

Selling Real Estate: An Expert Introduction



Featuring: *Coe Real Estate*





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All information and materials are for educational purposes only. All parties are encouraged to consult with their attorneys, accountants and financial advisors before entering into any type of investment.

Agenda

- 1 Historic Property Pricing
- 2 Self-Directed IRA Overview
- 3 Preparing Your Property
- 4 Pricing Your Property
- 5 Marketing Your Sale
- 6 Closing Escrow

Meet Your Host

Munzer Ghosheh

Business Development Manager at The Entrust Group



20

Years experience in finance and real estate



Educates investors and professionals on tax-preferred retirement accounts



CISP Certified

About Entrust



|

\$4B

Assets Under
Administration



|

45k

Investors
Empowered



|

40+

Years in
Business



|

1

Point of
Contact

What is a Self-Directed IRA?



A retirement account in which the individual investor is in charge of making all investment decisions



Greater opportunity for asset diversification outside of traditional stocks, bonds, and mutual funds



All securities and investments are held in a retirement account administered by a regulated custodian or trustee

About Entrust



- Self-Directed IRA administrators
- Knowledgeable staff with CISP designations
- Nationwide offices
- In-person events and virtual webinars
- National Continuing Education program for other credentials
- Bi-annual IRA Academy



OPTIMIZE SALE OF IRA RE ASSETS

Entrust Webinar: August 17, 2022

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South Bay of Los Angeles
kellerwilliamsbeachcities.yourkwoffice.com

South Bay Residential
Sellers/Buyers/Investors
New Home Sales
CoeREGroup.com
MyNewLAHome.com

FIBI South Bay
2nd Wed of Month
Meetup.com/fibisouthbay

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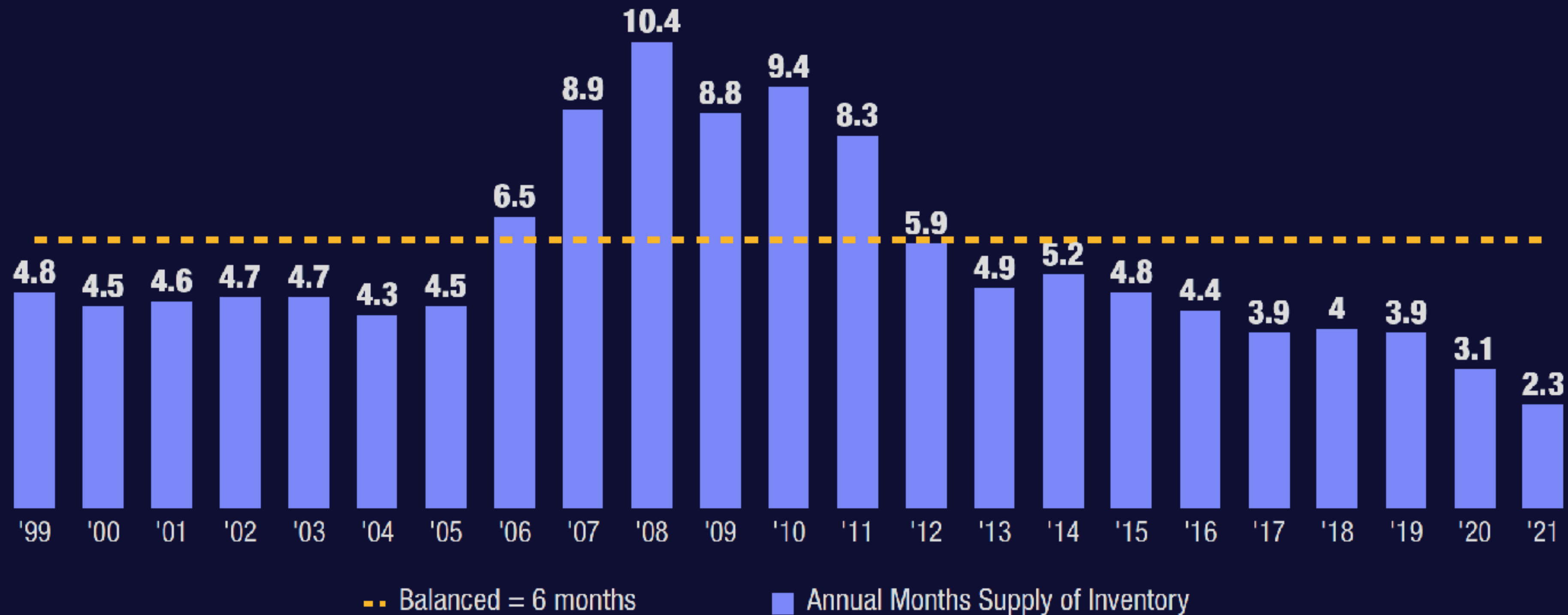


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1. Historic Pricing
 2. Self Directed Overview
 3. Property Prep
 4. Property Pricing
 5. Marketing
 6. Closing Escrow

Agenda

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Inventory - Annual



The Numbers That Drive U.S. Real Estate | Vision 2022

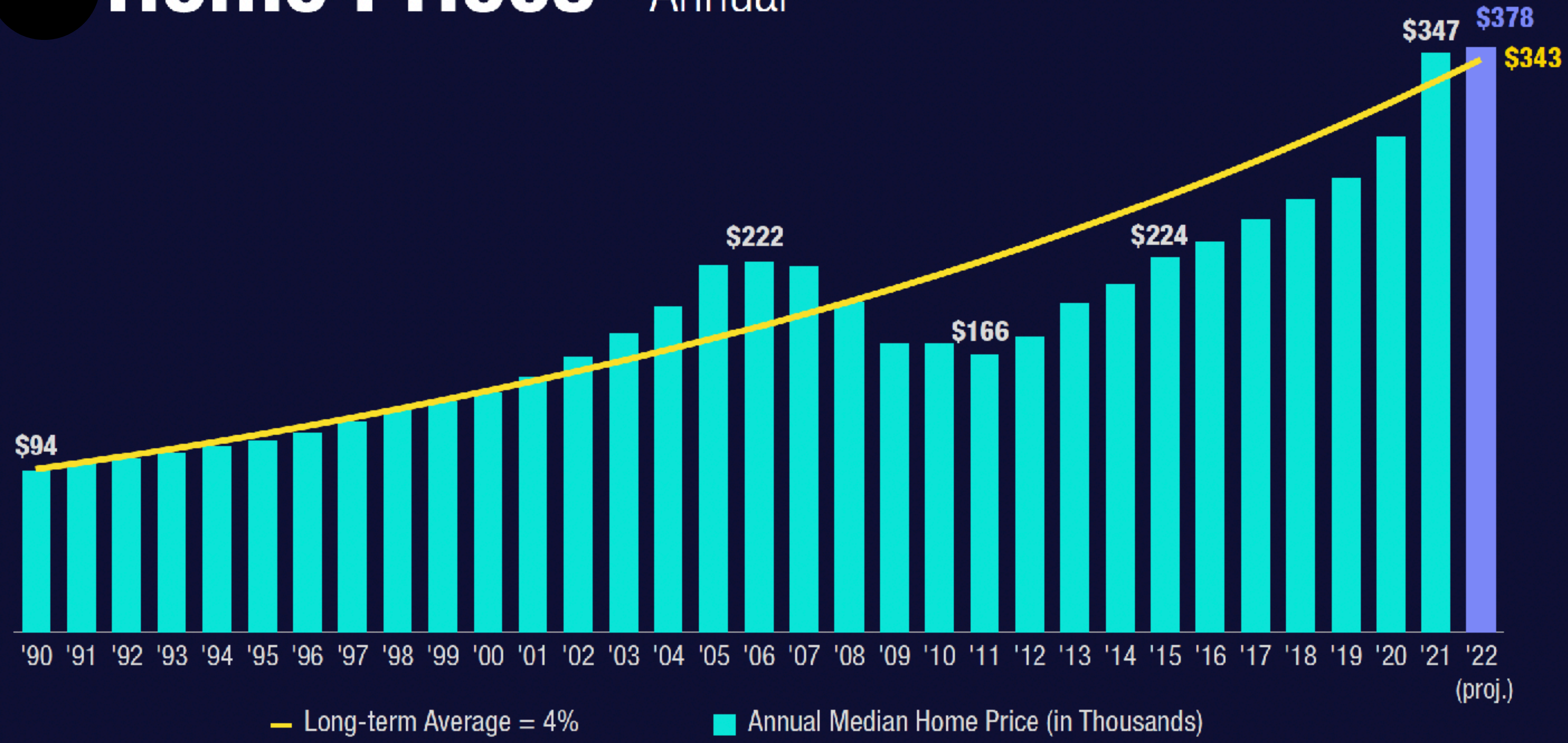
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Source: National Association of REALTORS®

30 Years of National Home Prices

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Home Prices - Annual



The Numbers That Drive U.S. Real Estate | Vision 2022

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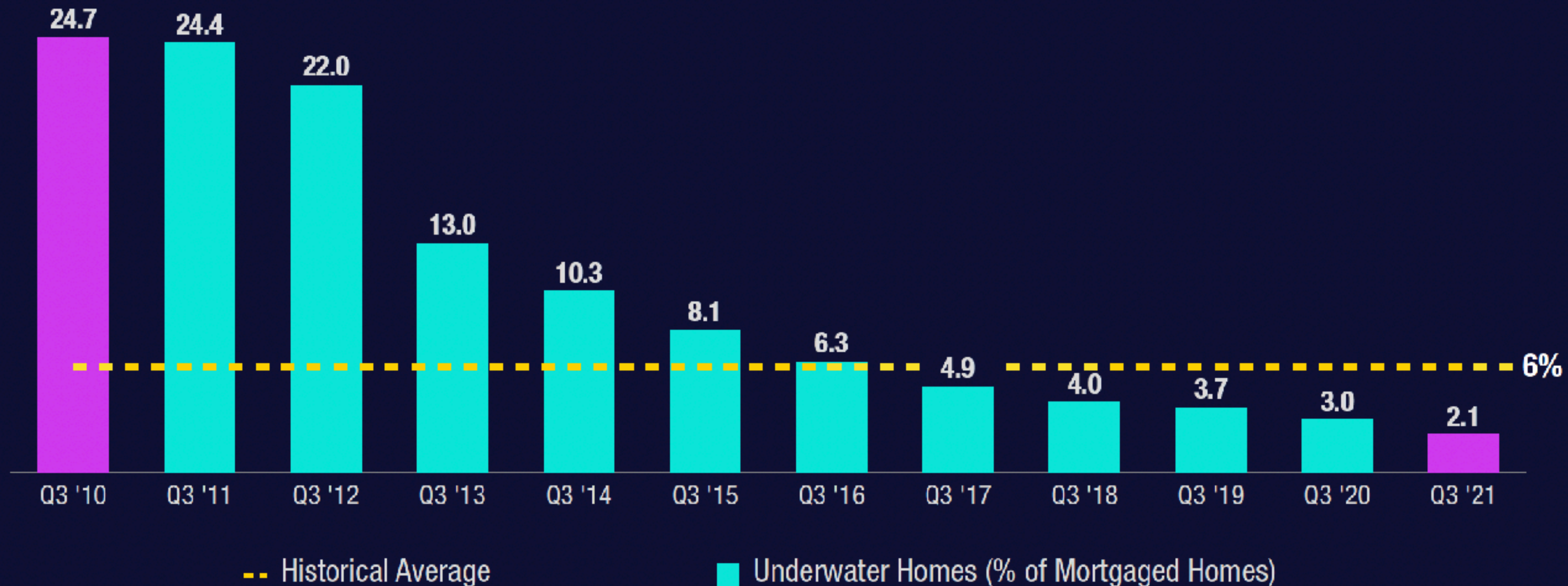
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30 Years of National Home Prices

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Underwater Homes

The portion of homes in negative equity continues to fall as home prices appreciate.



U.S. Events | Vision 2022

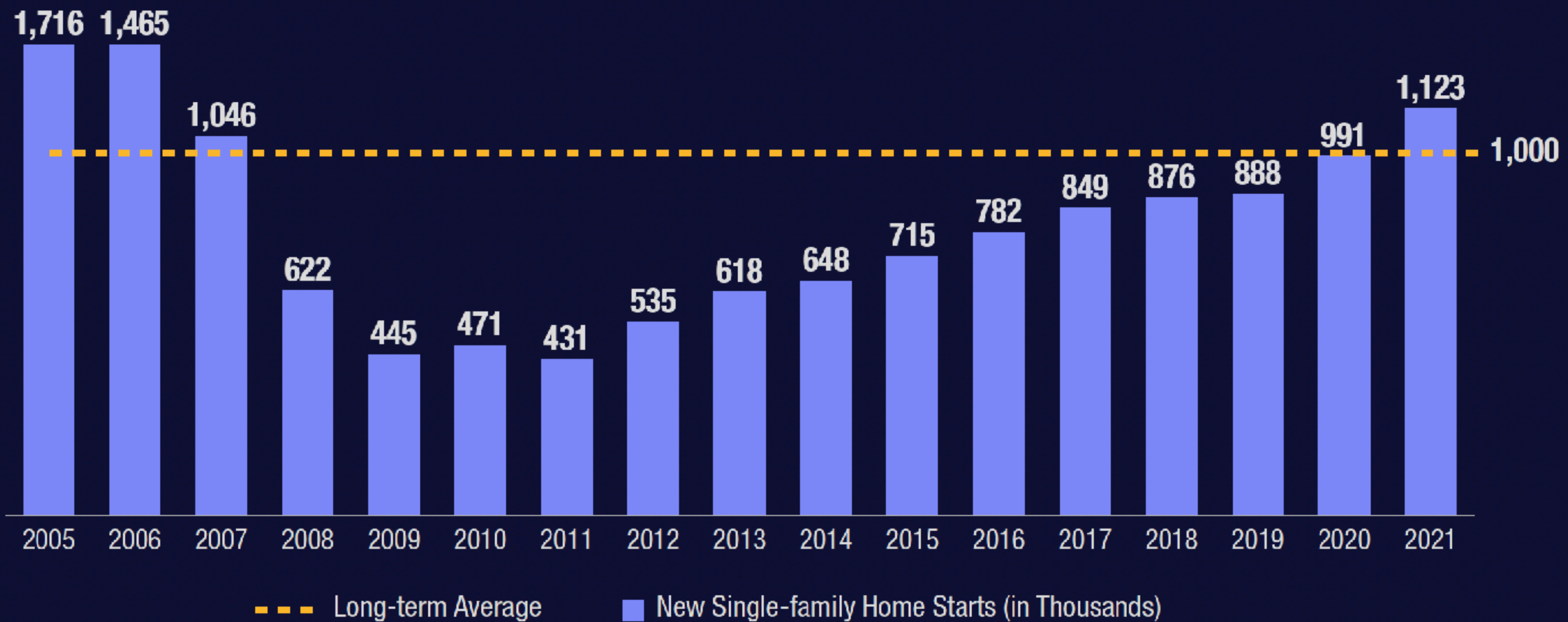
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Source: CoreLogic Homeowner Equity Insights

Distressed Market Historically Low

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New Home Starts



U.S. Events | Vision 2022

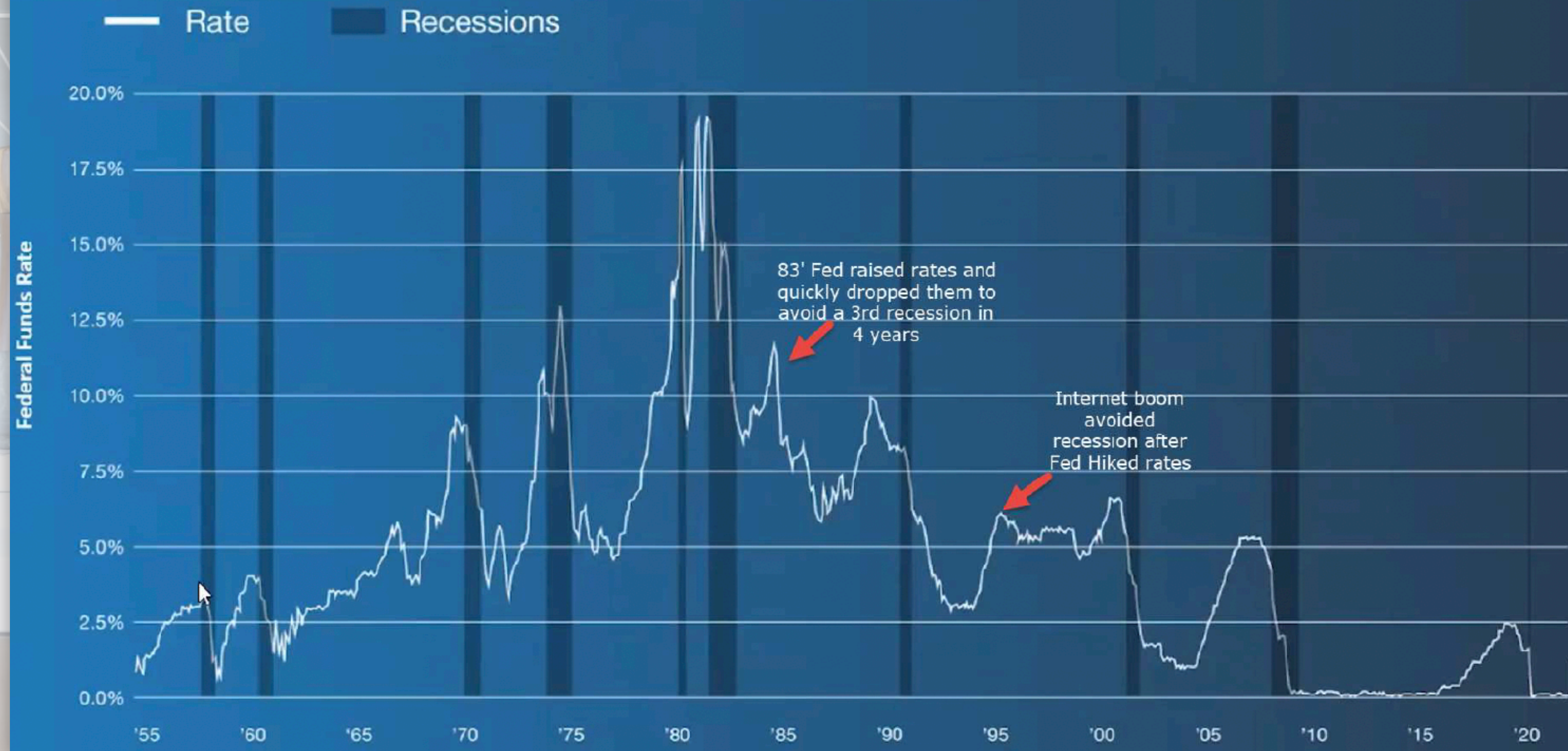
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Source: U.S. Census Bureau

We Were Just Getting Ahead...

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Fed Hikes Lead to Recessions

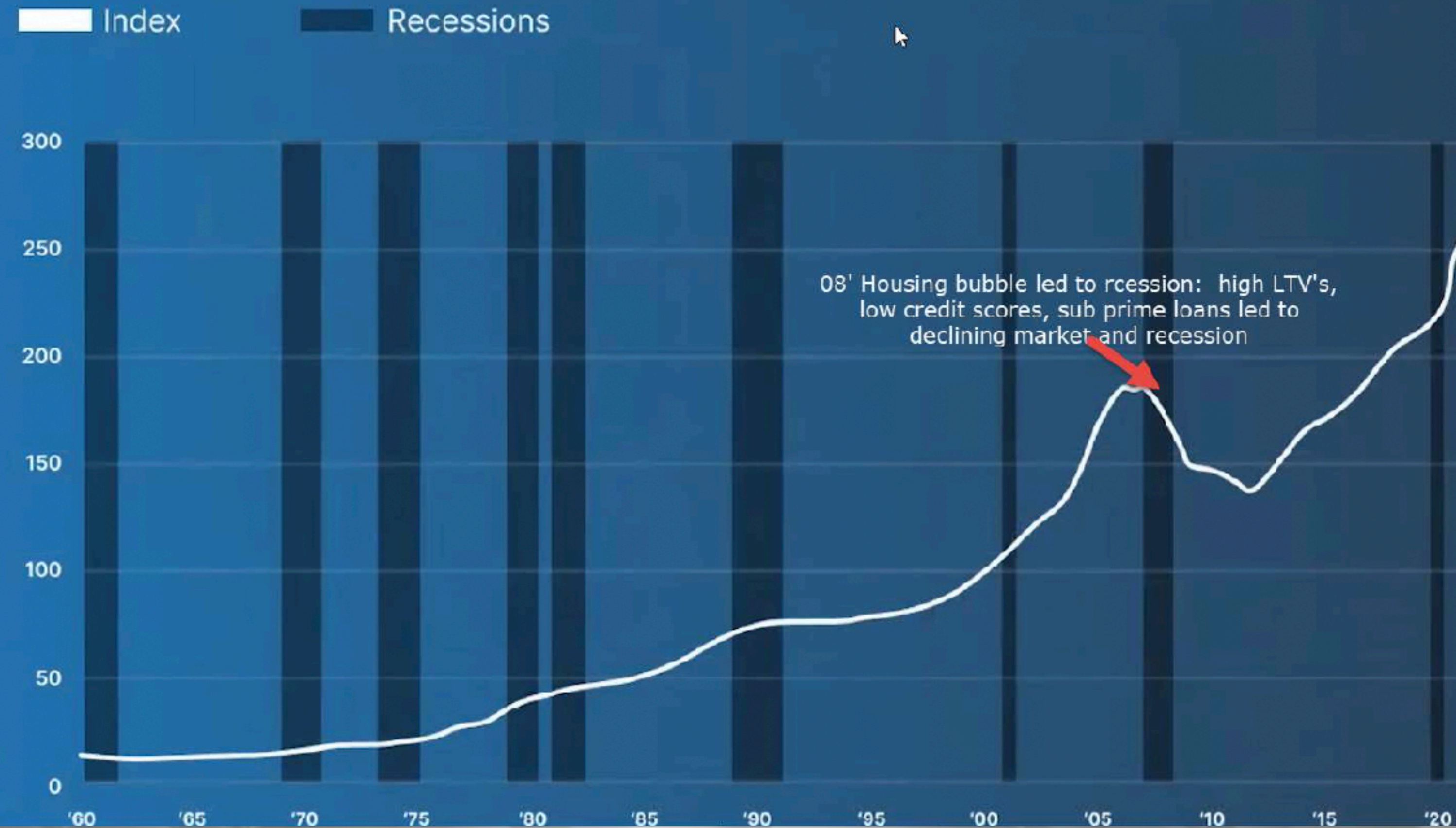


It's Almost Official:
We Are In A Recession

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Housing Stays Strong Through Recessions

S&P Case-Shiller U.S. National House Price Index



Lone Exception is '08 housing bubble



2. Self Directed IRA Overview



IRA



- YOU!
- Your Spouse
- Your Parents
- Your Grandparents
- Your Children
- Your Grandchildren
- Spouses of Lineal Descendants
- IRA Fiduciary

Disqualified Persons



Prohibited Transactions “Non-Cash” Contribution

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- Unrelated Business Income Tax - UBIT
 - Tax on non-taxable entities that make profit unrelated to their “purpose”
 - Applies to fix-and-flippers using retirement accounts
 - Needs to be a hobby, not a business
- Unrelated Debt Financed Income - UDFI
 - Tax on leveraged profits for a non-taxable entity
 - Profit taxed based on % leveraged
 - A 40% loan will require that 40% of profits are taxed

Taxes on Sale of IRA Owned Assets



3. Property Prep



Develop Plan of Attack



Add Curb Appeal

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Declutter!

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Entry Appeal

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Staging is Key

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4. Property Pricing

6 Closed

\$2,050,000 HIGHEST

\$1,773,833

AVERAGE

\$1,400,000 LOWEST

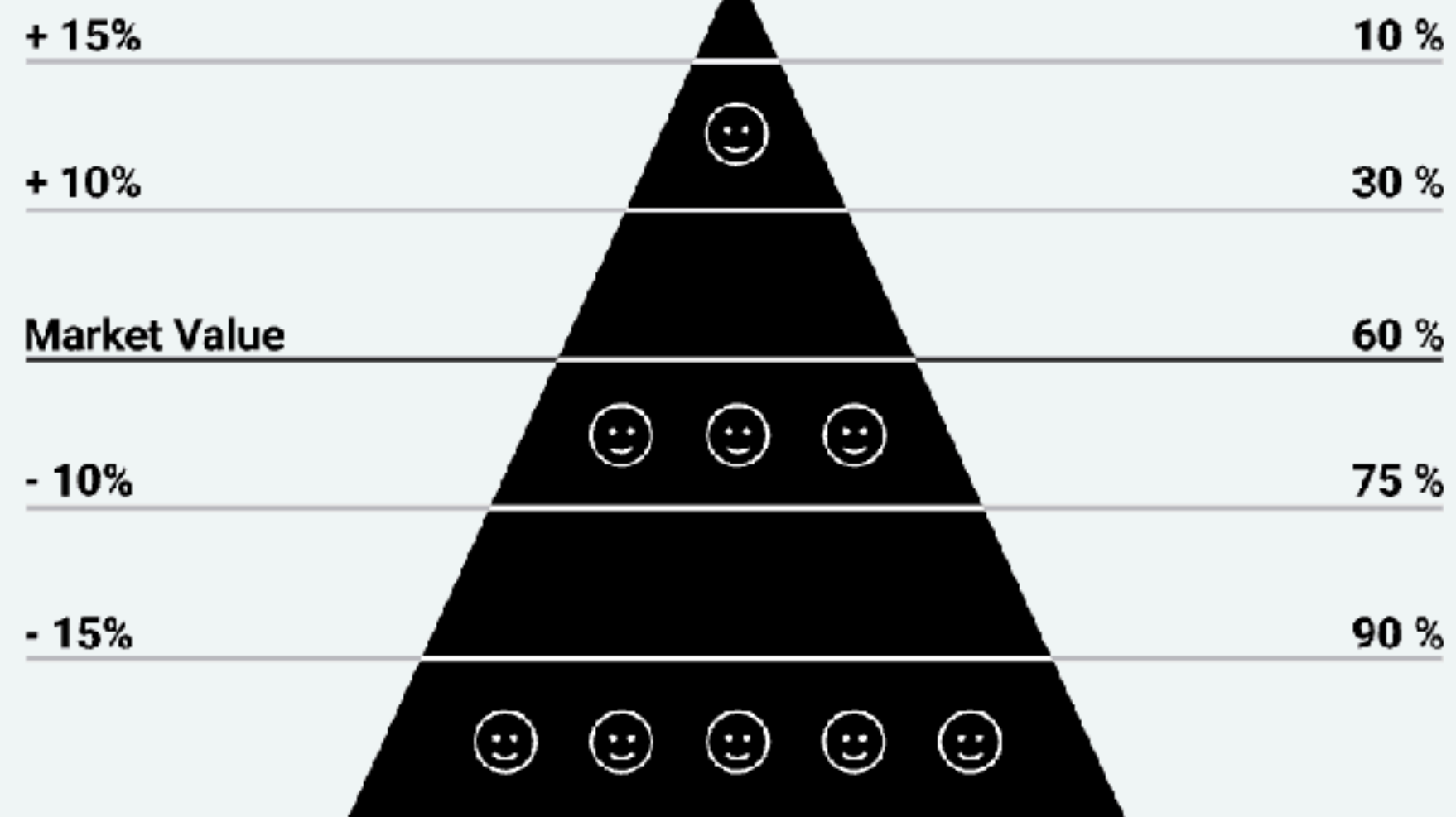
ADDRESS	SOLD DATE	SOLD PRICE	\$/SQ.FT	DOM
705 2nd Street Hermosa Beach, CA 90254	7/22/22	\$1,950,000	\$1,625	47
1070 8th place Hermosa Beach, CA 90254	7/29/22	\$1,400,000	\$1,112	-
1538 Golden Avenue Hermosa Beach, CA 90254	3/21/22	\$2,050,000	\$1,767	73
505 Hollowell Avenue Hermosa Beach, CA 90254	4/19/22	\$1,653,000	\$1,375	8
1205 9th St Hermosa Beach, CA 90254	4/5/22	\$1,740,000	\$1,649	4
1244 2nd Street Hermosa Beach, CA 90254	4/1/22	\$1,850,000	\$1,769	6
Averages	-	\$1,773,833	\$1,550	28

Know Your Comps

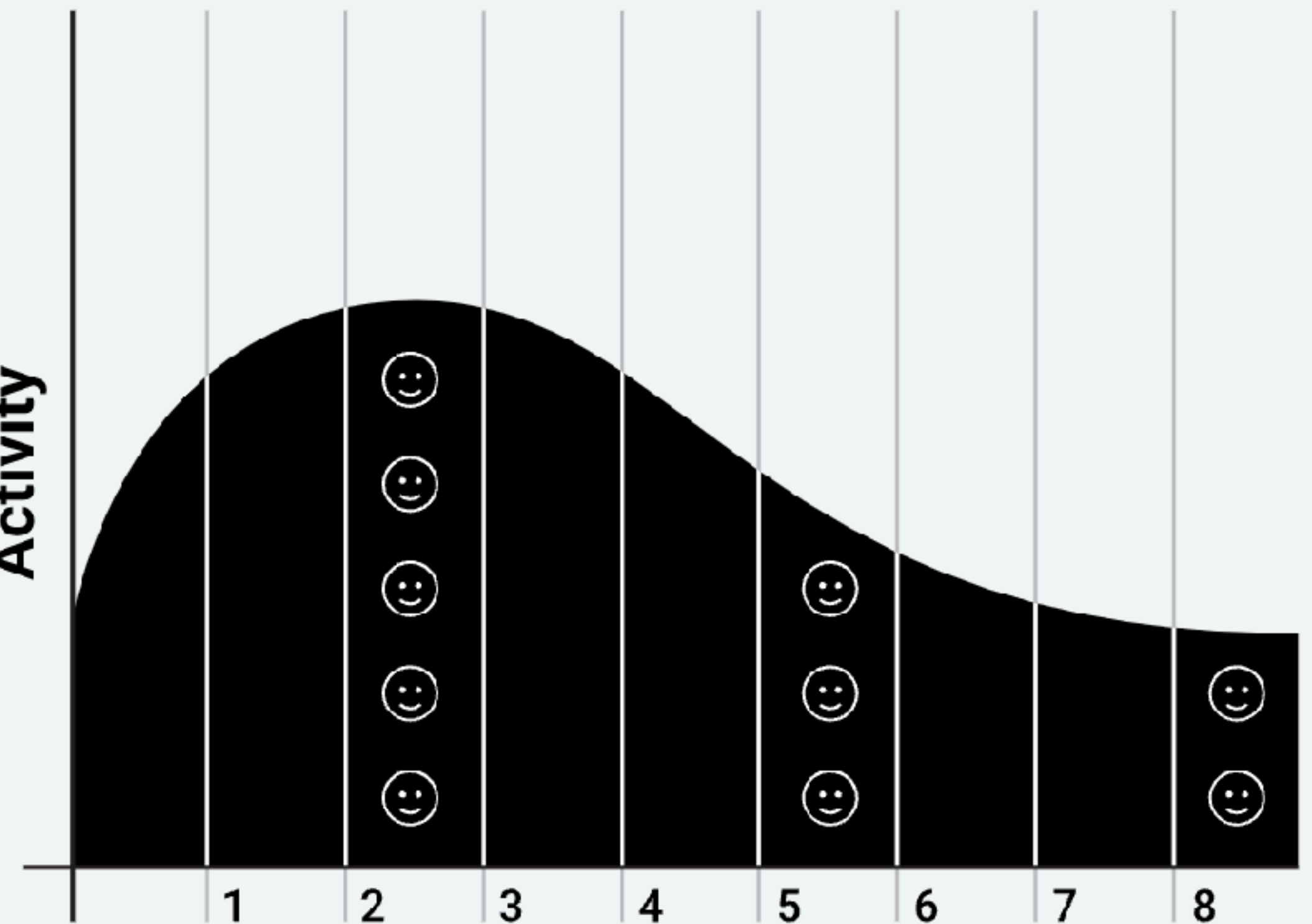
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Asking Price

Percentage of Buyers



Activity



Do NOT Overprice It!

Sales Price	\$1,035,000.00	\$1,003,000.00	\$965,000.00	\$1,003,000.00
Cash	\$505,000.00	\$200,600.00	\$5,000.00	\$200,600.00
Finance Amount	\$530,000.00	\$802,400.00	\$960,000.00	\$802,400.00
Earnest Money	\$31,050.00	\$30,090.00	\$4,825.00	\$30,190.30
Option Fee	\$0.00	\$0.00	\$0.00	\$0.00
Termination Notice	0 days	0 days	0 days	0 days
Offer Date	12/12/21	12/13/21	12/13/21	12/13/21
Closing Date	01/28/22	01/19/22	01/28/22	01/19/22
Summary ▶	Great offer, need to work on lease back		Check with agent to see if they want to counter	Great offer. Need to work on price, appraisal and rent back.
Pros ▶	High down payment, no appraisal, 14 day inspection,	35 day close. 20% down, \$20k appraisal cap,	VA Offer, 10 day inspection	20% down, 15 day free rent back, 150 per day after up to 60
Cons ▶	Loan 21, No lease back terms	washer and dryer, appraisal contingency,	VA Approvals, Appraisal Contingency, Low cash, Price,	Appraisal, but buyers to pay up to \$20k above AV. Loan
Pre-approved				
Pre-qualified	✓	✓		✓

Goal: Multiple Offers!



5. Marketing



Professional Photography

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Now & Again

Professional Videography

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Where Buyers Found the Home They Purchased

	2006	2010	2016	2017	2018	2019	2020	2021
Internet	24%	37%	44%	51%	49%	50%	52%	51%
Real estate agent	36	38	33	34	31	28	29	28
Friend, relative or neighbor	8	6	6	4	6	7	6	6
Home builder or their agent	8	4	6	2	6	5	4	5
Yard sign/Open house sign	15	11	9	8	7	7	6	7
Directly from sellers/Knew the sellers	3	2	2	1	2	3	3	3
Print newspaper advertisement	5	2	1	1	1	1	*	*
Home book or magazine	1	*	*	*	*	*	*	*
Other	*	*	*	*	*	*	*	*

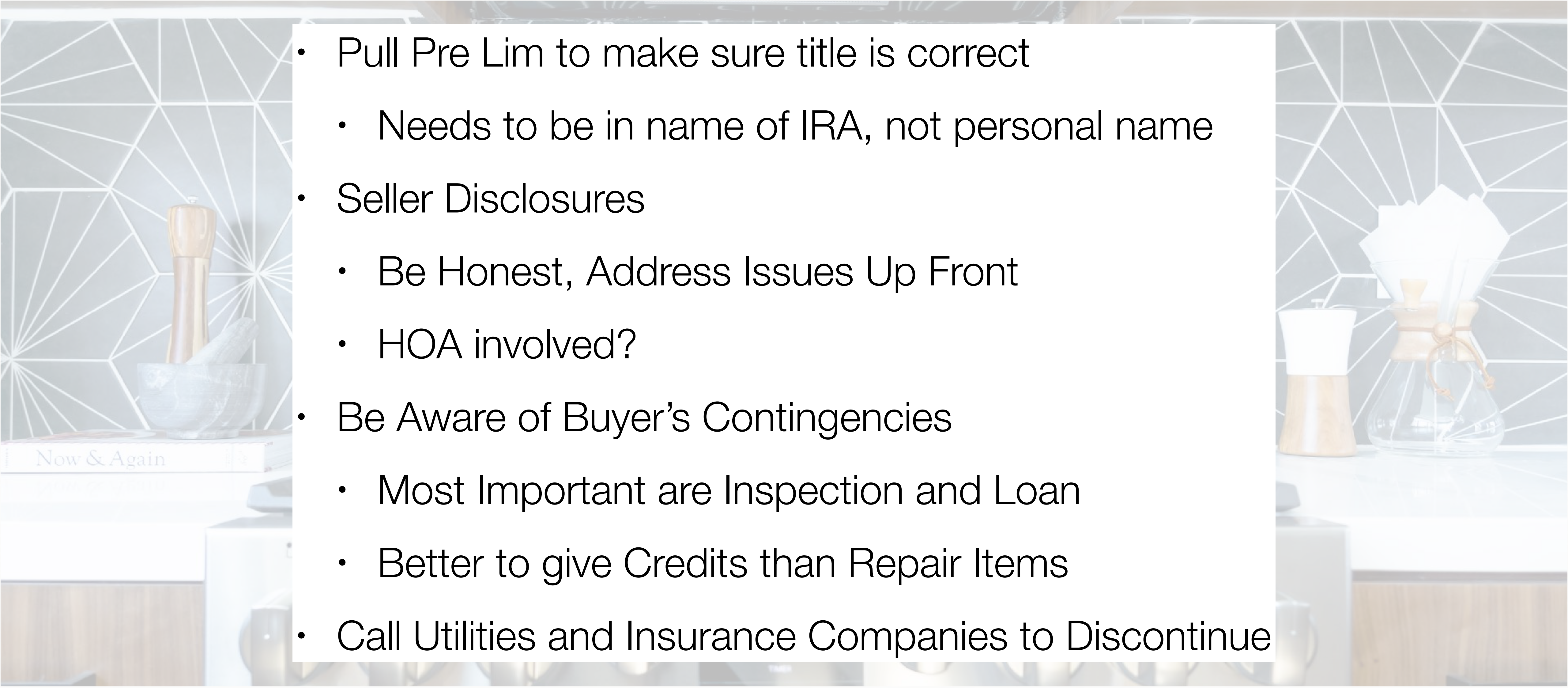
* Less than 1%

Online Marketing is Crucial

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5. Closing Escrow

- 
- Pull Pre Lim to make sure title is correct
 - Needs to be in name of IRA, not personal name
 - Seller Disclosures
 - Be Honest, Address Issues Up Front
 - HOA involved?
 - Be Aware of Buyer's Contingencies
 - Most Important are Inspection and Loan
 - Better to give Credits than Repair Items
 - Call Utilities and Insurance Companies to Discontinue

Escrow Considerations

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Escrow Timeline

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STEP	DESCRIPTION	RESPONSIBLE	NEEDED DOCUMENTS	TIME FRAME
Date of Acceptance	This is the date that the contract is executed. All other dates are based off of this date. All parties receive a copy of this contract.	Buyer's and Listing Agent	• Fully executed RPA, Counters and Addendums	Same day
Good Faith Deposit Due	The deposit of money into an account by the buyer to show that they have the intention of completing the deal.	Buyer's Agent and Escrow Officer	• Wire Instructions • Wire Receipt	Day 3
Select a Lender and Lock the Rate	The buyer has to commit to a lender of their own choosing. Also must pay for their appraisal at this point.	Buyer	• Lender needs Purchase Agreement	Within a day or two
Escrow Instructions	Puts the purchase contract into instructions for escrow to follow. Buyer will decide how to take title to the property, may need to consult an attorney if a recommendation is needed.	Escrow Officer Buyer	• Purchase Agreement	Within 5 days of acceptance
Seller Disclosure	Includes seller's disclosures as well as the natural hazard disclosure. 1 of 5 contingencies.	Seller and Listing Agent	• All Disclosures	Day 5
Inspection of Property	Buyer to order a property inspection from a licensed property inspector or contractor. Buyer to present any items of concern to Seller. 2 of 5 contingencies.	Buyer and Buyer's Agent	• Inspection Report	Day 17
Review HOA Documents	CCNRs, rules and regulations, financial summary, meeting minutes	Listing Agent delivers to Buyer	• HOA Documents	Day 7 or sooner
Inspection of Title Report	Title Report will show any easements, liens or issues that pertain to the title. 3 of 5 contingencies.	Listing Agent order, Buyer review	• Title Report	Day 7
Appraisal Contingency Removed	The lender will request an appraisal to estimate the value of the property. 4 of 5 contingencies.	Buyer and Buyer's Agent	• Contingency Removal	Day 17
Order Fire Insurance	Needs to be in place before loan will fund. Buyer asks carrier for a CLUE report to show if there have been any major insurance claims.	Buyer	• Application	2nd/3rd week of escrow

What to Expect in Escrow

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Escrow Timeline



STEP	DESCRIPTION	RESPONSIBLE	NEEDED DOCUMENTS	TIME FRAME
Loan Contingency Removal	This is the day the buyer needs to have their loan approved. Once approved, loan docs will be drawn for signature. 5 of 5 contingencies. Once this is released, the deposit in escrow is in jeopardy if the buyer decides not to buy the home.	Lender and Buyer	<ul style="list-style-type: none">Contingency Removal	Day 21
Final Walkthrough	The Buyer will have an opportunity to walk through the house one last time before funding and closing escrow.	Buyer and Buyer's Agent	<ul style="list-style-type: none">Verification of condition	5 days before close
Review Loan Documents	The Buyer should receive loan docs to review 3-5 days before close of escrow. This is the time to make sure all of the rates and terms are what was agreed to. Buyer signs the mortgage and wires remaining funds into escrow.	Lender, Escrow and Buyer	<ul style="list-style-type: none">Loan Documents	5 days before close
Call Utilities	Buyer to call utilities and transfer to their name.	Buyer	<ul style="list-style-type: none">N/A	5 days before close
Close of Escrow	Per the purchase contract or addendum	All Parties	<ul style="list-style-type: none">Loan Documents	Day 30
Receive Funds from Escrow	Once escrow closes they will balance the file and issue a refund for excess funds collected.	Escrow Officer	<ul style="list-style-type: none">Closing Documents	1 week after COE
Supplemental Property Taxes	Once the Buyer purchases the house, the County will reassess the property and bill for supplemental property taxes based on the new price.	Assessor's Office	<ul style="list-style-type: none">Supplemental Tax Bill	2-4 months after COE

What to Expect in Escrow



What's Next?



Upcoming Webinar: *Build-to-Rent Real Estate*

➔ Register today & join us September 21!



Want to learn something new?

➔ Let us know in the survey as you leave



Need more information on SDIRAs?

➔ Visit our website and Learning Center



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Time for Questions



Stay Connected



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“

Learning gives CREATIVITY

Creativity leads to THINKING

Thinking provides KNOWLEDGE

Knowledge makes you **GREAT**

- Abdul Kalam

