

NEXT MEETING

Monday
Jan. 17, 2011

6:30 p.m.

**FOOD
AVAILABLE!!**
Fort Stephenson
House
600 W. State St.
Fremont

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Our SCAREIA Christmas Dinner will be held on Monday, December 20th at 6:00 p.m. at Tackle Box 2, 420 Sandusky Ave., Fremont. For those who have never been there, as you get close to the top of the hill on Sandusky Ave. look for the sign on the river side of the road and follow the drive down and around. Along with their famous fish entrees they have frog legs that night and selections other than seafood.

As in the past, in order to keep our dues down, we are each paying on our own.

For those of you who have not attended before, we have always had a GOOD time! It's another chance to enjoy each others company, maybe have spouses or significant others meet those people you've been hanging out with once a month.



Real Estate Is a Business!

Real estate is a business – plain and simple. You'll need to plan, analyze, negotiate, write offers, manage, market, and sell just like any other form of business. A business does not stay in business for very long if it's not producing a profit!

In real estate, there's a certain level of commitment required, but that commitment pays off handsomely. And, unlike many other businesses, real estate allows you to control your hours and set your own schedule. You set the goals you want to achieve, and then you set out to make them happen.

As part of being a businessperson, the most important attitude any investor can have in this field is one of...*objectivity!* As human beings, we have a tendency to fall in love with certain houses or, conversely, hate them upon sight. Of course, this is a natural tendency since homes at their core represent security, safety, love, family, etc.

However, falling in love with or hating an investment property can be the biggest financial mistake you make. For example, assume you see a lovely, lovely ranch house located on a beautifully manicured lawn, and it's love at first sight. You rush to buy it at a great price but without proper inspection.

Then, you discover it's actually a "money pit." That is, the plumbing has been leaking, and there's water damage throughout the house. It'll cost a fortune to repair, and you find that all your expected profits have vanished. In fact, you end up with serious debt. That's the kind of personal and financial damage a lack of objectivity can inflict.

Now, let's look at it from the opposite point of view. You visit a home for sale, and it looks like a real stinker at first. It's obvious the owner has neglected the property. The siding's dented and needs painting...the yard is overgrown with weeds...etc. Because of this lack of "street appeal," you automatically reject the house and drive off.

But, let's say you get over your initial hatred of the house and make a very close and objective inspection of the inside and outside. Once you do that, you find the darned thing is actually structurally sound...the plumbing is in fine shape...the electrical system is up to code and working well...and so forth. Very soon, you realize that all the neglect is purely cosmetic. You've actually found a diamond in the rough! With a minimum investment, you can actually turn this property into a very profitable investment.

By now, I'm sure you get my point: **In real estate, objectivity is everything.** It's the key to your success as an investor. So, remember, real estate is a business above all. It's not a love- or hate-fest. In fact, think of it as a small business (in the beginning, anyway) in which everything is determined by the numbers. *Always, always stay objective!*

QUOTE OF THE MONTH

"It is impossible for a man to learn what he thinks he already knows"

Two Suggestions to Finish Out the Year Strong

1. What are the three most important things for you to complete to close out this year in your business? In other words, what three things, if you could only do these three, would have the greatest positive impact on your business?

You won't get everything you want done by the end of the year. It isn't going to happen. That's okay. What matters is that you do the IMPORTANT things for your business. The above question helps focus you very clear on what matters most. This is what you need to make the time to do FIRST in your business over the next few weeks.

This could include making three key sales calls... Or finishing a core system for your business... Or writing a job description for a key hire you need to make... Or... you get the idea.

2. If you could only do one thing in the next few weeks to set yourself up with a running start for 2011, what would it be?

Take five minutes to write on a note card your bottom lines to close out the year strong and set yourself up with momentum for next year.

The LLC-IRA for Real Estate Investing

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.

Instead of investing directly from your IRA, you can 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.

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).

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.



SPECIAL THANKS TO OUR NOVEMBER GUEST SPEAKER

Thanks to Troy Thatcher for speaking at our November meeting. Hopefully Troy was able to answer all questions and concerns regarding the city of Fremont's water office, and their rates, policies, and procedures. If you have any further questions, don't hesitate to contact Troy directly at 419-334-8966, and he will be happy to discuss things with you.

2010 S.C.A.R.E.I.A. Board Members

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For further information,
you may contact
any of the
Board Members
at any time

About Our Organization...

SCAREIA was organized in October 2005. Our primary focus is to share information, to help educate and to motivate our members in their successful real estate endeavors.

Anyone interested in Real Estate Investing, whether you are just beginning or a seasoned investor, are welcome to join.

SCAREIA meets the 3rd Monday of every month at 7pm. Meetings are located in the basement of the Fort Stephenson House, 600 W. State St., Fremont, Ohio.

SPECIAL THANK YOU TO FIRST AMERICAN TITLE FOR
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