

REMOTE CONTROL RETIREMENT RICHES

DECEMBER 2018

ECONOMIC SLOWDOWNS &

**SINGLE
FAMILY
RENTAL
INVESTMENTS**

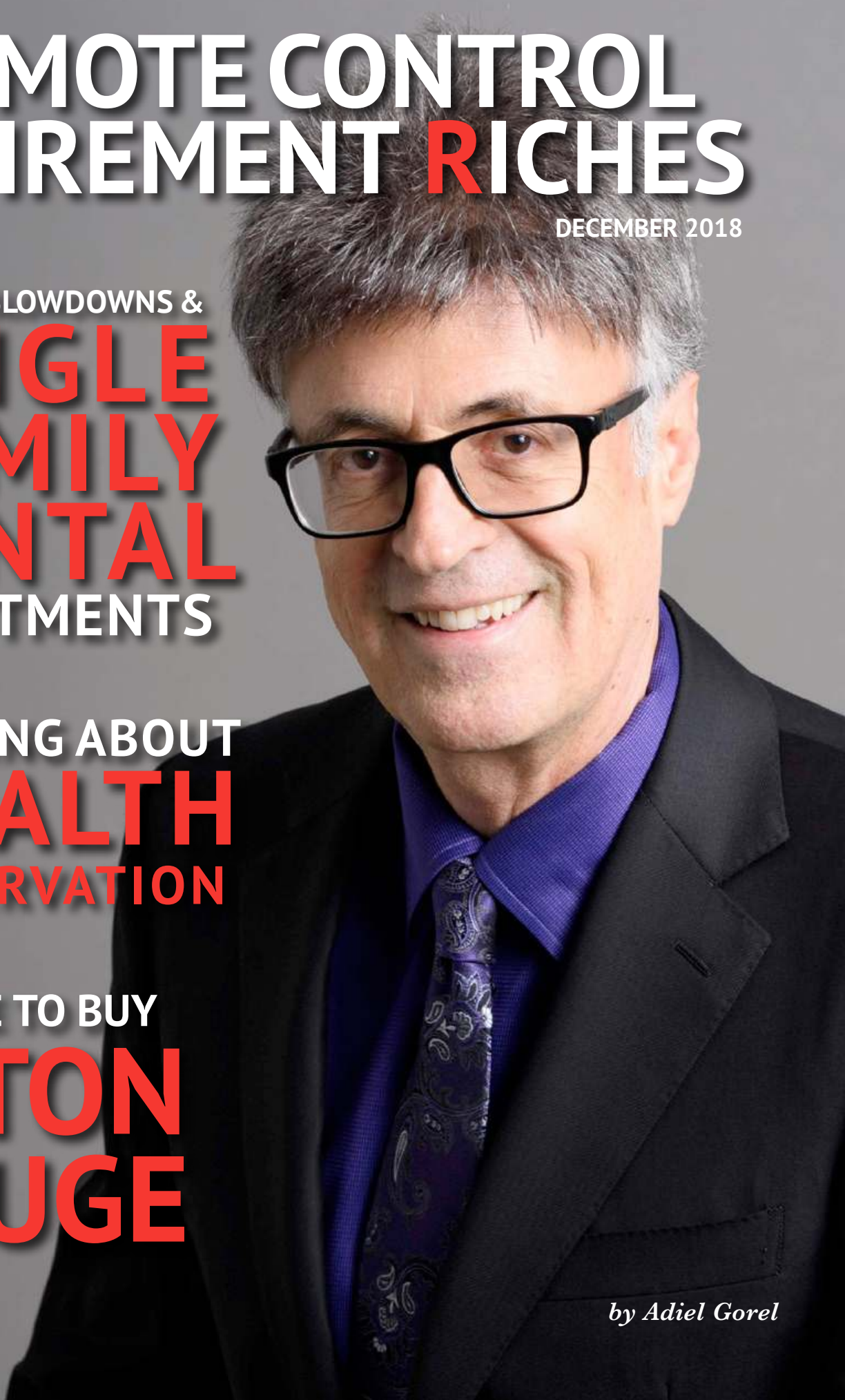
THINKING ABOUT

**WEALTH
PRESERVATION**

IT'S TIME TO BUY

**BATON
ROUGE**

by Adiel Gorel





1-DAY EXPO RECAP

Our 1-Day Expo on Saturday, December 1, 2018, was the biggest event we have had in the past decade. Hundreds of people were in attendance. Attendees spanned the entire spectrum, from brand-new to very experienced and in-between.

I gave a beginner's workshop for the new people. And made sure to cover all the basics throughout the day, and more. Thus, people who have been exposed to this information for the first time felt empowered and gained much valuable knowledge.

We brought our infrastructure, the market teams, lenders, experts etc.

Two new markets were re-introduced: Tulsa and Raleigh. We brought in these two markets over a decade ago, and it was exciting to have the markets teams back again.

Our guest speakers brought us

much needed current information. Weiming Peng taught us about 1031 tax-deferred exchanges. We also learned how to enhance our credit scores and clean up our credit reports from Jennifer Dragan. 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.

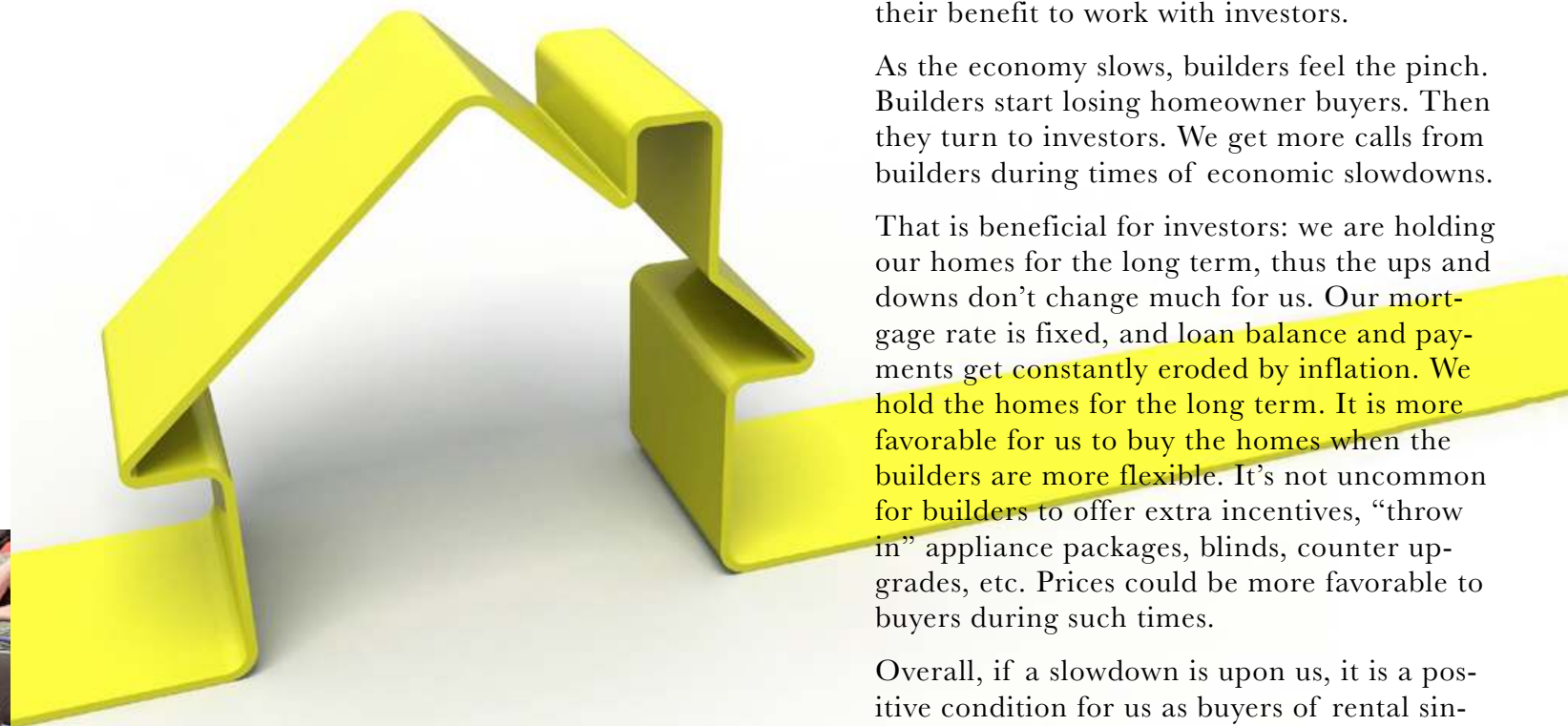
The market teams brought actual property sheets for us to look at, so we could see prices, rents, cash flow and more. Lenders were available to talk to attendees about

their needs. I was answering questions all day, from the stage and during the breaks.

Looking forward to seeing you at our March 9, 2019, event. We already know there will be a CPA to talk about taxes, accelerated depreciation and other key issues. We are still choosing the other experts. It will be an amazing day, and the San Francisco Public Television station (KQED), is giving two tickets to the March 9, 2019, event to donors to KQED who buy my Master Package. To donate to public television and receive the package, go here: <https://bit.ly/2oO4zQE>



HOW WILL A POSSIBLE ECONOMIC SLOWDOWN AFFECT OUR SINGLE FAMILY RENTAL INVESTMENTS?



There is a feeling that the economy is at a relatively high point and it's time for a slowdown to arrive. Many factors fuel this: the historical waves of boom and bust seem to suggest we are "due" for a downturn. Interest rates have climbed about one full percentage point in the past year or so, making loan more expensive, and appears to still be on an upwards trend. House affordability in many metro areas is becoming a problem. The stock market has exhibited see-saw behavior recently, fueled by the fear of tariffs. Overall the tone is that we will have a slowdown.

When you are a buyer of single-family homes in good areas, and you prefer buying brand-new homes, you would be buying from home builders. During times of economic prosperity, the builders can sell everything they build, and during those times they prefer working with homeowners. There is a perception amongst builders that homeowners take better care of their homes than investors. Also, homeowners get better loans and better access to financing. Despite us at ICG having proven over decades that our property managers do maintain the homes well, builders reflexively shun investors if they don't need their business. During strong economic times they don't.

Our market teams and I spend much time talking to builders about why it would be to their benefit to work with investors.

As the economy slows, builders feel the pinch. Builders start losing homeowner buyers. Then they turn to investors. We get more calls from builders during times of economic slowdowns.

That is beneficial for investors: we are holding our homes for the long term, thus the ups and downs don't change much for us. Our mortgage rate is fixed, and loan balance and payments get constantly eroded by inflation. We hold the homes for the long term. It is more favorable for us to buy the homes when the builders are more flexible. It's not uncommon for builders to offer extra incentives, "throw in" appliance packages, blinds, counter upgrades, etc. Prices could be more favorable to buyers during such times.

Overall, if a slowdown is upon us, it is a positive condition for us as buyers of rental single-family homes to be held for the long term.



Featured Article

WHY, WHEN AND HOW YOU SHOULD THINK ABOUT WEALTH PRESERVATION

By Sophia Cizmarik, Esq.
and Brett Lytle, Esq.

Wealth Preservation planning is about protecting your life's work and legacy. It's a cost-effective tool when conducting businesses, estate planning, and family purposes are the primary objectives. If proper steps are taken, you can protect your assets by putting them behind some obstacles. The more obstacles, the greater the protection. Wealth Preservation also plans for future liabilities and is based on the premise that the planning steps that you take today includes the protection on the future transfer of that wealth to younger generations.

What Are Wealth Preservation Tools?

There are various tools we can consider in order to give us more asset protection. liability insurance, Trusts, forming entities and/or multiple entities, gifting plans, retirement plans (under ERISA), and application of knowledge. Wealth Preservation tools are available so you can control your property and assets for your own benefit.

1. Liability Insurance & Umbrella Liability Insurance

Insurance offers protection when a lawsuit is filed. How much coverage is enough and how much does the policy cost are questions that would depend on each business and personal comfort. There are various insurance policies on the market and while not all products would meet the goals of each person and business, having some sort of liability insurance would be the first line of defense.

2. Entity Formation

Entity formation is something that can be used to segregate assets. Having entities formed does not mean that your other assets are not reachable because in some cases Courts are applying the piercing legal theories equally to corporation as well as limited liability entities. Disregarding "entity formalities" is the primary reason for Courts to pierce the entity veil. The Corporate Shield stays in place so long as the entity observes formalities with formal maintenance plans, convert formalities into valuable planning opportunities, brings on lawyers and CPAs together with owners for annual planning meetings.

3. Estate Planning

Having a Trust based estate plan avoids probate. Trusts include both Revocable Living Trusts and Irrevocable Trusts. There are also Special Needs Trusts, Lifetime Trusts, and a General Needs Trusts which are essential to certain beneficiaries. A Trust can plan for incapacity when you are unable to care of yourself. Trusts can be drafted to ensure that a family's legacy is protected and handed down in a manner that the Trustmaker intended.

There are many ways to protect your asset. It could be one of the tools or a combination of all of the above. Through use of the tools above and a combination of different Wealth Preservation strategies, you can come up with creative defenses that are catered to your assets.

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why it's time to buy BATON ROUGE

Baton Rouge is the state capital of Louisiana and is located in central Louisiana, well inland from the coast. One of the fastest growing cities in the south, the rapidly growing port of Baton Rouge is located on the mouth of the Mississippi River. The port of Baton Rouge is the furthest inland port to house and dock large barges and is one factor in the economic growth in Baton Rouge.

Very low property tax, one of the lowest in the US makes it a great place to buy property. There are also no state transfer tax or transfer fees on real estate sales. Low cost hazard insurance along with no flood zone properties nor flood insurance re-

quired makes houses in Baton Rouge, La cash flow greater than houses in other areas.

The metro area population is roughly 830,000. The median age is 33 and the median household income is about \$50,000. Job growth in the metro area is at 6.5% with unemployment being at 4.2%. Both of those numbers are more favorable than the state and national averages. Relative to job growth, the top occupation sectors are healthcare, educational services, retail trade, hospitality and food service, construction, professional, scientific and tech, which includes the massive oil and gas sector, followed by manufacturing. We have had steady

continued job growth, we are diversified in our employment sectors with all of the sectors growing. The oil and gas industry is poised to explode in the coming years. Not only in traditional oil drilling and manufacturing but also in the exploration of natural gas and the conversion of energy to using natural gas, a cleaner source. In addition to oil reserves, Louisiana has some of the largest natural gas reserves in the world.

The pro business climate and continued positive job growth trend makes Baton Rouge a very stable and sound investment.



FOCUS ON ECONOMICS Ongoing Expansion of Metro Areas

Many large metro areas in the U.S. are expanding due to various factors. As prices increase, people are willing to commute longer to get more house for the money. In addition, the old notion of a "town center" applies less and less to families with kids who seek to live in the suburbs. New areas have their own schools, shopping centers, even office complexes,

all within easy reach. Add to that the ever-increasing ability of many workers to work more from home and not have to be in the office five days a week, and the expansion is inevitable.

Distances from the so called "center" have been expanding.

We are seeing cases of giant "metroplex-

es" being formed, as has happened before between Dallas and Ft. Worth (now a giant metroplex referred to as "DFW"). This is happening, for example, between Orlando and Tampa, as the I-4 corridor between Orlando and Tampa is constantly filling up with rapidly-growing towns

Continued, Back Cover

Retirement Riches Testimonials

Michael

"Buying rental homes has allowed me to build my own wealth and financial independence. I'm very happy that I did this. Real estate investing is like a part-time job for me now. I've continued to work in my industry, but I'm no longer solely dependent on corporate forces for income and my quality of life. So I recommend you jump in and try it out. If you go for it, you should have a longer horizon to own four or five rental homes, at least." — **Michael is a Silicon Valley investor in his 40's who has purchased quite a few homes already.**

Phil

"ICG has created a turn-key situation for investors. Investing in single family homes was one of the wisest things we could've done and I'm glad we did so. We're very happy with our net worth, our credit rating, and our financial future. The investments really do carry themselves. We're using one property to finance our daughter's university education. You can refinance and take cash out for whatever you need." — **Phil, who invested with his wife over the past decade.**

Niva

"I have peace of mind that these three properties will take care of me in the future when I can no longer work as a psychotherapist. I've always been self-employed so I have no pension. I have no husband or children so I must take care of myself. I'm very proud of what I've done. It opened my mind to other forms of investments. It expanded my consciousness that I could invest and have passive income. I got my entire family investing too." — **Niva owns 3 properties in AZ, FL and TX**

SAVE THE DATE: March 9, 2019

ICG Real Estate 1-Day Expo

Our quarterly event featuring:

Expert guest speakers.
Learn about: taxes, loans,
new and relevant markets,
meet our infrastructure of professionals
from across the country, extensive
Q&A and more.

Register here: <https://bit.ly/2Em3Xvt>



Focus...Continued

like Plant City, Lakeland, Winter Haven and others. Eventually there will be a big metroplex spanning these two large metro areas.

North of Orlando there is also expansion going up, shooting along to places like Wildwood, Deltona, and other paths of growth, even all the way to the Eastern coast of Florida. Even Ocala, which not long ago was deemed far to the north,

is starting to be a more viable place for many who seek the pricing and space. Same is happening north of Tampa.

We see this growth phenomenon of the suburbs in Oklahoma City, Baton Rouge, Raleigh and many other metro areas nationwide.

As transportation is disrupted (if self-driving cars become viable, for example), distances shrink even further. Needless to say, if drone-powered aerial personal trans-

portation ever becomes the norm (The technology is already there. There is just the controlling traffic software and regulatory structure to be worked out.), that could have a dramatic effect on migration even further all around the existing metro areas, and pricing that will likely increase in the periphery.

The notion of distance is constantly re-writing itself, and savvy investors need to be tuned into this.

ADIEL'S corner



Q: How do I feel safe with a property managers a thousand miles away. Don't I need to get to the house to fix issues?

A: As we discussed, the whole idea surrounds "Remote Control". We are busy, and most of us are not (and don't need to be) experts in maintenance and rental of homes. The property managers do it full time. They are pros, and they can do it a lot better than most of us (certainly better than me). If you buy a home in a market where all our investors together had bought 1,000 plus homes already, even though the home is yours and deeded directly to you, you are still perceived by the managers of being a part of that large group. They know if you are unhappy, we will hear about it, and they can lose not just your home, but 1,000 plus homes. This "group power" makes your clout stronger.

Q: How much do I have to pay you to use your infrastructure?

A: You don't pay us anything. The local brokers split their commissions with us when a home is purchased (the commission is paid by the seller). In addition, despite having negotiated favorable property management rates for our investors due to the volume of business we give the managers, they know how much time my company and I save them by "holding investors hands" and supporting them. The managers also pay us a very small amount per home which multiplied by thousands of homes, helps defray the time and staff hours spent on supporting our investors and "flexing our muscles" on their behalf with the local teams. Using our infrastructure is free to the investor.

Next Issue

All about insurance

What to get to make
sure you are covered

