

^{the} NASHVILLE INVESTOR

OFFICIAL PUBLICATION OF REAL ESTATE INVESTORS OF NASHVILLE

www.reintn.org

March 8, 2010

\$40 ANNUALLY

Next Meeting
March 8, 2010,
at the
Al-Menah
Shriners Center
Nashville

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Group Meeting

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Have you done everything possible to protect those assets you've spent your entire career accumulating?

What if someone were to give you a roadmap for finding hidden assets in the business you've already built? If you want to get some answers, you are not going to want to miss our featured speaker for the regular meeting in March, attorney and renowned speaker, Lee R. Phillips. Lee Phillips is one of the most engaging, dynamic asset protection speakers in the nation. His mission is to help people use the law-- to protect what they've worked so hard to build, and make money...by using the law to their advantage.

Attorney Phillips is a Counselor of the United States Supreme Court, has three university degrees and has held licenses in real estate, mortgage brokering, securities, and life insurance, as well as being a registered investment advisor. Lee is nationally recognized in the fields of business structure, asset protection, financial planning and estate planning. He is the founder of LegaLees Corporation, a company specializing in solving asset protection and tax problems for high net worth individuals.

Lee never dreamed of being an asset protection/tax lawyer, but life isn't what you expect. At age 27, Lee spent five months in a university hospital intensive care unit, and he watched the legal system take everything he and his young family had. It's this experience that drives him to share, from personal experience, the importance of asset protection, tax reduction and helping others avoid personal disasters.

After graduating, from one of the nation's top 25 law schools, he practiced law as a patent attorney. Later, he spent five years in the dual position of Assistant General Counsel and Associate Director of Research at the nation's largest private university. Author of nineteen books, Lee serves on the editorial boards of several professional publications and has been a regular author for several magazines including *Monetary Intelligence*, *Broker News* and *Physician's Money Digest*. His book *Trust Me* is a Time-Warner Book-of-the-Month Club selection. His new book, *Guaranteed Millionaire*, exposes the legal "loopholes" the rich use to make more money.

In Lee's career he has given over 3000 event presentations throughout the US, Canada and the Pacific Rim. He has helped over a million people understand the law and how to use it to make more money and protect their assets. His ability to present critical information in a clear entertaining manner has made him a highly sought-after guest on hundreds of radio and television shows. His presentations walk you through how to make money and how to keep it using the "tools of wealth." Nobody ever gets rich without understanding the "tools" that create and protect wealth.

Plan on seeing Lee R. Phillips at the next monthly REIN meeting scheduled for March 8th at the Al Menah Shriner's center, 1354 Brick Church Pike.



Lee R. Phillips

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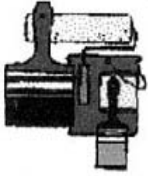
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REIN Tip:



Once you start rehabbing a home, make sure to pay particular attention to three areas: kitchen, bathrooms, and the front yard.

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**Certification as a real estate law specialist
is not currently available in Tennessee.*

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A•G•E•N•D•A

Monthly meetings are held at
AL-MENAH SHRINERS CENTER
1354 Brick Church Pike • Nashville, Tennessee 37207

Room 1, 4:15–5:30 p.m.

Seasoned Investor Group and Networking

March 8, 2010

5:45–6:45 p.m. Table Topics

- ① How to Find Deals in Today's Real Estate Market – Robert Mohon – This series is designed for the investor who wants to invest and profit with single family houses. You'll leave this topic with a worksheet and the knowledge to quickly estimate repairs on a deal. You'll learn what to look for - and what to avoid. Plus, you'll learn a quick formula to help you know if you've found a deal or not. The following month's topic will discuss the 3 final steps you'll do to bring home a check for your profits.
- ② How to Succeed in Real Estate Investing – Clair and Gary Hill
- ③ Staging – Ever wondered about how to stage a house? This class will offer lots of tips and hints to make you home look perfect.
- ④ How to Rehab and Sell a Home Fast for Top Dollar in Today's Market – Mark Hayes – Mark is a full-time investor who has been in the business since 2002. He specializes in West Nashville in rentals and rehabs, but his favorite activity is to renovate and sell. This past year in a down market, he rehabbed four properties that sold mostly within days of going on the market. He will share how to complete your renovations so you can sell them for top dollar.

MAIN MEETING: 7:00 p.m.

Dinner is available for \$7.00. Take your meal to one of the table topics. Feel free to invite fellow investors to attend the meeting. The entrance fee is \$20 per person or \$30 per couple.

Seasoned Investor Group

Monday, March 8
Starting at 4:15 p.m.

Featured Speaker:

Lon F. "Sonny" West, Metro Zoning Administrator

Sonny is the administrator of Metro's Zoning Ordinance, supervises Permits, Zoning Examinations, and maintains public records for the Codes Department. He has over 5 decades of public service with Metropolitan Government and the Metro Codes Department and is a graduate of Vanderbilt University School of Law.

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Government Affairs Call to Action

YOUR HELP IS NEEDED TO STOP BAD LEGISLATION AT THE STATE LEVEL.

Go to <http://www.legislature.state.tn.us/> and use the search at the bottom right hand side of the page to find your legislator.

Voice your SUPPORT for...

SB3430 sponsored by Sen. Douglas Henry (Nashville) and HB3956 by Rep. Mike Stewart (Nashville) allowing residential multifamily properties to be rebuilt as a nonconforming use. This will allow investors who face adverse zoning and lose a property to a catastrophe to build back what was lost instead of being forced to build under new zoning restrictions that may strip the value of the property.

SB3725 sponsored by Sen. Joe Haynes (Nashville) and HB 3955 by Rep. Mike Stewart (Nashville) shortening the time to file lawsuit from 10 to 6 days after posting notice on the door for possession. This will reduce the length of time to remove tenants and improve our ability to keep rentals occupied.

Voice your OPPOSITION to...

SB2814 sponsored by Sen. Diane Black (Gallatin) and HB2894 by Rep. Gary Moore (Nashville) which allows a utility district to file liens on a property for non-payment of bills for garbage

collection. In the past there have been problems having the liens removed after payment.

SB3381 sponsored by Sen. Beverly Marrero (Memphis) and HB3579 sponsored by Rep. Sherry Jones (Nashville) which makes the landlord civilly responsible if they prevent a tenant from terminating the lease early or altering in cases of stalking or domestic abuse. This bill opens the door for abuse of the law by dishonest tenants and landlords should not be held responsible for the poor personal choices made by the tenant.

CALL OR EMAIL YOUR REPRESENTATIVES IMMEDIATELY TO LET THEM KNOW YOUR FEELINGS ABOUT THESE BILLS.

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MAKING MONEY WITH THE LAW

by Lee R. Phillips, Attorney

Your ability to make money on business and real estate deals is directly related to your knowledge of the law. Whether it is structuring the deal or trimming the tax burdens, the law can turn a bad deal into a good deal and a good deal into a great deal. In fact, if you use the law to leverage what you do, you can make money faster than you ever thought possible. In a professional practice, you don't need to work harder, use the law to leverage what you do to make more money. No more work - no more time - no more risk, just more money to spend!

Not only can you get ahead financially a lot faster, using the law, when problems strike, you can keep what you have worked your whole life for. In today's society, if you don't take the opportunity to protect yourself and your assets, somebody is going to take your assets away from you. It might be the government, the IRS, the lawyers, your tenants, your partners, your patients, or any one of a dozen other problems you face, but somebody is going to take your hard-earned money away from you, unless you protect it.

You undoubtedly hope and pray that you won't have a lead paint problem, get sued by a tenant, or have the lawyers come after you for some insignificant reason. You do more than just hope and pray that you won't lose your household property to a common thief. You lock your doors, put security lights around your house, and set up alarm systems. Your financial investments and real estate investments are a lot more valuable than your household property. Have you done anything to protect those assets from the thieves that could take them away from you through a legal or financial attack?

The legal system is the most powerful system we have in our nation today. When you get sued, you are going to spend every dime you've got just defending the lawsuit. Either that or you lose. That is the way the system is set up. The biggest mistake you're going to make in your financial careers is to say that you don't have enough to worry about yet. It doesn't matter how much or how little you have, in today's lawsuit happy society, you had better worry about how to protect your assets, or they will be taken away from you.

If you are going to protect your assets, you need to be able to identify the financial threats you face. The sad part is, the general public doesn't even know what the threats look like, and they certainly don't have a clue how to protect themselves from those threats. The first thing you have to do is identify the threats, and then you have to systematically eliminate them.

The IRS is one of the major threats you face. Your tax payments over your lifetime could dwarf your mortgage payments, your medical expenses, the retirement money you stoke away, and the cost of sending your kids to college--all combined. Taxes are by far the biggest constant drain on your financial resources. If you know the tax laws, can you make money? Certainly! You can cut 10 - 15 - or even 25% off your tax bill every year. Think about it. How much would a 25% reduction in your taxes be worth to you just this year?

You attend seminars, practice improvement fairs, scour the real estate market, and do everything else you can think of to find a way so that you can make more money. The irony of it all is, if you learn the rules of law and to use various legal structures, you can make more money in everything you do. You don't have to change what you are doing now. All you have to do is change your position in the law. Think about the rich people you know. It doesn't matter what they are doing, they use the tax laws and all the other laws to their advantage and they make money. You can do that, just like they do. But, you have to have a legal foundation to build on.

You can't build a house from the roof down. What do you have to build first? The foundation! You can't build a financial fortune from the roof down either. You've got to have the foundation first. If you study the wealthy, you will find that every one of them has a legal foundation that they have built their wealth upon, and they have legal shields around their property to protect it from attacks.

The reason you don't have a legal foundation and shields around your property is because of the cost, time and frustration. If you have a lawyer set up such a shield, it will cost many thousands of dollars, and you probably won't really get the protection you want. The process isn't hard, but the lawyers make it very complicated to "protect their turf." Most successful people learn that they have to understand what the opportunities in the law are, and they actually end up doing a lot of the "legal work" for themselves. Every wealthy person makes use of certain legal tools and principles. If you want to be rich, you have to learn to use the legal tools that the rich use.

Whatever you are doing today, if you understand the laws, you can make more money. Think about it. The rich make money at whatever they do. And, the rich just get richer. One of the major reasons they can do this is their use of legal techniques and structures. Their use of the laws puts them on the fast track to riches and lets them protect what they already have. Your use of the laws will do the same things for you.

Seek a Qualified Mortgage Consultant to Ensure the Best Results

Understanding Credit Scoring & Credit Repair

by Nick Howell, Mortgage Banker
United Capital Lending

CITY, ST – Credit remediation is a subject consumers often face with fear and trepidation, and for good reason. With the exception of recognizing that the best score wins, the average home shopper knows very little about the whole credit scoring process. Sub-prime borrowers who are eager to move into A-Paper territory often find themselves at a loss when trying to find ways to upgrade their credit history. The good news is there are ways to improve less-than-perfect credit scores *and* obtain a loan for the home you *really* want.

The first step in the process is making sure that you have a current copy of your credit report. Congress recently amended the Fair Credit Reporting Act so that consumers may now receive one free credit report annually. There are three major credit bureaus: Equifax, Experian, and Transunion. Since entries can vary across bureaus, you'll want to request a free report from each of the three companies. (Go to www.annualcreditreport.com)

It's also important to know just what a good credit score is. Most A-Paper scores generally begin around 680, although this number may differ slightly among lenders. Don't despair if you come up shy, there is always room for improvement. Increasing your score just 5 points can save a significant amount of money. For example, if your score is 698 and you increase it to 703, then you could save yourself thousands of dollars over time as a result of a slight improvement to your loan's interest rate.

While credit repair is necessary for some, it's not the only way to increase your credit score. Even if you have stellar credit, you can enhance your score through these steps:

- Evenly distribute your credit card debt to change the ratio of debt to available credit. Let's say you have a credit score of 665. If you have debt on only one card, and four additional credit cards with zero balances, evenly distributing the debt of the first card could move you closer, and possibly into, that ideal bracket.
- Keep your existing accounts open and active. The average consumer is usually anxious to close credit card accounts that have zero balances, but doing this can cause them to lose the benefits of a long-term credit history and increase their ratio of debt-to-available credit. The bottom line is don't close those old accounts!

- Keep credit inquiries to a minimum. Each inquiry into your credit history can impact your score anywhere from 2-50 points. When it comes to mortgage and auto loans, even though you're only looking for one loan, multiple lenders may request your credit report. To compensate for this, the score counts multiple auto or mortgage inquiries in any 14-day period as just one inquiry, so try and stay within that time frame.

Remember, credit scores don't change overnight. Improving them requires time and diligent effort on your part, so it's a good idea to get the ball rolling at least three to six months prior to submitting your application for home financing.

If credit repair is what you need, you can either begin the process yourself or seek out a repair service. If you decide to make your own improvements, visit as many websites as possible to get information regarding credit laws and consumer rights. Diligently search through them and educate yourself to ensure that you don't sustain any self-inflicted wounds. A good place to start would be the Federal Trade Commission's website, which contains a wealth of helpful literature.

If you're facing severe or complicated credit issues, then you'll probably want to enlist the assistance of a professional credit repair company. Before you do, be sure to familiarize yourself with the FTC's regulations on credit repair. With over 1100 credit repair companies to choose from, it's important to be certain you are dealing with a reputable firm. Examine the FTC's information on fraudulent practices to avoid falling prey to credit repair scams.

Addressing credit issues can be uncomfortable to say the least. But by taking these steps now, you'll be that much closer to obtaining the home of your dreams.

Additional Resources:

To order your free credit report, go to:
www.annualcreditreport.com

To read the Fair Credit Reporting Act, go to:
www.ftc.gov/os/statutes/frca.htm

For the Federal Trade Commission's information on consumer credit, go to:
www.ftc.gov/bcp/online/edcams/credit/index.html

Nick Howell is affiliated with United Capital Lending, a Licensed Broker, TN Department of Real Estate. If you would like to obtain a free Consumer Credit Scoring Booklet, please contact Nick Howell at 615-673-0828 ext115.

EDUCATION CENTER UPDATE

Investor Courses

Classes will meet most Tuesday nights and some Saturdays. Check the calendar at www.reintn.org for the most updated classes and to register for classes.

Tuesday, March 2-Lease/Option, Rent to Own, Lease/Purchase: How Does It Work?—Robert Mohon

(6:00 p.m.– 9:00 p.m. – \$18 [early registration] member / \$28 [early registration] guest) elective course

This class will teach the pros and cons of buying or selling with lease/options, rent to own, lease/purchases. How to deal with tenants who want to lease/purchase. How to attract buyers. How to get non-refundable deposits. Why this is a great way to attract buyers for your properties. And why you don't need a lot of money to purchase properties this way.

Robert has been working these systems for several years and can tell us his experiences and how to profit from it. You can take advantage of this system even if you don't have great credit. You do not want to miss this class.

Tuesday, March 16-Zoning and Land Use—Sonny West

(6:00 p.m.–9:00 p.m. – \$18 [early registration] member / \$28 [early registration] guest) core course

Whether you are buying an existing lot, planning to change or add on to an existing structure or purchasing an existing structure, the zoning regulations limit the use of the property in some way. This course will review zoning districts from AR2a through RM60 including mobile home parks and all Overlay Districts. It will cover regulation size and placement of structures, land use restrictions, vehicular parking, sidewalks, landscaping, and environmental standards. The procedure for rezoning an existing property and sign regulations will also be discussed.

Lon F. West received his undergraduate and law degrees from Vanderbilt University in Nashville, with primary emphasis on business, economics, local government law, and taxation. He has worked in the government for over 40 years, starting with the finance department, moving to the department of law for 20+ years representing the building and zoning codes department, the planning commission, the historical commission and storm water management commission, both as counselor and litigator. Since 1985, he has been the Metropolitan Zoning Administrator for Nashville, administering a comprehensive zoning ordinance for an area of 533 square miles. He has lectured and conducted seminars for the Tennessee Municipal League, the Tennessee County Services Association, the Middle Tennessee Code Officials Association, the National Business Institute (including coauthoring a publication "Land Use Law in Tennessee"), and he is a drafter of a new comprehensive zoning ordinance for Nashville.

Tuesday, March 23-Can This Floor Plan be Saved?—Greg Pitts

(6:00 p.m.– 9:00 p.m. – \$18 [early registration] member / \$28 [early registration] guest) elective course

Sometimes your "great deal" comes with problems. You might have an older home that was built with "pass through" bedrooms, or, there is no washer/dryer hookups inside the house. Your kitchen may be very small, but if you could just take out that wall between the kitchen and dining area, you could have a great open area giving the illusion of more space. There are all kinds of obsolete floor plans, even in newer homes. There are many ways to improve, or change them to make them more functional and up to date, and at the same time add thousands to your property value.

Greg is a life member of REIN and an expert at this kind of construction. Your "eyesore" can become a "desirable property" when you just make a few changes. You will learn valuable information in this class.

Tuesday, March 30-Buying Real Estate Through Your IRA—Mike Todd

(6:00 p.m.– 9:00 p.m. – \$18 [early registration] member / \$28 [early registration] guest) elective course

Did you know that it is possible to buy real estate through your IRA? You can reap the profits without any limits and depending on the type of account you have, your profits are tax deferred or tax free. But there are rules and restrictions you must follow. You must know these guidelines. Once you do, your retirement account can grow, and grow, and grow!

Mike Todd, of Entrust, will give you the vital information you need to accomplish unlimited profits in your retirement account.

REIN Upcoming Events & Education Calendar

REIN Meetings and Events

Second Monday of the Month

Main Meeting

Time: (See Agenda on Page 3)

Location: Shriner's Auditorium

Second Thursday of the Month

Clarksville REIN Subgroup

Time: 6:30-8:00 p.m.

Location: 2503 Wilma Rudolph Blvd.
Clarksville, TN 37040

First Monday of the Month

Rutherford County REIN Subgroup

Time: 6:30 p.m.

Location: Keller Williams Realty
450 St. Andrews Dr.
Murfreesboro, TN 37128

Third Monday of the Month

Landlording Subgroup

Time: 6:30-8:00 p.m.

Location: REIN Education Center

Fourth Monday of the Month - **New Time!**

Women Investing in Nashville Subgroup

Networking: 6:15-6:30 p.m. Program: 6:30-8:30 p.m.

Location: REIN Education Center

Third Thursday of the Month

Short Sale and Pre-Foreclosure Subgroup

Time: 6:30-8:00 p.m.

Location: REIN Education Center

Saturday Before the Main Meeting

Ca\$h Flow by Robert Kiyosaki

Time: 5:00 p.m.

Location: REIN Education Center

Saturday Following the Main Meeting

National & Local Speakers' Workshops

Time: (See Agenda on Page 3)

Location: REIN Education Center

Subgroups: Members with a common goal or interest.

Admission: Members Free; Guest fee set by each group

PHP Education Calendar March 2010

(tentative – visit www.reintn.org for final dates)

March 2010

**2 Lease/Option, Rent to Own, Lease/
Purchase: How Does It Work?**
(elective)

16 Zoning and Land Use (core)

23 Can This Floor Plan be Saved?
(elective)

**30 Buying Real Estate Through Your
IRA** (elective)

April 2010

**6 Staging - What Key Elements Appeal
to Buyers and Sell Houses** (elective)

**20 Financial Management and
Bookkeeping** (core)

Elective denotes an elective course in the PHP educational program. Core denotes a core course in the PHP educational program.

PHP—Professional Housing Provider

PHP classes are held at the REIN Education Center, 2416 Music Valley Drive, Suite 151 Nashville, TN 37214.

A certification program sponsored by the National Real Estate Investors Association (see www.reintn.org for details)

Always check www.reintn.org or call 615-885-5454 for any changes or cancellations to all meetings, events, workshops, and classes.

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The LLC-IRA for Real Estate Investing

by Bill Bronchick

By now I am sure you've heard that it is legal, permissible, and profitable to invest in real estate using your self-directed IRA, SEP, or Roth IRA. If you've been using this technique, you know the drawbacks - delays in funding, fees from your custodian, potential lawsuits against your IRA.

Well, there's a solution... the LLC-IRA.

Instead of investing directly from your IRA, we set up a single-member LLC that is owned by your IRA. Your IRA account is the MEMBER of the LLC. The LLC is a legal entity that has powers and protections that are not possessed by any individual or by any regular IRA.

The combination of the self-directed IRA custodian and the LLC produces great results. This is an entirely new type of LLC, not your run-of-the-mill LLC you may have done before. It generally requires an attorney to draft the operating agreement and provide an opinion letter to your IRA custodian. If the LLC operating agreement is improperly drafted, the entire LLC-IRA may be disqualified and taxed.

Lawsuit Protection of Your IRA Account

A single member LLC (Limited Liability Company) is a business entity that gives the liability protection of a corporation but is "disregarded" (ignored) for federal income tax purposes. It is a separate legal entity under state law, so creditors of your LLC (as in the case of a tenant injured on the property) cannot go after the member (your IRA account) or you (the manager).

"Checkbook" Control

As manager of your LLC-IRA, you can write checks as you need to for purchasing property, paying property expenses, or loaning money. If you want to do a deal in a hurry, you can run down to your bank and get a wire or certified funds the SAME DAY, as in the case of a foreclosure auction.

Keep in mind that any transaction you can't do in your IRA account you are also prohibited from doing in your LLC-IRA. You should not attempt any transaction in your LLC-IRA without competent tax and legal advice.

Steps to Form Your LLC-IRA

First, you need to transfer your existing IRA to a custodian that allows complete self-direction of your account. Big firms like Fidelity and Schwab generally don't allow you to direct your account into real estate investments.

Second, you need to hire a professional to create the LLC.

Third, you "fund" the LLC by directing the money from your IRA custodian to the LLC's bank account.

Fourth, you start investing in your LLC-IRA.

Custodial fees are much lower because the IRA only has one asset, the LLC.

Is this all Legal?

The legality of an IRA owning an LLC is based on the case Swanson vs. The Commissioner in 1996. In Swanson, the court ruled in favor of the taxpayer using a corporation owned by his IRA, where he was the president. The LLC, by implication should be the same.

Should you have any questions about the legality of your LLC-IRA, speak with a qualified attorney to advise you through the process.

Welcome New Members

Aaron Gilbert	Katie Getzinger
Barbara Ambrose	Christine Kolek
Brion Connolly	Marc Michaelson
Chad Lauth	Nancy Miller
Charles Chambers	Philip Kelly
Charlie Willis	Sheri Willis
Daniel Rotoni	Steve Getzinger
Daniel Reeder	Susan Fischer
Debbie Michaelson	Tesha Chambers
Evan Farmer	William Little

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