

WHY REAL ESTATE IS A GREAT DEAL

Or

WHY I LOVE REAL ESTATE (Part 3 - Reasons 51-75)

by Howard E. Spiva

51) 401K CAN OWN REAL ESTATE: Real Estate can be owned by a 401K; the growth will not be taxed until the profit is drawn out.

52) MANY WAYS TO BUY REAL ESTATE: Real Estate can be bought in many ways. Bank loan, mortgage company, trade a car for down payment, qualify to assume mortgage, assume mortgage subject to, private lender, partner, rent to own, owner financing, lease option, 1031 trade, sweat equity.

53) REAL ESTATE USUALLY GOES UP: Real estate almost always increases in value. Average appreciation for the last 35 years has been 6%. It is area sensitive, 5% to 35%.

54) LAND CAN BE USED: If you own real estate and you have no money, you can always plant vegetables. If you have a lot of land, hunt or fish.

55) GREAT WAY TO BUILD WEALTH: Can you save \$1M in 20 years from your paycheck? \$20,000 with a 90% Loan-to-Value in real estate with a loan interest rate of 7% and an appreciation rate of 5% can be turned into \$1,000,000.00 in 20 years.

56) LEASE LAND FOR 100% TAX DEDUCTIONS: Generally, on investment property you depreciate the building but not the land. If you divide the title of the land (in a trust) and the building (owned by you), you lease the land from the trust (owned by your kids) you get to depreciate the building and your business gets to deduct the land rent. 100% deduction of your purchase price!!!

57) REAL ESTATE BUYS YOU A CAR: Your real estate company can own a vehicle and deduct the purchase price, insurance, repairs, tolls, interests, tag, taxes, and parking, or you can own the vehicle and your company can pay you mileage.

Mileage is deductible to your company and tax-free to you. You are limited to the price of the vehicle under the luxury limits unless it has a gross vehicle weight over 6,000 pounds. If it is beyond the weight limits or is a truck, van, SUV, ambulance, Hearse, taxicab or limo, you can deduct the entire amount up to the IRC 179 limit. Otherwise you have to depreciate it over time. If you have to depreciate it, no big deal, just finance it for the same period so the payments and deductions are a wash.
Back to your regular scheduled reading...

58) TAX-FREE DAY CARE: Your Company can provide daycare tax-free to all employees up to \$5,000 per year, per employee. This is deductible to the company, but not taxable to the employee.

59) GYM?: The IRS no longer allows a deduction for gym memberships; however, your company can deduct the cost of exercise equipment and a gym if it is on the company's premises or premises leased by the

employer. The gym must be substantially used by the employees of the company, their spouses, and their dependent children. This (deductible) gym cannot be in your home. A gym includes exercise equipment, swimming pools, and golf courses.

60) EMPLOYEE BENEFITS: Other employee benefits worthy of mention are educational assistance programs, tuition plans, and some company-provided transportation, qualified parking, cafeteria plans (medical insurance, long-term care insurance, disability insurance, term life insurance, dependent care assistance, pension plans, profit sharing plans, adoption assistance, and qualified legal services). Tax-free lodging and on-premise meals under certain circumstances.

61) LAWS FAVOR REAL ESTATE: The laws of the United States were shaped by real estate developers. Originally, only land owners could vote. 50% of wealth in America is in Real Estate.

62) OPPORTUNITY IS EVERY WHERE: Help folks in trouble and make money. There are many types of property bargains or deals: For Sale By owner, Owner financing, For Sale by Agent (split commission) (like a toll bridge you get paid every time someone goes by); Foreclosure, Poor health, bad luck, Divorce, Pre-bankruptcy, Bankruptcy, Tax sale, Marriage (2 many houses) Military or job transfer.

63) DIVORCE: People getting divorce often don't like each other; they want to get away fast and may sell for lower prices.

64) UNDER PRICED: Some sellers don't want to waste their money on an appraisal or commission to a real estate agent; sometimes their property might be worth more than they think it is.

65) RETIRING FOLKS WILL OWNER FINANCE: The fastest growing population is baby boomers. Baby boomers are retiring at the rate of 1000s per day. Retired people often will owner finance their property for a retirement income. Owner financing has no credit check, no origination fees, no loan costs, and is usually at a lower interest rate than the banks or mortgage companies. Help elderly folks live better and you make a profit. All aboard!

66) SOMETHING FOR EVERYONE: There are many types of real estate: Residential, multi-family, office, commercial, land, mobile homes, cabins, rent rooms.

67) MANY WAYS TO SELL: You can do quick-turn or flips, Rehab and sell, rehab and keep, lease options (sell or buy or both), sandwich leases, sell on a note, subject to, assumptions.

68) NO BOSS: As a property owner, you can be self-employed with lower taxes and more deductions.

69) DEAL WITH PEOPLE: Unlike stocks in front of a computer it's a people business. If people like you, they will help you.

70) GIVE YOURSELF A RAISE: You can own many units, raise rent \$10 X the # of units. Tenants usually won't move over \$10 to \$25. Instant money.

71) ESTATES WILL DISCOUNT: You buying from an estate? Find out how many

heirs. If there are 10 heirs, any lower offer is only 1/10 movement to the main person or administrator.

72) EXEMPT: In most states you have a homestead exemption for your home in a bankruptcy; i.e., Georgia \$125,000.00, Florida is over \$1M (may be unlimited) ask OJ Simpson to be sure). He moved to Florida to search for his wife's killer.

73) EASY TO RESEARCH: Real Estate can be researched on computer at all hours; i.e., SAGIS, MLS, tax records, newspaper ads, online ads, real estate agent web sites.

74) HOW TO LOWER PRICE: You can make an offer subject to or contingent on an inspection. Inspectors always find needed repair. Report can help you negotiate price.

75) ALWAYS GOOD DEALS: There are always good deals. Someone is always moving, transferring, marrying, divorcing, dying, or going bankrupt.

More to come in Part 4

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