



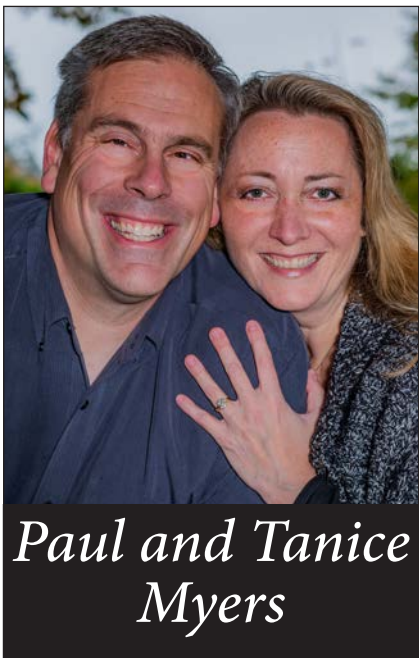
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RE Journal
Member
Spotlight



Paul and Tanice Myers

Paul and Tanice Myers are a husband-and-wife real estate investment team based in Boise, ID.

With over two decades of experience, they specialize in various real estate investment strategies, including buy-and-hold, wholesaling, rehabbing, and rentals. They are also HomeVestors franchise owners and coaches to franchisees in Washington, Idaho and Montana.

With Paul's background in construction and Tanice's corporate experience together they provide a strong foundation for their real estate business. They are passionate about family, traveling, living life to the fullest, and helping others achieve success in real estate. They are active members of the Boise REIN in Boise, Idaho.

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Now Comes the Hard Part

By Chis Kuehl, Ph.D.

First, the good news. It is now safe to watch TV again (except for all the ads from lawyers). The campaigns are over, and our choices have been made. Some people are happy, and some are not. What happens next is transitioning from promises and electioneering to policy decisions and actual governing. What can we expect, and what should these political leaders be focusing on?

Three things stand out as far as projected policy. Trump and the GOP are committed to what has been described as nationalist populism. This approach means the United States will become more isolationist when it comes to world affairs and more protectionist when it comes to the economy. This is the intent, in any case, but making this a reality will be challenging.

The first major shift will involve trade. Trump asserted that he would impose a

20% tariff on anything that was exported into the United States and a 60% tariff on goods from China. That is easier said than done. In his first term, he tried to impose significant tariffs on imported steel and aluminum, but by the time the plan was implemented, there were exemptions for Canada, Mexico, Europe, South Korea, Australia, Brazil, Argentina and even Japan. China dodged the tariffs by trans-shipping. Countries hit by tariffs retaliate with tariffs and restrictions of their own. Remember when Japan struck back with a major tariff on imported bourbon to get the attention of Mitch McConnell? It is also very possible that Trump has proposed these tariffs as a negotiating technique. Several of his allies suggest these tariffs will be reduced or eliminated if the target nation provides something in return. This could be better access for U.S.-made goods or promises to shift production to the United States. There is evidence that



Taiwan Semiconductor decided to build its newest plant outside Phoenix for that very reason.

Another major policy shift involves U.S. engagement in global affairs. It is likely the United States restricts support for Ukraine and may back away from commitments in the Middle East as well. There is talk of withdrawing from NATO and the United States will not engage in most of the international meetings. This strategy may erode as well, because it means the United States will not have a

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Year-End Tax Planning for Real Estate Investors

A Controller's Insider Guide



By Gita Faust

After 24 years of wrangling with year-end financials for real estate portfolios, I've learned that December isn't just about holiday parties and closing out books, it's about making smart moves that can significantly impact your bottom line. Let me share some battle-tested strategies that have served my clients well, along with a few lessons learned the hard way.

The 30,000-Foot View: Setting the Stage

First things first: Your year-end strategy should be about more than just tax minimization. I've seen too many investors focus solely on reducing their tax bill, only to miss out on opportunities for long-term wealth creation. Think of it as playing chess, not checkers.

Here's something I wish someone had told me earlier in my career: The art of year-end planning isn't just about what you do, but when you do it. Timing is everything.

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This Time of the Year Always Gives Me All the Feels

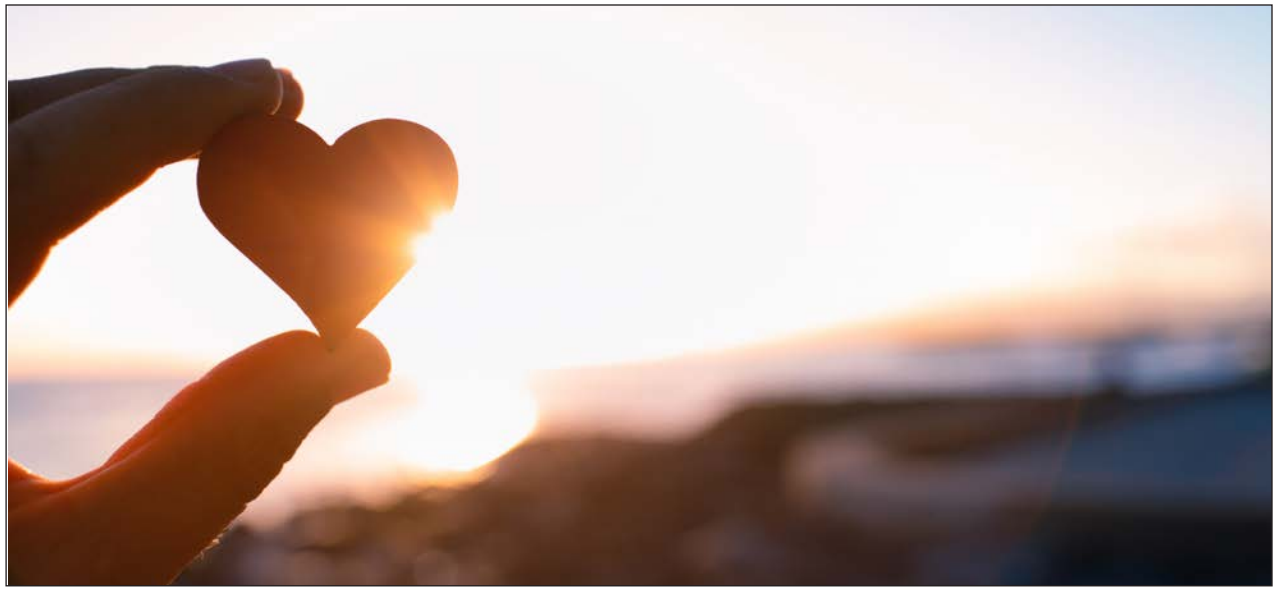
By **Rebecca McLean**
Executive Director, National REIA

My absolute favorite holiday is Thanksgiving. Since I grew up in a family of amazing Southern cooks, this was our biggest family celebration, and we always went BIG for the holiday. Family came to town, even more so than for Christmas, the tree was decorated while munching leftovers that night, that weekend was the best!! And I've carried all of these traditions into my own family.

This special focus on Thanksgiving means that I also become very focused on gratitude in November. I am grateful for so many things: My family is absolutely No. 1, but my National REIA family is close behind.

November is also when I began full-time in the association management business. In November of 1996, I started with the Greater Cincinnati Northern Kentucky Apartment Association, and in, oddly enough, November of 2001, through the GCNKAA management company, I became Executive Director of National REIA. Those long-ago Novembers certainly changed my life in ways I could never have expected. The happiness, fulfillment, and experience I've gained, the friendships I've built, and the progress we've made together as a group have given my life purpose and joy.

Sometimes it doesn't feel very long, but when I look back at the major events during my time in this seat, it amazes me. Here's a short list:



- **2000:** Tech crash/dot-com bubble burst
- **2001:** September 11 attacks and the wars that followed
- **2008:** Global Financial Crisis
- **2020:** COVID-19 pandemic

I've been with National REIA through five different presidential administrations!

Some of the major real estate changes that we've weathered together include:

- **1996–2006:** Housing boom
- **2007–2009:** Housing market crash
- **2010–2019:** Recovery and growth
- **2020–2021:** Pandemic impact

Since 2022, we've seen major market fluctuations. Recent years have brought challenges like economic uncertainties, interest rate changes, and geopolitical events. And through it all, we've been together as a group, a community.

As I've reflected on my time here, I have been overwhelmed by the resilience, innovation, and community that National REIA members have shown through each era. From the highs of booming markets to the challenges of crashes and pandemics, we've faced these moments together. I've witnessed incredible growth — not just in the markets but in the people who make up this organization. Each challenge has made us stronger and more connected as we've worked to find solutions, share knowledge, and support one another.

This Thanksgiving, as we gathered around our tables and reflected on what we were thankful for, I was especially grateful for the honor of being a part of this journey with all of you. Here's to celebrating not only the traditions that bring us together but also the achievements we've built side by side. Together, we've not just weathered storms — we've thrived.

As we wrap up another transformative year, it's the perfect time to reflect on all we've accomplished and set our sights on what lies ahead. The challenges of 2024 have prepared us to take on 2025 with renewed focus, creativity, and determination. Whether it's navigating interest rate changes, adapting to shifting markets, or building stronger communities within the real estate world, I'm confident that together we'll continue to thrive. Let's carry the lessons of this year into next, ready to seize new opportunities and make 2025 one of our most impactful years yet. Thank you for being part of this incredible journey — here's to closing this year strong and starting the next with hope and purpose!

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

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NREIA Legislative Update

With all the campaign ads a distant bad memory, the implications of those decisions are starting to take root. Common sense has raised its head — in California of all places — with the defeat of Proposition 33, which would have expanded rent control statewide. Across the country, many regions voted down property tax increases, even as property valuations are driving higher.

The seats will move slightly in Washington, D.C., with President-elect Trump moving quickly to nominate his cabinet, which allows the Senate to start hearings after they are sworn in on the 3rd of January. The presidential inauguration will follow on the 20th. With a final electoral vote yet to be finalized as of this writing, the estimate is Trump won with 312 compared to Harris' 226. In the Senate, Republicans will have a slight edge at 53 to the Democrats' 47, remembering that cloture requires 60 votes to bring a matter to vote ... things will be tough, although Senate President Schumer was not afraid of utilizing the "nuclear option," which ignored cloture votes and moved a simple majority. The House is similarly matched with a GOP edge at 219 to the Dems' 213 (as of this writing). However, Republicans may be down a few votes, as several members have been appointed to cabinet positions and while their seats will likely remain Republican, each state will need to hold a special election or appointment to fill the seats. Missing more than a few members won't allow anyone to be out sick in order to pass bills along party lines.

As for policies that might be forthcoming from the legislature, expect a focus on renewing the soon-to-be-expiring 2017 Jobs and Tax Cuts Act — a signature bill from the previous Trump administration. Saber-rattling aside on issues such as tariffs, Ukraine and NATO, there are more relevant issues that impact the housing community. Below are a number of bills that could substantially impact housing providers for the better. How much HUD and similar housing-related departments take on these issues could be a question of how much the modern Eye of Sauron (from Lord of the Rings), in the form of the Department of Government Efficiency (DoGE) focuses on them. Here are several to consider:

1. Require Proof of Citizenship or Active Visa

All HUD-subsidized housing through any agency fund, grant, loan, or insurance, shall require proof of U.S. citizenship or active Visa.

2. Made in America by Americans

All construction and rehab shall be performed by U.S. citizens or active Visa residents.

3. Stop Taxpayer Subsidy of Drug Use

Taxpayers across the country are required to take drug tests and yet their taxes support drug users living in government-funded housing. State-based drug testing can be required of residents living in all forms of government-subsidized housing, including public housing and Housing Choice Vouchers.

4. Remove Marriage Penalty from Housing

The economic qualifications need to be redrafted to eliminate the penalty for married couples to be pushed out in favor of single-parent residents. The structural opposition to the and marriage is further destroying

those in poverty — when studies have shown that couples are much more likely to rise out of poverty given the opportunity. The results of generations of governmental policy opposing family-focused housing have only increased the demand for more impoverished housing.

5. Stop Intergenerational Housing, Term Limits on Housing

For the elderly and the disabled, the generous support of the American people will not stop. However, as former President Ronald Reagan said, "Government does not solve problems. It subsidizes them." Allowing for unlimited subsidy allows for unlimited abuse. Housing was meant to be a safety net, not a lifestyle. The bureaucracy has focused more on compliance and support, investing in growing the need to justify itself, rather than actually helping people. Every adult and child knows the motivation of a deadline. No longer will the able be allowed to take advantage of the American taxpayer and government housing. Work requirements have been waived and minimized, to the extent that intergenerational housing has become commonplace. Public housing, a resource contingent upon the U.S. taxpayer, will be limited to 5-7 years for the able-bodied. Public housing support should be an escalator to success, not an introduction to generational poverty.

6. State Block Grants of Housing

All housing programs will be block-granted to states over a 3-year period, with a 10-year contract at current budget levels. Funding algorithms will be recalculated with duplicative programs consolidated, as per the 2020 Senate Budget Committee Report, "Housing Programs — The Need for One Roof". States stepping up in the first year will receive a one-time 5% bonus to assist with transitional costs. In the third year, states will receive a 10% reduction in funds. States that refuse to accept the block grants will be considered to have no need for federal housing assistance.

7. K-3 Education Prioritized Housing Grants - Breaking Cycle of Poverty

There are a few issues that destabilize a child's education before third grade as much as unstable housing. Moving schools within a school year, especially for K through third grade, is significantly impactful for the educational development of the child.

Getting the first child of a family to learn to read is critical. That allows the next children in the family to prosper and be encouraged to be educated rather than poisoned against education. Staying in the same school is critical for consistent education, as well as an intra-grade focus on development.

Most public housing authorities have multi-year wait lists, especially in larger cities, that result in families with young children being delayed the opportunity to participate in stable housing. No longer. Families and single parents with an oldest child under the age of 5 will be enrolled in a 5-7-year Continuous Housing Education Program (CHEP). PHAs will be required to provide at least 10% of funds to this program. A key aspect of CHEP is to keep the participant in the same house, preferably, or at least the same school if a move is required. A time commitment is required from both the resident and the housing provider.

8. Private Actions Not Funded by the Government

The government shall not fund directly or indirectly private actions against violations. The Federal Bureau of Investigations is the current entity funded to investigate and address potential violations. The government does not need to fund vigilante services against private parties. Therefore, no HUD funds may be used for private actions. Everyone has a right to legal defense for criminal proceedings. Civil matters are personal and private and the government should not bring its weight to bear on civil matters.

9. Banish Administrative Kangaroo Courts, per Chevron Deference

Chevron Deference has made it clear that administrative courts are unconstitutional, and those who have been forced to try to prove their innocence in fair-housing administrative courts know the unfairness. HUD will no longer fund administrative courts for fair-housing cases nor provide funding in communities that utilize administrative courts for fair-housing cases.

10. Voluntary Nature of HUD Programs

HUD was designed, voted on and approved as a volunteer program. Any community that violates the volunteer nature of participation in HUD housing for the resident or the housing provider will lose all HUD funding.

11. Market Support of HUD Programs

As the quintessential urban development department, HUD fully engages the necessities of market forces in growing, developing and redeveloping communities. HUD will support communities engaging in catalyzing and growing communities. However, HUD will no longer fund, support or participate in communities that stifle, reduce or cap housing prices, rents or developments. This is, after all, the "fastest way to destroy a community" and that is the opposite of HUD's mission.

12. Renewing and Re-Engaging Housing Providers

In many communities, the Housing Choice Voucher goes unused by residents because it is declined by housing providers due to burdensome and delayed processing of applications, institutional disregard for contracts as well as the complicated and changing inspection regimes. The contract between a resident, a PHA and a housing provider shall not be changed after signing without at least a 60-day notice after the first year. The habit of changing lease amounts after a contract is signed will result in the removal of funding from the PHA and an inquiry of fraudulent action by the Inspector General.

13. Removal of Expensive and Redundant Inspection Regimes

As the Housing Choice Vouchers are meant to allow residents to blend into the community and become part of the community, HCVs shall follow the building code standards of the local community and

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Year-End Tax Planning for Real Estate Investors ... continued from Page 1

Let's break this down:

- **Accelerating Expenses** — Remember that major repair you've been putting off on your multi-family property? December might be the perfect time to pull the trigger. Just last year, one of my clients saved nearly \$50,000 in taxes by completing a planned roof replacement in December rather than waiting until January. The key is ensuring the work is actually completed and paid for before December 31st. The IRS isn't too fond of paper games.
- **Strategic Income Deferral** — If you're expecting a significant capital gain from a property sale, consider using a 1031 exchange. But here's a pro tip that's often overlooked: Start identifying potential replacement properties now. I've seen too many investors scramble in January only to settle for subpar properties just to meet the 45-day identification requirement.
- **Cost Segregation** — The Gift That Keeps Giving — Let me share a quick story. Last month, I worked with a client who had purchased a \$5 million office building. They were skeptical about spending money on a cost segregation study. After some convincing, they agreed, and the study identified \$1.2 million in components that could be depreciated over 5, 7, and 15 years instead of 39 years. The resulting tax deferral in Year One alone was more than what was paid for the study.
- **The Power of Documentation** — Here's something that keeps me up at night: Seeing clients miss out on deductions simply because they can't prove them. In this era of increased IRS scrutiny, documentation isn't just necessary — it's everything. (Pro tip: Use your smartphone to photograph receipts immediately and upload them to a cloud storage system. Remember to write the property name and unit on the receipt before you click. It's simple, but you'd be amazed how many sophisticated investors still keep shoeboxes of receipts.)
- **Retirement Planning with Real Estate in Mind** — One often overlooked strategy is using self-directed IRAs for real estate investments. But beware, I've seen investors get burned by not understanding the strict rules around prohibited transactions. If you're considering this route, get professional advice first. The penalties for mistakes can be severe.

Looking Ahead: Strategic Planning for 2025

The most intelligent investors I work with don't just

Now Comes the Hard Part

seat at the table when decisions are being made. The most pressing issue will be Taiwan. Will the United States back that nation if China attacks? North Korea is a potential crisis point as well. Given how integrated Taiwan, South Korea and Japan are in the U.S. economy, this will be an important set of decisions. This could also be a negotiating tactic. The United States has been demanding that Europe play a larger financial role in NATO and with Ukraine, and Japan has been pressured to play a bigger role in opposing China.

The third issue is immigration. There is universal agreement that something has to be done to control illegal immigration. This is an issue in Europe and Asia as well. The challenge is that the patterns have changed. Migrants today are better classified as refugees, as they are fleeing tyrannical regimes, drug wars and the like. They are not interested in assimilation or even working in the United States. Ultimately, they want to go home. This creates a major drain on U.S. resources. The border will be tightened, and it will be expensive. At the same time, the United States faces an acute labor shortage and needs migrants with the right skills and willingness to adapt to living in the United States.

What should we be demanding from those we just elected? From the business perspective there are three issues that emerge at the top of nearly every list.

think about December. They're already planning for next year. Here's what should be on your radar:

- **Interest Rate Environment** — With rates continuing to impact the market, consider refinancing opportunities. I recently helped a client save \$200,000 annually by restructuring their debt portfolio. The key was timing the refinance to maximize both tax and interest rate benefits.
- **Entity Structure Review** — When was the last time you reviewed your entity structure? The tax landscape constantly evolves, and what worked five years ago might not be optimal now. I recommend an annual review of your entity structure with your tax advisor.

The Human Element: Building Your Team

Here's something they don't teach you in accounting school: your year-end success largely depends on the strength of your professional network.

Here's something they don't tell you in real estate mentors — Build relationships with:

- A bookkeeper and controller who is an expert in real estate
- A proactive licensed CPA who understands real estate
- A real estate attorney who can move quickly when needed
- A reliable property manager who can provide detailed records
- A banker who understands your business model

Common Pitfalls to Avoid

Let me share some war stories (with names changed to protect the guilty):

1. "John" waited until December 31st to make property tax payments, only to discover his bank was closed for the holiday. The lesson? Don't wait until the last minute for crucial transactions.
2. "Sarah" forgot to document her home office expenses throughout the year, losing out on significant deductions. Simple solution: Set up a quarterly review system.
3. "Mike" didn't realize his property management company had changed ownership, affecting year-end reporting. Always maintain direct relationships with key service providers.

The Bottom Line

Year-end planning isn't just ticking boxes — it's about

crafting a strategy that aligns with your long-term investment goals. Start early, stay organized, and partner with professionals who get your vision.

Remember, the best tax strategy doesn't always save the most taxes this year. It's the one that creates the most wealth over time while keeping you in compliance with tax laws and regulations.

Here's my take: I've observed over my years in real estate finance that there's often confusion about the roles of controllers and bookkeepers and, more importantly, when you need each one. Think of it this way: If a bookkeeper is your day-to-day financial mechanic, a controller is your financial architect and strategist.

You need both roles if you're managing multiple properties or planning significant growth. Your bookkeeper handles the crucial day-to-day operations, while your controller (like myself) ensures your financial strategy aligns with your growth objectives. It is only attainable when you have detailed bookkeeping and high-level controller in your team.

Suppose you're wondering whether your current financial management structure is optimal for your real estate investment goals. In that case, I'd be happy to review your setup and discuss potential improvements. Having guided numerous investors through this process, I'll help spot the gaps and opportunities in your financial system so you can reach your full potential.

As we wrap up this year, take some time to review your portfolio's performance, update your strategy, and position yourself for success in the coming year. And don't forget to celebrate your wins — real estate investing isn't a sprint; it's a marathon.

A final piece of advice: Keep learning. The real estate market and tax landscape are constantly evolving. The strategies that worked last year might not be optimal next year. Stay curious, stay informed, and don't hesitate to ask me questions.

Your year-end checklist is just the beginning of a broader wealth-building strategy. Make it count.

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. 🇺🇸

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It starts with labor. Economists and analysts have been sounding the demographic alarm for years. By 2030 the entire Boomer generation (76 million) will have reached retirement age. There has to be a focused effort to train and educate people for the jobs of today.

The second major issue is regulation. Thousands of these are promulgated every year, and they have become a major burden. Many of the regulations have nothing to do with the core business and are directed at social issues. There are many that are contradictory and overall, they are expensive. The average cost of regulatory compliance for a company is \$277,000 annually (19% of payroll costs). A small company with 20 employees is paying \$1 million in compliance costs per year. Manufacturers pay \$350 million in compliance costs annually, and that is 12% of the sector's value to GDP.

The third issue is infrastructure support. The U.S. transportation system has been graded D-minus by civil engineering associations. The power grid is woefully inadequate. The data center expansion alone will require 45 terawatts of energy. This means radical expansion of power plants fueled by everything available (oil, gas, coal, nuclear, wind, solar). The ports are inefficient as unions block the use of technology, and water availability has become a major issue as well. The United States is welcoming reshoring but companies can't move to the United States if there are no work-

ers, no power, no water, bad roads and regulations that cost them millions. And then, there is the issue of taxes. They are very often distorting and too high for many businesses to handle.

In the midst of all these major economic challenges there is one that hits people most directly. Housing continues to be the chief concern for many, as the United States is still short 4.5 million homes and that is up from the year prior. The majority of this shortage is in the lower-cost sectors, but many of the fast-growing cities are facing a deficit at every level. This has contributed to the rise in the price of an average house to between \$420,000 and \$440,000. There are obviously radical differences in price depending on the region. In California the price is between \$780,000 and \$900,000, while in North Dakota it is between \$260,000 and \$280,000. The most recent significant shift in demand has seen Boomers choosing to live in multi-family units (some version of senior living) and Millennials finally starting to favor single-family homes as they start to focus on raising children.

Chris Kuehl, PhD., is an economist and managing director of Armada Corporate Intelligence. Visit www.armada-intel.com for more information. 🇺🇸



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It's Roller Coaster Time

By M. Jane Garvey

Rents are Up," "Rents are Down," "Prices are Up," "Prices are Down," "Showings are Up," "Showings are Down"... you can get whiplash just reading headlines these days. Most of these headlines are market-specific, and they could be different if you just shift the time frame observed by a month. So, how are they relevant? Let's take a deeper dive into this.

Headlines are attention-grabbers. Many people see them and don't bother to look for the details. In today's market, we can see two headlines that are exact opposites in two different new stories on the same day. Some people will have seen one, other people may have seen the other. They will have divergent views of what is happening, and if they haven't dug any deeper, they may be misinformed. As far as accuracy of the stories – even a broken clock is right twice a day. We can paint any picture we want if we observe things in a market like this and choose the right location and time frame.

What these headlines do affect is the perception people have of the housing markets. Most people only have experience with their own rent or the value of their own home. Most have a preconceived notion of what is happening. There are headlines out there that will reinforce their perception.

As an investor, there are always opportunities. Sellers who perceive that there are very few buyers, or that prices are headed down are more likely to accept offers that give you the opportunity to profit. In any market, there are sellers who need to sell due to life circumstances. Some of them can't wait for the market to shift. Be prepared to buy, if the price is right.

Even when the overall market is struggling, there are often market segments that are doing well. Starter homes can be doing great while luxury homes are struggling. Office properties can be appreciating while malls are struggling. Tulsa, Okla., can be seeing good appreciation while Minneapolis isn't. Dig into the data and figure out if the market fundamentals for an area, or market segment, support your investment strategy.

When we face a confused market, the risk is bigger, and the rewards can also be bigger. As investors, we can "sit it out" to avoid the risks, or we can mitigate the

risks and seek those bigger rewards. Your decision on which strategy to choose will likely depend on where you are in your investing journey.

How do we mitigate risk?

Do your due diligence.

Research the heck out of the property, the market, the people, and the legislative climate in the area. If the market is slow, you will have plenty of time to do this, and much of it can be done before you identify a particular property.

Buy low, sell high.

This is way too simple an answer, but it is important. The more risk involved, the lower the price you should pay. If you think you will have a longer holding time before you get a fix-and-flip sold, you need to account for the extra holding costs in your purchase formula. "70% of After Repaired Value – Repair Costs" may not be the right price. 60% might be the right ratio. Run the real numbers and figure out the ratio for your market.

Have multiple exit strategies.

When we were buying a rehab in December 2008 as the housing market was collapsing, we negotiated for seller financing that allowed for the very likely scenario that it would be more appropriate to rent than sell when the rehab was finished. This indeed was the case. We then went to a lease-option as our sales strategy to recover some of our rehab costs and to minimize the headaches that would come with a rental.

Have reserve funds lined up.

Keep loads of reserves so that you have the flexibility to change direction as needed. Reserves are not necessarily sitting in a bank account, but they should be funds that are accessible quickly if needed. A good backstop will keep your portfolio safe from the unplanned wild pitch.

Don't put all your eggs in one basket.

It would be better to make a handful of smaller investments than one big one. If you don't personally have the funds to

do this, get seller financing or share your investments with other investors. Keeping the investments small compared to your portfolio size is like diversifying your portfolio in the stock market. They may not all be big winners, but you have more shots at it.

There are always sellers who need to sell. Likewise, there are always buyers who need to buy. You can minimize your holding time by making sure you are providing what they want. Buyers are not all the same. Providing an outdoor pool in International Falls, Minn., will not get you the same return on investment as providing the same pool in Orlando, Fla. In one place, it is an unwanted maintenance nightmare; in the other place it is almost a necessity. Figure out who your buyers are likely to be and cater to them.

There are always renters looking to rent.

Taking the time to figure out what a renter will value is important to maximize rent and minimize holding time. This also varies with your market. Do some research before you figure out your rehab plan.

Your strategy matters.

To be effective in our investing we need to be providing solutions. Buyers and sellers with problems will be more likely to work with us if we can provide a solution that benefits them in their situation. When there is a scarcity of buyers or sellers in your market, the more tools you have the better. Take some time to investigate the educational programs that your local real estate investors association offers. Also check into the educational programs that are offered in National REIA's National REIAU program (www.nationalreia.org). The more you learn, the more problems you can solve. Learn, while putting your plans in action.

Jane Garvey is president of the Chicago Creative Investors Association. 

Roth IRA vs. Traditional IRA: Which Retirement Account is Right for You?

By Carl Fischer

When it comes to planning for retirement, choosing the right investment account can be just as important as deciding how much to save or where to invest.

Among the most popular options are the Roth IRA and the Traditional IRA, two retirement savings accounts that offer distinct tax advantages and withdrawal rules.

Deciding between them depends on several factors, including your current financial situation, tax bracket, and future goals. This article takes a closer look at the differences between these accounts and provides guidance to help you make the best decision for your financial future.

What is a Roth IRA?

A Roth IRA is a retirement account that offers tax-free growth and tax-free withdrawals in retirement. Unlike other retirement accounts, contributions to a Roth IRA are made with after-tax dollars, meaning you don't get an immediate tax deduction. However, the trade-off is significant: Once you reach retirement age (59½ or older) and have held the account for at least five years, you can withdraw both your contributions and earnings completely tax-free.

One of the standout features of a Roth IRA is its flexibility. You can withdraw your contributions — though not the earnings — at any time without penalties or taxes. This makes a Roth IRA not just a retirement account, but also a potential safety net for unexpected expenses. It doubles as a savings account with asset protection.

Another key advantage of a Roth IRA is the lack of required minimum distributions (RMDs). While most retirement accounts require you to start withdrawing funds at age 72, Roth IRAs allow you to keep your money invested indefinitely. This feature makes Roth IRAs particularly attractive for those who want to let their investments grow for as long as possible or leave a tax-free inheritance for their heirs.

However, Roth IRAs do come with one significant limitation: Income eligibility. High-income earners may not qualify to contribute directly to a Roth IRA. That said, there are strategies, such as the “backdoor” Roth IRA, that can help individuals circumvent this restriction.

What is a Traditional IRA?

The Traditional IRA, by contrast, is a tax-deferred retirement savings account. Contributions are often made with pre-tax dollars, which can reduce your taxable income for the year you contribute. In this way, Traditional IRAs offer an immediate tax benefit, which is one reason they remain a popular choice for retirement savers.

Unlike Roth IRAs, withdrawals from a Traditional IRA in retirement are subject to income tax. This means you'll pay taxes on both your contributions and the earnings when you take money out during retirement. While this might seem like a drawback, it can actually be advantageous if you expect to be in a lower tax bracket in retirement than you are today.

Another key difference is the requirement to begin taking RMDs at age 73. Whether or not you need the money, the IRS mandates that you withdraw a minimum amount each year and pay taxes on it. This rule can be inconvenient for individuals who prefer to let their money grow untouched for as long as possible.

Unlike Roth IRAs, Traditional IRAs have no income limits for contributions, but there are restrictions on tax deductibility if you or your spouse participates in a workplace retirement plan. Even if contributions are not tax-deductible, the account's tax-deferred growth still makes it a valuable retirement savings option.



How to Choose Between a Roth IRA and a Traditional IRA

Selecting the right type of IRA involves weighing several factors, including your current tax bracket, your expectations about future tax rates, and your financial goals. Here's a deeper look at the key considerations:

- 1. Current and Future Tax Brackets** — Your current and expected future tax brackets are often the most important factors in deciding between a Roth and a Traditional IRA. If you're in a high tax bracket now and expect to be in a lower one during retirement, a Traditional IRA might make sense because it provides immediate tax relief. Conversely, if you're in a lower tax bracket today but expect higher tax rates in the future, a Roth IRA could be more advantageous, allowing you to lock in today's lower rates and enjoy tax-free income in retirement.
- 2. Time Horizon** — Your investment timeline can also play a significant role. Roth IRAs are especially appealing to younger investors or those with many years before retirement. The longer the money stays invested, the greater the potential benefit of tax-free growth. Traditional IRAs, on the other hand, might be better suited for individuals closer to retirement who are looking for immediate tax deductions.
- 3. Withdrawal Flexibility** — If flexibility is important, the Roth IRA stands out. Because you can withdraw your contributions at any time without taxes or penalties, a Roth can serve as an emergency fund or a source of funds for major life expenses, such as buying a home or paying for education. Traditional IRAs, in contrast, impose penalties for most withdrawals made before age 59½.
- 4. Estate Planning** — Roth IRAs are an excellent choice for individuals who want to leave a financial legacy. Heirs generally receive Roth IRA distributions tax-free, and since there are no RMDs for the account holder, the funds can continue to grow tax-free for decades. Traditional IRAs, while still a valuable estate planning tool, require heirs to pay income tax on distributions.
- 5. Risk Tolerance** — Tax laws are subject to change, and Roth IRAs provide a hedge against potential tax increases. Because you've already paid taxes on your contributions, changes in tax rates won't affect your retirement withdrawals. Traditional IRAs, on the other hand, carry more uncertainty, as future withdrawals will be taxed at whatever rates are in effect at the time.
- 6. Rate of Return** — The rate of return should also be considered. The lower the rate of return on investment (ROI), the longer it takes to recoup

the taxes paid. Inversely, the higher the ROI, the faster the taxes are paid back.

Can You Use Both?

For many people, the best approach isn't choosing between a Roth IRA and a Traditional IRA — it's using both. By contributing to both types of accounts, you can diversify your tax exposure in retirement. For example, you could rely on tax-free withdrawals from a Roth IRA to cover basic living expenses while using a Traditional IRA to fund larger, taxable purchases.

This strategy provides flexibility and allows you to manage your taxable income during retirement. By balancing both accounts, you can better adapt to changes in your financial situation or tax laws.

Final Thoughts

Both Roth IRAs and Traditional IRAs are powerful tools for building a secure retirement, but they cater to different financial needs and goals. The Roth IRA offers long-term tax-free growth and flexibility, while the Traditional IRA provides immediate tax benefits and deferred growth. The right choice for you will depend on your current financial situation, your expectations for the future, and how you prioritize flexibility, tax savings, and estate planning.

If you're unsure which option is best for you, consult with a financial advisor or tax professional. With the right guidance, you can create a retirement strategy that aligns with your goals and positions you for long-term success. After all, the most important thing isn't which type of IRA you choose — it's that you take action now to secure your financial future.

The preceding article is not intended as, nor should it be considered, advice of any kind. It is for educational purposes only. Please consult qualified financial and tax specialists.

Carl Fischer is one of the founders and principals of CAMA Self-Directed IRA, LLC (dba CamaPlan). CamaPlan is a national, self-directed tax advantaged plan administrator company headquartered in Ambler, PA.

Members of National REIA can save up to \$784, including a free consultation with the founder, one year of VIP customer service, and the opportunity to set up a new account for only \$1. Plus, there are no annual fees until your first investment. You'll also receive one free expedited transaction processing and two complimentary outgoing wires for your real estate deals. Please visit web.iraasset.app/nationalreia for more info.



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Self-Directed Investing

- You can turn your investment into tax-free income, thus raising your rate of return.
- Your financial advisor won't tell you about this. They will steer you toward investments that earn them a commission, like stocks and mutual funds.
- The wealthy have used these tools for over 50 years to increase net worth and cash flow.

Real Estate in your retirement account

- Real estate and many other assets like private placements and gold can be held in your retirement plan.
- A retirement account can lend money like a bank.
- Use your REIA Education to better your personal situation as well as your retirement plan using self direction.

Self Directed Account Highlights

- Opening a self-directed retirement account is simple, fast, and inexpensive.
- Access to funds that you didn't realize you had. It's simple to transfer funds from an existing IRA or 401k.
- Stay in control and truly diversify your retirement portfolio.



"CamaPlan has helped me increase my ROI and opened my eyes to different diversification strategies so much that I recommend them to both of my National REIA Chapters at every meeting! National REIA education with CamaPlan provides a way to have more cash in the local individual REIA to do deals and provide tax-free income for life."

- Pete Youngs



SCAN ME

Joint Ventures: Why Do So Many Fail?

By Jeffery S. Watson

I was asked this question not long ago: Why do partnerships, particularly joint ventures, frequently fail? Your first thought when reading this may be, “OK, is Jeff equating a joint venture to a partnership?” Yes, I am. A joint venture is a limited-duration partnership in which two separate entities or persons agree to work together toward a common interest or goal.

Here are what I believe are some important reasons why we see so many joint ventures fall apart.

1. Improper or Incomplete Expectations

People love to fantasize about how much money they are going to make and how much fun a joint venture will be or how easy it is. Then, reality sets in when hard work must be done! This leads to problems if there has been a failure on the part of the parties to communicate their expectations. Who is responsible for what and over what time frame?

If someone going into a joint-venture relationship is unable to communicate and document their expectations or have mature, adult conversations about what happens when things go wrong, it’s a clear sign that the joint venture is doomed from the start. I’ve seen very few deals or joint-venture arrangements in which Murphy’s Law did not apply. If something can go wrong, it will, so you need to have those conversations and be prepared for it.

2. Lack of Experience

No matter what we do, there is always a first time for doing it, whether it’s learning to walk as a toddler, drive a car as an adolescent, rehab a property as an investor, or negotiate with tenants as a landlord. The good news is that we don’t have to have personal experience the first time we do these things. We can learn from others who already have that experience.

One of the worst mistakes I made in my first 10 years as a real estate investor was the arrogant assumption that I could figure it out all by myself without collaborating or networking with others. Then, in my quest to gain experience, I made another fundamental mistake. I thought that people who had fantastic marketing and could tell a good story must be telling me the truth and must have real-world, hands-on experience. That isn’t always the case.

Eventually, I stopped paying attention to the people with the shiny objects and slick marketing funnels and went toward the people who had significant transaction and investing experience. What I learned from their experience, I incorporated into my own experience, and I became a wiser and better investor, advisor and lawyer.

A lack of experience is one of the easiest things to correct when it comes to a joint venture that is struggling or on the verge of failing. If each participant in the joint venture agrees to hit the “pause” button temporarily and seek wise experience and counsel as to the best way to correct what has been done wrong so they can move forward, that joint venture can often be saved.

3. Lack of Character and Poor Communication

I’m putting these two things together because I find that they often go hand in hand. When someone refuses to acknowledge and correct their poor communication skills, it’s usually because they lack character. I will acknowledge that just because someone is a good communicator, it doesn’t mean they have great character. I personally know people who are incredibly gifted speakers but have horrible character.

Joint ventures will fail if one or all of the parties lack character because when the going gets tough, the person with poor character will give up. They lack the necessary resolve to say, “OK, things aren’t going well. What do I need to do to fix this?” Many of the problems that arise in a joint venture can be seen from afar and can be prevented when there is ongoing, good communication among the participants.

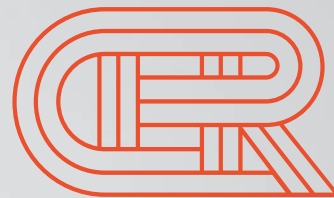
4. Lack of Accountability

Having accurate books and records (accounting) is a key component of accountability, but accountability includes much more than just being accurate with your numbers. Lack of accountability will destroy a joint-venture relationship if there is no preset standard for performance, objectives, milestones, etc., that need to be accomplished by the members of the joint venture. If there is no preset standard for these things, then no one is holding the other members (including you) accountable for getting them done.

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Sharing is Caring, Even for Landlords

By David Pickron

If a dog is man's best friend, and diamonds are a girl's best friend, then what is a landlord's best friend?

In my 30+ years in the industry, I've come to discover that having a written, detailed, and well-defined criteria for each of my properties has really become my best friend. And maybe even more important than having a criteria is the sharing of that criteria with all future tenants. Taking 60 seconds to share your criteria can save you from 60 days or more with an eviction and rehabbing and turning your property.

Before moving on, I must state that I am happy to accept any and all applications for my property. I would never restrict someone from applying, ever, for any reason. But to save lost time and money, and to responsibly manage, here are the three ways I share the property-specific criteria that have served me best in my career.

IN THE LISTING:

If sharing your criteria is important, why not get it into the hands of your potential tenant as early as possible? I like to have it posted in the listing as a way to begin screening right out of the gate. This makes my job easier and saves me time and money as I find myself showing the property to individuals who might actually become tenants, rather than just showing it to people who are out "kicking tires" or who are filling up their free time looking at homes. For example, if you have a strict no-pets policy for a property and you share that in the listing, the person who owns three

dogs and is looking for a home can skip right by your listing and move in somewhere better suited for them. (A word of caution, you never want to include anything in your criteria that falls under the seven protected classes as defined by federal law. Things like FICO scores, smoking policies, or occupancy limits are not protected classes, so feel free to use and share those. Always check with your attorney to ensure you are in compliance.)

AT TIME OF SHOWING:

I like to present a printed version of the criteria at the time of showing. I usually don't review it with them at that time unless they show interest in the property and begin asking questions. Usually at this point they are asking me, "What does it take to qualify for this property?" This is the perfect opportunity to review with them, line by line, exactly what the criteria consists of for that property. I've often had individuals see something on the criteria during this time that they had overlooked when reviewing the listing and they have eliminated themselves from consideration for the property.

WHEN SENDING THE APPLICATION:

Now that they have reviewed the listing and received a physical version of the property criteria at the showing, I give them one more chance to self-screen as they receive it again with their application. My intent is never to get rich off of an applicant's \$35-\$50 application fee, so giving them one more look at what is expected for this property at this time can save everyone in the transaction time and money. Plus, they

are now physically signing off that they have received and reviewed the criteria, which helps protect you down the line if there is ever a violation in the future.

BONUS:

I also include the criteria in all of my lease documentation, as that is the binding contract between the two parties. With four opportunities to review the criteria, you are operating from a position of strength as a responsible and fair housing provider.

If you haven't created unique, well-defined criteria for each of your properties, I urge you to take the time to do that now. If you do have a criteria, please review it with your legal advisor to make sure it is current and in compliance with any new rules or laws. And once you have clear and comprehensive criteria in place, share it with anyone and everyone that is interested in your property. Who knows, maybe you'll make a new best friend in the process.

David Pickron is president of Rent Perfect, a private investigator, and fellow landlord who manages several short- and long-term rentals. Subscribe to his weekly Rent Perfect Podcast to stay up to date on the latest industry news and for expert tips on how to manage your properties.

Members of National REIA can take advantage of special pricing from RentPerfect; the solution for rental property owners and managers for screening & managing tenants. Learn more by visiting www.rentperfect.com or calling 1-877-922-2547.

Joint Ventures: Why Do So Many Fail? ... continued from Page 8

come together to buy and fix up a house, for example, there need to be preset, agreed-upon milestones and deadlines as to what will happen and by when. One party may be free-spirited, and the other may be more responsible, but even responsible parties need to be held accountable.

Accountability is so important because other people are depending on you to deliver on time and perform as promised. When you fail to timely complete the tasks or responsibilities required of you in a joint venture, you are hurting other people and potentially creating collateral damage.

5. Lack of focus

We laugh at the phrases "squirrel syndrome" or "shiny object syndrome," but we really do have a culture of distracted people who become entrepreneurs because "traditional or mainstream jobs" aren't suitable for them. I understand that, but a lack of consistent and persistent focus will lead to a joint venture failing.

I love Aesop's fable "The Tortoise and the Hare." It's a classic tale that shows what happens when one lacks

focus. The hare may have suffered from shiny object syndrome, but the tortoise stayed focused. While the hare went off in haste and got distracted with taking a nap, the tortoise steadily plodded along, on a mission, keeping his consistent and persistent focus. At the end of the day, the reptile beat the fluffy, cute bunny.

Staying focused is key to maintaining accountability, having consistent communication about what is going on, and meeting the preset expectations and deadlines that the joint-venture relationship requires.

6. Hubris

Hubris (excessive pride or self-confidence) is a death sentence to a joint venture or partnership. A self-aggrandizing person who thinks their knowledge, experience or accomplishments are greater than they are, or someone who believes their own efforts and talents are somehow worth more than someone else's, is toxic in a joint-venture relationship.

The opposite of hubris is humility or meekness. Do not mistake humility and meekness for weakness. Rather, humility and meekness are about carefully re-

strained strength. A humble person is capable of getting things accomplished but also has the self-control needed to do it in the most polite and professional manner possible.

I hope this article will be a help to you if or when you next enter some type of joint venture or partnership. These are things you not only need to look for in those you are considering partnering with, but you need to make sure you aren't exhibiting any of these causes of failure yourself.

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 more than 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.

Member Spotlight - Paul & Tanice Myers

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

Before we began our real estate investing journey, we were both building successful careers in our respective fields. I (Tanice) thrived in the corporate world, spending over 23 years in technology sales, including 10 years at Microsoft. Meanwhile, Paul honed his expertise in the commercial construction industry. He worked for years in construction materials testing and engineering, even owning his own general construction company. These experiences provided us with valuable skills and knowledge that we later applied to our real estate ventures.

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

When it comes to real estate investing, we've found our sweet spot in the single-family residential market — specifically homes that appeal to first-time homebuyers. These properties tend to be in high demand and move quickly, which aligns perfectly with our investment strategies. While we have experience with higher-end properties, our true expertise lies in understanding the needs and desires of those entering the market for the first time. We enjoy helping families find their perfect starter home and guiding them through the process.

How did you get started?

Our real estate investing journey began a bit unconventionally. In 2002, while living in an older home, we decided to take a leap of faith. Instead of the typical “new car” or “fancy vacation,” we opted to invest in our future. We took out a second mortgage on our existing home to fund the down payment on a brand-new house — our very first rental property! This marked the beginning of our real estate adventure and set the stage for all the exciting opportunities that followed.

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

Our weeks are anything but typical! Variety is the spice of life, and that's exactly how we like it. Some days you'll find us in our home office (or should we say “mobile office” thanks to our Road Warrior Investors YouTube channel!), catching up on the many facets of our businesses. Other days, we're out and about in our local community, checking on projects, meeting with our network, or scouting potential investment properties.

We're always on the lookout for new leads and making connections. Our days often involve site visits, meeting with our construction crew, creating content



Tanice and Paul with their “UgLee” work truck

for our YouTube channel, and even speaking engagements. We also dedicate time to mentoring other HomeVestors franchisees, sharing our experience and helping them succeed.

And of course, we love hitting the road to connect with fellow investors and share their stories with our YouTube followers. It's a whirlwind of activity, but we wouldn't have it any other way!

How long have you been investing in real estate?

We bought our first real estate investment property in 2002 and have not stopped since then!

Tell us about your first deal:

Our very first real estate investment takes us back to 2002. At the time, we were living in a classic 1970s split-level — you know, the kind with shag carpet and wood paneling! But we had bigger dreams. So, we took a leap of faith and purchased a brand new 3-bedroom, 2-bath rambler in a quiet Lake Stevens, Wash., neighborhood. It was our first foray into long-term rentals, and we were both excited and terrified! We poured ourselves into research, determined to do this right. Luckily, we found a fantastic local property management company that provided invaluable resources and support. They helped us navigate everything from tenant

screening and lease agreements to staying up-to-date on landlord-tenant law. We relied on their expertise for over 10 years before eventually transitioning to full-service property management. Even now, we vividly remember those sleepless nights leading up to closing, wondering if we were making the right decision. Little did we know, this was just the beginning of an incredible journey!

How do you fund your investments?

One of the most common questions we get is, “How do you fund your deals?” It's a great question, and one we often ask the investors we feature on our Road Warrior Investors YouTube channel (be sure to check it out!). But we like to reframe the question slightly: “When you look at your exit strategy for an investment property, how do you fund it?” The funding strategy really depends on the type of investment.

Rentals: For our long-term rentals, we started with traditional mortgages, clearly stating that we wouldn't be occupying the property. Over time, we've diversified our funding sources to include local banks and our self-directed IRAs.

Fix and Flip: For fix-and-flips, we initially relied on hard money lenders, which often required a significant down payment. As we gained experience and built our capital, we expanded our options to include self-directed IRAs, cash, hard money lenders, and private lenders. Now, we can often secure funding for both the purchase and the rehab, and sometimes even receive cash back at closing! This eliminates extra steps like bank wires and reduces our out-of-pocket expenses — a definite win-win!

We've found that as you build a track record of successful transactions, funding opportunities become more readily available.

Do you have a real estate license?

People often ask if we have real estate licenses. It's an understandable question, given our deep involvement in the real estate world. The answer is a bit nuanced! Paul is a licensed real estate broker with over 18 years of experience representing buyers, sellers, and investors in the Seattle area. Now that we live in Boise, Idaho, neither of us currently holds an active real estate license in this state. However, we've found that our extensive experience and knowledge of the industry have attracted a network of talented real estate agents who are eager to work with us.

What projects are you currently working on?

That's a question we get a lot! It can be tricky to pin down an exact number because we're always juggling multiple projects in various stages. On the real estate investing front, we currently have 12 active projects, ranging from properties under contract to fix-and-flips in progress, listings on the market, and even a property we're transitioning into a rental. And we couldn't do it without our amazing team who helps make all this magic happen!

Our passion for real estate goes beyond just buying and selling houses. We find immense satisfaction in guiding and supporting other investors on their journey to success. Witnessing their transformation from aspiring investors to confident, thriving business owners is truly rewarding. We actively mentor HomeVestors franchisees across Washington, Idaho, and Montana, helping them build their businesses and achieve their goals. We also enjoy sharing our knowledge and experience through speaking engagements at real estate investing meetups and conferences. We recently presented at the Boise REIN event and are excited to lead several training sessions at the upcoming HomeVestors convention in Houston.

And then there's our social media presence! We have a YouTube channel called Road Warrior Investors,

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Paul inspecting a potential structural issue at a property

Member Spotlight - Paul and Tanice Myers

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where we document our real estate adventures and connect with investors across the country. We're about to embark on another road tour, driving from Boise to Houston, then over to South Carolina, up to Virginia, and finally back home. Later in March 2025, we'll be doing another tour through the Northwest, conducting various types of in-person training sessions (including some open to the public for those interested in learning more about HomeVestors franchises), onboarding new franchisees, capturing content, and sharing valuable insights along the way.

It's a whirlwind of activity, but we love the variety and the opportunity to make a positive impact on the real estate investing community!

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

We're firm believers that ongoing education is crucial for success in real estate investing. But it's not just about the quantity of education; it's about the quality and the source. We always encourage people to ask themselves: "What type of real estate investing do I want to do?" Whether it's residential, commercial, notes, land, or something else, finding the right mentors and resources is key.

We're constantly learning and growing. HomeVestors provides us with fantastic opportunities for continuing education, including weekly online sessions and in-person events twice a year. And that's not all! Each franchise owner is also assigned a dedicated Development Agent — a personal coach who provides ongoing support and guidance. Between these resources and the events featuring industry experts sharing real-world knowledge, we're constantly gaining valuable insights and refining our strategies.

But our learning doesn't stop there! We also actively participate in local real estate investing networks. These gatherings are a goldmine of information, allowing us to hear from local experts and stay informed about market trends. It's also a chance to connect with other investors, including some friendly competition who might be vying for the same properties! Of course, we always approach these events with a discerning eye, evaluating the information and strategies being shared.

Has coaching or mentoring played a part in your success?

Coaching has been instrumental in our real estate investing journey. Early on, we recognized the value of learning from experienced mentors who had already achieved the success we aspired to. Their guidance helped us avoid costly mistakes, navigate challenges, and accelerate our growth.

But coaching isn't just about receiving advice; it's also about accountability and support. Having a coach provides that extra push to stay focused, set ambitious goals, and take consistent action. It's like having a partner in your corner, cheering you on and helping you stay on track.

We've also found immense value in coaching others. Sharing our knowledge and experience not only helps



Paul and Tanice with their daughter Amelia

aspiring investors but also reinforces our own understanding of the business. It's a win-win situation that creates a powerful cycle of learning and growth.

What are your current and future goals?

We're driven by three main goals:

1. Expand our HomeVestors family: We're actively seeking motivated individuals in Washington, Idaho, and Montana who are ready to become HomeVestors franchise owners and join our coaching and mentoring program.

2. Continue to grow our own real estate investing business: While we could certainly ease up and enjoy the fruits of our labor (we are empty nesters, after all!), we're not quite ready to slow down. We thrive on the challenge and excitement of finding new investment opportunities and refining our strategies. Whether it's fix-and-flips, rentals, or wholesaling, we're committed to finding the best exit strategies to maximize our returns and build long-term wealth. And the best part is, we're able to do all this while maintaining a healthy work-life balance, spending quality time with family, taking care of ourselves, and indulging in our love of travel.

3. Elevate the image of real estate investing: Through our social media presence, particularly our Road Warrior Investors YouTube channel, we aim to educate and inspire others about the positive impact of ethical real estate investing. We're passionate about showcasing how investors can revitalize communities, provide affordable housing options, and make a real difference in people's lives.

What has been your top struggle in this business?

Real estate investing is inherently risky, and even

with the best planning and intentions, losses can happen. In 2024, we experienced this firsthand when a shifting market led to losses on two fix-and-flip projects. But we view these setbacks as learning opportunities and remain committed to adapting and refining our strategies.

Another challenge we face is encountering situations where we're unable to help someone who genuinely needs it, or when they choose to work with another investor who ultimately fails to deliver on their promises. These instances reinforce the importance of maintaining a strong code of ethics and prioritizing people over profits. We firmly believe in putting people first, and that's a driving force behind our Road Warrior Investors platform — to promote ethical and responsible real estate investing.

What do you like most about what you do?

What we value most about our work boils down to two things:

1. Making a genuine difference in people's lives: When someone reaches out to us needing to sell their home quickly, we understand they're often in a challenging position. We approach every meeting with empathy and a focus on truly understanding their situation. Sometimes, the best way we can help isn't by buying their house, but by connecting them with resources or offering alternative solutions.

For example, we recently helped a homeowner avoid foreclosure by referring them to a mortgage broker who helped them refinance. You guessed it — we did not buy this house and that is OK!

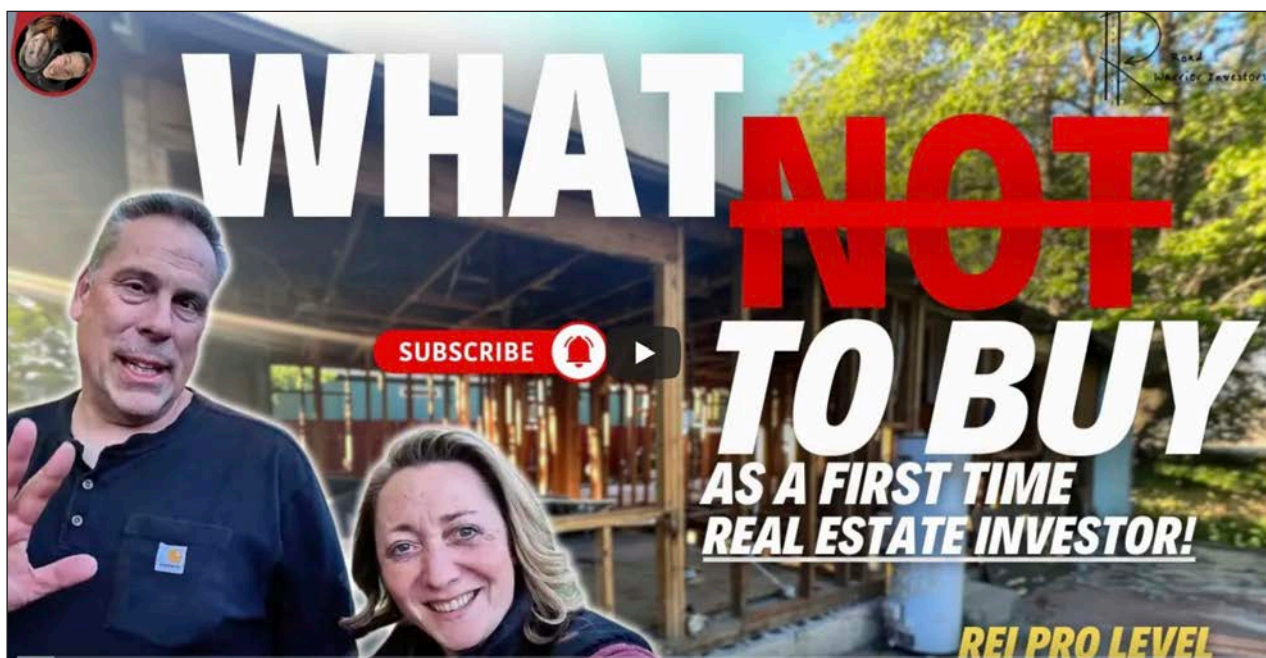
We also had the privilege of working with a woman named Judy who needed to sell her home quickly to relocate and be closer to her daughter. Our initial meeting lasted over seven hours! Judy ultimately chose to work with us because we took the time to truly listen to her needs and concerns. Our team went above and beyond, assisting her with everything from hospital visits and packing to organizing an estate sale where she received all the proceeds. We even had a team member fly with her to ensure a safe arrival with her family.

These moments of genuine connection and positive impact are what fuel our passion.

2. Empowering other investors to achieve their dreams: It's incredibly rewarding to witness the success of the investors we coach and mentor. Seeing them achieve financial freedom, leave their 9-to-5 jobs, and build thriving businesses is a testament to the power of collaboration and support. We're proud to play a role in their journey and contribute to their growth.

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

Our biggest piece of advice? Don't go it alone! Real estate investing is achievable for anyone with the drive



Paul and Tanice on their "Road Warrior Investors" YouTube channel

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Member Spotlight - Paul and Tanice Myers

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and determination to succeed, but it's a journey best navigated with the right support and guidance.

To thrive in this business, you need three critical elements: leads, money, and education. Finding a steady stream of leads, securing reliable funding, and continuously learning are essential for long-term success.

And if you're fortunate enough to have a trusted mentor or coach, listen to them! We've seen firsthand how following sound advice leads to positive outcomes. On the flip side, we've also witnessed investors who ignore guidance and end up making costly mistakes. Trust the process, be coachable, and you'll be well on your way to achieving your real estate investing goals.

We also find it crucial to guide aspiring investors toward a clear understanding of their goals and strategies. Many people enter real estate investing with the desire for "generational wealth" or "financial freedom," but it's essen-

tial to delve deeper. What does wealth truly mean to them? How do they plan to achieve it? We recently conducted a training session emphasizing the importance of aligning your exit strategy with your financial goals. For example, someone just starting out might not want to begin with a buy-and-hold strategy, as it ties up capital for the long term. Instead, they might focus on assignments, wholesaling, or even bird-dogging to generate income and build their financial foundation before moving into fix-and-flips or rentals. Helping investors clarify their goals and develop effective strategies is a key part of our coaching philosophy.

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

VERY IMPORTANT! Joining a local REIA can be incredibly valuable for both new and seasoned investors. Here's why:

- **Networking:** REIAs provide a fantastic opportunity to connect with a diverse range of individu-

als involved in real estate. Whether you're just starting out or have years of experience, building relationships with other investors, real estate professionals, and industry experts can open doors to potential deals, partnerships, and valuable mentorship opportunities.

- **Education:** Most REIAs offer regular meetings, workshops, and seminars featuring educational content relevant to local market trends, investment strategies, and legal considerations. This ongoing learning is essential for staying ahead of the curve, regardless of your experience level. New investors can benefit from the expertise of seasoned professionals, while experienced investors can gain fresh perspectives and stay informed about evolving trends.
- **Resources:** REIAs often provide access to valuable resources, such as vendor discounts, legal forms,

and investment tools. These resources can save you time and money, whether you're a novice or a seasoned investor.

- **Community:** Being part of a REIA creates a sense of community and support. New investors can find guidance and encouragement from experienced members, while seasoned investors can share their knowledge and contribute to the growth of others.
- **Deal Flow:** REIAs can be a source of potential investment deals. Members often share leads, off-market opportunities, and wholesale properties, giving everyone access to a wider range of investment options.

We're active members of both the REAPS (Seattle, Wash.) and the Boise REIN groups, and we've found immense value in these connections. We often make it a point to visit other REIAs during our travels, expanding our knowledge and building relationships with investors across the country.

What is your favorite self-help or business book?

Tanice: *Think and Grow Rich* by Napoleon Hill - a true classic full of so much great knowledge and motivation! This was one of my first books that I read that truly inspired me to think differently and get into real estate investing.

Paul: He has read many different books on house repair, real estate investing, motivation books and articles about current trends and house styles.

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

We love spending time with our daughter, Amelia. She's is such a gift in our lives, and we make it a priority to celebrate her milestones, connect with her regularly, and even meet up with her during our travels.

We're also avid travelers. Exploring the beauty and diversity of the United States is a favorite pastime, and we enjoy venturing abroad to experience the many different diverse cultures.

Paul has a serious passion for classic cars. If he wasn't a real estate investor, he'd probably be traveling the country attending car shows and admiring vintage automobiles. I love staying active and enjoy a variety of fitness classes, including Zumba, Pilates, and yoga.

Does your business have a website?

Yes, coming soon:
www.roadwarriorinvestors.com

Social media accounts?

- **Twitter:** @RWIUSA
- **Instagram:** roadwarriorinvestors
- **Facebook:** Road Warrior Investors
- **LinkedIn:** Tanice (Road Warrior Investors) Myers | LinkedIn
- **YouTube:** RoadWarriorInvestors YouTube Channel
- **Website:** www.roadwarriorinvestors.com (coming soon)

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Breaking Free from Banks: How Real Estate Investors Can Control Their Financial Future

By Jason K. Powers

As real estate investors, we're all too familiar with the challenges of securing capital. From navigating the ever-changing terms of lenders to facing exorbitant interest rates, the obstacles can feel endless. Add to that the frustration of opportunity costs — the returns we miss out on because our money is tied up in someone else's system — and it's clear that the traditional financial system often works against us.

Relying on banks and other lenders leaves us at their mercy. Approval processes are slow, repayment terms are rigid, and profits shrink as interest payments eat into our bottom line. This dependency restricts our growth and flexibility, keeping us locked in a cycle that feels impossible to escape. But it doesn't have to be this way.

What if you could fund your own deals on your terms?

Imagine having access to capital whenever you need it — without waiting weeks for approval or worrying about a lender's agenda. And think about the freedom that comes with building a financial system that works for you, not against you. As real estate investors, our ultimate goal is financial freedom — a life where our investments generate predictable, uninterrupted growth.

This is where the Infinite Banking Concept (IBC) comes in. It's not a product; it's a process — a way to "be your own banker." With IBC, you create your own private financial system, enabling you to recycle and reuse your capital. Instead of depending on external

lenders, you become the banker, controlling your cash flow, funding your investments, and creating a legacy of wealth that grows predictably over time.

The philosophy behind Infinite Banking is simple but powerful. It requires us to shift how we think about money — not just as something we earn and spend, but as a tool that can continuously grow and work for us. By building a system of uninterrupted, compounding growth, we gain independence from banks and lenders while maintaining liquidity and control.

Here's how the process works.

You build a financial reservoir—a private pool of capital that becomes your go-to source for funding deals, covering expenses, or seizing opportunities. When you borrow from this reservoir, you're borrowing from yourself, not an external lender. As you repay it, your system continues to grow, creating a cycle of wealth that strengthens with each use.

For real estate investors, the benefits are transformative. Imagine having instant access to funds for your next deal, financing projects on your terms, and repaying yourself instead of a bank. With IBC, your money works harder and stays within your control. Plus, your financial system grows predictably, immune to market volatility or lender restrictions.

Let's bring it to life with an example. Suppose you find a property that fits your portfolio perfectly, but you need \$100,000 to close the deal. With IBC, you borrow against your reservoir, securing the property quickly and without interference. As the property generates rental income or appreciates in value, you repay

yourself on your schedule. Meanwhile, your reservoir has continued to grow, uninterrupted, ensuring you're ready for the next opportunity.

This is the essence of Infinite Banking: breaking free from financial dependency.

It empowers you to take control of your financial future, eliminate the stress of dealing with lenders, and build a system that supports your goals and dreams.

If you're ready to move beyond the constraints of traditional financing, Infinite Banking can help you get there. To learn more about this process and how it can transform your real estate investing journey, visit www.1024wealth.com/NREIA and take the first step toward financial freedom.

Jason K Powers is a multi-business owner, real estate investor and an Authorized IBC Practitioner. In an exclusive partnership with the National Real Estate Investor Association, Jason is the go-to expert for all aspects of infinite banking and life insurance. Jason works with clients across the country showing them how to achieve their financial goals by taking control of the banking function in their life and creating financial velocity that can last for generations. Connect with Jason today to explore how the Infinite Banking Concept can empower you to reach your financial goals.

For more information, visit www.1024wealth.com/NREIA.

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The Infinite Banking Concept is the best place to warehouse your wealth that has guarantees and safety, while providing ready access to your money allowing you to take over the banking function in your life.

Jason K Powers



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Jason K Powers is a Multi-Business Owner, Real Estate Investor & Wealth Strategist with an eclectic and exciting background ranging from real estate investing to international non-profit work to wealth planning. As an Authorized IBC Practitioner, Jason is passionate about helping others create financial velocity in their lives.

Through carefully crafted strategies and a customized approach, Jason works with his clients to help them fulfill their financial dreams, take control of their financial world, and leave a legacy which can last for generations to come.

Reach out to Jason today, to see what Infinite Banking can do for you in your life.



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Can You Change Qualified Intermediaries During a 1031 Exchange?

By David Gorenberg, JD, CES

A common question we hear is “Can I change my Qualified Intermediary during a 1031 Exchange?” Generally, the answer is no, but why? In this article, I’ll explain the reasons behind this limitation and explore the limited circumstances where changing Qualified Intermediaries (QIs) during a 1031 Exchange may be possible.

The Role of the Qualified Intermediary in a 1031 Exchange

By definition, a Qualified Intermediary is an independent third-party that facilitates IRS Section 1031 tax-deferred exchanges. The primary function of a QI is to serve as a conduit in the exchange, managing the acquisition and transfer of properties while ensuring compliance with the detailed rules established by IRS regulations. This oversight is crucial for maintaining the integrity of the exchange to achieve tax deferral. Additionally, it is essential that the exchanger avoids actual or constructive receipt of the proceeds from the sale of the relinquished property during the period between the sale and the purchase of the replacement property(ies). The regulations suggest several methods to ensure that the exchanger is not deemed to have access to those funds. Typically, this requirement is met by having the QI hold the funds on behalf of the exchanger.

How the Qualified Intermediary Facilitates the 1031 Exchange

The regulation clearly states that the QI “acquires the relinquished Property from the taxpayer, transfers the relinquished property [to the buyer], acquires the replacement property, and transfers the replacement property to the taxpayer.” This is accomplished using assignments, legal documents that the QI prepares as part of the exchange.

In these assignments, the exchanger assigns their rights, but not their responsibilities, under the contracts for both the sale of the relinquished property and the purchase of the replacement property. The QI then arranges the transfer of the relinquished property to the buyer and handles the receipt of the replacement property from the seller, ensuring the properties are exchanged.

Although the deeds to the properties never physically pass through the QI and the QI never holds legal title,

the assignments create a legal framework that makes it appear as though this transfer occurs. Essentially, the exchanger is transferring the relinquished property to the QI and receiving the replacement property from the QI. This is where the actual exchange takes place, within the legal framework of the two assignments.

Why Exchangers Want to Change Qualified Intermediaries

Periodically, we receive inquiries from exchangers who have already sold their relinquished property and are in the middle of a 1031 Exchange but are seeking to change their QI. There are several reasons why an exchanger might consider this change. Sometimes, it’s due to a lack of responsiveness from their current QI, with unanswered calls and emails causing frustration. In other cases, the exchanger may feel that the QI does not demonstrate the level of competence required to inspire confidence that their exchange is being managed properly.

Why Exchangers Can’t Change Qualified Intermediaries Mid-Exchange

Unfortunately, once a 1031 Exchange is underway, an exchanger cannot switch Qualified Intermediaries. This is because the QI must be involved in both the sale of the relinquished property and the purchase of the replacement property as noted above. Changing intermediaries partway through would invalidate the exchange, according to IRS Regulation §1.1031(k)-1(g)(4)(iii). Thus, the same QI must handle both transactions to maintain compliance.

According to Regulation §1.1031(k)-1(g)(4)(iii), a QI must:

Not be the exchanger or a disqualified person (as defined in paragraph (k) of the regulation).

Enter into a written agreement with the exchanger (known as the “exchange agreement”). As part of this agreement, the QI is required to acquire and transfer the relinquished property, as well as acquire and transfer the replacement property to the Exchanger.

There is one circumstance under which an exchanger may change Qualified Intermediaries, but it is very narrow. If the exchanger has begun working with a QI, and even gone so far as to sign exchange documents, but the first real estate transaction that is part of the exchange has not been consummated, the exchanger

can change QIs without problem. More succinctly, if the first sale or purchase that is part of the exchange has not yet closed escrow, the exchange has not technically begun, and the exchanger may change to a more suitable QI.

The Importance of Expertise in Complex 1031 Exchanges

Not all Qualified Intermediaries are equally skilled or experienced and given the inability to change QIs mid-exchange it is crucial to choose a “qualified” QI from the start. Some QIs focus solely on handling simple forward delayed exchanges, which are the most basic type of 1031 Exchange. However, exchangers may sometimes realize mid-process that they need a more advanced exchange that also requires an Exchange Accommodation Titleholder (EAT), such as a forward improvement exchange, which is beyond the expertise of many QIs. At this point, they would be stuck without the option to change QIs and if full tax deferral relied on their ability to do a forward improvement exchange, they would be facing a potentially taxable event.

Whether an exchanger is planning for a simple or complex 1031 Exchange, it is always encouraged that they choose a QI well versed in all types and complexities to fully ensure tax deferral. It is essential to select a QI before the first closing of a 1031 Exchange, as switching mid-process is not allowed. Not all QIs have the expertise to manage complex exchanges, so consult your tax and legal advisors early on. Choosing an experienced QI, such as Accruit, ensures that your 1031 Exchange is managed efficiently and in full compliance with IRS regulations.

The material in this article is presented for informational purposes only. The information presented is not investment, legal, tax or compliance advice. Accruit performs the duties of a Qualified Intermediary, and as such does not offer or sell investments or provide investment, legal, or tax advice.

David Gorenberg is a third-generation real estate investor, an attorney and Certified Exchange Specialist®, and serves as Director of Education for Accruit. Members of National REIA can take advantage of special pricing from Accruit. Learn more by contacting David directly at 215-770-6354, or by visiting www.accrUIT.com.

Legislative Update ... continued from Page 3

are not required to have any additional inspections. Project-based rental programs shall be transitioned to municipal compliance as well. Compliance with local building and property codes will be considered acceptable for that community. The cottage industry of consultants feeding on this process shall be eliminated, creating real savings for affordable housing.

14. Community Protection Act – Securing Background Checks

HUD programs are to be best-in-class and should never represent a threat to the community. Housing providers and PHAs are required to complete civil and criminal background checks on residents upon initial rental and every three years thereafter. States or municipalities that reduce, interfere or eliminate the ability of housing providers or PHAs to run background checks will be exempted from all HUD programs and funds.

15. Grant Compliance Simplification

As current processes are a byzantine and varied structure for bureaucratic control that requires out-

side consultants to comply, eating into the very limited grant funds, a few changes are in order:

1. HUD will use the same definition for homelessness as the VA and Education grants, i.e. class 1, 2, & 4.
2. Compliance will be annual, not monthly or quarterly.
3. A simplified and uniform compliance form shall be developed.
4. Unified Funding Agents (UFA) shall be designated for all 400 grant areas – expanded from the current 14, thereby allowing greater local flexibility.
5. Allow UFAs greater flexibility to address preventive measures around homelessness.

16. Promoting Greater Development and Redevelopment of Housing

As the majority of public housing has a backlog of renovation requirements far exceeding Congressional funding levels, PHAs will be encouraged to sell properties to private entities or cooperatives, to the extent possible purchasers shall be offered renovation loans as

part of the package. Several PHAs have led in this area, including Columbus, Ohio, which manages vouchers, not property. History has proven that government is a poor landlord and property divestiture needs to be expedited.

17. Consolidation of Programs

Per the Senate Budget Committee 2020 and OMB 2018 recommendations HUD, USDA and VA should coordinate a process to allow HUD to administer housing for all 3 programs at a reduced compliance level.

18. Transition from Brick-Based Bureaucracies to Digital Services

The welfare system has traditionally been a brick and mortar, 8:00–4:00 location-based solution that works for bureaucrats but doesn’t help travel-challenged individuals, especially the poorest among us. A tech solution, rethinking services for all programs, must be available to every American – empowerment is the opposite of standing in a line.

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