I was growing up, my dad was an interesting parent. He grew up on a farm in rural Minnesota. He had graduated from University of Minnesota with a degree in chemical engineering a few years before the Depression. When the Depression began, he lost his job. As a result, and as a young adult, he had to get creative.

As I recall some of the stories, he worked at all sorts of jobs until he finally landed in the Civilian Conservation Corp building a road along the north fork of the Salmon River in Idaho. Once World War II started, he joined the Army, got married, and went to war in the Pacific, eventually getting promoted to the rank of Colonel.

By the time he got home from the war he was 40+ years old. He resumed his engineering job and picked up where life left off, while continuing on in the Army Reserves. He and my mom started a family when Dad was 43 years old and they had four kids by the time he was 47.

Given that Dad was starting his "productive life" so late in life and was expecting to need to pay for college, weddings, and retirement within a few years, he did all sorts of productive things on the side. He bought a few farms with houses that needed work, and as a family we fixed them up. He searched out owners with vacant land, bought it and subdivided it. He went to farm auctions to make sure that we got what we needed at bargain prices. He took us out to glean fields or harvest crops for local farmers to supplement the food we were growing in the garden

or on the farm.

He always involved us in what he was doing. I think this allowed him to keep working at his "side jobs" while he spent time with his kids. Some of us really appreciated being involved, and others didn't.

With this as a background, I was interested in rehabbing and investing from childhood on, but never viewed it as something that should be my main job. My siblings and I all went to college and pursued "real jobs." I started investing in real estate in my spare time and within a few years decided that the "real job" was costing more time than it was worth, so I quit it when I turned 30.

I made a point to get my siblings involved in real estate investing as much as I could. One followed the path of buying farms with houses that needed work. All of them decided, as I did, that keeping rental properties made sense. By doing this, we were there to support each other with knowledge and encouragement when needed. Unfortunately, Dad died when he was 68, so we didn't have him around to help us navigate the ups and downs of life and investing.

This long story of my background is in explanation of why I think people should get their families involved in investing. It helps all of you with knowledge, encouragement and resources. It also helps your family pick up the pieces when you pass away.

As I look at some of the CCIA members that have gotten their family members involved, I see a bit of a pattern. Someone has been successful, and they have been willing to share the work and the rewards with others who are willing to help.

Many investors hire their kids to do simple tasks. In rehabs, my siblings and I removed trash, did daily cleanup, stained floors, puttied nail holes, glazed windows, roofed sheds, put in fencing, pulled weeds, and many other tasks. If the task required skill, Dad taught us and worked with us until we were doing well on our own.

I have several friends in the

apartment rental business who are second-generation investors. They got their start working with their parents, and still operate the properties their parents own. In addition, they have added to the portfolio and are operating their own properties as well. This has allowed the parents to relinquish the day-to-day management work as they aged, while still receiving the income. If the tax laws don't change, the second-generation investors will inherit their parents' property at a stepped-up basis.

One of the older investors I know started his kids out in rehabs and rentals. They have continued to work that business while he and they have restructured his properties into things that are less management-intensive. He has continued to learn, think, develop resources and bring strategic guidance to the business, making it stronger for his continued participation. A true win-win for all.

I highly encourage those of you that have children to get them involved. It may take some work to make things fun, but make sure you do that. Regularly taking kids on a deal hunting mission followed by a stop at an ice cream shop will make you closer and help them have some idea what you are doing. You can bring them with you as you manage rehabs, talk to sellers, talk to lenders and do other regular tasks. You may find that they can do online work for you and get some of the automation up and running that you have struggled with.

The keys to success at this:

- 1. Mix in fun with hard work
- 2. Work with them when possible rather than assigning tasks
- 3. Nothing is too menial nor too complex, they need to learn it all
- 4. In the long run it will give you a closer relationship which is of great value.

M. Jane Garvey is President of the Chicago Creative Investors Association.



Published quarterly for chapters, associated real estate investor associations, their members and guests.



Editor Brad Beckett

brad@nationalreia.org

For inquiries regarding Membership, Legislative, REIA organization information or to become a industry partner, call National REIA toll free at 888-762-7342 Fax: 859-422-4916

Hours of operation: 9:00am to 6:00pm Eastern time zone

RE Journal is published by Rental Housing Journal, LLC, publishers of Rental Housing Journal www.rentalhousingjournal.com



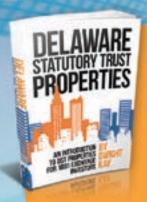
Publisher
John Triplett
john@rentalhousingjournal.com
Editor
Linda Wienandt
linda@rentalhousingjournal.com
Advertising Manager
Terry Hokenson
terry@rentalhousingjournal.com

The articles in RE Journal written by all authors are presented to you for educational purposes only. The authors and the National Real Estate Investors Association strongly recommend seeking the advice of your own attorney, CPA or other applicable professional before undertaking any of the advice or concepts discussed herein. The statements and representations made in advertising and news articles contained in this publication are those of the advertiser and authors and as such do not necessarily reflect the views or opinions of National REIA or Rental Housing Journal, LLC. The inclusion of advertising in this publications does not, in any way, comport an endorsement of or support for the products or services offered. To request a reprint or reprint rights contact Rental Housing Journal, LLC, 4500 S. Lakeshore Drive, Suite 300, Tempe, AZ 85282. (480) 454-2728 - (480) 720-4385.

To advertise
in RE Journal,
call
Terry Hokenson
at 480-720-4385
or email him at
terry@rentalhousingjournal.com



IF YOU'RE CONSIDERING A 1031 EXCHANGE, THE TIME TO ACT IS NOW!



Get FREE DST, TIC and NNN 1031 Exchange Listings Delivered to Your Inbox! PLUS

CALL TODAY FOR A FREE BOOK ON 1031 EXCHANGES YOU WILL ALSO
GET FREE 1031
EXCHANGE LISTINGS!





- ✓ Management Free No More Tenants, Toilets and Trash!
- Cash Out Refinance Defer Your Taxes and Receive Liquidity Potential
- Monthly Income Potential
- Close your 1031 in 2-3 Days
- All-Cash/Debt-Free Offerings
- Multifamily, Self Storage, Industrial and Mobile Homes
- Tenants include Amazon, FedEx, Dollar General, Walgreens, CVS, Fresenius and More
- ✓ Non-Recourse Financing from 40-85% Loan to Value

Securities offered through Growth Capital Services, member FINRA, SIPC, Office of Supervisory Jurisdiction located at 582 Market Street, Suite 300, San Francisco, CA 94104. Potential returns and appreciation are never guaranteed and loss of principal is possible. Please speak with your CPA and attorney for tax and legal advice.

Joint Venture Deals in Self-Directed Retirement Accounts: A Real-Life Example

By John Bowens

sing your retirement account to fund a real estate investment can be a powerful way to grow your account and receive the tax advantages of a retirement account for your investing. But what if your IRA lacks the necessary funding? There are ways to partner with other retirement accounts or other sources to fund the deal, as long as you follow a few guidelines. Here's a real-life example of Equity Trust Company account holders who accomplished tax-free profits through a recent joint venture partnership.

Client Scott found a potential investment property and determined he needed \$224,000 to complete the project. He wanted to use his IRA to fund the investment. He was able to do this because he has what's known as a self-directed retirement account – an account that gives you the freedom to invest in a wide variety of assets including real estate, private entities, precious metals, and more. Only certain custodians will hold this type of account.

Even though Scott had a self-directed Roth IRA, he only had \$24,000 in the account – not enough to make the purchase. The property, which was being bought at an auction, did not require much work. He planned on selling the property in less than six months, with a profit potential of \$60,000.

Scott needed to find the remaining \$200,000 to make the investment. Enter Kate, Scott's real estate investor partner,

who could provide the remaining funds necessary using her self-directed Roth IRA and Health Savings Account (HSA).

Partnering Retirement Account funds: What to Know

You may be familiar with IRS guidelines concerning "disqualified persons." A disqualified person is anyone of lineal ascent or descent (such as parents, grandparents, children, or grandchildren) or a spouse, as well as any fiduciaries and yourself as the IRA owner.

While your IRA may not transact with (buy from or sell to) a disqualified person, it is possible to partner with a disqualified person to make an investment – provided you follow the guidelines. For example, when partnering your IRA with your non-IRA money, your Roth IRA with your traditional IRA, or your IRA with a spouse's IRA, you have to make sure that all income and all expenses flow proportionately to the capital contribution.

In this case, though, Kate and Scott are not considered disqualified persons to one another – they're not relatives of lineal descent or spouses of one another. Therefore, they can split the profits in any way they choose to negotiate – if they enter into a joint venture agreement.

Scott's Roth IRA created a joint venture with Kate's Roth IRA and HSA: \$24,000 in from Scott's Roth IRA, and \$200,000 coming from Kate's Roth IRA and HSA combined. Because Kate and Scott's accounts entered into a joint



venture agreement, they took title to the property as tenants in common owners.

Scott and Kate, on behalf of their accounts, hired a real estate attorney to draft a real estate joint venture agreement. The agreement spells out that Scott's Roth IRA would receive 70 percent of the net profit and Kate's Roth IRA and HSA would receive 30 percent of the profit.

Tax-Free Profits - A Win-Win

Assuming the \$60,000 in profit is realized, Scott's Roth IRA receives 70 percent of the net profit, which is \$42,000. And Kate's Roth IRA and HSA will make \$18,000 total between the two accounts.

Scott's Roth IRA grows from \$24,000 to over \$60,000 – \$42,000 in profit, and that profit is tax-free because it's in his Roth IRA (growth and qualified distributions from the account are not taxed). And Kate is happy because as a completely passive investor partner, she invested \$200,000, making an \$18,000 profit for about a 9-percent cash on cash return on investment – also tax-free.

You might be thinking, "Wait a second ... Kate put in \$200,000 and Scott only put in \$24,000. How can Scott negotiate 70 percent of the net profit, giving him \$42,000?" Scott's the one who found the deal and ultimately orchestrated the entire transaction. Kate was simply a money partner on the transaction. But as you can tell, it's a win-win deal for Scott's Roth IRA as well as Kate's Roth IRA and HSA.

Special Self-Directed IRA Offer for National REIA Members Only

Equity Trust Company, a leading self-directed account custodian, is a national sponsor for the National Real Estate Investor Association (NREIA) and is offering NREIA members and its affiliated chapter members a special introductory self-directed account offer.

NREIA members can open an Equity Trust account for a discounted rate of \$99 and receive bonuses worth \$720 or more:

National REIA GOLD Level membership (includes priority processing and an experienced

KATE AND SCOTT'S JOINT VENTURE AGREEMENT

Capital:

Scott's Roth IRA: \$24,000 Kate's Roth IRA and HSA: \$200,000 Total: \$224,000

Profit: \$60,000

Scott's Roth IRA (70% of profits): \$42,000 Kate's Roth IRA/HSA (30% of profits): \$18,000

Taxes on gains or qualified withdrawals: \$0

client service team dedicated to members) for one year

- Digital download of #1 ranked book on Amazon - Self-Directed IRAs: Building Retirement Wealth Through Alternative Investing
- More wealth-building education Visit www.trustetc.com/nationalreia or call 844-732-9404 to learn more.

John Bowens is National Educator and Manager, Retail Sales at Equity Trust Company.

Case studies provided are for illustrative and educational purposes only. Past performance is not indicative of future results. Investing involves risk, including the possible loss of principal. Quotes and information included in the case studies and testimonials were provided by the investors and included with permission. Equity Trust Company does not independently verify all information provided by third parties.

Equity Trust Company is a directed custodian and does not provide tax, legal or investment advice. Any information communicated by Equity Trust Company is for educational purposes only, and should not be construed as tax, legal or investment advice. Whenever making an investment decision, please consult with your tax attorney or financial professional.

Advertise in Real Estate Journal





Exclusive National REIA Member Benefits at Equity Trust

Open a self-directed account at Equity Trust and receive:







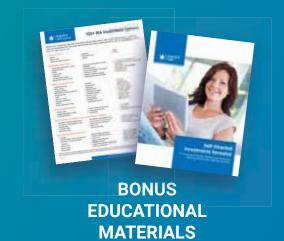
COMPLIMENTARY GOLD LEVEL MEMBERSHIP



TWO FREE EXPEDITED **PROCESSING CERTIFICATES & TWO FREE WIRE** TRANSFER CERTIFICATES



WEALTH BUILDING WORKSHOP TICKETS





844-732-9404 www.TrustETC.com/NationalREIA

Equity Trust Company is a directed custodian and does not provide tax, legal or investment advice. Any information communicated by Equity Trust Company is for educational purposes only, and should not be construed as tax, legal or investment advice. Whenever making an investment decision, please consult with your tax attorney or financial professional. ET-0039-80

© 2021 Equity Trust®. All Rights Reserved.

Three Threats We Had Forgotten About ... continued from Page 1

rate of inflation includes the price of food and fuel while the core rate does

The reason for the difference is really down to statistical analysis. The price of fuel and food can be very volatile, and this makes it all but impossible to make year-over-year comparisons (even month-over-month gets tricky). The volatile prices are excluded and that allows some real comparisons over time. The assumption is that core rates will eventually reflect these changes, as there will be differences in things like freight rates and air travel as well as restaurant meals and so on.

The core rate has not climbed above 2.0% for over 20 years while the real rate has sometimes spiked to between 3.0% and 4.5% before settling back. The Fed (and other central banks) prefer a rate around 2.0% and strive to keep inflation in that range. It is not high enough to create issues but it is enough to allow some producer flexibility on

So, why is inflation an issue now after two decades? It is not entirely clear that it is - at least not yet. The problem is that it could be setting up to be an issue and that is enough to trigger the Fed to take action as their moves do not have an instant impact on the economy. It takes anywhere from 12 to 18 months for a rate hike to slow the economy and that forces the Fed to take preemptive action long before many people notice that inflation has become an issue.

The very fact that inflation is now considered a possibility has had an impact on the bond market. Yields are going up and are expected to continue on that path. The logic is that the Fed will push rates up at some point and that will make investing in the US that much more lucrative – it becomes something of a self-fulfilling prophecy.

The real estate investor sees these bond yields rising and realizes that interest rates are likely to follow suit and therefore mortgage rates rise and so on. The one thing that has been sustaining the growth in the housing market has been mortgage rates, as there have been price hikes that should have been enough to slow down demand.

Now the sector suddenly appears beset with problems. If everything breaks in a negative direction, the housing sector is looking at higher mortgage rates, more expensive homes (existing and new), housing shortages, commodities (lumber is just the most make the virus more transmissible?



employment rates have not recovered and probably will not for the bulk of

This all assumes an inflation surge that goes unaddressed. To trigger all the downside of higher mortgages and higher bond yields will require the Federal Reserve to reverse course and engage in the rate hike that people seem to expect.

At this point the Fed governors and regional Fed Presidents are saying nothing of the kind. Not even the hawks have weighed in with suggestions that rates need to go up. They do acknowledge there is growth in the economy visible, but they also hasten to add the caveat that growth will have to be impressive to undo the extreme damage from last year and they still assert the economy needs all the help it can get. There have been some voices of concern regarding the connection between the stimulus and inflation but at the moment the Fed and the Treasury are on the same page, as they assert the stimulus is a good thing.

The indicators are generally pointing in a positive direction, but there are plenty of caveats. At the top of the list is control of the pandemic. There has certainly been substantial progress, but it was promised that vaccines would be distributed en masse by early March and now the promise is for May or maybe June. Will there be further obvious). Pile on top of that the fact that What if variants prove resistant to the

vaccine? These developments have not slowed economic progress much as yet, but the possibilities are certainly present.

What happens if the consumer doesn't respond as many have predicted or estimated? The polls suggest there is considerable pent-up demand, but is that really the case? There will certainly be many eager to resume old patterns, but there will also be many that remain cautious for months and perhaps years.

Business and other institutions assert they will resume activity but that will not always be easy. Teachers are refusing to go back to work even when required to. People are being ordered back to work, but they have the right to sue the company if they fall ill. Will that keep companies from bringing workers back? Will people continue their behaviors over the past year? Will they continue to avoid mass transit or multi-family apartments? Will they demand the ability to work from home?

The real estate sector is in a quandary when it comes to the future of the office building and other forms of commercial construction. If people continue to work from home will that kill demand for the traditional office building? The enthusiasm for working from home has faded to some degree but is still considered a viable option by many employers and employees.

What is the future of the shopping labor shortages and more expensive delays? What about variations that mall and the Big Box store? Have people embraced the online option to the exclusion of the brick and mortar?

What will retail have to do to bring those consumers back?

What happens with lodging and hospitality? It was an assumption by economic developers for years that hotel space was necessary to attract conferences and meetings. Will these resume or will the virtual meeting take over? Will people vacation at resorts again? Attend concerts and events

There are no simple answers to these questions. It is obvious that many people will indeed return to their old habits, but will it be enough for the businesses that were low margin to begin with?

The flip side of the risk is that all of these old consumer behaviors are resumed and with gusto. There is an enormous pile of cash on the sidelines at this point. It is held by the business community and by investors and by consumers. There is an estimate that consumers have socked away over \$6 trillion in excess savings. Due to the nearly \$2 trillion stimulus/rescue plan the U.S. now has roughly 10% of its GDP in excess consumer savings. That money is just waiting for an opportunity to come into the economy.

So, we are back to the discussion of inflation which started this piece. If all or most of that money comes cascading out, there will be far more demand than there is ability to meet that demand and prices will rise as a means to control that demand and because in an environment like this there will be far more tolerance for higher prices - at least from those who have the ability to keep up with the hikes. This sets up a whole other issue for real estate investment - too many people chasing too few opportunities and driving prices higher in any market that could be considered hot (or even warm).

Chris Kuehl, PhD., is an economist and Managing Director of Armada Corporate Intelligence. Visit www.armada-intel. com for more information.

Just How Small Are Bed Bugs?

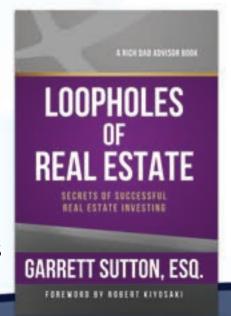
bed bug nymphs are about half that size.

Adult bed bugs can be the size of an apple seed, but the hungry babies are microscopic, smaller than Abe lincoln on the BACK of a penny. Look closely at the center of the Lincoln Memorial and you can see a statue of Abe seated on a large throne. Newborn

Learn more at www.ClearVueTraps.com

Garrett Sutton Wrote the Book on Asset Protection

Order your copy at CorporateDirect.com/Loopholes



Learn the legal and tax secrets to successful investing with easy to follow, real-life examples.





Garrett's company, Corporate Direct is the premiere provider for Real Estate Asset Protection.

- · LLC and corporation formation in all 50 states.
- Entity maintenance and compliance.
- Registered agent services in all 50 states.

Schedule your FREE 15 minute consultation with an Incorporating Specialist today!

CorporateDirect.com/schedule

or, give us a call at

800-600-1760



The Home Depot is Passionate About Making Pro Customers Successful

By Brian Aguirre

s we continue through 2021, there is an anticipated increase in business across major industries including real estate, construction, and property management, especially as housing demand and turnover increases across the country. With this, it is more important than ever for industry professionals to continue seeking long-term savings across all projects and remain nimble and connected throughout the anticipated rise in business.

Understanding this current environment and its impact on industry professionals, The Home



Depot is continuing to evolve the Pro Xtra loyalty program to include new benefits, rewards, and discounts to support property owners, managers, and contractors in the current environment and through the year to

The Home Depot is passionate about making Pro customers successful, and the Pro Xtra loyalty program is one of the many capabilities to help program members reach their goals in this year.

Members can earn Perks, like Pro Xtra Dollars and Tool Rental Perks, just for shopping at The Home Depot, redeemable through The Home Depot's mobile app. Plus, Pros can receive surprise Bonus Perks for being a just being a Pro Xtra member and through member appreciation events, like Perk

In addition to expanded rewards, members can easily track purchases and see savings in real-time by using their Pro Xtra Virtual ID in the app at in-store checkout. Members can access their Virtual ID from the account page in the app, then scan the barcode at checkout to track spending and earn more toward Perks.

There are unique benefits for all types of Pros, including real estate owners, facility operators, managers and more. Discounts are customizable to benefit individual projects and ongoing initiatives. For example, The Home Depot debuted an enhanced Paint Rewards program for members at the start of 2021. Pro Xtra members now receive savings on paint, stains, and primers with new lower spend thresholds for discounts, including 20 percent off when you spend \$6,500, 15 percent off when you spend \$3,500, and 10 percent off when you spend \$1,000. With this change, every dollar spent on paint-supply products counts towards Pro Xtra members earning Perks and additional discounts.

In today's business environment, saving time and money has never been more critical. In addition to Pro Xtra's Perks and Paint Rewards, The Home Depot offers rebate benefits for National REIA. Through this benefit, NREIA members have received millions of dollars in savings through the rebate program. NREIA members receive a 2 percent biannual rebate, 20 percent off interior and exterior paints and primers, volume pricing, access to an exclusive appliance and cabinet program and much more.

If you're not already a Pro Xtra member, it's free to join. Sign up today and get \$20 off your next purchase of \$200 or more. Visit homedepot.com/ proxtra for more information.

Brian Aguirre is The Home Depot Pro National Account Manager for the National Real Estate Investors Association.

Pro Xtra Preferred | Overview of Features

Go to HomeDepot.com, click "My Account" and use your Pro Xtra email address to Sign in Click "Forgot your password" to reset your password if you cannot access



Add users to your account

If there are multiple people who shop for your business or manage Admins or Purchasers to set up their own profile on the account

Manage your payment methods

- · Add and view credit cards to track in-
- Authorize cards to make phone sales easier or sign up for Text2Confirm

□ Create product lists Link: Product Lists

- · Add products into lists in order to organize and simplify your
- · Lists can be shared with others via email or printed

■ Quick add items to cart / list

Link: Quick Add

Easily add items into a list or your shopping cart by typing in the SKU number and quantity or by uploading the excel template provided

Schedule subscriptions

Schedule recurring orders for items

Create a quote

- · After you've added items into your shopping cart, you can save that cart as a quote to lock in the price for 7 days
- Quotes can be printed with or without prices or discounts to share with clients

Buy It Again

Link; Buy It Age Take advantage of a 5% discount and .

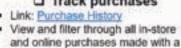
Shop directly from previously purchased items (online and in-store)

□ Enhanced Shopping Cart

- Link: Shopping Car
- · Easily add to, edit, organize and purchase your items
- Forgot something? Type in the SKU number to quick add to cart · Add a PO/Job Name to keep
- purchases organized Select fulfillment type by item for convenient delivery or pick-up at the
- Save cart as a quote or list to purchase later

□ Track purchases

free delivery for all your subscriptions



you are buying regularly

registered payment method Export purchase summary or purchase details into Excel

■ Export to QuickBooks

- Export purchase summary or purchase
 View purchasing trends like your details directly into QuickBooks to make bookkeeping simple
- Purchases sync with both QuickBooks Online and QuickBooks Desktop

Business tools

Link: Business Tools

Top Jobs, most purchased items, map of spend by store, and spend by department

Learning from Texas' Mistakes ... continued from Page 1

First, make sure you have a plan for such an event. The people in charge of the Texas power grid knew this storm was coming and assured the public they were ready, but obviously they weren't. When purchasing a used building, do you ask the inspection company to define where all the water lines are located? How about knowing how to drain the water lines in your building, including the water heaters?

You need to make sure if the building you own loses power that the water in the building has been turned off and drained from its lowest point. That includes opening all faucets, including showers and baths. Many of the water losses in Texas were from old, uninsulated water lines running through the attic, outside walls or between floors in multi-level buildings.

These are fairly easy steps if the property is vacant, but with tenants it can be difficult and how you work with them to mitigate such losses is NOT my expertise but adding a couple of insurance coverages to ease the stress is something I do know about.

One insurance coverage we highly recommend is "Loss of Rents" coverage on your Landlord Investor policy. Just like it sounds, in the event you have a covered insurance loss, "Loss of Rents" coverage indemnifies you for the loss of rental income up to a specific dollar amount and time limit while the property is being repaired. Again, read your insurance policy and discuss this with your agent and make sure you have this coverage. It is very inexpensive and worth the premium.

If you have rental property, best practices require your tenants to provide you, the landlord, with a copy of their Renter's Insurance Policy (HO-4), maintain coverage throughout the lease of your property, and name your company as an Additional Insured. We also suggest you have your tenant purchase an optional insurance known as "Additional coverage Living Expense." While the property is uninhabitable due to a covered insurance loss, "Additional Living Expense" will indemnify the tenant certain "living expenses" while they are residing offsite until the damage of the building is repaired. Again, read your policy to determine what the coverage provides.

Other steps to mitigate financial losses are to make sure you have the proper insurance coverages in place for such an event. Always read your insurance policy and make sure you know what coverage is in place and to be aware of any "special" deductibles that may apply for such losses. Also, understand what the "vacant" definition means in your policy. If the property is vacant, where no one is residing in the building being insured, and does not maintain heat, many companies, including Arcana's, require the water lines to be turned off and drained.

And as always, my General Counsel and Claims Manager insist I conclude with this information provided to you above is for informational purposes only; please read your insurance policy and consult an insurance expert before buying or changing your insurance coverages. Take care and hopefully this

will help you when winter arrives again.

Arcana offers members of National REIA multiple insurance products specifically designed for Investors and their tenants. Features include no underwriting or inspections, 24/7 desktop & smartphone certificate delivery system, outstanding claims management service, and a very knowledgeable & courteous staff to handle your insurance needs. Learn more by visiting www.nreia. arcanainsurancehub.com.

Mark A. Gannaway, CPCU, is the Chief Executive Officer and Founding Partner of Arcana Insurance Services, an all-lines property and casualty managing agency that's been working with real estate investors since it began in 2005.





UNIQUE COVERAGE ON PROPERTY & LIABILITY INSURANCE DESIGNED INTELLIGENTLY.

Call us or visit our website for more information on the following:

- INVESTMENT PROPERTY INSURANCE PROGRAM
- TENANT DISCRIMINATION PROGRAM
- TENANT RENTERS PROGRAM

TEL: (877) 744-3660 WWW.NREIA.ARCANAINSURANCEHUB.COM



3 Tips to Keep You Out of Landlord Rehab

By David Pickron

recently came home from work and saw my tearyeyed daughter sitting defeatedly on the couch. . This was abnormal for her, and signaled something was wrong. She is tough, handles stress well and has been an athlete playing high-level golf since age 14. If any game can break you, it's golf, and last night was her breaking point. Trying to qualify for her first tournament as a college freshman, she started strong on the first three holes with a series of great shots. Things started to crumble on hole No. 4 with a shot into the lake. This rattled her so much that over the remaining holes she struggled and ended up scoring her highest round of golf since her freshman days in high school. As she sat there looking back at me, suspecting her score wouldn't help her qualify, she said, "it's just too hard, I want to quit."

If you've been a landlord for any amount of time, you may have felt like throwing in the towel at some point. Last week, one of my tenant's children decided to get on the roof and pour gas down two stories to a mobile firepit. The neighbor was watching and filmed the entire incident. (I love having a relationship with the neighbors of my tenants). No adult supervision and balls of flames crawling up my walls; definitely grounds for an eviction. I sent the video to my tenant and told them our relationship had come to an end and that they would be receiving notice to leave. Can you guess the answer? "I have COVID so you can't evict me." If there were ever a reason to give up on being a landlord, this might qualify.

As a private investigator and seasoned landlord, I ask myself, "How did I get here?" This same family has been a consistent tenant for more than 10 years, never missing a payment. I screened them well, followed best practices and even after all of that, I find myself in a situation where I have lost control of my own property because of a regulation passed by our local, state, and federal government.

Knowing what I know now, would I do it all over again? Absolutely! Even when we do everything right, sometimes things still go wrong. You have a right to be mad, stomp around, and even feel sorry for yourself; but then you've got to get over it. If you are a struggling landlord right now, let me suggest three things you should think about if you are dealing with a tenant who is not paying you and feels entitled to be in your property.

1. Hire a Team of Professionals

- Form a great relationship with a landlord/ tenant attorney. Most of the good ones can be found through your local landlord associations. These professionals follow all federal and local laws and have the resources necessary to manage different requirements coming from different jurisdictions. Time and time again I have seen people panic over a new regulation, only to find out the regulation was already in force by a federal rule or really did not have any impact at all. For example, Louisville just came out with a city ordinance adding individuals with criminal histories as a protected class, only to take away any "teeth" from the ordinance by exempting any crime that would affect the health and safety of the landlords. I don't know a landlord who would penalize an applicant for underage drinking five years ago, but robbery or drugs is another story.
- Get with a professional mortgage broker who understands your landlord strategy and can help maximize your returns with the right type of loan.
- Align with a collection agency and create a program to send delinquent tenant accounts to collection and put it on their credit. There are no rules requiring a tenant to be out of the home in order to send a file to collections.
- Establish a relationship with a professional realtor who can analyze whether selling your home would bring you a great sales price.
- A professional accountant can let you know how refinancing or selling your property will affect your income, capital gains etc. Let the professionals do what they do best and guide you through this process.

2. Analyze Your Onboarding Practice

Do you have a specific criteria? If not, get one today. We have samples at Rent Perfect that will help you design an efficient onboarding process. If you do not have a criteria, then everyone qualifies, and you know that just can't be true. The whole onboarding process starts with putting your criteria on paper.

More than ever, a call to a potential tenant's last two landlords is critical. Though painful and timeconsuming, do not skip this step. How tenants left their prior homes is probably how they will leave your home. If you can't reach a landlord and have doubts about what the prospective tenant is telling you, require canceled checks or bank statements that show they paid rent for the last 12 months. If they paid rent through this COVID-19 crisis, there is a good chance it will continue. We can't afford to make a mistake during onboarding.

3. Remember Why You Became a Landlord

No other business allows you to buy something, have someone else pay for it, and in the end you still own it (with maybe even a little cash flow on the side). A declining mortgage and appreciating asset are your ticket to long-term wealth. A recent TV show called "Undercover Billionaire" dumps each contestant into a random city where they receive \$100, a phone and a car, with the challenge to create a business worth a million dollars in less than 90 days. All three contestants chose real estate! That's why you became a landlord. Don't ever forget this!

Sitting on the couch sulking because the last year wasn't fair won't get you anywhere. So, get up, align yourself with professionals, review and modify your onboarding practices, and get in the game to grow your wealth. My daughter knew deep down that quitting was not an option. She was too invested to walk away (by the way, she shot one of her best rounds ever a few days later), and you will be, too.

David Pickron is a Landlord and Owner of Rent Perfect. His company provides a free online platform for managing rentals starting with online rental applications, background checks, online lease signings, move-in inspections, renters insurance, and online rent pay all from your phone or desktop.

Rent Perfect is a preferred vendor of National Real Estate Investment Association. They offer the most accurate & thorough credit & background screening available. Members of NREIA receive a discounted set up fee. Learn more at www.rentperfect.com.

REAL ESTATE JOURNAL · SPRING 2021

Want to be a Great Investor? Learn to Value a Good Story!

By Whitney Nicely

on me that I really love to tell stories. In all reality, I come by it naturally, since I have been raised by a sea of storytellers. My mawmaw and pawpaw had a ton of stories to tell when I was growing up and I guess I just have found that is the best way to really explain an idea. But, here's the other thing I've learned: stories are the best way to connect people with an idea.

Some of the best stories and experiences I have as an investor have helped me to find and invest in more houses! Stories are excellent communicators. Half the time I don't even feel like I am doing anything more than letting the story do the talking. But when I can help a seller realize that Joe Blue over here was able to successfully have his mortgage paid for with me, then that seller will be more ready to listen to how I can help him, too.

And the same goes for spreading the word to find more deals. People love a good story! They hate to be preached at or sold to, but they love to hear a great story. That is how you get a captive audience.

I don't know how many times I've found myself chatting with a neighbor and my investing comes up. So, I share a story or two about how I helped so and so get out of their house quickly since they needed to move, etc. Before I know it, another neighbor has joined in on the chat and they start asking questions. By the end of 15 minutes I have two numbers and a house to go look at that weekend!

No yucky sales pitches. No over the head spreadsheet

with numbers that no one understands. Just plain ole' stories with real people and real experiences and real lives

That is the part that we need to remember. Every house comes with people attached to it who all have their own story, too. You are not the center of the story; they are. Your goal is to figure out how to help them solve the main struggle of their story. And if you share how you have successfully done it for someone else, guess what? They will already know that you can help them figure out a solution to their problem, too.

These are real people, not numbers. Your job is to figure out how best to help them, not how to make the money you want. If you make their needs your first priority, the other pieces will fall into place. But, you can't do that if you are always worried about your own interests.

Again, you are not the center of their story; they are. Put your focus on what they need and how you can help, share an example of how you did that for someone else (or even know another investor who did it and how you can do it, too), so then they will know that you are a beacon of hope in their life.

Stories are amazing ways to communicate more complicated ideas and information, since they are able to leave out the nitty gritty details and just share the important facts. But, even more importantly, they share the internal benefits that came along too: freedom, relief, financial blessing, stress reduction, etc. Sellers don't care what you are going to benefit! They want to know what is in it for them! They want to know how their lives will be better if they work with

you and stories are the best way I have found to help them understand it without me having to beat them over the head with information.

If you really want to be a great investor, you need to learn to value a good story. You need to become a great storyteller and then know how to listen to and acknowledge your seller's story, too.

Don't be afraid to borrow someone else's story, too. A story is unbiased when it comes to its usefulness. The goal is to share an important truth (how you can help them as an investor) that your potential seller needs to understand.

Think of it like making a match. Your seller has a need for which you can help provide a solution: a perfect match. Learn how to marry these things with story and you will be an unstoppable force of investing growth! Unleash the power of story in your business and watch how things unfold and expand.

Whitney Nicely rejected the southern girl path of working at her family's trucking business and embraced the life of an investor. Her first nine months made her over \$140k, and set her on the path to empowering other women to break into the real estate "good 'ole boys club" and break down barriers while making some serious cash. She is the President of Knox REIA and was featured in the RE Journal's "Member Spotlight" in Spring, 2016. Learn more by visiting SheBuyslt.com.



Contact: Michael Littlejohn

Phone: (855) 337-6811 EXT. 12716

Email: michael.littlejohn@officedepot.com

The Office Depot name and logo are the registered trademarks of The Office Club, Inc. © 2018 Office Depot, Inc. All Rights Reserved.

Member Spotlight - Allison Koetsier

... continued from Page 1

Please tell us a little about who you are and what you did before getting into real estate investing:

I received my Doctor of Veterinary Medicine from Michigan State University and spent 10 years as a full-time veterinarian before pursuing a career in real estate investing. My first job was a mixed animal practice in southwest Michigan. In addition to general large and small animal practice, we worked on lions, emus, and numerous other exotics. After this position, I moved to an exclusive small animal practice and spent a brief period in a Veterinary Dental Residency program. I quickly realized that my passion wasn't to be a dental specialist, but to perform high-level dentistry within a general medicine practice. Today, my primary responsibility is reading oral radiographs and ex-tracting pets' teeth as my part-time career.

Where is your current market and what is your focus or area of expertise?

I am an associate real estate broker in greater Grand Rapids, Michigan. I specialize in helping investors build wealth through investing in rental properties, mainly 1 to 4 family units. For six consecutive years, I have been the top selling Realtor of multi-family homes in my local market. I am also a buy-and-hold landlord owning almost 100 units and do an occasional flip. I own two small apartment complexes, a 12-unit and a 48-unit, along with several small multi-family homes and numerous single family residences.

How did you get started?

I give all the credit for my real estate career to my father, Tom Koetsier. My dad came to me in the late 1990s and said. "Hey, I think we should buy some rental property together." I had some knowledge of the benefits of passive income but don't think I would have gone down that road without his partnership and support. Working together allowed us to spread out the risk, share the workload, and be able to invest with someone that we both trusted. And that began my journey of wealth building. I will never be able to thank my father enough for the multiple ways he changed and enriched my life.

Describe a typical work week for you as a real estate investor:

My rental properties are overseen by property managers so my day-to-day involvement in that side of the business is limited at this time. I do oversee my own turnovers, city inspections, and rehabs. As a Realtor, I help clients list and purchase new properties. I also provide mentoring for new investors on goal setting and investment objectives.

How long have you been investing in real estate?

My father and I purchased our first rental property about 20 years ago. I became a Realtor in 2005 and



Allison, her son, and her dad, Tom Koetsier.

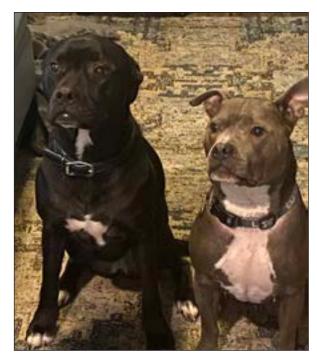
received my broker license in 2013.

Tell us about your first deal:

In short, our first deal was a disaster in the beginning. There is no substitute for learning from your own mistakes. The first Realtor we worked with was more of a residential Realtor than an investment Realtor. We were unfamiliar with city inspection programs, uncapping and different neighborhoods. Soon after we bought a brick 4-unit, we received our rental inspection notice and then an 8-page list of required repairs followed. We used to collect our own rent in person (never do this!). After six years, we sold it for a \$50,000 profit, but not without a lot of sweat equity and a true education.

How do you fund your investments?

In the beginning, my father and I each put up half of the down payment and mainly got 30-year conventional loans. This was when lending practices



Family canine members Butch and Bailey.

were more investor friendly so after the recession we bought some properties where we rolled in the repair costs and actually got cash back at close; I know, right??? We also worked with some private investors. Currently the larger deals use commercial financing and the smaller ones involve paying cash.

Do you have a real estate license?

Yes, I have been a Realtor since 2005 and an associate real estate Broker since 2013. My goal was never to be a Realtor, but after our first deal I decided that it would be smart to be more educated and be able to utilize the Realtor's Multiple Listing Service (MLS). The original goal was to use my license for just my



A 12-unit complex in Coopersville that Allison owns.

Continued on Page 15

Member Spotlight - Allison Koetsier

... continued from Page 14



own deals, but I realized that there was a huge opportunity for truly knowledgeable investment Realtors. I have turned it into an amazing niche career.

What projects are you currently working on?

I am finishing the rehab on a duplex to list for sale that I had rented out for the past 5 years. Also, a single-family home that sold on land contract about 10 years ago now is cashing out. I also continue to provide ongoing Realtor services to my large client base.

How much time do you put into your real estate education?

For the first several years that we owned rental property, we were self-managed so that was an education. I mowed the lawns, turned the units – painting, cleaning, minor electrical and plumbing – and managed all our

contractors. I met the inspectors for the rental inspections. I have actively participated in the continuing education offered by the Rental Property Owners Association (RPOA). In addition, to my Realtor education and continuing education, I have hosted a monthly millionaire mastermind group at the RPOA for the last 10 years.

Has coaching or mentoring played a part in your success?

My father, who recently passed away, was definitely the impetus for my success and his influence cannot be overestimated. He touched many lives in the real estate industry. I have also spent a lot of time working with other successful landlords and investors.

What are your current and future goals?

My current goal is to increase

my passive income and continue to find ways to give back to others in a meaningful way. In the future, I would like to find more time to travel with family and friends.

What has been your top struggle in this business?

It is difficult to find quality, affordable tradespeople who can get things done in a timely fashion. Also, as the real estate market improves, it has been increasingly difficult to find good deals.

What do you like most about what you do?

Being my own boss, time affluence, helping others achieve financial freedom and the passive income.

Do you have a tip or advice that you would pass along to other investors?

Build a team. Make sure you are working with people who are successful in doing what you want to do. If you are looking for a Realtor, your first question should be, "How many rental properties do you own?" If the answer is none, find a different Realtor. You can read all the books you want, but until you have actually managed your own property and really worked with tenants, you don't know rental property.

How important is joining a local REIA to a new investor?

The importance of joining your local REIA cannot be overemphasized. I am fortunate to belong to one of the best in the country. The educational, networking and mentoring options are amazing. I built an entire real estate business through our group and word-

of-mouth and have closed almost 500 real estate transaction in the last 5 years.

of a 48 unit property Allison remodeled and owns in Sturgis.

What is your favorite selfhelp or business book?

"Lifeonaire: An Uncommon Approach to Wealth Success," by Shaun McCloskey. It is not the best landlord or investing book and a little quirky at times, but the best messaging about establishing a truly successful life. And by successful, I mean putting your family, friends and leisure time first. That to me is quality time.



Do you have any interesting hobbies or something unique that you like to do?

My son and I enjoy traveling and hiking in different areas. When at home, we enjoy playing with our uber friendly pit bulls and our vision-impaired cats.



Allison at work in her veterinary clinic.

7 Signs Your Real Estate Company Needs a CFO



By Gita Faust

In the realm of real estate, finances likely are not the first thing on your mind when you are going about your day-to-day activities. However, that does not make them any less important. There comes a time where your business is bustling and you are hustling, A Chief Financial Officer, often abbreviated as a CFO, brings his or her high-level expertise to your real estate company in order to develop growth-oriented financial strategies and maximize the profitability of your company. Unfortunately, when your expert knowledge lies in real estate rather than finance, you might not know the best time to onboard a CFO.

Sometimes, things may start to pile up slowly, and by the time that pile collapses, you are chin-deep in financial work that you and your team cannot handle. That is why you have to be on the lookout for any symptoms of CFO deficiency. Luckily, there are a few signs for which you can watch to tell when your company is ready to add a CFO to your team:

1. Loss For Words

Do you and your team struggle to make financial decisions? Do you ever have trouble understanding or obtaining detailed information about your finances in the first place? Is it ever difficult to apply the information you do have to the problems you need to solve? If you answered "yes!" to any of these questions, you should likely start looking for a CFO. The goal of a CFO is to ensure that your company can implement expert financial strategies in order to cultivate growth; if you cannot even understand the financials, your growth is already stunted. Finance and accounting are the languages of business, so if you cannot understand them fully, you should probably bring in an interpreter (a.k.a. a CFO) who can.

2. Bleeding Out

Have you ever taken a look at your company expenses and realized that the spending is out of control? There may come a time where you see the numbers and go, "Whoa!" However, if you are not well-trained in the art of finance, you may not know where to cut costs or how to cut costs; strategic spending is not in your primary vocabulary, and that is okay—you are not an accounting expert, and nobody expects you to be! However, that does not make it any less critical to analyze your cash flow and ensure that your company expenses are necessary and beneficial—and a CFO can do exactly that.

3. Gaining Fast

Is your company raising capital (or trying to)? Are you unsure of how to go about doing so or when to stop? Even if you were the fundraising chair of your club in school every year, you likely are not a capital-raising expert. Do you know who is, though? If you thought to yourself, "A CFO!", then you are correct! CFO's usually have plenty of experience raising money for companies like yours, and because of this, they likely also already have the resources, relationships, and credibility to do so with ease. On top of that, they can help with contract terms, answering any questions you have, and providing knowledgeable advice throughout the entire process.

4. Missing Pieces

Have you noticed anything odd in your bookkeeping? If you or the person currently handling your books has noticed that there are gaps of some sort in your accounts receivable or accounts payable, your system might be inefficient (or the people using the system may not be using it correctly). A CFO can help you identify issues within your books and

bookkeeping processes and create solutions that help your company solve current issues and avoid future issues.

5. Living on Mars

Do you ever feel like you are working on planet Mars with your finances while another department of your company is grounded on Earth? What I mean by this is that your systems are not working in sync—and if that is the case, then it is definitely time to bring in some backup. By implementing software like QuickBooks and HammerZen into your accounting process, a CFO can help you develop systems that work together seamlessly, tying together each area of your company to create a well-oiled money-making machine.

6. No Time Like the Present

Are you and your employees just living day-by-day? Do you have a plan for the future? It is good to live in the present—savor the moments and be aware of what is happening right now. However, if you do not plan for the future with financial forecasts, projections, and budgets, your company likely will not operate smoothly (at least in the financial sense). Developing a long-term financial strategy takes quite a bit of financial knowledge, and nobody knows how to do it better than a CFO.

7. All Hands on Deck

Do you feel like you and your employees are wasting your time by handling the finances? It is just another task on your plate that you do not need, and you would much rather be doing something more productive. Well, luckily for you, you can hire a CFO to handle those tasks for you. You would be saving money in the form of time, and you do not need to bring on a full-time CFO; you can outsource a part-time CFO who you only have to pay for the work you need to be done rather than a 9-5 position.

Hiring a CFO, whether you bring one in-house or decide to outsource, might be one of the best decisions of your real estate career. You will definitely notice a difference in how your company runs in the back-end! Once your company starts to grow past the "small business" stage, the need for a CFO increases—so keep an eye out for the seven signs listed above.

Gita Faust is the founder & CEO of HammerZen, which helps businesses save time & money by keeping track of The Home Depot purchases and efficiently importing receipts and statements into QuickBooks. National REIA members receive discounts on QuickBooks services and software. Learn more by visiting www.hammerzen.com/nreia.



#CancelRent

By Charles Tassell

ver the past year, several groups have mobilized and gained strength & notoriety by staging protests and making outrageous statements about property ownership and the alleged plight of the renter.

Make no mistake, during the COVID-19 pandemic, and particularly the government-forced shutdown, an outsized percentage of the service industry, often renters, lost their jobs or became under-employed. This loss of life-as-normal, and sometimes the threat of losing a roof over their heads has generated no small amount of fear.

The activists have tapped those fears and concerns to turn them into a growing voice of discordant opposition. Moodys Analytics office has suggested that the national rent arrearage debt could top \$57.3 billion. While the Emergency Rental Assistance funds, both in December and again in March, as well the various direct stimulus checks and supplemental unemployment insurance will help blunt the criticism. However, rents in some coastal cities are rather substantial and efforts like Portland's nouveau rent control will spread, whipped by fears of loss.

As an aside, the Emergency Rental Assistance funds were distributed based upon population and did not take into consideration the cost of living or regional rents, therefore states with low cost housing will be able to address a significantly greater percentage of renters in arrearage than high-cost housing states. This policy will have winners and losers – but so does every other policy decision. The impact of addressing many more people's arrearages in lower cost housing areas could further divide the country on the pain felt between the most Covid-impacted in different regions.

One of the policy moves by the "Housing is a Right" crowd, has been to raise the specter of barriers to housing – no, not the barriers instituted by governments that decrease housing affordability, rather they will use an outlier story that is heartbreaking, but not necessarily entirely factual, to make the point that background checks, especially criminal background checks, are blocking good people from housing. How the logical jump from a single or even a couple of situations should result in the banning of a tool to protect ALL residents is beyond me.

But the Housing is a Right crowd sees any type of background check as anathema to fair and decent housing. One partner that is often kept in the dark about this policy (until it is too late) are the local neighborhood groups that have to then put up with the increased police runs due to property owners and managers not being able to consider the past actions of a person - which are VERY indicative of future behavior! If this pops up in your community, engage those who will have to live next to the 18-page rap sheet criminal that will have access to their community.

Another policy being pursued is treating "Source



"The irony is that the same states that prior to COVID-19 were the most vocal about housing affordability, were also implementing the most stringent barriers to housing development."

of Income" as a protected class. Somehow, the Housing Choice Voucher (also known as Section 8) which is managed by the local housing authority doesn't have the broadest participation rate in many communities. Rather than seek to figure out why in fact so few property owners want to deal with the housing authority's delays, vague inspections, leasing demands, and entitled tenants. It is far easier to ask a legislative body to FORCE the volunteer program upon every property owner.

The theory holds that more housing will open in more diverse neighborhoods for those utilizing vouchers (HCV). The reality is far different. Investors, shy away from the delays and problems of the housing authority with many sell their property, thereby limiting the number of affordable housing options in a given community. Others will raise their prices above the HUD standards for the area to keep out the vouchers and the regulatory pain which they bring. Both results are contrary to their desires and reveal an aptitude for a "more laws the better" mentality regardless of the results.

Several municipalities are following up on California's lead (because they have done such a great job with housing affordability!) to ban property owners from even considering previous evictions, or at least those during the pandemic. This knee-jerk reaction speaks to the mentality referenced above, and fails to understand the cost-risk relationship. The more risk exposure, the higher the cost. If a business owner cannot regulate risk in a consistent manner, the cost of their product will increase out of necessity. Again, housing costs increase and new barriers will

enter the market with unintended consequences because market-proven insights into behavior are banned.

The Catalyst

A huge wave of opposition was articulated with the book Evicted, in which the author raises up the poor to an inherent nobility victimized by the capitalists around them, with the key theory, a fable: Poverty causes eviction. Eviction may increase the discomfort, but paying the rent solves the problem! In this modern world of political correctness even Princeton University has fallen far from the standards of the Ivory Tower. The author has been given broad latitude to publish eviction articles that are purported to be used for policy. The latitude is too broad in that the publications are agenda filled nonsense. Nonsense is too strong? Consider this: the material is not peer reviewed. It misrepresents the facts of the matter by claiming evictions when nothing more than a court filing occurred. While there are many more, my favorite is the guessing (yes, guessing) of the persons' race based upon their name when no race is documented.

Whenever a local reporter uses the Eviction Lab as part of their story, be sure to make sure they and their readers know from poor quality sources they agendize their stories. Now you know...

Charles Tassell is the Chief Operating Officer of National



The Best Ways to Find Motivated Sellers

By Daniel Hart

et me guess, you would like to know where to find motivated sellers? I have you covered. There are a multitude of sources, and you may identify unique segments of society in your specific market, but the sources below are those that I have found to be the most effective. Many of these sources of owners are available through list brokers, who sell the specific data you are seeking, but you can usually find the data on your own for free or low cost. You may also be able to obtain the records from your municipality, or you may be able to subscribe to a service that offers the ability to extract the records from a much larger database. Services like Westlaw and LexisNexis provide access to many of the records below, but their subscription prices can be prohibitive. Occasionally, local law schools offer free access in their libraries. While you may be able to use them to find the data you need, access can often be difficult.

Absentee Owners

These are property owners that do not occupy the property. They live either in state or out of state, but the further away they live the more motivated they may be. Some will even live in other countries. An absentee owner has a challenging time handling repairs, paying bills, and dealing with the local municipality. You can determine if a property owner is an absentee owner by checking your local property ownership records. If the owners address differs from the property address, then you know they do not occupy the property. They may be a landlord. They may be holding the property hoping for an increase in value. They may have inherited the property. Regardless, this type of owner has a much higher level of motivation to sell than a traditional owner occupant.

Bankruptcy

These are property owners that may be in various types or stages of bankruptcy. The bankruptcy may have put a stay (a hold) on any pending foreclosure action, but it is only temporary. You can contact those that have recently received a motion for relief of stay, which is an action a creditor takes to continue pursuit of the debtor or the collateral property. Someone who has received this will be under pressure to take action immediately. You can also contact those that have recently received a bankruptcy dismissal, and they may be even more motivated as any stay of foreclosure is now void and the foreclosure (if active) will shortly resume, and their bankruptcy filing has ended. All of these filings are public records. You can check to see if your federal courthouse provides access to the "PACER" system which can often provide these records for free. You may also be able to access the PACER system from home for a small fee.

Housing Code Enforcement and/or Orders to Demolish

Many property owners are unable to maintain their properties, and those properties that are within well managed cities or municipalities will have divisions that maintain a minimum housing standards code. Those code officers will field complaints, and well as survey neighborhoods, and when a violation is found they will issue a warning or a fine. If the violation is substantial enough they will open a code enforcement case that will remain open until the property owner corrects the defects. It is common to find open code cases with property owners that cannot afford to correct the defects, or are not available locally to complete the repairs. In addition, if a property reaches a severe threshold of disrepair, a municipality can often issue an order for its demolition. However, these properties may still have substantial value and may be worth saving from demolition. My first large renovation project was a property that was slated for demolition. Since the owner was living many hours away he could not coordinate or afford the repairs, and so I purchased the house for \$7,500.

Registered Boarded Properties

In some markets it is legally required to register a boarded-up house. An owner may board a house for many reasons. Usually it is done to secure the property, but it is a sign that they are either unable or unwilling to complete the necessary repairs to rent the property. When you make contact with the seller, it would be nice if they meet you at the property, but some might instruct you to go ahead and remove the boards and view the property on your own. You may be surprised what you find inside! On more than one occasion I have entered an active crackhouse and felt less than welcome. Bring a friend!

Pre-Foreclosures

When a foreclosure is first filed against a debtor, the action is in the public record. Many property owners allow their property to get to this stage so that they can renegotiate the mortgage with the lender, and many do intend to bring the payments current, but for the property owner that cannot make the payments, and likely plans to walk away from the property, this notice of default is a sign that there may be a property owner who needs to sell their property immediately. Due to recent changes in state and federal law be sure to check the statutes on what is required to purchase a home from a property owner in foreclosure. While many owners desperately need the sell, the new laws actually make it harder for them to do so, in an attempt to protect them from fraud.

60-90-Day Mortgage Credit Lates

If you want to get even more of a head start on the pre-foreclosure owners then you may want to explore access to 60 or 90 day mortgage credit lates. When someone is behind on payments the information is reported to the credit bureaus, and while the credit report itself is private, the mortgage late data can be purchased from data/list services. I have found that this information can be quite expensive, and it may be hard to justify the expense. Each market is different so be sure to check as you may be able to find a more cost-effective solution.

Delinquent Property Taxes

When a property owner fails to pay their local property taxes it is typically published in public records. You may actually find the amount of delinquent property taxes to an unmanageable number of owners, because the lists will usually show the current year delinquencies alongside the long-term delinquencies. Many owners will be a week or a month late to pay, but those that have been delinquent many years have a problem that needs to be addressed. Typically, the best time to contact these owners is just after the most recent tax bill or tax foreclosure warning has been issued.

Probate and Estates

Probate is the legal process to settle someone's final debts after their death, and to legally title a property to the deceased's rightful heirs. It is common that heirs to an estate would prefer cash instead of a property, especially as the property often becomes jointly owned with the other heirs, causing disputes. Death records are public record, as are the estate files themselves. You can usually request an estate file directly from your local courthouse and view the documents within to determine who is the executor or administer of the estate. It is common that their name and phone number will be listed. Some sensitivity is required and you may not want to contact them immediately upon the death of their family member. However, you would be surprised at how many heirs are eager to sell the inherited property ASAP.

Landlords Filing Eviction

Landlords are never happy when they have to evict a tenant. Lost rent is a burden for some, and a crisis for others. Some cannot keep the mortgage current when they lose a tenant, plus they have to afford the cost to renovate for the new tenant. Many are in a catch-22, unable to pay for the uplift, and therefore unable restore the income stream needed to pay for the property. Many new landlords will experience great stress upon their first eviction, and decide that it is a business they want to exit immediately. Even experienced landlords are frustrated and debate a sale at this time. Eviction filings are public record, although getting to them can be tricky. If you are creative, it can be done. If all else fails, attend eviction court every morning and approach the landlords afterwards and hand them your card. I have been advised that some additional sources for eviction data are: Data Quick, TRW Ready, PACE, & Experian, but I have not confirmed availability.

Divorce

Couples who have recently filed a divorce petition will often wish to sell the property they are occupying because they cannot afford new homes without first dividing up their equity. They may also wish to part with a property that brings bad memories. Divorce filings are public record and so are easily obtainable. The challenging part will be getting the two parties to cooperate. Both are motivated to sell, but you will usually need to speak to each independently as they often will refuse to have a joint conversation. If you are a patient, you can work through their drama and create a deal.

Expired MLS Listings

Many property owners list their properties on the MLS with a real estate agent for a set period of time, usually 6 months. When that time is up the listing expires. If the property does not sell, it is usually because it is overpriced, but there can be many other legitimate reasons for its failure to sell. It may have extensive repairs that no buyer is willing to tackle. It may have hostile tenants that scare off all prospective buyers. It may even have title issues that no one has been willing to address. A friendly real estate agent should be willing to provide you with a list of properties that have expired in the last 3-6 months.

Adjustable Rate Mortgages Resetting

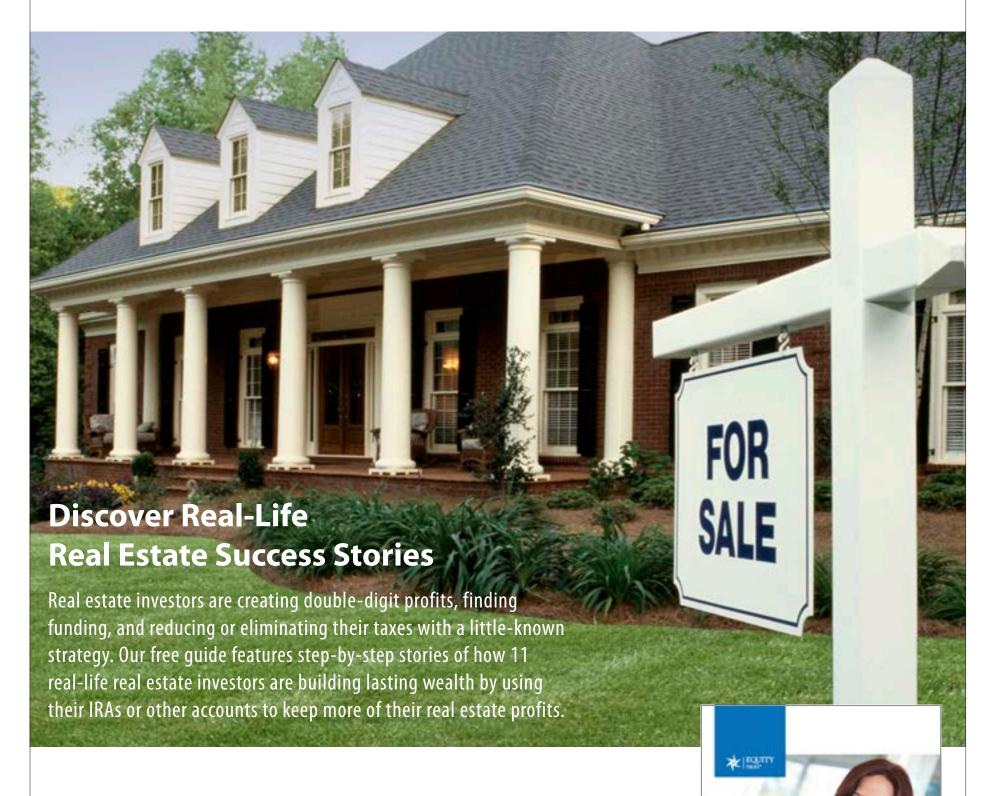
Adjustable Rate Mortgages, or ARMS, typically have a fixed rate for the first few years. This period is usually as low as 3 years or as much as 10, but averages around 5. When a "teaser" rate resets it will often increase, resulting in an increase in the mortgage payment. That increased payment may not be affordable to the property owner, and they may decide that they have purchased beyond their means. Mailing list service companies can access this data and sell it to you if you are unable to source it on your own.

Takeaways

- Motivated sellers can come from many sources, often free or low cost, but if necessary you can pay a company to provide the data you seek.
- Each source of motivated sellers may come with a unique challenge, and you should carefully select the demographic you want to target.
- This list is a starting point, as you may find unique pools of motivated sellers in your market.
- Some data will be challenging to obtain, but do not give up easily. If you are persistent and creative you can likely find the exact data you need. Some lists took me up to a year to obtain!

Daniel Hart, Owner of Hart Homes and author of The Real Estate Roadmap (available on Amazon) has been investing in New Jersey and North Carolina real estate since 2004, and has purchased over 100 properties, almost all using creative financing strategies to create passive income. He is a former board member of the Metrolina REIA in Charlotte, NC.



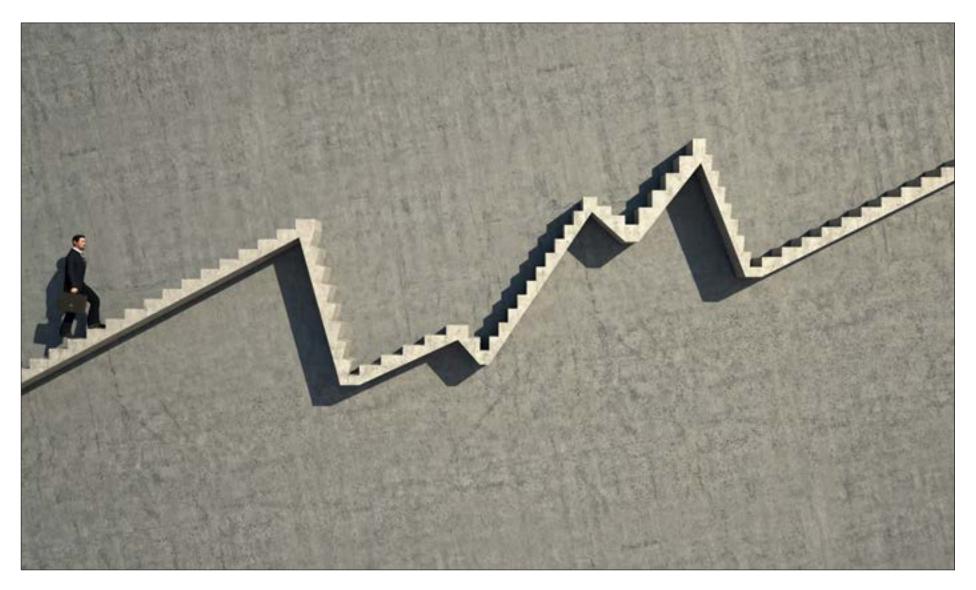


Access Guide Instantly: Free Download at **try.trustetc.com/nareia**

ET-0039-44

© 2019 Equity Trust[®]. All Rights Reserved.

Self-Directed Investments Revealed



Inflation Ahead

By Jeffery S. Watson

am not an economist, nor do I pretend to be one; and no, I have not recently stayed in that hotel chain that supposedly makes you really smart. My common-sense perspective, however, on what I am seeing in the marketplace tells me that significant inflation is here and will continue to exist. When I say "inflation", I'm talking about a significant increase in the amount of money (sometimes referred to as "money supply") compared to the amount of goods and assets in the economy.

Let me illustrate what I mean. There are 100 people in a room at an auction planning to bid on various pieces of art. Prior to the auction commencing, each person is given \$1 million, injecting a total of \$100 million into that economy. Do you believe the prices of the art will go up as a result of the bidders having more money to spend while the number of pieces of art available didn't change?

I realize that is a simplistic explanation, but I think it still applies in general principle across national and international economies. Wise money will always seek a home that recognizes its value and will allow it to grow.

There is more money in the U.S. economy now than at any other time in the history of our country. That money needs to go somewhere. Most savvy investors will put that money to work in places that will hold value or grow.

While I advocate that you maintain a liquid stash of cash called an emergency fund, that money will not be going up in value. Instead, it provides peace of mind and convenience at times of good opportunity or crisis. For those of us who saw income go down for a time during the COVID pandemic, we understand the value of having an emergency fund.

Because we have a runaway, reckless, spending Congress taking every opportunity they can to spend more money, and we have a cooperative Federal Reserve system that is engaged in loose monetary policies, inflation is here to stay. So, what can you do to manage things during this inflationary time?

1. Map out your current financial situation.

What assets do you own? What debts do you have? Probably most importantly, what things can you do to increase your income? As I recall from my days as

a high school student at the end of the Jimmy Carter administration, it was the individuals who had little to no ability to increase their earnings who were the most adversely affected by the inflation of that era.

2. Pay attention to the "cost" and "value" of money.

As a boy in high school around 1979 or so, I remember looking at a United States savings bond that I was given, seeing what the interest rate was on the bond versus the current inflation rate, and realizing that as soon as I had kept that bond long enough to be redeemed, I needed to cash it in and put the money where it had a chance of growing to keep pace with inflation. That was on a measly \$100 savings bond that netted me a little over \$50. Do I remember what I did with the \$50? No, but I remember the awareness of making financial decisions based upon interest rates and inflation even while I was in high school.

Since then, I have become a lot wiser and learned a lot more, but some things never change. Paying attention to both the cost and value of money is required by diligent investors. I do not measure inflation as an economist or statistician would by looking at the Consumer Price Index. Instead, I look at inflation as what it costs me to put gas in my car, buy certain types of groceries, and pay for housing. How does it impact a middle-class American trying to live an average lifestyle?

When investing during this type of environment, consider the cost of money. What is the cost of cash sitting still versus the cost of cash you have in an investment bearing its current rate of return? What is the cost of any money you have currently borrowed?

3. Recognize that inflation will have an impact on all housing in the United States.

As home prices continue to rise due to a limited supply, a change in demographics, and the inflationary pressures of massive government spending and extremely low interest rates, we may be tempted to look at one of our properties and take advantage of the value by selling it.

If you are a baby boomer with empty nest syndrome, then selling your primary residence and downsizing is a great strategy, particularly since IRS Code Section 121 is available for you to shelter a significant portion of your potential gain. I would advise, however, that you be deliberate in both the sale and the downsize. If

you were a frog, I would tell you not to leap off one lily pad until you know where the next lily pad is. In real estate terms, that means make sure you know where you are going next before you pack your bags and sell your home.

You might also be tempted to sell an incomeproducing property, thinking that you can do better. That may be possible, but ask yourself how you can use the net proceeds (assuming you don't do a 1031 exchange) to generate the same or greater cash flow. When evaluating whether you should sell an incomeproducing property, consider the following:

- Step 1 understand the tax impact.
- Step 2 explore options to reduce that tax impact.
- Step 3 determine how you can use that money to replace the cash flow from the rental and put yourself in a position where you can continue to have the same equity upside appreciation in the ongoing rising housing market while keeping your management headaches the same or less.

Where this bubble goes, how big it gets, when it will pop, and what the end result will be is uncertain. Analyze your financial situation, do some due diligence, and plan ahead.

Jeffery S. Watson is an attorney who has had an active trial and hearing practice for more than 25 years. As a contingent fee trial lawyer, he has a unique perspective on investing and wealth protection. He has tried over 20 civil jury trials and has handled thousands of contested hearings. Jeff has changed the law in Ohio four times via litigation. Read more of his viewpoints at WatsonInvested.com.

Ready for a real opportunity in real estate?

Get Real Access To A Steady Stream of Buys

HomeVestors® directly connects huge numbers of homeowners motivated to sell, often before they try the MLS, to our team members. And that could be you.

Get Real Results And Better Opportunity

As America's #1 Home Buyer, we can give you access to our financial portal, accurate offers powered by our proprietary ValueChek™ software, decades of expertise to share, and more. Even during tough times, our team members have seen consistent growth.

Be The Next Real Deal In Real Estate

Only HomeVestors offers you the powerful brand, experienced personal support and marketing muscle to grow your business faster, along with flexible business opportunities that allow you to choose the one that best fits your life. Contact us today.

WE BUY UGLY HOUSES®

*Each franchise office is independently owned and operated.

Call us today or sign up for our free webinar

844-256-0860 getHVAdeals.com/NREIA

© (R)



Negotiation Tip: Be a 'Don't-Wanter' of the Deal

By Lou Gimbutis

T've been involved in a lot of negotiations, and read a lot of books on the subject. There is a basic principle of negotiation that is fundamental; that is below the level of tactics and techniques. In fact, it doesn't apply to negotiations alone, but to almost every type of human interaction. Here it is:

Other things being equal, when you push or move towards someone, they will have an automatic (and many times unconscious) tendency to pull away.

This can easily be demonstrated with the concept of personal space. The next time you're speaking with someone, casually and slowly move closer to them. 100% of the time, they will move backwards.

As an investor, especially in a very strong seller's market, your goal should be to do everything possible to get the property under contract as soon as is earthly possible - preferably at that first meeting. This will increase the percentage of your leads to turn into deals immensely, and besides, who wants to go back twice when one trip would have done it?

I can promise you that if you leave without a signed contract, you have just cut your chances of securing the deal by half, at a minimum.

When negotiating price or terms on real estate, if you are over-eager and pushing very hard to get the deal under contract, the seller will sense this psychologically and begin thinking, either consciously or unconsciously, "I must be giving away the farm! This person seems way too eager."

This will create uncertainty in the mind of your seller, hesitancy, and a tendency towards confusion and wanting to delay signing the paperwork so that he or she can "think it over." There is an old axiom in sales that says "a confused mind says no."

Think about this from your own perspective - have you ever sold something, even a smaller personal item, and had it immediately sell for 100% of your asking price, and then you found yourself questioning whether or not you let it go far too cheaply?

As strange as it sounds, if you make the seller work for the agreed upon purchase price, even if it is their original asking price, they will be more psychologically satisfied with the transaction, and less likely to "shop your contract," or back out later.

Many times, they will even be ultimately happier if you get them down on price a little, because they will then feel more certain that they have done a proper job of negotiating (especially for us men because testosterone demands that we exit this arena victorious).

On a side note, you will find this tendency particularly prominent if your seller hails from another country. In the U.S., we tend to have an aversion to negotiation, a built-in discomfort, or distaste for it. In many cultures, negotiation is considered an inextricable part of every transaction. The seller will almost always have an original asking price far higher than he or she intends or expects to sell for. As strange as it may sound, if you unquestioningly pay it, the foreign seller will feel cheated of an essential part of the transaction - the "fun" they missed out on by losing the chance to dicker with you.

But back to the original concept of push and pull, and the human tendency to unconsciously do the opposite whenever one of those forces is perceived. When you make your seller "work" for the purchase price, you have given him or her a chance to "push." This is likely to lead them to walk away from the negotiation with a feeling of pride, that his or her skill in negotiation (particularly his) effectively allowed the seller to position for relative advantage, and secure a better bargain through this skill set.

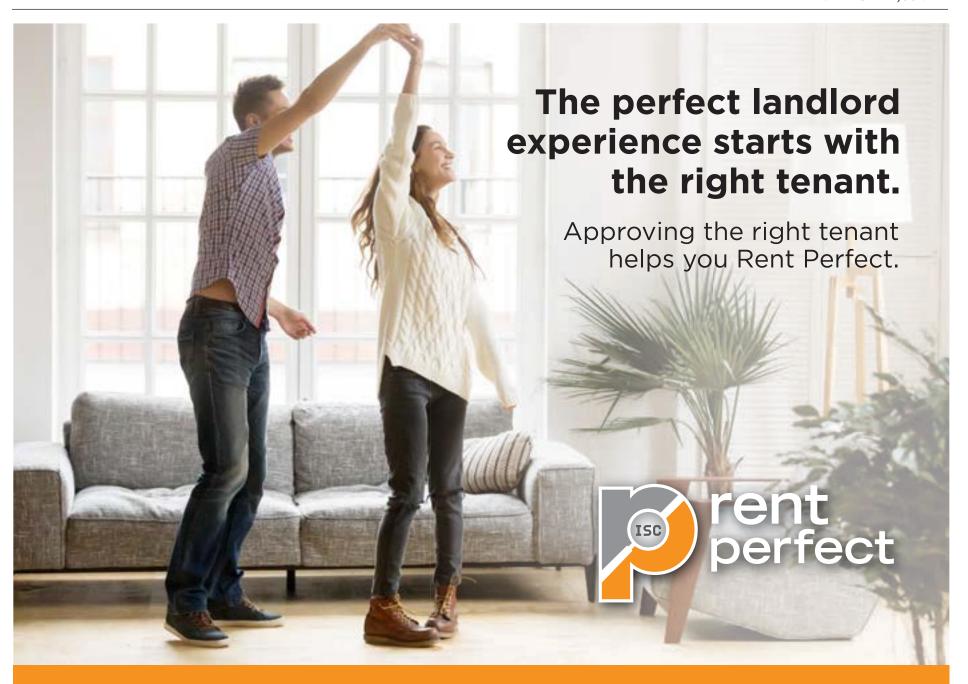
An attitude of courteous disinterest while inspecting the property will work wonders on the negotiactions later to come. Be polite, be pleasant, and do not beat up the house or talk it down. That is a tactic used by the unskilled negotiator, and it often has the exact opposite of its intended effect. "Wow, this is awful! You really used to live here?" There are far more subtle and polite ways to ensure that problems with the house have not escaped your attention.

The seller will likely be either following you around or giving you a tour of the house. If you see a major problem, a huge amount of mold, foundation issues, etc...simply take out your camera, and very, very slowly, take a bunch of pictures of the area. You don't have to say one single offensive word, and the seller will have absolutely no doubt that you are aware of the problem and will be weighing its significance into your offer.

If you're only looking at one deal, disinterest will not come easily. When you're working on several at a time, you know that this house will not make or break your short-term success in real estate.

The seller can sense this objectivity, and your closing rate will increase along with your discount percentages. Be a "don't wanter" of the deal, and you will end up closing a lot more deals!

Lou Gimbutis, owner of Property Solutions, has been buying and selling houses full-time since 2004, first in Michigan, then in 2007after moving to NC in 2007. He is a member of the Metrolina Real Estate Investor's Association.



THE RIGHT PROCESS

On-boarding tenants
through your personal
online portal is just the start.
Designed by landlords, our
process helps solve common
landlord challenges.

THE RIGHT SCREENING

Start Renting Perfect With...

There's more to finding the right tenant than just "can they pay their rent." Our thorough background checks discover the truth about your applicant every time.

THE RIGHT FORMS

Professional forms you can customize to fit your exact needs. From creating a lease to managing the move-in, move-out process, we have you covered.

Special Offer for REIA Members Lifetime Membership Only .95 Cents!





(877) 922-2547 • RentPerfect.com

GO DIRECTLY TO THE REIA REGISTRATION PAGE BY SCANNING THIS QR CODE:

If you don't have a QR Code Scanner on your phone, please contact your local REIA Chapter for the discount link.



NREIA MEMBERS EARN 2% CASH BACK* ON EVERY PURCHASE



HOW DOERS GET MORE DONE

The Home Depot has the tools to help you get more done faster. With convenient shopping, delivery how you need it, dedicated Pro support and a cash-back rebate program*, we help you reach your business goals. Plus, NREIA members receive Gold Tier Paint Rewards with 20% off paints, stains and primers every day.

Reach out to NREIA or your local chapter to learn how you can start earning cash back today.



Learn more at homedepot.com/c/Pro Xtra.

*Participating members with semiannual net purchases of more than \$5,000 receive a 2% rebate from The Home Depot based on spend on registered forms of payment in Pro Xtra and tied to the NREIA program. Rebate periods are January 1- June 30 and July 1 - December 31. Rebate checks are issued 60 days after the rebate period ends. Restrictions apply. Please call 1-866-333-3551 or homedepot.nationalreia.org for further details

Pro Xtra Paint Rewards is a sub-program of the Pro Xtra Program. Pro Xtra Paint Rewards Qualifying Purchases will be tracked during the Program Period and include select The Home Depot Paint department in-store purchases and online purchases from The Home Depot websites, see https://www.homedepot.com/c/ProXtra_TermsandConditions for details.