

The TWIN ADVISERS NEWSLETTER



PEOPLE BEFORE PROFITS * CLIENT PROTECTION * COMMUNITY

Hello Friends, Family, and Clients!

Hope everyone had a great Thanksgiving! Hard to believe we are heading into 2020. And for those that have been holding off or were forced to by other family members, it's finally time to start listening to Christmas music! For us, it's also a time to reflect on the past year and be grateful.

Grateful for our family, friends and clients that have continued to support us over the years. We wanted to say a big THANK YOU for those we helped buy, sell, or recommended our services in 2019, we appreciate your business and the trust you have placed in us to make it happen.

In addition, one of the bigger moves for us in 2019 was continuing to sell our rental properties. By the end of this year we will be down to our last three properties which will go on the market by March 2020.

However, we just didn't list them in "as-is" condition. There were units that needed to be completely rehabbed, and we wanted to position the properties in the best light including with good tenants. This meant a busy year of handling the rehab. Some of the rehab items completed over the year were:

- Installed all new cabinetry, countertops and appliances in 4 kitchens
- Over 69 new windows installed
- All new flooring for 6 units which was a combination of carpet and vinyl plank
- We overhauled two bathrooms

- In the process of finalizing 3 new roofs
- Two properties received 50% or more new siding
- Lots and lots of paint! Both interior and exterior (wow what a difference)
- 3 units in need of foundation repair with anchors or drain tile and sump pit
- Installed 5 new AC units
- Installed 2 new furnaces



Plus, numerous updates and repairs to plumbing and electrical. Many decisions were made, and problems solved.

This took a team approach and we have worked with some great contractors. However, it wasn't easy and there were challenges and surprises along the way, but we always looked at it as a learning experience.

One of the more memorable and disgusting surprises was remodeling one of the kitchens. We had noticed during our walk through prior to starting rehab that the kitchen floor was a little mushy. We weren't sure if it was the give in the

vinyl flooring, but there wasn't any particular odor. Fast forward another week, the demo team started tearing out the kitchen cabinets, flooring, appliances, it was all going. As the floor started coming up there were many layers but after the first layer, they noticed moisture and then more moisture the further they went. It didn't make much sense; the kitchen sink was capped off and no water was leaking.

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Next step was to open up the kitchen wall, that wasn't the plan, but we needed to investigate and gave the demo team the go ahead. As the drywall started coming down, it was starting to crumble the lower you got to the floor. Jackpot, they had found the problem. The 50-year-old cast iron drainpipe had rusted through so some of the "contents" had slowly leaked down the drywall and to the subfloor. If there wasn't a smell before, that changed quickly!

I'm just happy I wasn't doing the demo work. Once identified, the demo team took everything down to the studs, plumber made the appropriate repairs and 50% of the kitchen received new drywall and you can't forget the brand-new subfloor.

As we've learned, no matter how well you've planned or the steps you've taken to reduce risk there are surprises in real estate. However, it's best not to let your emotions take over but to acknowledge the situation and develop a plan to deal with it.

We will keep you updated next year as we plan to reinvest back into real estate after our last three properties are sold. Happy Holidays!

Jay & Justin

Your time is almost up. The deadline is December 15th for Open Enrollment. If you have any questions or want to schedule an appointment to review your options let us know.

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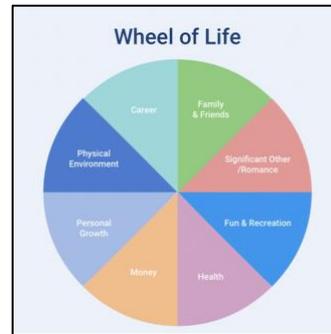
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2020 FOCUSING ON THE YEAR AHEAD

As the new year approaches, many of us set goals we would like to accomplish for 2020. A tool we've found helpful along the way is called the Wheel of Life. We first came across it while doing some

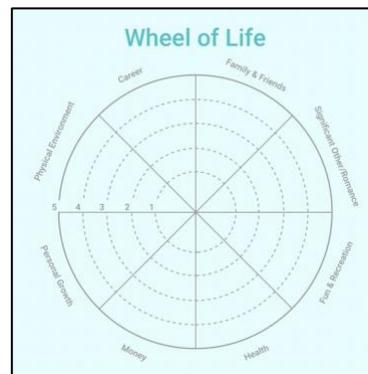


coaching years ago. It was also on a site we have been using for a few months called Noom.

Noom is an App which helps build healthier habits around eating through psychology. It's not a diet but a way to

focus on better choices throughout the week while not giving up some of the foods you love. Moderation is the key, which can be hard for us! We love our sweets.

The Wheel of Life helps chart your progress in eight areas of your life. You color each area and section on how satisfied you are, from 1 (not satisfied) to 5 (satisfied). It's way to help determine an area of your life that you might not be satisfied with and then make a goal to help improve it. Whatever your goals this next year we wish the best and don't give up after January, make it happen!



Easy way to identify and plan your goals.

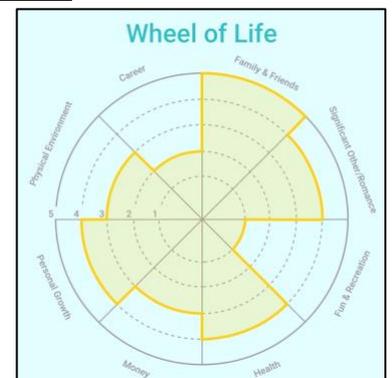
Then make **SMART**

- S** Specific
- M** Measurable
- A** Achievable
- R** Realistic
- T** Timely

If we can help you in 2020 with this process let us know.

Another great resource is a book called the 12 Week Year.

www.12weekyear.com

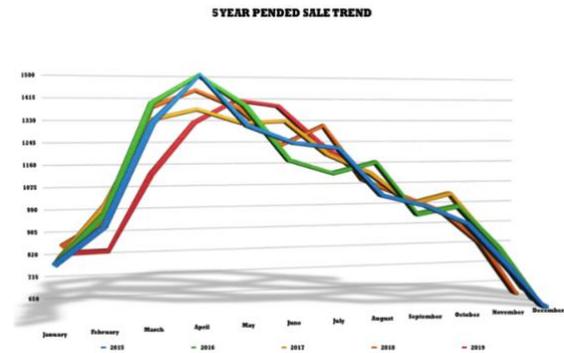
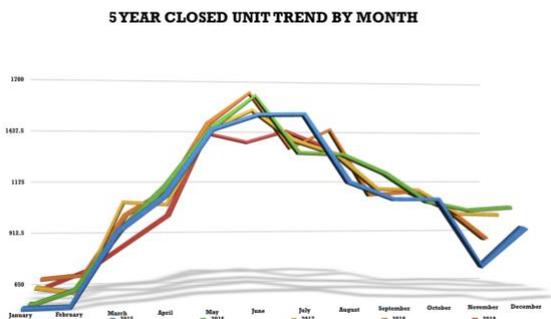


Most real estate agents are trained to answer this question in one way. When is it a good time to put your house on the market? Most of them will answer “Right now is the best time.”

We call Bulls&%t. Yes, a house can sell anytime during the year, but it depends on what you’re trying to accomplish. There can be certain times that will be most beneficial. It’s hard to imagine, but the change between a seller’s market, neutral market, and a buyer’s market happen all within months most years. This isn’t even addressing the price ranges this happens in.

You might hear from friends, co-workers, or neighbors about this mystical home that had 150 showings with 40 offers. Sellers want to know how their house can do the same. Guess what? That’s not going to be typical all year round and even rare in a seller’s market. It’s hard to know what is true since the news is usually 60 to 90 days behind the market. The news also goes by how many homes have closed and not how many went under contract that month.

Take a look at this graph of closed transactions over the last five years. You will see over the 5-year trend that most closings happen in June. So now you have to back it up. Most homes have a 35-day to the 50-day closing period after they get an accepted contract.



Take a look at the pended sales graph. This graph is how we track when buyers are really out looking. The most contracts over the last 5-year period are usually March and peaks in April.

For the last five years, there has been a small window of time that you can list and take advantage of an extreme seller’s market. The homes most impacted are under \$300,000.

What does this mean? Our advice is to have your house on the market by February, March, or April at the latest to take advantage before the market softens. Let me give you a personal example. We flipped a house with a partner in 2018 and we wanted the work completed in order to have listed by end of April no later than mid-May. This was our strategy since we knew how the market would be during this time period. If we missed the window, we knew we would have more competition.

The contractor was behind and we were not able to get the house listed until June 22. It was still busy but the multi offers were less commonplace, the inventory is larger, and buyers start to change from needing to get into a house to taking their time and having no urgency.

We also compromised with the partner who wanted to try a \$10,000 higher list price due to all the work done to the house. We gave the higher price two weeks to test the

market and then dropped to the original price we wanted. So, here was the timeline.

- June 22, 2018, Listed \$289,900
- July 10, 2018, Dropped the price to \$279,900 (Where we should have started and wasted two weeks instead)
- August 10, 2018, Cancelled the listing and relisted \$275,000
- August 23, 2018, Dropped price to \$269,900
- September 21, 2018, Dropped price to \$259,900
- October 4, 2018, Cancelled the listing

During this time, the agent and buyers were harsh on feedback and even at our lowest of \$259,900 they thought it was overpriced. We knew that fair market value was closer to the \$280,000 range, but this is exactly what we see during the year on homes when not positioned correctly. Especially with our busy road and foundation work as reasons for our house to be the second choice.

So you would think with all the feedback and price changes that our strategy would be different for the new year. Well, it was exactly the same as what we wanted to do originally as long as it was listed between February to April. The only change was that we priced just under the market.

Listed on February 8th at \$275,000, we had multiple offers and were under contract within 24 hours and sold at \$280,000.

We couldn't give it away 4 months earlier versus multi-offer and getting the price we wanted.

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This is just an example of how extreme our market can be in a very short

timeframe. You can sell any time of the year, but it will need a different strategy. As a seller, you can't think that buyers will pay for any condition of the house any time of year just because you're at a certain price. It just doesn't happen.

If the time frame to list is February to April, you have to think "What will it take for my house to be ready to go on the market?" Every seller is different and can take a few weeks or months to get ready. Our advice would be if you're thinking of making a change to let us know. December and January are a great time to start planning so you hit the market at the right time for your family and circumstances.

Call us at 402-991-4200 if you want to chat.

Lastly, we wanted to leave you with a small part a book that Jay is reading by Ryan Holiday.

In Ryan Holiday's excellent latest book, *Stillness is the Key*, he shares a story about a conversation that authors Kurt Vonnegut and Joseph Heller had at a glamorous party in a billionaire's mansion.

Vonnegut began to needle his friend. He described the exchange in a poem published in the *New Yorker* in 2005:

I said, "Joe, how does it make you feel to know that our host only yesterday may have made more money than your novel Catch-22 has earned in its entire history?"

And Joe said, "I've got something he can never have."

And I said, "What on earth could that be, Joe?"

And Joe said, "The knowledge that I've got enough"

May your holidays be filled with enough of what you can't buy. Time with family, friends, and helping those who might need a little help this time of year. Happy New Year!