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- The LLC-IRA

February Business Meeting

Speaker:
Matt Allen of North
American Savings Bank

Topic:
Non-Recourse loans for
self-directed IRA's

*Refreshments will be provided
by: Home Depot*

Contact Us

voice mail /fax number
888-590-5244

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info@kcig.org

President's Message

Show me the money!!!!!!

Financing investment property is the challenge right now. We learned at last month meeting that there are bargains to be had out there in the market today. Great, but what good are they without a way to finance them? Investor financing has all but dried up in the traditional avenues. Well, let's look outside of the box. There is a lot of money sitting on the sidelines because people are afraid of the stock market (for good reasons). So, they have their money in CD's and money market accounts drawing less than 1% in many cases! That is not even keeping up with the cost of living.

A large amount of this money is in retirement accounts. These people are looking for higher yields on their money. This money can be accessed for real estate investments, and any profits made on these investments will be tax deferred or tax free depending on the type of retirement account you have. By converting the funds to a self-directed IRA, it can be invested in real estate. Don't have an IRA yourself? I bet you know someone who does that would like to have higher returns.

Please join us at our next meeting Thursday, Feb. 18th to learn how you can access this vast supply of funds.

See you there!

Jim Sherry
President

Notice to KCIG Members

The KCIG newsletter will be available to members through web site download by default.
Hard copy newsletters will be mailed only by special request.

LOOKING AHEAD

March 4 – KCIG Board of Directors will meet at the KCIG business office in Overland Park, KS.

March 18 - KCIG regular monthly business meeting in Shawnee Town, Shawnee, KS.

Andy Heller "Regular Riches" Regular People, True Riches!

Thursday, April 15, 2010 7:30 PM - 9:00 PM
Admission FREE!
Shawnee Town; 11600 Johnson Drive,
Shawnee, KS 66203

Saturday, April 24, 2010
8:30 AM - 5:00 PM

Admission: \$19.95 Per Person
or
\$29.90 Person + Spouse

Free "Buy Even Lower" book for those attending the Saturday seminar!

Johnson County Community College;
12345 College Blvd, Overland Park, KS
66210

Register at www.kcig.org for the



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KCIG Notice of Change

New KCIG voice mail/fax number.

888-590-5244
888-590-KCIG

About This Month's Speaker

Matt Allen of North American Savings Bank

Topic: Self Directed IRA's

Matt Allen is a nationally recognized speaker and author on the subject of IRA non-recourse loans. He makes frequent appearances on radio shows such as "Moneyline with Peter Newman" and contributes regularly to national publications on the subject of Self-Directed IRAs and non-recourse loans. He is co-author of the book "Leverage Your IRA-Maximize Your Profits with Real Estate".

Matt has been instrumental in launching the first nationwide non-recourse loan program for Self-Directed IRAs and teaches investors how to compound their retirement money while diversifying into real estate. Recognized as the expert on Self-Directed IRA non-recourse loans, Matt focuses on building diversified wealth.

MRLANDLORD.COM TIPS ON MANAGEMENT

17 BEST WORDS OF ADVICE FOR NEW LANDLORDS

(shared by rental owners with up to 50 years of landlording experience)

1. Treat landlording as a business and develop a system and set of written procedures for all steps in your rental process.
2. Get a good state-specific lease and be sure your lease is clear regarding all expectations you have for your residents' responsibilities. (Many leases make too many assumptions of what is to be expected).
- 3 Believe in yourself, but do not believe anything put on the rental application. Verify it all.
4. Thoroughly screen your applicants. Along with running credit checks, be sure to check eviction records and possible criminal background on all applicants.
5. Get the cooperation of your residents and start advertising and showing rentals BEFORE the lease is up.
6. Fill vacancies faster by reaching out and serving a "niche" target market.
7. Keep your relationship between you and your residents in a business-like manner and treat all residents with respect.
8. Conduct regular inspections of your properties.
9. Enforce your rules consistently and immediately.
10. Keep good records and document everything.
10. Utilize both craigslist.org and postlets.com to advertise your rentals. Both are free services.
11. Look for ways to reward your long-term residents even if in only small ways.
12. Join and participate in your local landlord association and visit MrLandlord.com to get continued support, education and encouragement from other landlords. Also seek out one or two mentors.
13. Become extremely familiar with the state landlord tenant laws where your own rental property.
14. Learn as much as you can about your local rental market and what other landlords and managers are charging, offering and doing.
15. Always look to expand your business network with other landlords, contractors, suppliers, professionals and community contacts. Network with individuals who are growing, progressive and honest.
16. Seek further training and education. Read landlording books like Landlording and the Landlord's Kit and go on a landlord cruise conference.
17. Don't give up! Don't let the small percentage of rental challenges take your focus off your big goals. Landlording is not a get rich quick scheme, but can generate long-term wealth when done correctly.

These tips are shared on MrLandlord.com website and in the Mr. Landlord newsletter from website contributors, Jeffrey Taylor (founder) and real estate authors featured on the site. To receive a free sample of the Mr. Landlord newsletter, call 1-800-950-2250 or visit their informative website at MrLandlord.com, and learn how you can receive a free landlording book.

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.

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.

Questions or comments? I would love to hear them!
Contact Bill Bronchick, www.legalwiz.com , 1-800-655-3632

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KCIG Business Meeting

Date: Thursday, February 18

Time: 7:00 PM Doors open for networking
7:30 PM Meeting begins

Speaker: Matt Allen of NASB

Topic: Loans for Self Directed IRA's

Location: Shawnee Town,
11600 Johnson Dr., Shawnee, KS

Refreshments will be provided by: Home Depot

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YOUR INPUT IS VITAL TO OUR NEWSLETTER

Items submitted for publication must include the writer's name and address. The address will not be published. Information may be edited for brevity and clarity and must be received by the fifth day of the month of publication. Articles should be emailed, preferably in plain text format, to info@kcig.org

MEMBERSHIP DUES: \$50 Single

Newsletter Subscription: \$20 per Calendar Year

Temporary single membership for one month \$15

ADVERTISING - You can post a note at the back of the meeting room telling of something you want to buy or have to sell - but, the classified ads reach ALL members.

Classified ad (4 lines)	\$30	for 6 months
Business Cards	\$60	for 6 months
¼ Page	\$120	for 6 months
½ Page	\$50	for 1 month
Full Page	\$100	for 1 month

PROCEDURES for SUBMITTING ADVERTISING

The deadline for receiving ads is the fifth day of the month of publication. All ads must be prepaid and payment included with the ad. Please do not place ads by telephone. Send ads and direct inquires to:

Dennis Vater c/o KCIG, P.O. Box 411482, KC, MO 64141 or email to info@kcig.org .

Go to www.kcig.org for detailed instructions for ads.

DISCLOSURE: This newsletter is designed to provide helpful information in regard to the subject matter covered. Opinions expressed are the sole responsibility of the contributing writer. If legal advice or other expert assistance is required, the services of a competent professional person should be sought. Advertising space is provided as a service to members. Publication of advertising in the newsletter does not imply endorsement by KCIG.