

A man with grey hair and black-rimmed glasses is speaking into a silver microphone. He is wearing a dark navy blue suit jacket over a white shirt and a red tie with a blue and white paisley pattern. His right hand is holding the microphone, and his left hand is raised in a fist-like gesture. The background is a solid grey.

REMOTE CONTROL RETIREMENT RICHES

FEBRUARY 2019

**CREDIT
SCORE:**
FINANCIAL
EFFECTS

AFFECTING THE
**RENTAL
MARKET**
WITH HOME BUYING

TIME TO BUY
**RALEIGH RESEACH
TRIANGLE**

by Adiel Gorel



December 1 1-DAY EXPO RECAP

We are getting ready for our upcoming Expo on Saturday, March 9th. It has been rewarding to hear great feedback from the attendees of the December 1st Expo. The attendees found the market presentations very useful and they appreciated being able to interact directly with each of our market teams. The expert presentations were very useful to many guests, both new and (current) investors.

New investors liked the beginner's workshop that I gave in the afternoon, and felt it increased their confidence.

Our expert guest speakers were well received. Weiming Peng taught us about 1031 tax-deferred exchanges. We also learned how to enhance our credit scores from Jennifer Drugan. Attorney Brett Lytle taught us about protecting our assets, entities, the importance of insurance, and mistakes to avoid. At the end of the day, I recapped the Expo and we had an extensive additional Q&A session.

The market teams brought current property sheets for attendees to look at, view and see home prices, rents, cash flow and more. Also, Lenders were available to talk to attendees about their individual financing needs. I was answering many interesting and illuminating questions all day, from the stage and during the breaks.

I am truly looking forward to seeing you at our upcoming Expo on Saturday, March 9th. There will be a CPA to talk about taxes, The Opportunity Zone, accelerated

depreciation and other key issues. An insurance expert will talk about umbrella insurance, coverages we need, and more. Also joining us is a financial planner who has a wide encompassing view of the right strategies for financial planning.

Donors who purchase my Master Package from San Francisco Public Television (KQED-TV) will receive two tickets to the March 9th Expo. To donate to public television and receive the package, go here: <https://bit.ly/2oO4zQE>

This will be an amazing day.

See you there, Adiel.





ARE WE AFFECTING THE RENTAL MARKET BY BUYING MANY HOMES?

A classic question I get is “When we buy hundreds of homes over a period of years in a metropolitan area, aren’t we affecting the local rental market?”

This is a logical question. I have gotten it many times throughout the past few decades.

This was asked while we were buying in the Phoenix metro area, where over about 20 years, we have bought about 3,000 homes.

Even in Phoenix, our biggest market ever, our effect was extremely small. The Phoenix metro area is enormous and is comprised of well over a dozen different cities. The homes we bought over 20 years were in all of these different cities, in different areas, and bought at different times.

In addition, the occupancy rate has been very high in the Phoenix market, with well over 95% of the homes are rented at any given time.

In a market like Phoenix, which can have over

40,000 homes for sale at any given time, buying 3,000 homes over a 20 year period is like a drop in the bucket.

The same applies to the markets we are currently buying in--these are large metro areas. These metro areas also span large geographic areas. We have bought less homes than in Phoenix in these markets, also over a long period of time. Occupancy rates are even higher now, closer to 97%.

Thus, we have very little effect on the rental markets in these large metro areas.

Even more, not all homes purchased are the same size, and target different demographic groups.

Overall this has never been an issue I was concerned with, and it certainly isn’t now.

We will discuss this more at our 1-Day Expo on March 9th.

YOUR CREDIT SCORE:

Let's face it: Credit is confusing. Understanding all of the variables can take years of studying algorithms and knowing which variables come into play and when. In fact many of the ideas people have about improving credit will actually drop a FICO score.

And how much does your credit score really cost you? Below you will find example rates pulled off the MYFICO website. Rates fluctuate, however regardless of what rates are, these general rules typically apply. For the most part, when you're in the low 600 credit score range, you lower your interest rate by a half point for every 20 point increase to your credit score (\$75 a month or \$27,000 over the life of your loan (for a 250k loan). Once you're above a 660, it's about a quarter to an eighth point per 20 score points (\$37 a month) up to a 760.

\$250,000 mortgage loan on a 30 year fixed loan

760-850	4.259%
700-759	4.481%
680-699	4.658%
660-679	4.872%
640-659	5.302%
620-639	5.848%



THE FINANCIAL EFFECT

The difference between a 639 and a 700 (which really isn't much) over the life of this loan is about \$87,612 in interest.

Then, add in interest paid on auto loans, credit cards, auto insurance, PMI and bank loans over

that same 30 years at both scores, and this could easily equate to \$200,000 or

even more. This leaves a person with a staggering \$200,000 less to invest over 30 years...a massive opportunity lost. Factoring conservative rates of return on \$200,000 invested over 30 years, one could earn \$400,000 with that money over that time frame. Add that to the amount paid in additional interest in the first place, we find that even slightly lower credit scores over 30 years could cost a person well

over HALF OF A MILLION DOLLARS.

Now let's factor in asset appreciation. 90% of people that become millionaires do it through

real estate. 50 years ago, the median

home price was

\$20,000, today

its \$320,000,

and assuming

the same rate

of inflation,

50

years from

now the median home price will be \$4.6 million. One can't guarantee much in life, but we can guarantee inflation over time and along with it, certain asset appreciations, like Real Estate. It has always occurred over an extended period of time and it always will. Another guarantee is that creditors will continue to charge more for the same thing as long as a FICO score is less than perfect. Because of this,

we believe we have an obligation to help improve credit to get as many clients into homes and investment properties as possible.

Our motto at Home Loans Assist has always been "Changing Lives Everyday" and we fully embrace this. There is nothing more rewarding than helping a client improve their credit scores so they can achieve their goals. Lending has become more and more strict over the last few years and these stricter guidelines purchasing more challenging than ever. I have had countless conversations with thousands of our clients who are so incredibly appreciative and grateful for the education, coaching and guidance we offer. We love what we do!

Understanding these variables is just the beginning of the journey to better credit. Give me a call today for a free consultation and learn how you can have better credit!



By Jennifer Drugan,
Regional Director,
Home Loan Assist





The Research Triangle Region (Raleigh-Durham-Chapel Hill and surrounding towns) offers a rare opportunity for real estate investors to experience appreciation and stability in an area of extraordinary growth. The three main drivers of this area's economic success are Technology, Medical and Education. Job growth over the next 10 years is predicted to be 42.66%. (2018 MarketWatch.com)

The Research Triangle Park, known to many as RTP or The Park, is the Nation's largest research park with over 250 businesses employing over 50,000 people. The Park has creat-

ed economic success for Wake and Durham counties and continues to grow faster than most areas of the country.

The Triangle has the largest concentration of clinical trials organizations in the country. Many large pharmaceuticals companies have established their corporate offices, and manufacturing facilities in this area.

The Triangle Region is home to 14 traditional Universities and Colleges. Collaborations between the many local Colleges and Universities have created a highly educated and skilled workforce, making the Triangle the

2nd "Most Highly Educated" in the country according to Forbes, October 2017.

The Triangle is a great location for long-term investors looking to be well rewarded in 8-10 years in appreciation of home values. Raleigh and the surrounding areas continue to be ranked as one of the "Best Places to Live," Money Magazine, 2018. It's no wonder that the Raleigh metro region is projected to be the fastest growing in the U.S. over the coming decade. Invest where you would want to live. Invest in the Raleigh, Durham Region.



ON ECONOMICS

Can you buy brand new homes as a part of 1031 Tax Deferred Exchange?

We prefer investing in brand new homes. Brand new homes have all new components and most likely many of these components (like the AC, roof, water heater, and others), are under the builder's warranty and possibly the manufacturer's or installer's warranty as well.

Brand new homes are bought from builders, and since builders have an economy of scale, and crews and materials in the field, they can respond better to a big buy-

er (together we represent a lot of buying power), and give upgrades and discounts to our investors.

The 1031 Exchange has time limits: 45 days from the closing of the sale to identifying the replacements, and 180 days from the closing of the sale to the closing of the replacement properties.

New homes come in three main types: 1) already built and ready to close (relatively rare) 2) Being built and will be finished in

a few months (more common), and 3) not yet built. Many builders only start to build a new home when there is a buyer (most common).

Due to the 180-day limit on closing the buying transactions, you should not buy 3) (above). 1) is fine, and so is 2) if the house will be ready in 3 months or less. That gives enough breathing room to be certain

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Retirement Riches Testimonials

John R.

Real Estate Investor since 1980

"I have attended Adiel Gorel's events ever since I first read his book on single-family home investing over 20 years ago. I have made friends, made profits on investments introduced there and traveled with his investors both at home and abroad. I have learned a great deal from the experts who make presentations, both educational and investment opportunities, and formed some strong relationships among them.

In my opinion there is no better source of real estate, tax and investment information available in the Bay Area, and perhaps not

in the United States today. Adiel's integrity, dedication to his attendees, and concern for their wellbeing is unsurpassed. He and his staff go out of their way to make sure that information appropriate to all levels of skill and experience is presented clearly by experts in their subjects and markets."

Brian P.

"Adiel, A quick note to say thank you! I have learned so much from you. Every time I hear you speak I get pumped up about real estate. I'm about to close on my 4th property and so excited about it. You have made such a difference in my life and financial future. I've been able

to spread the word and get friends and family interested in real estate. I admire the fact that you always make yourself available to answer questions and talk shop. I love your passion for helping others. I look forward to the next expo in March."

David T.

Seattle

"I have been investing with ICG for over 15 years; my ROI has been in the double digits and Adiel does all the work. He is in the trenches, and his 30+ years of expertise has helped me build for my children's education; his hands-on guidance consistently results in smooth investment transactions. I highly recommend him!"

ICG Real Estate Investments Presents:

ICG Real Estate 1-Day Expo
Saturday, March 9, 2019
with Adiel Gorel

Expert Guest Speakers:

Joshua Cooper **Lucian Ioja** **Joyce Feldman**

Focus...Continued

to close in under 180 days.

Our infrastructure in the various markets is familiar with 1031 tax-deferred exchanges, and most of the builders are

as well. They will understand what is needed and should help you identify the right homes. I will also be happy to hold your hand throughout the exchange, in addition to you being supported by your exchange expert (to whom we can con-

nect you if you don't know one).

At our March 9th event I will cover these issues in depth. Looking forward to seeing you.

ADIEL'S corner

Q: I understand you like to invest in brand new homes. What's the maximum price I should look at?

A: On my PBS Special, Remote Control Retirement Riches, I gave an example of a home that is bought for \$170,000.

That same home now (about a year after the show was recorded), would be about \$182,000 or so. Overall the range for new homes in large metro areas in the Sunbelt that we are considering, start as low as \$150,000-\$160,000 (these are becoming more rare), and typically get to \$200,000-\$210,000. However the \$200,000 point is not a barrier that is fixed. In some good areas in the Orlando-Tampa corridor, some homes go up to \$220,000

and they are worth buying. In the Raleigh Research Triangle area in North Carolina, the prices can go up to \$240,000 or so, and yet there are still worthwhile homes to buy. Thus there is no hard and fast rule but this is the general range. Property taxes, the local economy, and rents, all affect what prices make sense. We will discuss in detail at our next event, and in a future webinar.

Q: Why do you recommend physically visiting the local markets? Isn't it enough to see on Google Earth or Maps?

A: Especially for new investors, visiting the market creates a layer of understanding that is hard to match otherwise. Driving around with the local team, asking questions, listening to

information, meeting the managers, and seeing the actual location and homes, is valuable. I recommend visiting the market at least once. The level of understanding of a physical visit complements the usage of Google Earth. I recommend to foreigners to also come and visit, despite having to cross an ocean. For U.S. buyers, these visits are manageable, and quite likely tax deductible. Coming to our 1-Day Expos to meet the teams is also useful. Once you already own homes in a market, visiting is less important than at the very beginning of the process. One expression I use related to this is "we are not buying a bottle of mineral water here, we are buying a HOUSE!" I think that would be reason to visit.

Next Issue

Overall Smart Financial Planning by Lucia Loja

