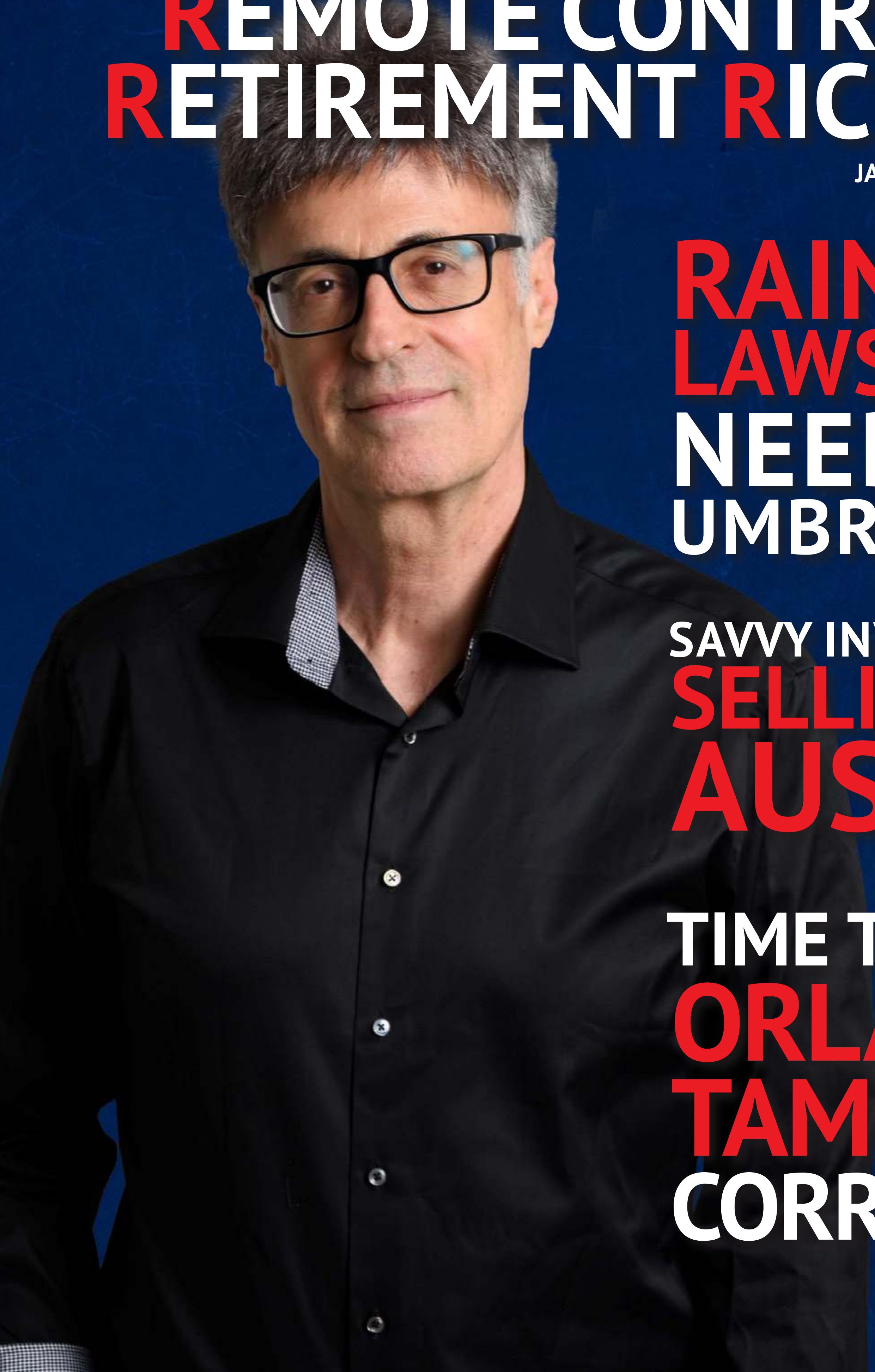
REMOTE CONTROL RETIREMENT RICHES

JANUARY 2019

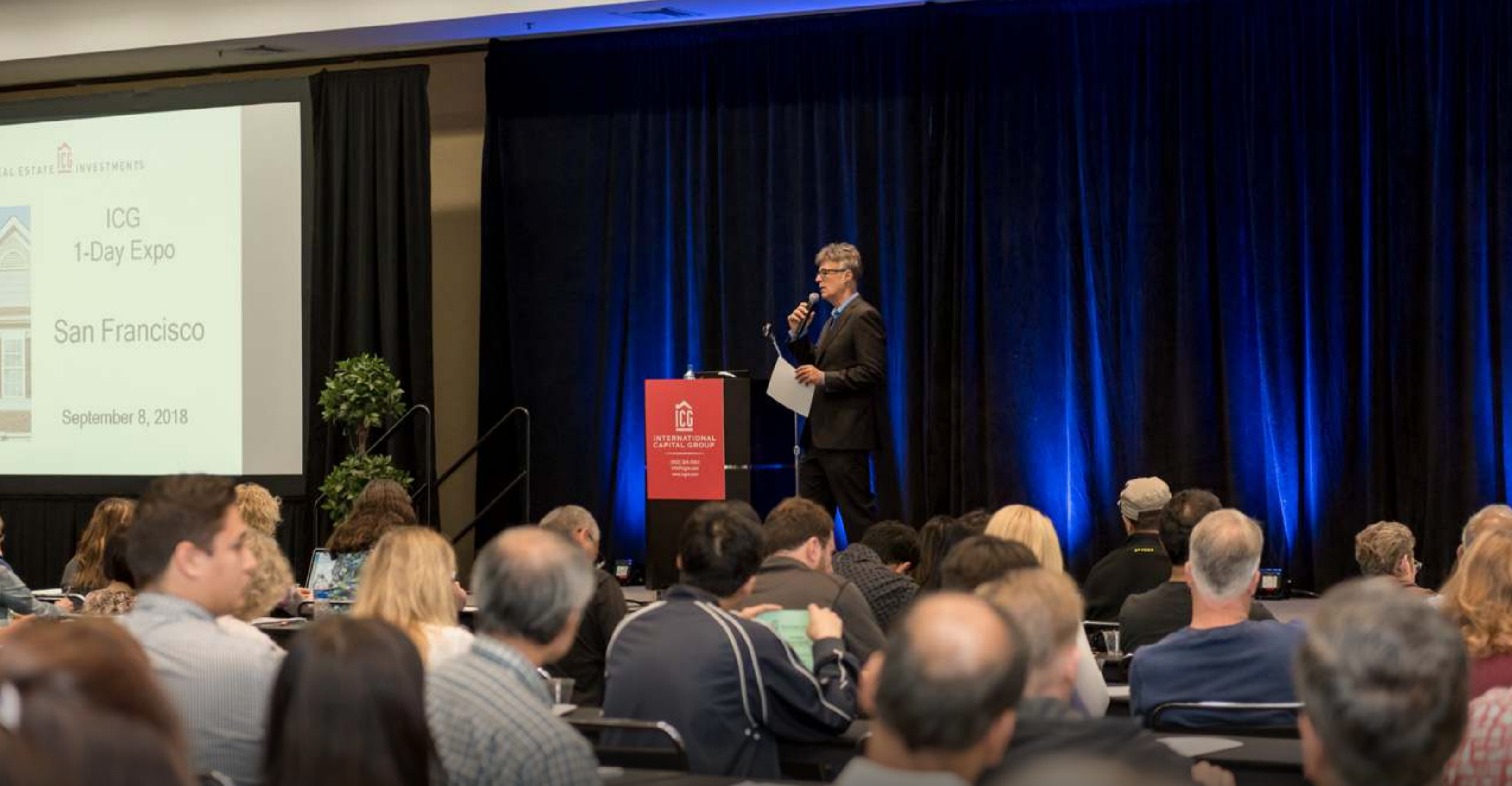


RAINING LAWSUITS NEED AN UMBRELLA?

SAVVY INVESTORS SELLING IN AUSTIN

TIME TO BUY ORLANDO-TAMPA CORRIDOR

by Adiel Gorel



1-DAY EXPO RECAP

We are still getting calls raving about our 1-Day Expo on Saturday, December 1, 2018. It was a big event. 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.

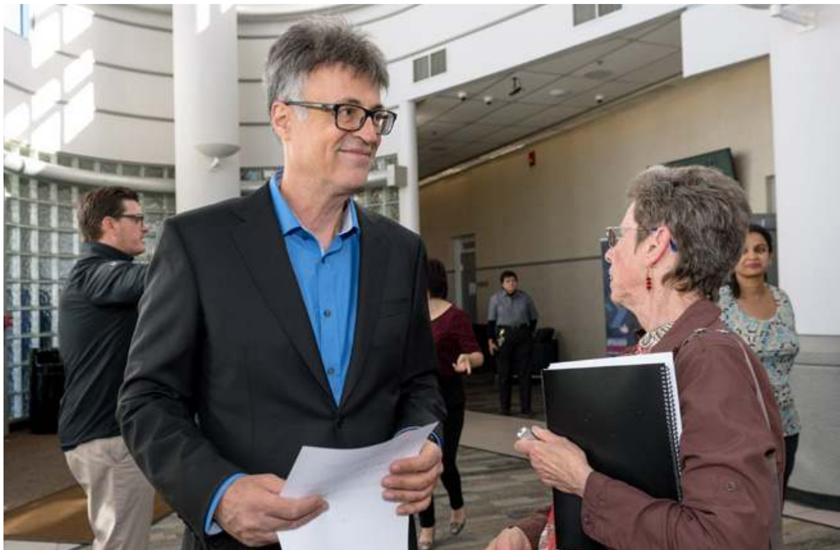
Two new markets were re-introduced: Tulsa and Raleigh. We brought in these two markets over a decade ago, and it was exciting to have the market teams back again.

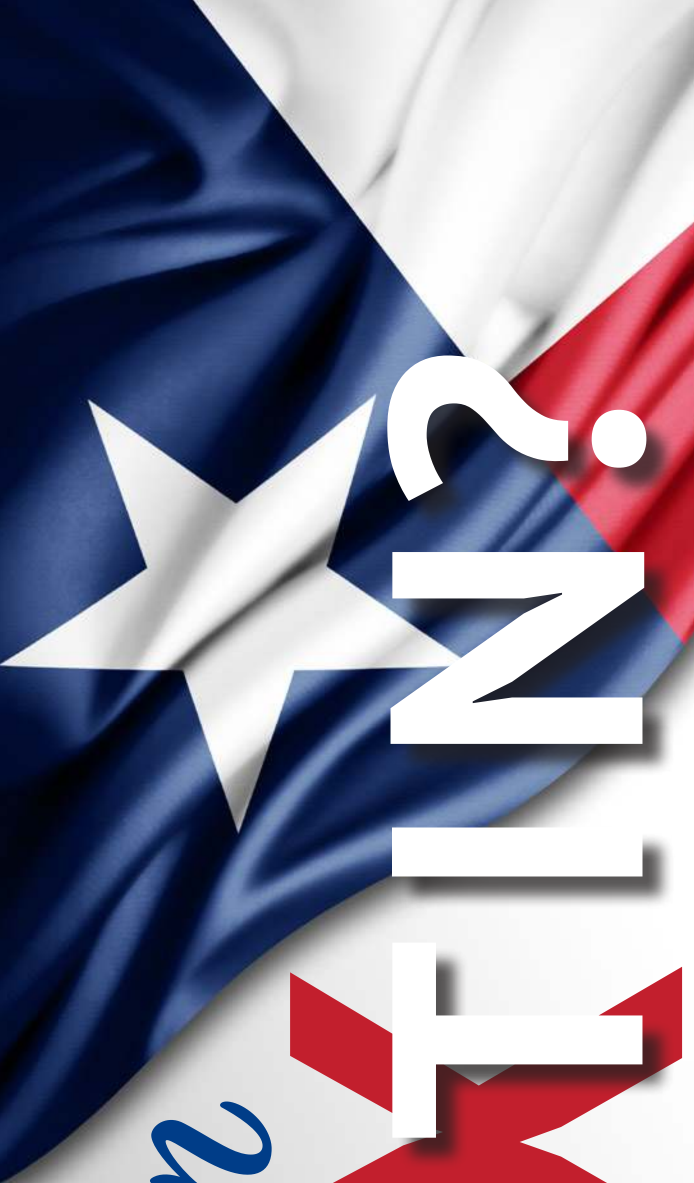
Our guest speakers brought us much needed current information. Weiming Peng taught us about 1031 tax-deferred exchanges. We also learned how to enhance our credit scores and clean up our credit reports from Jennifer Drugan. Attorney Brett Lytle taught us about protecting our assets, entities, the importance 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 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. There will be an insurance expert to talk about umbrella insurance, what coverages we need, etc. The third expert will be determined shortly. 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 of KQED who buy my Master Package. To donate to public television and receive the package, go here: https://bit.ly/2oO4zQE

See you there, Adiel.





Selling in AUSTIN?

I get many calls from people interested in buying in various cities and want my opinion.

One of popular markets right now is the Austin metro area (people get excited about the Apple campus expansion and the overall thriving of the local high-tech scene). It is tempting to think of Austin as a good destination to buy in 2019. However, it is not! Austin, in fact, is a good city to be a SELLER in 2019. The Austin prices have climbed rapidly in the past six years, while rents went up much more slowly. As a result, the rents are too low to cover all expenses.

One expense in Austin (and in the state of Texas overall) is the very high property taxes. The property taxes in Austin can get to almost 3% of the home value per year. That is over 2.5% the property tax rate in Oklahoma (or California). Together, the high prices, relatively low rents (relative to the prices, that is), and the high property taxes, as well as high insurance costs, create an untenable cash flow.

It is very tempting for a California resident to say, "What? I can buy a home in Austin for 'only' $250,000? That is so cheap! Yes, it is. "Cheap" relative to San Francisco prices. However, it is not cheap to buy, and has bad cash flow.

Austin is a place where many of our savvy investors are now SELLING, as the selling market is relatively strong. It is not uncommon to see an investor selling one Austin home and buying 3 brand new homes in a 1031 tax-deferred exchange in Oklahoma City, or Tulsa, or Baton Rouge, or Central Florida. This move creates much more quality real estate owned, more 30-year fixed loans at todays' still low rates, and brand new properties with brand new roofs, ACs and all other parts of the homes.

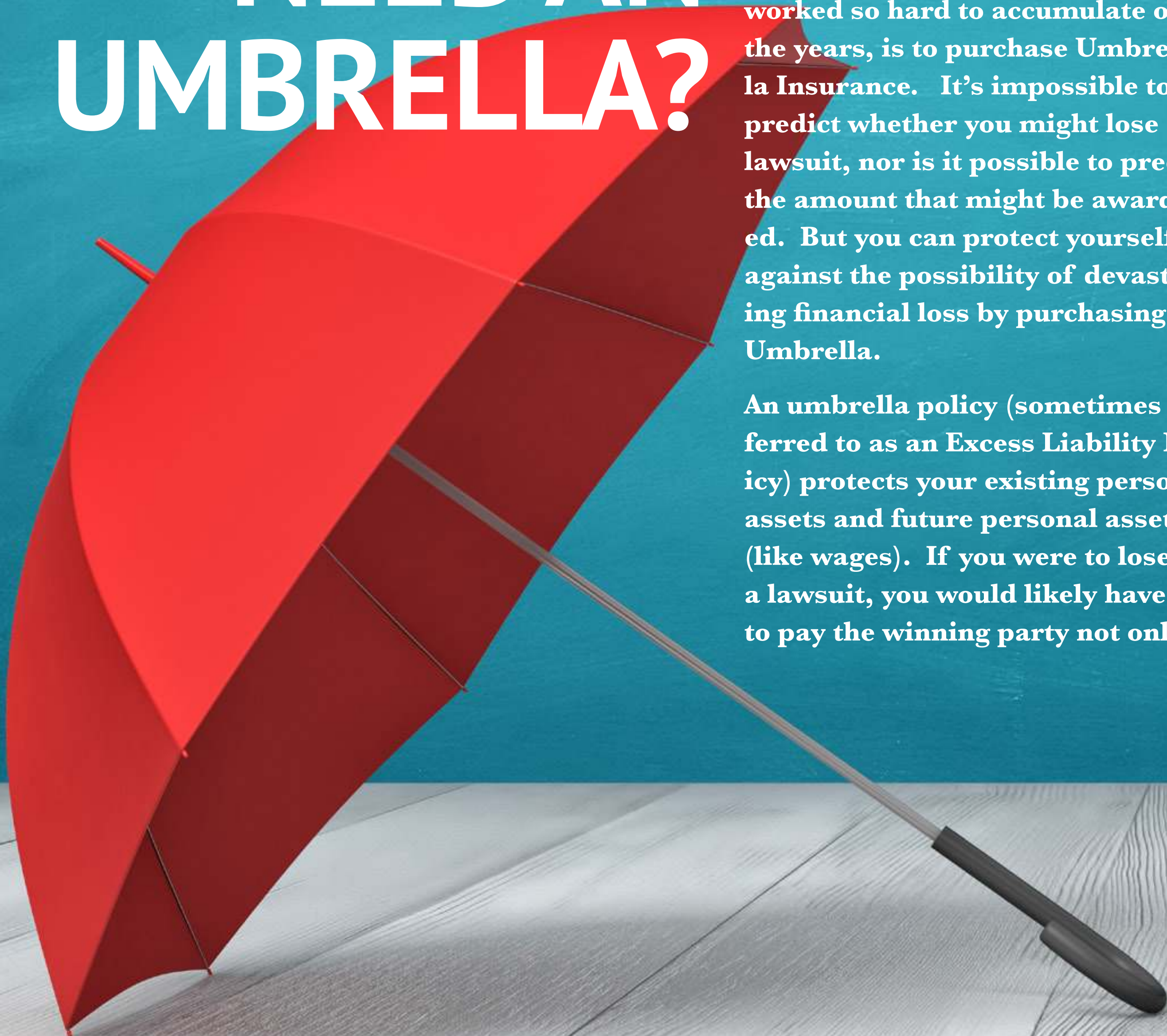
Similar logic applies to the Dallas Ft Worth metro area (DFW), Houston, Phoenix, Las Vegas, Nashville and others. Some misguided reporters confuse high prices and growth with an attractive place to invest in. The two are not necessarily linked.

I am always happy to talk to you and discuss which markets make sense at any given moment. Even when a market is up, (but still not excessively so) it may be viable, as is the case with the Raleigh-Durham area.

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

Featured Article

IT IS RAINING LAWSUITS – NEED AN UMBRELLA?



Personal Injury Attorneys exist to make money on behalf of injured clients. What will those attorneys find out about you if they do an asset search on you? What have you done to protect those assets? These are questions you need to discuss with your Insurance Agent because the first and least expensive way to protect all that you have worked so hard to accumulate over the years, is to purchase Umbrella Insurance. It’s impossible to predict whether you might lose a lawsuit, nor is it possible to predict the amount that might be awarded. But you can protect yourself against the possibility of devastating financial loss by purchasing an Umbrella.

An umbrella policy (sometimes referred to as an Excess Liability Policy) protects your existing personal assets and future personal assets (like wages). If you were to lose a lawsuit, you would likely have to pay the winning party not only the awarded amount but also legal fees. And you don't have to be wealthy - even if you don't have any assets, your wages can be garnished for many years in the future.

When you purchase an umbrella policy, it picks up where your Auto and Homeowners Insurance policies leave off. The average cost of a 1 million umbrella is between $300 to $400 per year depending on your specific situation, making it relatively inexpensive coverage.

When you purchase an umbrella policy, it picks up where your Auto and Homeowners Insurance policies leave off.

An umbrella policy provides excess coverage above what is provided by your homeowners and auto insurance policies. As an example, let's say your auto insurance pays $300,000 of medical expenses per accident and your umbrella policy is for $1 million. If you are sued for $900,000 due to a car accident, your auto insurance would pay $300,000 of the damages and your umbrella would pay the remaining $600,000. Umbrella policies can provide anywhere from $1 million to $10 million of additional coverage. With umbrella policies, legal expenses are covered on top of or within the policy limits depending on the carrier you choose. Therefore, you do not need to hire a lawyer to represent you.

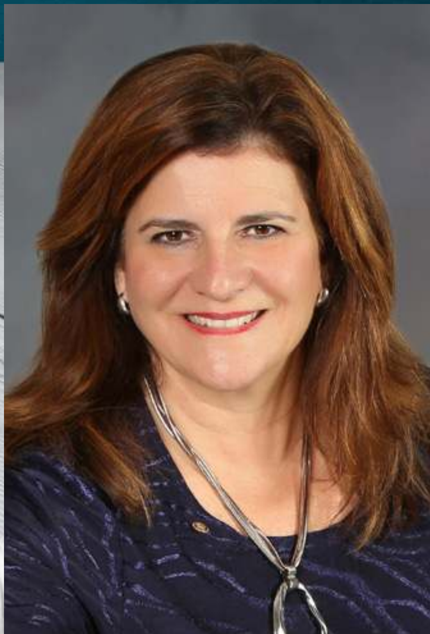
An umbrella policy protects you if you have dependent children involved in an accident. It will also protect you against accidents that occur on rental properties and personal injury lawsuits arising from slander, libel, wrongful eviction, and more.

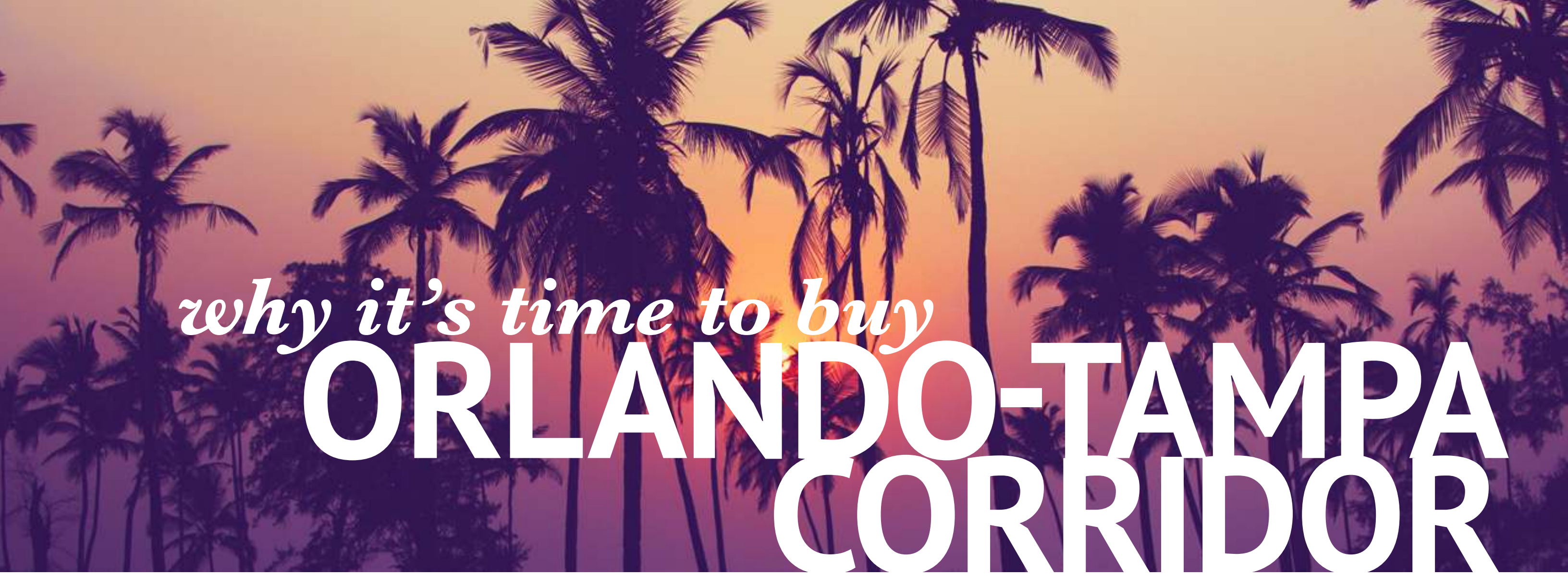
Because an umbrella policy is designed to be above and beyond your current coverage, it will have underlying policy requirements. This means that you'll have to have a certain liability limits on your auto and home insurance as a condition of being approved for an umbrella policy. Typically, the auto needs Bodily Injury/Property Damage of 250/500/100 and your home will need liability of $300,000 as a minimum.

Owning multiple rental properties, a swimming pool, dogs, hiring of workers, youthful drivers and daily commuting all increase your risk of liability.

The bottom line is: just because you aren't at high risk of being sued doesn't mean you are at no risk. Even if you are very careful, umbrella insurance may be the safest course of action to protect your financial future.

By Joyce Feldman
CA License #0E05180





why it's time to buy ORLANDO-TAMPA CORRIDOR

Florida boasts over 20 million in population and 1,000 people move to Central Florida every day! Two-hundred millennials move to Greater Tampa each day too. The Greater Tampa Bay population is more than 4.5 million, and greater Orlando over 4.2 million, together they form the Tampa-Orlando, I-4 corridor of bedroom communities.

Tampa-Orlando is becoming one the largest metropolitan areas on the Eastern Seaboard, with over 8 million people.

Business Insider named Tampa as one of the "hippest cities everyone under 30 wants to move to". Orlando is named the top tourist destination in the world with over 74 million visitors in 2017.

Florida is the prime destination for 75 million Baby Boomer retirees. It is in the Sun Belt, has no state income tax, and is a landlord friendly state. Average temperature 75 and over 275 days of sunshine per year.

Greater Tampa is one of the hottest cities for start-ups, per Fortune Magazine (2018). It is the most pet-friendly, and was designated best overall city in the Southeast, per Money Magazine (2018).

Big markets mean lots of people, political clout, infrastructure and lifestyle amenities. Economic diversity creates long term stability and investment.

The Orlando-Tampa job growth ranked No.1 compared with 382 U.S. metropolitan areas (according to?). The area has some of the lowest unemployment figures in the country. On average, housing costs are 24 percent lower than the national average. Residents also enjoy lower than average grocery, transportation and utility costs with strong job growth. Central Florida is a solid place to invest with average costs of new homes being lower than the national average. Central Florida has seen year over year over 8% appreciation from 2013 until 2019.

ON ECONOMICS

After rising, interest rates are now down about 0.5%. The effect on us?

As of January 8, 2019 (per the Wall Street Journal), the average fixed mortgage rate fell to 4.51% (for homeowners), matching, per WSJ, the lowest level since last spring. 4.51% is still lower than the 3.9% rate of a year ago, but lower than the recent near 5% homeowner rate from the fall of 2018.

Investor rates are usually about 1% higher than homeowners' rates.

Loan brokers and real estate brokers are reporting this 0.5% rate drop is already waking up the refinance marketplace, as well as interest in home buying. Some people feel it's a good opportunity to lock these low rates before they continue their trajectory upwards.

The Fed has also reported its intention to stop or slow the rate hikes it had planned before.

All this points to a potential year of low interest rates (for investors that means 30-year fixed rates under 6, perhaps now closer to 5.5%).

These are historically very low rates. They create better cash flow after expenses on our rental homes, even with a minimal down payment (the FNMA minimum

Continued, Back Cover

Retirement Riches Testimonials

Jon

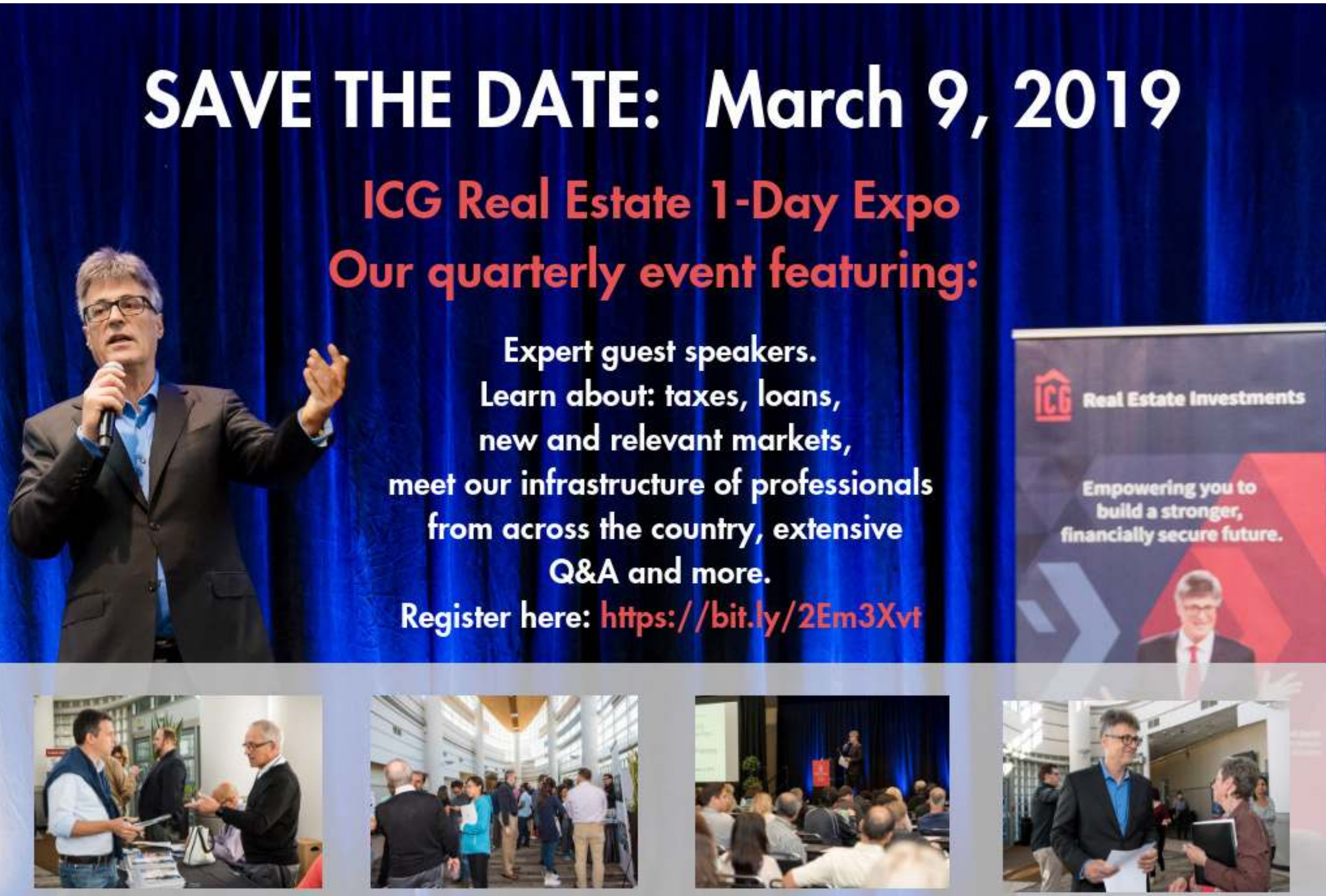
“The ICG network and the expert information there was the crucial factor for us. If I had done this investing alone, I would have made 10 times the mistakes. Kelly and I have developed a sense of confidence about the future. We’re creating financial stability and security for our children, which was our main goal. Most importantly, we can see the finish line instead of insecurity. My general goal when I started was to own 10 single family homes. We’re there now. I’m looking to pay them off and buy another ten rental homes. We have peace of mind and a plan for secure, passive income so we can travel and enjoy more sunsets.” ***– Jon, ICG investor who owns nine rentals in Arizona and his primary residence in New Jersey***

Paula

“We bought outside Austin (Leander) through your team in 2005, held for 10 years, made beaucoup $$$. And made a friend for life with our then-property manager, who just came to SF with his wife to visit last week.” **- *Paula (Roberta)***

Lisa

“I’m pleased with our net worth and financial outlook. Of course, we’re older now and a bit exposed in the stock market. Had we not bought those single-family rental homes 12 years ago, I know we’d be in an unhappy place. We wouldn’t be living in our own home in a beach town in California. We’d still be renting somewhere. We wouldn’t have net worth that we do. I would have anxiety about the future. Instead, we know we’ll be able to send our kids to college and have some kind of retirement.” ***Lisa, ICG investor for 12 years, who owns five rental homes in two states and her family’s primary residence in California***



Focus…Continued

down payment is 15% for investors, but many prefer putting down 20% to avoid Private Mortgage Insurance and get a better rate).

Many of our investors have done well with our strategy of buying in large metro areas in the Sunbelt states, getting a 30-year fixed-rate loan, which never changes which inflation, and then simply holding for the long term.

That has happened even at times when rates were much higher – including rates in the double digits back in the 1980's. However, with today's rates, it is easier to begin, cash flow starts from the get-go, and the 30-year fixed loans will retain these low interests in the face of any future possible rate hikes.

Builders have already seen that a slow-down is possible, and they realize more that working with investors like us gives them an excellent venue to diversify their sales. This, coupled with the new lower rates, could spell an advantageous year for buying in 2019.

ADIEL'S *corner*

Q: I have money to buy a home for cash. Isn't it preferable to putting a down payment and getting a loan?

A: As I discuss in my lectures and on the public television show, the value of the 30-year fixed-rate loan cannot be over-estimated. Having inflation constantly eroding both your monthly payment and your loan balance, creates more equity for you, which grows faster as the years go by.

It is not uncommon for strong results to manifest much sooner than 30 years. I recently looked at a house one of our investors bought in 2003. It has a 30-year fixed-rate loan. Now, in 2019, the loan still has 14 years to go. However, the loan balance is a mere 10% of the value of the home, making the loan almost negligible. That's what happens after inflation eroded the loan for 16 years. Needless to say, the mortgage payment is MUCH less than the current rent, which have been rising over the years.

Thus, it would be a more beneficial move to use the cash available as down payments on several homes (you can start with one to get the comfort level), finance then with the 30-year fixed-rate loans, and that will have a far more powerful effect on your financial future.

Q: If I buy several homes, is it better to buy them in one metropolitan area, or diversify over several cities?

A: This is not a primary issue and can be looked at from a couple of angles. Of course, diversification is good, and could create extra safety. However, having several homes managed by the same team, and supported by the same crew, also leads to extra safety and familiarity. As a rule of thumb, this becomes more of an issue when you own over a million dollars' worth of real estate in a market (usually 5 homes or so). Up to that level it matters little whether you invest in the same metro area, or several ones. After that number, it may be ok to start buying in another market. Remember also that these are large metro areas and even within one city, significant geographic diversification can happen.

Next Issue

Optimizing your credit

Techniques to use and mistakes to avoid — by Jennifer Drugan