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Peak Possibilities

Your Monthly Guide to Informed Real Estate Decisions

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A Summary of PWC & ULI's Annual Market Report

PWC's 2025 Emerging Trends in Real Estate report indicates a turning point in commercial real estate markets, marked by Fed Chair Powell's August 2024 announcement of monetary policy adjustment and subsequent 50-basis-point rate cut. Industry sentiment has improved significantly, with 65% of survey respondents expecting "good" or "excellent" profits in 2025, up from 41% the previous year.

Key developments:

- Fed projects additional rate cuts totaling 200 basis points through 2025
- Market stabilization occurred in the summer of 2024 after two years of declining property values
- Industry expectations remain moderate, acknowledging a "new interest rate regime"
- Focus has shifted from pandemic-driven changes to traditional cyclical patterns
- Data center demand continues strong growth, driven by AI expansion
- Tenant demand exceeds pre-pandemic levels in most sectors, though vacancies are rising
- Concern exists about potential weakening of tenant demand as the economy slows

The market recovery outlook is cautiously optimistic but gradual. While some investors view current prices as an attractive entry point, others await more transaction data to confirm pricing levels. Lower interest rates may improve transaction conditions but could signal weaker operating fundamentals ahead.

Trend #1: "Be Careful What You Wish For" highlights the complex implications of falling interest rates for commercial real estate. While the Fed's rate cuts (50 bps in September 2024, with 200 bps total expected through 2025) signal improved financial conditions, they may also indicate an economic slowdown ahead.

Key points:

- Industry anxiety over interest rates has eased but remains the top concern (4.30 on a 5-point scale)
- 80% of survey respondents expect commercial mortgage rates to decrease in 2025
- Economy shows mixed signals: 2.4% GDP growth in early 2024, strong employment (200,000 jobs/month), but 10-year Treasury yields suggest slowing ahead

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- Lower rates will boost transactions and refinancing but may coincide with weaker fundamentals:
  - Slower economic growth could reduce tenant demand
  - Property income growth may slow
  - Space absorption and rent growth may weaken

The market appears to be achieving a "soft landing" with increased clarity on financing conditions spurring renewed development interest. However, uncertainty remains high due to political factors and global risks, even as industry consensus builds around key financial metrics.

Trend #2: "A New Cycle Begins" highlights the recovery in real estate capital markets, with improving liquidity and transaction activity. Key developments:

Lending Market:
- CRE lending is up 2% in the first half of 2024 (vs 54% decline in 2023)
- MBA forecasts 26% growth in 2024 ($539B) and 24% in 2025
- Debt markets remain undersupplied: acquisitions (55%), refinancing (58%), development (75%)

Transaction Activity:
- Sales volumes are still 33% below the 2015-2019 average
- Industrial sales 4% below pre-pandemic levels
- Office sales 60% below pre-pandemic levels
- Market expects return to 2018-2019 activity levels by 2025-2026

Price Recovery:
- CRE prices down 20%+ from peak, with core sectors falling further
- Assets recovered less than 20% of lost value
- Sector variation: office down 33%, apartments down 20%, hotels down 10%
- Cap rates stabilizing, with most expecting decreases in 2025

Despite $1.2T in maturing debt (2024-2025), industry confidence remains high for workout solutions as liquidity returns. The survey indicates the strongest "time to buy" sentiment since the Global Financial Crisis, though recovery is expected to be gradual.

Trend #3: "Building Boom, Tenant Boon" highlights how surging supply across property sectors is shifting market power to tenants, creating a bifurcation between new and old properties.

Key Market Dynamics:
- Space demand exceeds pre-pandemic levels in most sectors except office
- Rising vacancies due to supply outpacing absorption
- Growing quality gap between new and old properties

Sector-Specific Impacts:
1. **Retail:** Historic bifurcation between well-located centers (especially necessity retail) and obsolete space continues
2. **Office:** Flight to quality accelerating, with new buildings outperforming despite historic low construction
3. **Industrial:** Over 1B sq ft added in two years
   - 400M sq ft absorption in new buildings (2023-mid 2024)
   - Negative absorption in older properties
   - Tenants seeking modern features, energy efficiency, talent-attracting amenities
4. **Multifamily:** Construction boom causing temporary oversupply
   - Rent declines in first two quarters 2024
   - Long-term undersupply persists nationally
5. **Specialized Sectors:**
   - Data Centers: Strong demand exceeds supply due to power constraints
   - Life Science: Overbuilt post-pandemic, especially in secondary markets

   The trend shows a clear market preference for quality across sectors, though the impact varies by property type and location.

Trend #4: "Now Where?" examines shifting migration patterns and the growing impact of climate change on real estate markets.

Key Migration Changes:
- Interstate moves declining despite historical upward trend
- Higher apartment renewal rates due to housing costs
- Remote work reducing job-related relocations
- Sunbelt migration moderating in key markets (Atlanta, Dallas/Fort Worth, Houston)
- Some Florida markets seeing population losses (Orlando, Tampa, Southwest Florida)

Factors Driving Changes:

1. Economic:
- Narrowing the cost-of-living gap between Sunbelt and coastal markets
- Reduced housing affordability advantage in Sunbelt
- Infrastructure limitations in fast-growing markets

2. Climate Impact:
- 45% of homes face severe/extreme climate risk
- Rising insurance costs, especially in Florida and California
- Hurricane Helene (2024) demonstrated the vulnerability of "climate haven" markets
- 1 in 7 households considered climate-related moves in 2023
- 80% of homebuyers now factor climate risk in purchases
- Younger (20-29) and older (60-69) demographics most affected

The trend suggests a fundamental shift in location decisions, with climate risk joining traditional factors like affordability and lifestyle in shaping migration patterns.

Trend #5: "Many Solutions, No Answers" examines the intensifying housing affordability crisis.

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Key Issues:
- Home prices 50% higher than pre-pandemic levels
- Nearly 10% of homes valued at $1M+
- Mortgage rates remain elevated despite recent declines
- Half of renters are cost-burdened (>30% income on housing)
- Quarter of renters spend >50% of income on housing

Contributing Factors:
- Fed's inflation fight reduced housing inventory and new construction
- High interest rates stalled resale market
- Construction costs elevated
- Regulatory barriers to development
- Insufficient housing production

Proposed Solutions:

1. Zoning Reform:
- Eliminating single-family restrictions
- Allowing accessory dwelling units (ADUs)
- Mixed-use development on commercial land

2. Housing Innovation:
- Smaller home sizes (median down 355 sq ft to 2,164)
- Senior housing options
- Higher density development

3. Political Response:
- Presidential candidates proposing national solutions
- Democrats: 3M new units via subsidies
- Republicans: Deregulation and federal land use

Despite numerous proposed solutions, the crisis continues to worsen, requiring coordinated national action rather than just local initiatives.

As 2025 approaches, the real estate industry stands at a pivotal juncture characterized by both opportunities and challenges. While falling interest rates and improving capital markets signal recovery, structural changes in migration patterns and climate risks are reshaping investment decisions. The bifurcation between new and old properties continues to widen across sectors, with data centers emerging as a standout performer while traditional sectors adapt to changing demand patterns. The persistent housing affordability crisis demands national solutions, even as industry fundamentals improve. Success in this environment will require careful navigation of these interconnected trends, with investors and developers needing to balance short-term opportunities against long-term structural changes in how real estate is used, valued, and impacted by climate considerations.

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Owning Oil and Gas Assets: How Does it Affect Your Taxes?

The oil and gas industry provides various ownership opportunities for accredited investors seeking tangible, royalty-generating assets, including working interests, midstream operations, and royalty interests. Working interest is percentage ownership that ties the owner to exploration and production costs, and is an asset class that can be high-risk but yield potentially high returns. Midstream operations, which include transportation, storage, and processing of oil and gas, tend to offer more stability. Lastly, purchasing mineral rights or royalties allows mineral owners to receive a share of the revenue generated from oil and gas production without directly operating the assets. Each segment carries its own risk-reward profile.

Oil and gas asset ownership can be potentially lucrative due to several factors. The high global demand for oil and gas remains crucial to energy consumption despite the growing adoption of renewable energy sources. Commodity price fluctuations, while presenting volatility, can lead to significant profitability during periods of rising oil and gas prices. Additionally, ownership of oil wells or royalties can provide long-term revenue streams over several years. However, these assets also come with inherent risks, including geopolitical instability, regulatory changes, and environmental concerns. Thorough due diligence is essential to mitigate these risks.

One of the most attractive aspects of ownership in oil and gas is the range of tax incentives available. These benefits are designed to encourage domestic energy production and reduce dependency on foreign oil. Intangible drilling costs (IDCs) represent expenses associated with drilling a well that do not result in tangible assets, such as labor, chemicals, and equipment rentals. These costs typically constitute 60-80% of the total drilling expense. Under Section 263(c), taxpayers can elect to either deduct these costs in the year they are incurred or capitalize and amortize them over 60 months. For instance, consider an investor who contributes $100,000 to a drilling project. If 70% of the investment qualifies as IDCs, the investor can deduct $70,000 from their taxable income in the first year. Assuming a 35% tax rate, this results in $24,500 in tax savings. Tangible drilling costs (TDCs), such as rigs and pipelines, are generally capitalized and depreciated over their useful life under Section 167.

Depletion deductions can also provide tax incentives for those with ownership in oil and gas. Section 611 of the IRS Code allows for a deduction in computing taxable income for the depletion of oil and gas wells. This deduction is intended to account for the reduction in the wells' productive capacity over time. Under Section 168(K), bonus depreciation is a tax incentive that allows businesses to immediately deduct a significant percentage of the purchase price of eligible assets. As of 1/1/2024, 60% of the purchase price is eligible for an immediate deduction on qualified assets.

While the tax advantages are appealing, oil and gas investments are not without risks. Commodity prices can fluctuate significantly, impacting profitability. Stricter regulations and environmental opposition can pose challenges. Drilling projects can experience delays, cost overruns, or even fail to produce oil or gas. To make informed decisions, it is crucial to understand the market by familiarizing yourself with industry trends, geopolitical factors, and technological advancements. Conducting due diligence by evaluating the financial health, track record, and management team of potential ownership opportunities is also vital. Engaging professionals, including financial advisors, tax experts, and industry consultants, can provide valuable insights and guidance. Once assets have been acquired, it's important to regularly review the performance of your assets to ensure alignment with financial goals.

These assets are best suited for high-income earners seeking tax deductions to offset high taxable income. These opportunities also appeal to those who are willing to accept short-term risks for potentially high long-term rewards. Additionally, they can serve as a valuable asset class for those seeking diversification, performing independently of traditional stock and bond markets.

Oil and gas ownership opportunities offer a unique blend of high return potential and substantial tax benefits. For those willing to navigate the associated risks, these opportunities can play a significant role in generating income and receiving tax benefits. By understanding the intricacies of the industry and leveraging available tax incentives, you can make informed decisions that align with your financial goals. As always, consult with professionals to tailor your strategy to your specific needs and circumstances.

Eckard Enterprises is a family-owned oil and gas company that helps qualified individuals directly own royalty-generating oil and gas assets such as mineral rights, working interest, and more. To learn more about what we do and how we can help you develop your energy portfolio, visit our website or call (800) 527-8895 to speak to one of our experts.

No More Waiting: What Your December 2025 Self Wants You to Do Today

We've all been there—setting New Year's resolutions or big, exciting goals that feel life-changing at first. Whether it's buying your ideal investment property or improving your physical condition, the initial enthusiasm is undeniable. But what happens after the first few weeks?

Surveys show 83% of respondents lacked goals, 14% had plans but not in writing, and only 3% had written goals. Research proves you're 42% more likely to achieve goals when you write them down. Simply thinking about goals leads to confusion, overwhelm, or worse—abandonment.

Imagine yourself in December 2025, looking back over the past year. What advice would you give yourself? What actions would you urge yourself to take today? The truth is, reaching your aspirations doesn't require complex strategies or superhuman discipline. The key is simple: consistency, clarity, and accountability. Successful people rely on systems that prioritize small, clear steps taken regularly with a method to stay accountable.

1. Envision Your Future Self

Start by creating a vivid picture of your future self. A Vision Board is a powerful technique. What does success look like for you in December 2025? Is it building a rental portfolio, achieving financial independence, or traveling? Imagine the properties you own, the lifestyle you lead, and the people around you. This exercise isn't just dreaming—it's backed by brain science.

2. Reverse Engineer Your Goals

With a clear vision, reverse-engineer your goals into actionable steps. If you aim to acquire one or more investment properties by 2025, what milestones must you hit? Perhaps securing funding by June or completing property viewings monthly. Write these steps down and create a timeline. This is where the magic happens—you chart your course with purpose.

The problem with big goals isn't ambition—it's the approach. Many make three mistakes:

a. Focusing only on the outcome, not the process.
Goals like "buy my first investment property" or "make $200,000" are clear, but without actionable steps, motivation fades.

b. Setting unrealistic expectations.
Big goals can overwhelm us—leading to burnout or procrastination.

c. Lacking accountability.
Staying motivated alone can feel isolating and lacks the clarity and inspiration needed to stay committed.

Solution? Simplify, commit to small daily wins, and join a community that keeps you accountable.

3. Invest in Knowledge

You know what you want—now, how do you get there? Education is a necessary tool for your real estate journey. Read books, attend workshops, and take courses on investment strategies. Knowledge equips you to make informed decisions and builds confidence. ICOR ensures your education stays current with the latest trends. Your December 2025 self will thank you for investing time and resources in learning now.

4. Build a Support Network for Accountability

Success isn't achieved alone. Joining a mastermind group is transformative. ICOR has teamed up with INC to provide just that. The ICOR/INC Mastermind is professionally facilitated to ensure each of the 5-7 members' needs are met each meeting.

Research shows that individuals who participate in mastermind groups are significantly more likely to achieve their goals compared to those who pursue them alone. Masterminds provide accountability to ensure members stay on track. The collective problem-solving and shared insights help members stay focused, overcome challenges, and maintain consistent progress—factors often missing when working independently. One of the most valuable benefits is forming a tight-knit community of like-minded friends who deeply understand and share your interests—building lasting connections that stand the test of time.

To learn more and to schedule a call where you can ask questions and find out if a Mastermind is right for you, visit: https://www.icorockies.com/mastermind-groups.

RICK PALACIOS JR. / JOHN BURNS RESEARCH CONSULTING

2024 Election Implications: Here's What We are Watching for Housing

Presidential policies and appointments can greatly influence housing for years to come. Our clients are interested in understanding the implications of the recent election results, so we've put together a brief overview with our initial insights to offer timely perspective:

1. Housing policies and key government agency appointments

The incoming administration has proposed the following policies (though they are not yet confirmed). Some of the policies have the potential to help the housing shortage and affordability crisis, while some could exacerbate these issues. As a reminder, we estimate that the US is undersupplied with housing and needs 1.5 million additional vacant units to return to balance, including 630,000 for sale and 830,000 for rent.

- **Expanding home construction on federal land:** This change in policy could increase housing supply and affordability, but it may face regulatory, environmental, and infrastructure challenges. Making more federal land available for construction could help move the needle faster on supply and affordability, especially if tax/financial lures were dangled to developers. Lot prices today range from 23% of new home prices in Florida to as much as 41% in Southern California, according to our 3Q24 Residential Land Survey. In addition, residential land brokers consistently tell us that developed lots and land supply remain either somewhat lower or much lower than normal in most parts of the country.

- **Implementing tariffs:** Tariffs may increase inflation by raising the prices of imported goods, which can lead to higher costs for consumers and businesses. Higher costs for imported building products can also increase construction expenses, making housing less affordable. This could be especially acute on the supply chain and pricing in the short-term; US-based manufacturers and suppliers likely need time to prepare and scale up in anticipation of demand for domestic goods possibly picking up should tariffs sharply rise. Homebuilders and building products dealers we survey and speak with monthly indicate that the supply chain has generally normalized following several years of volatility, and they'd prefer keeping it that way going forward if possible.

- **Ending the SALT (State and Local Tax) cap:** Eliminating or increasing the SALT cap (currently limited to $10,000) could benefit high-priced markets most by allowing residents to deduct more of their state and local taxes. Ironically, some of the strongest housing markets in the country today are already those in upper price ranges along the coasts that would disproportionately benefit from this proposed change (California and the Northeast mainly). For example, our Burns Home Value Index™ shows that home prices in Orange County, CA, and the New York metro area are up +7% YOY, versus national home prices up just +3% YOY.

- **Reducing regulations:** Deregulation could lower construction costs and increase supply quicker but may raise environmental and quality concerns. One area we're watching closely is financial services, as any regulatory shifts could impact banks and the broader mortgage lending landscape, including underwriting requirements. The government plays an integral part in the mortgage market via its oversight of Fannie Mae, Freddie Mac, FHA, and VA loans, which combined accounted for 70% of first-lien mortgage originations in 2023 and 61% in 2024.

Key presidential appointments that will influence housing and mortgage markets include:

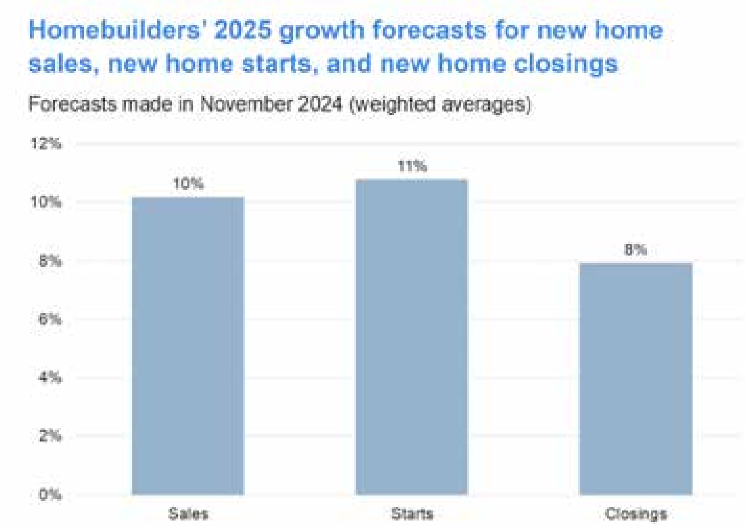
- The heads of the FHFA, HUD, and CFPB
- Leadership at the Federal Reserve

2. Inflation and the economy

- **High inflation expectations:** The market is now expecting slightly higher inflation over the next several years, fueled by expectations for continued economic growth, uncertainty around tariffs and immigration, and concerns around deficit spending. Rising inflation expectations are reflected in higher long-term interest rates, which increase the cost of borrowing for both construction and home purchases.

- **Higher mortgage rates:** With a strong economy and expectations of greater inflation, 10-year Treasury rates are likely to stay elevated relative to 2011–2022 levels, suggesting that mortgage rates will likely remain higher for longer. In fact, mortgage rates are now expected to average around 6.30% in 2025 based on our analysis of the bond market's forward pricing expectations and spreads, up from a pre-election estimate of 5.90% next year.

• **Builder optimism:** Builders remain optimistic, likely based on the belief that a strong economy, even with elevated mortgage rates, is preferable to crashing interest rates driven by a recession. Builders will also continue to capitalize on their ability to buy down rates during high-interest rate periods, a major advantage over the resale market. We surveyed ~300 homebuilders in early November just before the election, and nationally, they expect sales (orders), starts, and closings to grow between +8% and +11%, as shown below.

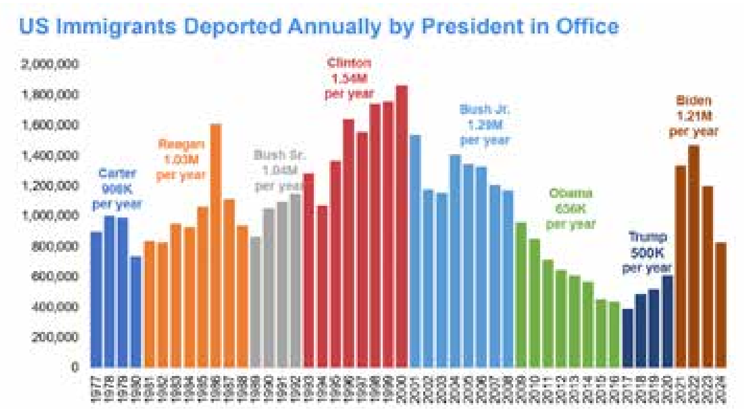


3. Immigration and deportation policies

Immigration is likely to slow in the coming years, a trend that has already gained steam in 2024 under the current administration. This primarily impacts housing in the following ways:

• **Reduced rental demand:** Slowing immigration could lower the number of renters entering the market, decreasing occupancy rates and cooling some of the strength we've seen in absorptions during recent quarters, which also coincided with record levels of immigration. By our estimates, from 2022–2024, immigration was responsible for all of the 1.0 million net growth in renter households. Adults already living in the US pre-2022 were responsible for 95% of the net growth in owner households from 2022–2024, so we don't expect as significant of an impact on the for-sale market in terms of demand.

• **Loss of construction labor:** Undocumented immigrants made up 23% of the workforce in 2021 (likely higher now). Any supply shock to construction labor would undoubtedly be felt by the homebuilding industry, as roughly 50% of both building materials dealers and homebuilders we surveyed ahead of the election already indicate labor as their top concern. Prolonged construction labor shortages would likely result in higher home prices and/or longer build cycle times.



• **Deportations:** Our demographics research (led by Eric Finnigan) indicates that deportations aren't abnormal. In fact, annual deportations from 1977–2023 averaged 1.1 million, with the highest occurring under Clinton and the lowest under Trump's first administration. What would be abnormal, however, is the possibility of elevated deportations combined with extreme restrictions on immigration.

**This article originally appeared at https://jbrec.com/insights/2024-election-results-effect-on-housing-inflation-economy-immigration on November 15, 2024*

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The Importance of Standardized AIA Contracts in Construction Projects

In the world of construction, contracts serve as the backbone of project execution, defining the rights and responsibilities of all parties involved. Among the various types of contracts available, standardized contracts developed by the American Institute of Architects (AIA) are widely recognized for their clarity, comprehensiveness, and fairness. In contrast, ad hoc construction contracts, often created on a project-by-project basis, can lead to confusion and disputes. This article explores why standardized AIA contracts are essential in construction and how they compare to ad hoc contracts.

1. Clarity and Consistency

One of the primary benefits of AIA contracts is their clarity. These contracts are designed to be straightforward, with well-defined terms and conditions that are easily understood by all parties. In contrast, ad hoc contracts may vary significantly in language and structure, which can lead to misunderstandings and disputes. Standardized contracts provide a consistent framework that helps all parties know what to expect, reducing the potential for conflicts.

2. Comprehensive Coverage

AIA contracts cover a wide range of topics essential to construction projects, including scope of work, payment terms, dispute resolution, and project timelines. This thoroughness ensures that critical aspects of the agreement are not overlooked. On the other hand, ad hoc contracts may miss key provisions, leaving parties vulnerable to disputes or unforeseen issues.

3. Industry Recognition

AIA contracts are widely recognized and accepted within the construction industry. This recognition lends credibility to the agreements and can facilitate smoother negotiations and project execution. Stakeholders, including architects, contractors, and clients, are often more comfortable with standardized contracts due to their established reputation. In contrast, ad hoc contracts may not carry the same weight, leading to skepticism or reluctance from parties unfamiliar with the terms.

4. Risk Mitigation

Standardized AIA contracts include provisions designed to mitigate risks associated with construction projects, such as indemnification clauses, insurance requirements, and dispute resolution mechanisms. This proactive approach to risk management can save parties time and money in the long run. In comparison, ad hoc contracts may lack essential risk management strategies, exposing parties to greater liability and financial uncertainty.

Conclusion

Standardized AIA contracts offer numerous advantages over ad hoc construction contracts. Their clarity, comprehensive coverage, industry recognition, and risk mitigation capabilities make them an essential tool for stakeholders in the construction industry. By utilizing standardized contracts, parties can foster better collaboration, reduce the likelihood of disputes, and ultimately achieve more successful project outcomes.

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Title Company Liabilities: Clarifying Misconceptions

In real estate transactions, title companies play a critical role in ensuring property ownership transfers with a clear and marketable title. They conduct title searches, manage escrow services, and issue title insurance to protect buyers and lenders from unforeseen risks. However, questions about liability often arise when issues such as missed payoffs, undisclosed liens, or unexpected title defects occur. Understanding how title companies address these challenges is crucial for all parties involved.

Ensuring Clear Title Without Seller Windfalls

A title company's responsibility is to deliver clear title to the buyer, guaranteed by the protections of an owner's title insurance policy. If a lien or payoff is overlooked, the title company will first attempt to collect the necessary funds from the seller, as the debt remains the seller's legal responsibility.

For example, if a mortgage payoff is omitted from the settlement statement, the seller is still obligated to pay off the debt. The title company may contact the seller to resolve the matter. If the seller refuses, the title company may pay off the debt to protect the buyer's clear title and then pursue reimbursement from the seller through legal action if necessary. This process ensures that the seller does not receive a financial windfall due to administrative errors. The title company fulfills its obligation to the buyer while safeguarding its financial interests.

Challenges Beyond Payoffs and Liens

Title companies also address more complex title issues that may arise, including fraud and unknown heirs:

1. **Fraud:** Fraudulent transactions, such as a person impersonating the rightful property owner, can have devastating consequences. If the title company unknowingly closes such a transaction, the buyer is protected under their title insurance policy. This coverage may compensate the buyer for their losses or assist in restoring their legal ownership. The title company may then pursue the fraudulent party to recover any financial losses.

2. **Unknown Heirs:** Occasionally, after a property which is part of an estate is sold, an heir may come forward, claiming an ownership interest in the property. In such cases, the buyer's title insurance protects the buyer against challenges to their ownership. The title company investigates the claim, and if it's valid, may negotiate a resolution or compensate the heir while preserving the buyer's ownership.

While title companies cannot always prevent these issues from arising, title insurance provides buyers with protection, ensuring that their investment remains secure.

Real-Life Examples

- **Missed Payoff:** A seller owes $200,000 on a mortgage, but the payoff is mistakenly omitted from the settlement statement. The seller receives proceeds that should have been used to pay off the loan. When the error is discovered the title company steps in to resolve the issue. They might first request repayment from the seller. If the seller refuses, the title company may pay the mortgage to clear the title and then pursue the seller for reimbursement.

- **Undisclosed Lien:** A contractor places a $15,000 lien on a property for unpaid work, but the seller fails to disclose it and the lien is not recorded prior to the transaction closing. After closing, the lienholder demands payment. To ensure clear title for the buyer, the title company may resolve the lien and then seeks reimbursement from the seller.

- **Unknown Heir:** A property sold as part of an estate later becomes the subject of a claim by a previously unknown heir. The title company defends the buyer under their title insurance policy, investigating the claim and resolving it, which may include compensating the heir for their interest in the property while ensuring the buyer retains ownership.

Conclusion

Title companies are committed to delivering clear title and protecting buyers, but their actions do not relieve sellers of their financial responsibilities. Whether dealing with missed payoffs, undisclosed liens, or unexpected claims from unknown heirs, title companies take steps to resolve issues while pursuing sellers or other responsible parties to recover any funds used to address these challenges.

By understanding the role of title companies and the protections offered by title insurance, buyers and investors can navigate real estate transactions with confidence. Elevated Title is dedicated to ensuring seamless closings while professionally managing any unexpected complexities that arise.

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How To Winterize Your Rentals and Vacant Properties

As temperatures begin to drop this winter, it is essential to winterize your real estate investments to prevent costly damage and insurance claims. Whether you manage your own properties or hire a property management company, winterizing should be a priority for your rentals, vacant homes, and commercial buildings.

What is Winterization?

Winterizing refers to preparing your property's systems to handle winter weather conditions. In Colorado, for example, the first snowfall often occurs in October, which means landlords, property managers, and homeowners should typically start the winterization process during the first two weeks of October to avoid issues like burst pipes or fallen tree branches after a snowstorm. Proactive planning saves owners and property managers both time and money in the long run. Below are some key steps to winterize your properties:

Key Steps for Winterizing Properties

1. Keep the Heat On

It's essential to maintain the heat at a minimum temperature of 60°F in rental properties, especially when tenants are away. This will prevent freezing pipes and the expensive repairs that come with them. Be sure to include this requirement in your lease agreements.

2. Shut Off Outdoor Pipes and Blow Out Sprinkler Systems

Outdoor pipes are particularly vulnerable to freezing in cold weather. Shut them off and have your sprinkler system professionally blown out to prevent damage.

3. Insulate Outdoor Plumbing and Pipes

Use foam pipe insulation to cover outdoor plumbing and pipes. This will help protect them from freezing temperatures, reducing the risk of water damage.

4. Inspect HVAC Systems

Hire a professional to inspect your HVAC system and ensure it's running efficiently. A well-maintained system not only keeps your tenants comfortable but also helps prevent breakdowns during the colder months.

5. Replace Caulking and Sealant

Check windows and doors for gaps and replace caulking or sealant as needed. Proper insulation will keep heating costs down and prevent drafts.

6. Shop for Snow and Ice Removal Services

Before snowstorms hit, it's wise to arrange for snow and ice removal services. This is essential for keeping walkways safe and preventing slip-and-fall accidents, which could lead to liability claims.

7. Trim Tree Branches

Trim any tree branches that are near your property. Snow and ice can weigh them down and cause branches to break, potentially damaging your property or that of your tenants or neighbors.

8. Clean Chimneys

If your property has a wood-burning fireplace, hire a professional chimney sweep to clean and inspect the chimney for any damage or obstructions. A clean chimney ensures safe operation and prevents the risk of a fire.

9. Test Smoke and Carbon Monoxide Detectors

Winter is the time of year when heaters are running, which increases the risk of carbon monoxide buildup. Test all smoke and carbon monoxide detectors in the property to ensure they are working properly. Replace batteries if needed.

10. Inspect Vacant Properties Regularly

For vacant properties, it's important to do frequent inspections during the winter months. Consider completely turning off the water supply, draining pipes and toilets, and adding non-toxic antifreeze to the toilet bowls to prevent freezing and potential damage.

11. Prepare Vacant Homes for Pests

If your property is vacant, remove all food from the pantry before leaving. This helps deter pests that might otherwise seek out food sources if they manage to get inside.

Why Winterize If You Have Insurance?

While most insurance policies cover damage caused by weather events like snow, ice, and frozen pipes, coverage terms can vary widely. Some policies may cover only the cost of repairs, while others might not cover the surrounding damage caused by the water. Additionally, insurance carriers often require property owners to take specific steps to prevent damage in the first place. Failing to winterize your property may result in a denied claim or higher deductibles. By taking the proper precautions, you reduce the likelihood of a claim and save yourself from dealing with expensive repairs. If you own multiple properties or are an out-of-state investor, it's highly recommended to contact a reputable property management company to help manage winterization and ongoing maintenance.

Review Your Insurance Policy

Each insurance policy is different, so it's important to understand your coverage. Review the details with your insurance agent to clarify any uncertainties, particularly about what's covered during the winter months. A clear understanding can help you avoid surprises and ensure you're fully protected.

ICOR's Business Member Directory

Service	Contact/Business	Phone	Email
Cleaning/Fencing	Susanna Tabares | Heart & Home Solutions	720.477.8268	heartandhomesolutionsllc@gmail.com
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Contractor/GC	Alex Lovera |ManyBuild	720.354.2630	alex@manybuildsolutions.com
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Financial Planning	Jason Powers | Unbridled Wealth	303.957.9175	jpowers@unbridledwealth.com
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