

Winning & *Creating* Real Estate Investors

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Incredible Truths



\$0.01 Doubled for 30 Days



\$5.4M

Incredible Truths



Start Tomorrow...

\$0.01 Doubled for 30 Days



\$5.4M



\$0.01 Doubled for 29 Days



\$2.7M

Popular Investment Options

	Stocks	Bonds	Cash	Annuities/ Life Ins	Real Estate
Opportunity	●	○	○	○	●
Stability (low volatility)	○	◐	●	●	◐
Liquidity	●	●	●	○	○
Leverage	●	○	○	○	●
Income	◐	◐	○	◐	●
Tangible/Inflation Hedge	◐	○	○	○	●
Tax Efficiency	●	○	○	◐	●
Insurable	○	◐	●	●	◐
Inside Knowledge Advantage	○	○	○	○	●

Real Estate in Retirement Accounts

Retirement Accounts May *Own* Real Estate

- ☑ Property titles in the name of your retirement account
- ☑ No distribution is required (no taxes or penalties due)
- ☑ Tenants pay rent to your retirement account

Q: Why Is No One Talking About This?

A: Who *would* talk to you about this?

CPA's?

Family and Friends?

Financial Advisors?



Real Estate Professionals!

Fund Analysis



15 Years

(9.9% Annual RoR)

The Crowds Focus on:

Income

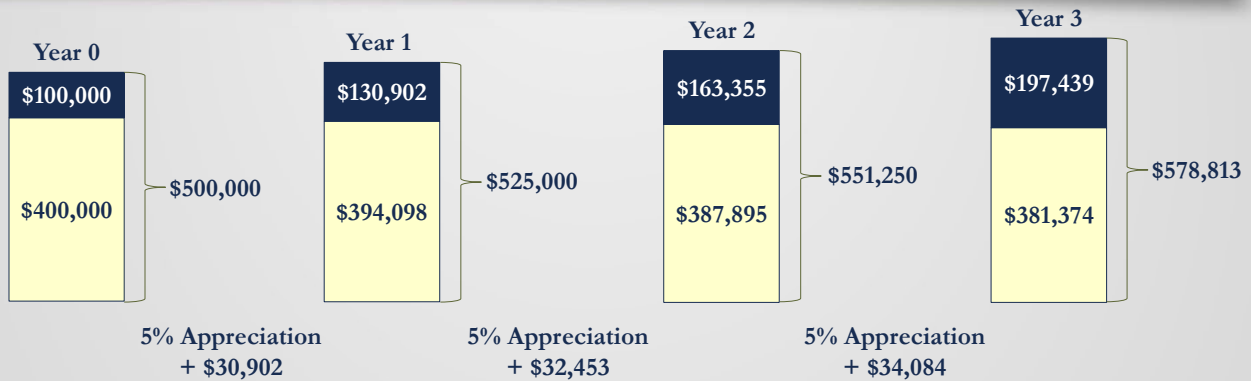


The Few Focus on:

Wealth
Principals



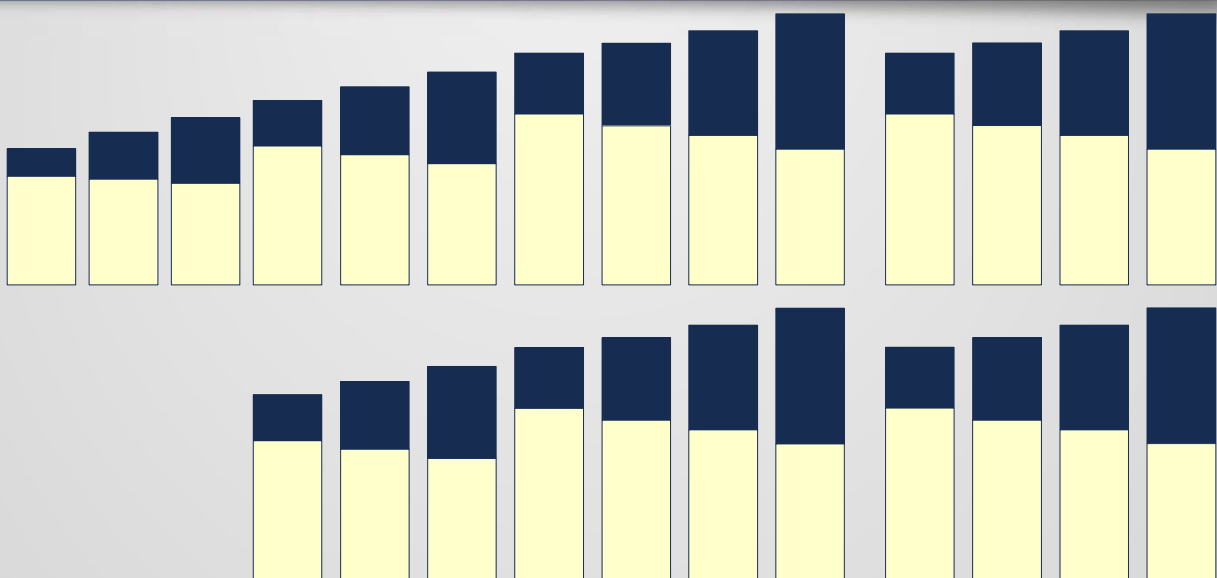
Real Estate Equity Growth



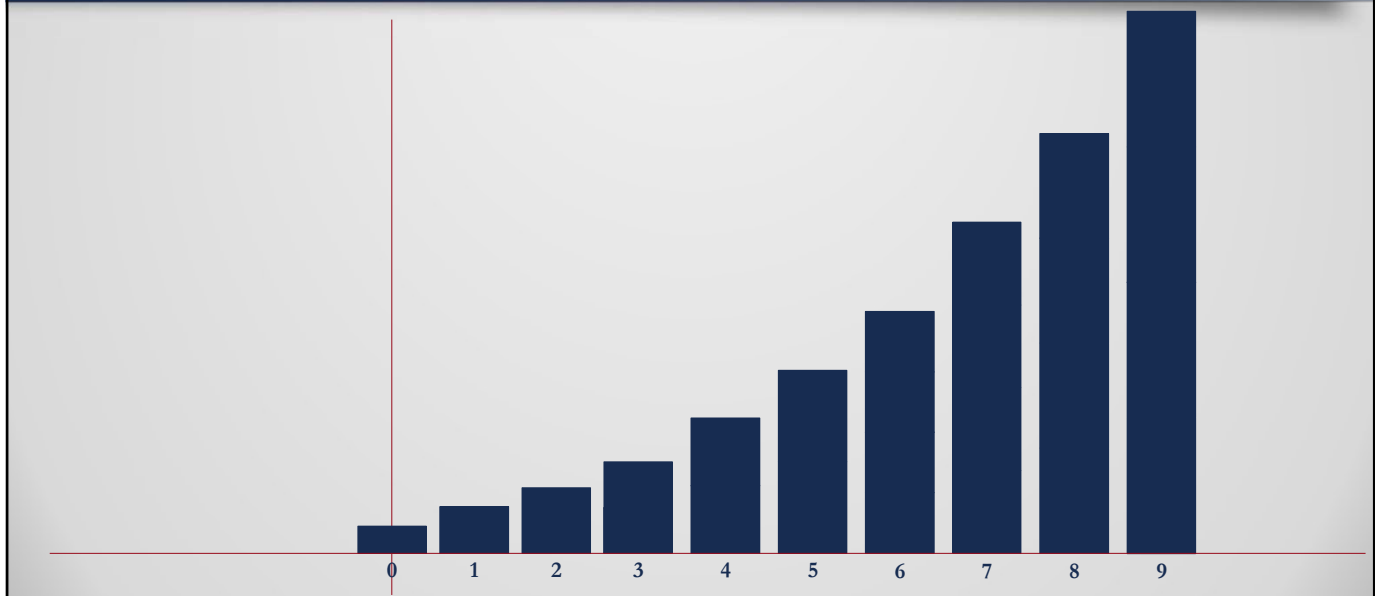
Nearly Doubled Investment in 3 years!

**At 5% Appreciation
With NO NET CASH FLOW!**

Real Estate Equity Growth

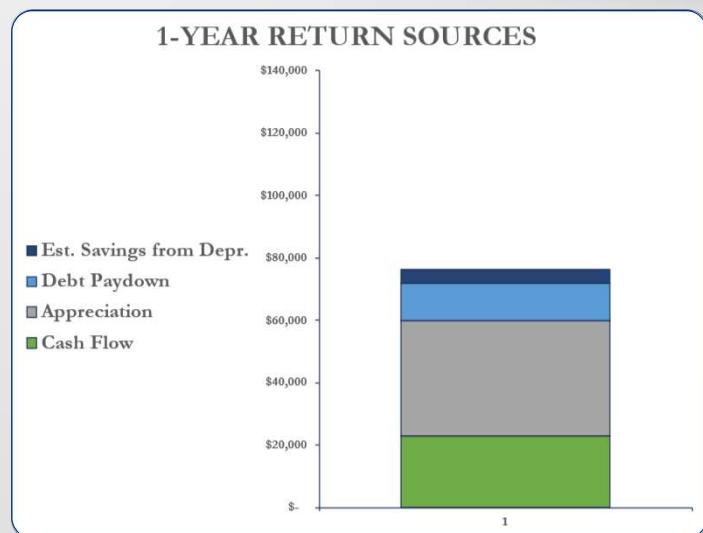


Real Estate Equity Growth



4 Sources of Returns

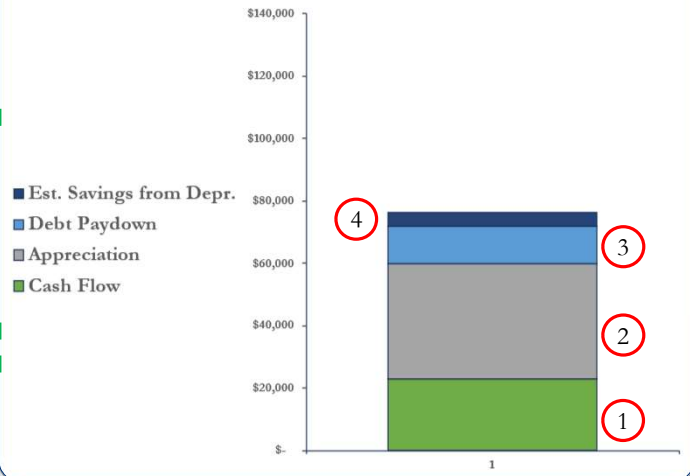
- Tax Savings
- Debt Paydown
- Appreciation
- Cash Flow



4 Sources of Returns

Current Scenario	
Property Value	\$ 1,234,000
Value at Time of Purchase	\$ 651,250
Loan Value	\$ 376,247
Equity	\$ 857,753
Net Annual Cash Flow ¹	\$ 23,012
Appreciation	3.00%
Appreciation (total \$) ²	\$ 37,020
Annual Debt Paydown ³	\$ 11,757
Est. Savings from Depreciation ⁴	\$ 4,570
Total Wealth Increase ^{1,2,3,4}	\$ 76,359
Return on Equity (ROE)	8.90%

1-YEAR RETURN SOURCES

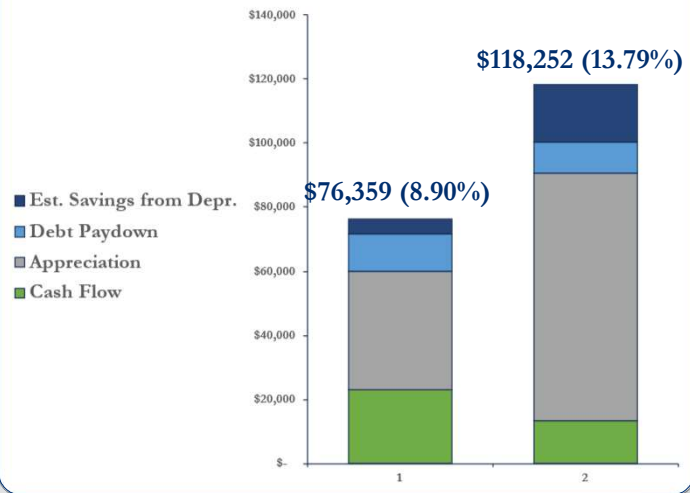


4 Sources of Returns

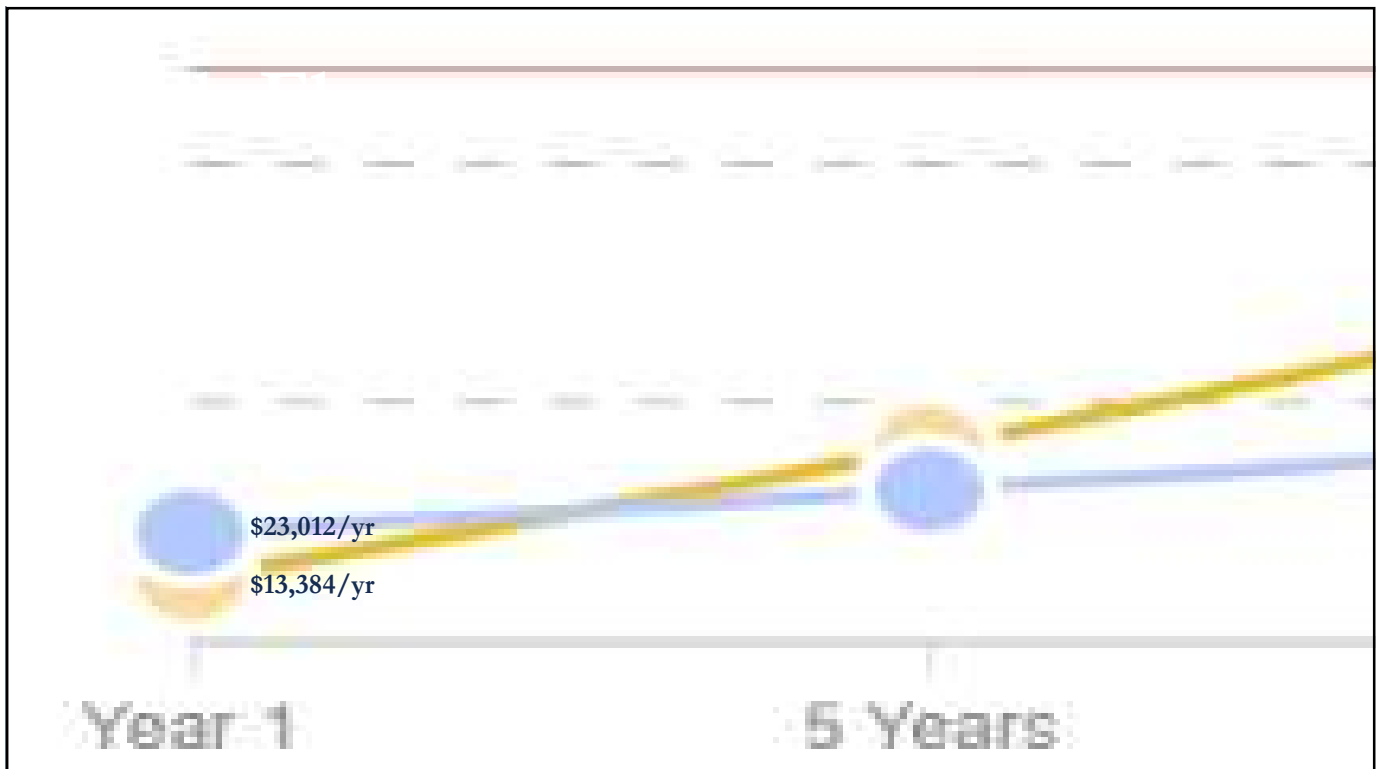
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New Scenario	
Property Value	\$ 2,573,259
Value at Time of Purchase	\$ 2,573,259
Loan Value	\$ 1,801,281
Original Equity	\$ 857,753
New Equity	\$ 771,978
Net Annual Cash Flow ¹	\$ 13,384
Appreciation	3.00%
Appreciation (total \$) ²	\$ 77,198
Annual Debt Paydown ³	\$ 9,612
Est. Savings from Depreciation ⁴	\$ 18,058
Total Wealth Increase ^{1,2,3,4}	\$ 118,252
Return on Equity (ROE)	13.79%

1-YEAR REAL ESTATE INVESTMENT COMPARISON



Cash Flow



Tax Benefits: Depreciation

“An annual income tax deduction that allows you to recover the cost or other basis of certain property over the time you use the property.”

-IRS

“Listed as a loss of income for tax purposes, even though no money is coming out of your pocket.”

-Robert Kiyosake

Q: Can you deduct depreciation expense AND actual cash expenses?
Can you double dip?

A: Yes!



Tax Benefits: Depreciation

For most 1-4 unit properties you are allowed to depreciate the building over 27.5 years on a straight-line basis. The building is usually 80% of the value of the property and depreciating land is prohibited.

Example: You purchase a \$500,000 property on Jan 1st of this year. How much standard depreciation are you allowed to take?

$$\$500,000 \times 80\% = \$400,000$$

$$\frac{\$400,000}{27.5 \text{ Years}} = \$14,545 \text{ per year}$$

Taxpayers who are not deemed Real Estate Professionals by IRS definitions are allowed to deduct up to \$25,000 in losses against W-2 income. This benefit decreases if your Adjusted Gross Income is over \$100,000 and is eliminated entirely if your AGI is over \$150,000.

RE Professionals (at least 750 hours and over 50% of their work hours actively doing real estate activities) do not have this limit

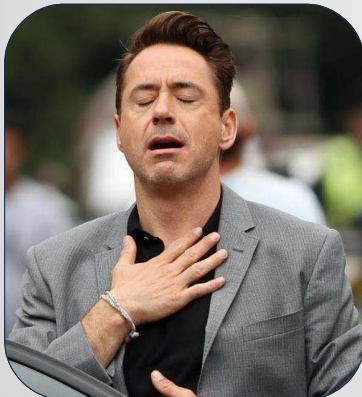
Tax Benefits: Cost Segregation

Additional Depreciation Deductions		\$110,371	
The following information ("Meta Data") about the property was used in the calculation:		The Meta Data was compared to our database of completed Cost Seg Studies to predict the following	
		Component Costs:	
Property Meta Data:		Component Costs:	
Occupancy Type:	Residential	Site Improvements	12,445
Building Use:	SFR	Foundation	36,483
New Construction:	No	Elevators	0
Construction Class:	D	Escalators	0
Lot Area:	3790	Framing	35,809
Footprint Gross:	1425	Exterior Wall	86,483
Perimeter:	162	Roof	20,081
Number Of Stories:	2	Interior Structure	35,345
Total Gross Sq Ft:	1913	Finishes	62,843
Story Height:	9	Furnishes	33,902
Exterior Wall Area:	2916	Plumbing	28,841
Roof Slope:	6:12	Gas Distribution	1,679
Basement:	Finished	HVAC	30,732
Security System:	No	Electrical	46,998
Condo?	No	Equipment	24,359
If Yes, % Ownership (Site)	0%	Total	456,000
If Yes, % Ownership (Structure)	0%		
Elevators:	No		
Natural Gas	Yes		
Roofing Material:	Composition shingles		
Siding Material:	Stucco		

Based on these results, the Federal Tax Depreciation Schedule should be revised as follows:

Asset ID	Property Description	Date Acquired	Basis	Life (Years)	Depr Method	Conv	Accumulated Depreciation as of 12/31/2021
1	Building	11/1/21	\$346,689	27.5	SL	Mid-Month	\$1,577
1.1	Asset Class 57.0 - Distributive Trades and Services	11/1/21	\$92,931	5	200DB	Half-Year	\$92,931
1.2	Asset Class 0.11 - Office Furniture, Fixtures and Equipment	11/1/21	\$0	7	200DB	Half-Year	\$0
1.3	Asset Class 0.30 - Land Improvements	11/1/21	\$16,380	15	150DB	Half-Year	\$16,380
Totals			\$456,000				\$110,889

Rates Go Up?



1. You locked in a lower rate!
2. Inflation is still not under control. (Rent increases are **HIGHER!**)
3. You've locked in your *biggest inflation-risk expense.**

* Shelter is 44% of the CPI – single largest category!

Rates Go Down?



1. Reduce monthly payment.
2. Reduce duration.
3. Combination of both.

Debt Service Coverage Ratio (DSCR) Loans

- ✓ Loans specifically designed for rental properties
- ✓ Proof of employment or income NOT required (no 2 year history for self-employed)
- ✓ Loan underwritten based on investment income potential (Net Rental Operating Statement)
- ✓ Interest-only options/40 year hybrid loans
- ✓ Negative cash flow permitted in some circumstances
- ✓ Can be used for short-term rental properties (AirBnb, VRBO, etc.)

What's Holding YOU Back?

People are much, MUCH more likely to buy from you if you believe in your product enough to buy it yourself!

- If you don't have an investment property, why not?
- You are already experts at finding people, find a team to help you!
- Do you REALLY believe what you tell your clients in overcoming their objections? If not, why not?
- Whether you can buy an investment property or not, PRACTICE!

"Practice what you preach"

-Your Clients

Now What?

What do we do with this information and these tools?

- Test the waters with social media posts
 - "What kinds of returns do you think you can get when investing in real estate?"
 - "If you were convinced that you could have great returns while investing in real estate, what would stop you from doing so?"
 - Video about Jill's story
- Reach out to your database with a video and/or chart
- Schedule a RE Investing 101 workshop
- Network with other people who have experience in RE investing – other realtors, CPAs, entrepreneurs, SOI
- Build a team – Realtor, lender, property management, contractor, title, CPA, financial advisor, home warranty rep



Thank You!

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