



# THE PROPERTY INVESTOR

The Publication of the Joliet Regional Landlords Association

*From the Desk of the President:*

**January - February 2010**

## **B o n d   M a r k e t   B u b b l e ?**

Though often overlooked, our newsletter's title is "The Property Investor" for good reason. Most of our members hold real property as an investment. Being a landlord is just one function of being a property investor. While for some of our members real estate may be their only investment, I hope that's not true. While I love real estate, I never want to put all my eggs in one basket. I also want to know how other investments might affect my real estate investments. As the economy moves and changes, different investments will give better returns and offer more or less protection from inflation. Real estate and other hard assets have traditionally been good places to be in inflationary times.

What's the outlook for 2010, 2011, and beyond? I don't have a crystal ball, but that never stopped me from having an

### **General Meetings**

**People First Bank**

**3100 Theodore St, Joliet IL**

**2/10/2010 @ 6:30 .....General**

**4/14/2010 @ 6:00 .....General**

**6/9/2010 @ 6:30 .....General**

**JRLA**

**PO Box 2603**

**Joliet, IL 60434**

**WWW.JRLA.ORG**

### **Board Meetings - Members Welcome**

**1/27/2010 @ 7:00 ..... Board**

**2/24/2010 @ 7:00 ..... Board**

**5/26/2010 @ 7:00 .....Board**

**At People Bank - 3100 Theodore St.**

opinion. In 2008 and 2009, banks and financial institutions wavered and some collapsed. Nervous investors moved an unprecedented amount of money out of the stock market and other financial instruments like mortgage backed securities and into government and corporate bonds and money market funds. In 2008, \$27 billion flowed into bond funds. For 2009 Tabs Research tells us that \$421 billion dollars flooded into bonds with \$26 billion in December alone. This was a primal scream "I can't take any more losses, get me into something safe." As the federal government lowered interest rates, bond values soared. Anyone already in a bond fund saw a double digit return last year, even as interest rates on those bonds fell. Demand for bonds also pushed up values and pushed down interest rates. The inflow in 2009 was 166% above the prior single year record set in 2002. Clearly by the latter part of last year, investors were simply chasing returns.

In contrast, stock values began falling in late 2008 and fell off the cliff totally in March of 2009. Though stock prices have improved, they are still way behind their high of early 2008. Investors yanked \$233 billion out of stock funds in 2008. The hemorrhaging was far worse than ever, 750% greater than 2002's outflow of \$27.5 billion. Was the partial recovery of stock prices last year due to people flocking back into stocks? No. In 2009 \$8.8 billion still flowed out of stock funds.

As this year begins, interest rates on government bonds, bank certificates of deposit, and corporate bonds are very low. Money market funds are paying about 0.1%. Unless interest rates fall further, bond funds will return only 1-4% this year. Junk bonds are paying about 7% but there is a much higher risk level in this environment. Businesses are still going belly up at historic rates.

## **B o n d   M a r k e t   B u b b l e ?   . . . .   c o n t i n u e d**

In spite of a massive cash infusion into the economy, inflation, as measured at the producer price level, was only 2.7% for 2009. The reason? Inflation requires both an excess amount of money in the system and strong demand. Consumer spending was way down last year as many people were in fear for their jobs, their homes, their credit card debt, and the economy in general. Banks were lowering or outright eliminating lines of credit. Companies that run on short term credit lines that need to be renewed every 3-5 years were desperate to find new financing.

This year will see better access to credit for some companies, but not for all. Consumers will also be getting over the shock of the meltdown of the last 18 months, and will gradually start to spend a little more. A good portion (65-75% depending on who is talking) of the government's massive stimulus money has yet to be spent. This is also an election year. There will be a huge effort to "goose" the economy. The new government program coined "Cash for Kenmores" to boost appliance sales is just starting. The real inflation should start being felt late this year and into the future.

What does this all have to do with real estate investing? Big investors such as pension funds, insurance companies, private investment firms, corporations, and governmental entities invest far more money than retail investors (you and I). They led the rush into government bonds and will be the first ones out when inflation shows up. Often the market increases rates long before the government officially increases its rates. As investors start to leave bonds looking for higher returns, demand and values go down and interest rates go up. This process is self replicating. More investors get out as the values continue to decline. The easy money has already been made. Investors will begin to wake up to exactly how little their return in bond funds will be this year. Bonds already yield half of what they did last summer. This money will be looking for a better rate of return. The stock market will see some inflows and the mortgage market will also see money flow in. The resulting increase in mortgage rates (Watch the 10 year rate as a leading indicator.) will also bring money back into the system and improve mortgage availability.

If you are an investor in bonds, time to start locating the nearest exit. You need to be getting out before inflation has been recognized and market psychology changes. By the time it is all over the headlines, bond prices will have already headed south. You could simply hold your bonds and collect interest instead of selling at a loss. This means holding tight for years or decades. A 4% return on a 20 year bond may look good now, but it will look and feel paltry when bank CDs are paying 7% in five years or less. Bond funds automatically lose value as interest rates go up.

Bond fund assets stood at \$2.2 trillion (Yes, that's trillion.) at the end of last year. Money market funds stood at \$3.3 trillion. As we have already seen, a large part of this money can move fast. Before the government officially increases interest rates, bond values will have already taken a big hit. If you are expecting to make only 3-4% on the coupon this year, you can find your bond values moving down almost that much in a month or less. Remember as interest rates (or talk of) go up, bond values go down. The longer the bond's term, the faster and harder it will fall. Better to make almost nothing in a money market fund than lose money. If you must, switch to 1-2 year term bonds or ultra short bond funds

As inflation makes itself known, the government is supposed to step in and suppress it. Much higher interest rates and turning off the cash spigot is specified cure. With unemployment so high, what politician will want to slow down the economy and job creation? No, they will pay lip service to fighting inflation as long as unemployment is high. The end result is that they will apply the brakes way too late. The later they act, the longer it will take to squeeze out the inflation. Last time it took over 10 years to do it. Remember the 1980's? Will we do it smarter this time? Don't bet on it.

As the economy gradually improves and prices creep up, if you have locked in the interest rates on your properties, you will be doing well. Values for multifamily rental property will rise along with rents. It's tough to say exactly how residential single family properties will fair in the short term (2-5 years). Too many foreclosures are still in the market. Values will depend more on consumer confidence and demand. Invest in single families for cash flow. Take appreciation as the icing.

## Gas

# Customer Service Group for IRPOA Landlords

**Effective April 22, 2010**

The Illinois Rental Property Owners Association has been working with Illinois State Senator Dave Syverson on issues related to **utility billing for rental properties**. Meetings organized by Senator Syverson with NICOR have resulted in the formation of a customer service group that is dedicated to dealing with the needs of property managers. Access to this specially trained customer service group is **being expanded in stages** to ensure that the service being provided adequately addresses the issues that are unique to rental property. As a member of an IRPOA member group you are now eligible to utilize this new service. Property managers who have used the service so far have been very pleased.

Let us know your experience as well. We are using this trial program as a means to perfect this new system before it is announced to the general public. You may send your comments to me at [Arenacnst@charter.net](mailto:Arenacnst@charter.net).

### Nicor Landlord Customer Service Group:

The phone number for the landlord service group is 1-877-267-5673 and is available Tuesdays through Fridays, 8:30am to 5:00pm.

## Interest Rates Affecting the Security Deposit



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The Illinois Department of Financial and Professional Regulation, Division of Banking, has announced that the interest rate paid by the largest commercial bank in Illinois on minimum deposit savings accounts is 0.095%. This is the interest rate that must be paid on security deposits, pursuant to Illinois law, for deposits taken in calendar year 2010. For deposits in the city of Chicago, the interest rate for 2010 is 0.073%.

For more information, please see the [Security Deposit Interest Act](#).



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**President / Newsletter -- Bob Ruda 630-986-1795**

**[bobruda@hotmail.com](mailto:bobruda@hotmail.com)**

**Vice President -- Nathan Blandin 815-690-3965**

**[Nathanblandin@yahoo.com](mailto:Nathanblandin@yahoo.com)**

**Treasurer -- Greg Johnson 815-545-8500**

**[Geejay43@sbcglobal.net](mailto:Geejay43@sbcglobal.net)**

**Secretary -- Debbie Vogt 815-436-4503**

**[Vogtgirls3@aol.com](mailto:Vogtgirls3@aol.com)**

**At Large -- Kirk Wood 815- 642-3009**

**[wood@earthlink.net](mailto:wood@earthlink.net)**

**Membership -- Annette Glasgow 815-744-1981**

**[Glasgow50@comcast.net](mailto:Glasgow50@comcast.net)**

**Webmaster -- Cheryl Wood**

**[Cheryl.wood@comcast.net](mailto:Cheryl.wood@comcast.net)**



### J R L A - A d v a n t a g e s o f M e m b e r s h i p

Being a member of JRLA gives you valuable tools for being a landlord. Your membership includes the following \* free information on all aspects of property investing \* vendor discounts \* networking and sympathy - We've been there, done that. \* information packed membership book, newsletters and operational forms \* educational and fun meetings \* legislative updates on landlord bills \* website with free downloads \* membership in the statewide organization of organizations called IRPOA (Illinois Rental Property Owners Association) with great bi-annual landlord convention \* discount collection accounts \* free membership with NTN for instant credit checks for \$9, and much, much more...Membership is \$65 per year.

# Buy & Sell !

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For more information Call Nathan Blandin 815-690-3965

## free property buy and sell ads for members.

- Ads will run once and will need to be renewed after each newsletter.
- Ads must be submitted via e-mail (bobruda@hotmail.com)

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Half Page	5 " H x 7 " w	\$240
Full Page	10 " H x 7 " w	\$400

We recommend submitting artwork as a digital file, preferably as a .tif, .gif or .jpg file. Digital files may be e mailed to bobruda@hotmail.com. Please be sure and type **JRLA** in the subject line. Printed camera ready artwork may be included and mailed with payment.

Please make checks payable to JRLA Po Box 2603 Joliet IL 60434 . No ads will be placed until payment is made in

**Disclaimer : JRLA does not exist to render or give legal, tax, economic or investment advice and disclaims all liability for the action or inaction taken or not as a result of communications from or to members, directors, employees or contractors. Each individual should consult his / her own counsel, account, and other advisors as to legal, tax, economic, investment and related matters concerning all aspects of real estate investment and management.**

# RENTAL FLOSS: THE UNWANTED GUEST

By Mel Metts

My client purchased a home as a residence for her son. The son allowed a few friends to move in.

One friend in particular was disruptive, and the owner's son asked the friend to move out. He refused.

The owner came to the home; she called police and wanted the friend to be arrested for trespassing. Police asked if the friend had paid rent or contributed any money toward upkeep or shared groceries (he had not). They spoke with the friend, who produced mail addressed to him at the home in question. Police told the owner they could not arrest for trespass since the friend was receiving mail at that address, and that the owner would have to serve the friend with a 30-day notice and evict if necessary.

The owner called me for advice. Since I am not an attorney I gave her the name of an attorney to call. I also gave her my layman's opinion:

In my view the "friend" was an unwanted guest, not a tenant. The owner's initial error was trying to have the guest arrested for trespassing. The correct approach would be to simply ask police to remove the guest and his belongings; then she should change locks.

If faced with this situation myself, I would wait until the guest was not home, move the guest's belongings to the unlocked garage, change the house locks, and place a no-trespass notice on the front door with a note that the friend can find his belongings in the garage.

The eviction process does not apply to this situation, as the friend was a non-paying, unwanted guest.

My client contacted the attorney I had recommended. He told her the eviction process does not apply to her situation, and that the police should remove the guest and his belongings, and she should change the locks. My client ended up speaking with a sergeant at the police department, who had a better understanding of the civil process than the officers who had originally responded to her call. The sergeant suggested she wait until the guest was not home, move the guest's belongings to the garage, change the house locks, and place a note on the door. That's what she did, and has had no further problem.

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# New Lead Law Going Into Effect

*State Public Health Department holds informational meetings on new*

*Renovation, Repair and Painting lead law*

**SPRINGFIELD** – The Illinois Department of Public Health Lead Program is holding 16 meetings around the state to inform the public about the U.S. Environmental Protection Agency's new Renovation, Repair and Painting lead law that goes into effect April 22, 2010. The new law requires contractors, property managers and others paid to replace windows or renovate residential houses, apartments and child-occupied facilities built before 1978 to be certified by the U.S. Environmental Protection Agency (EPA). This new law is intended to protect children from leaded dust that may result from disturbing lead-based paint. Common activities like sanding, cutting and demolition can create lead hazards that can be harmful to children and adults. In 2008, more than 5,000 Illinois children had elevated blood lead levels. This new federal law has the potential to significantly decrease childhood lead poisoning. There is no safe level of lead in the body. Lead poisoning can cause health problems including decreased I.Q., learning disabilities, kidney disease, high blood pressure, miscarriage, and birth defects.

For more information about the meetings, contact the Illinois Lead Program at 217-782-3517.

## **Aurora Meeting**

Tuesday, March 23, 2010

9 a.m. - 12 p.m.

(8:30 a.m. Continental breakfast)

Aurora Holiday Inn

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# IRPOA Lobby Day is March 2<sup>nd</sup> 2010

One fine morning last March approximately forty (40) delegates from IRPOA assembled at the INN at 835 the Lobby Day briefing. The day began with a brief overview of the legislative process and information on bills of interest to IRPOA under consideration in the House and Senate. Despite technical difficulties with the power point projector, lobbyist Tim Hennessy and his staff carried out an informative briefing and everything going in time for a buffet style deli sandwich lunch. There were several bills of interest this year.

We opposed with our gentle voices and our physical presence HB:501, HB 593 HB 936, HB 3857 and SB 1352

We opposed these proposed laws and amendments because they were bad for investors and landlords.

We succeeded because we presented a united front to our representatives and had logical fact based discussions thanks to our friends at the Illinois Rental Property Owners Association (IRPOA) and their lobbyist Tim Hennessey and his staff at Consulting 4 Biz.

After visiting the capital and our Senators and Representatives a brief follow up was held before our surprise guest speaker arrived. Republican Senator Bill Brady who has announced he is in the race to be the next governor of Illinois. His website is <http://www.citizensforbillbrady.com> Mr. Brady is both a home builder and a property manager in addition to being a citizen legislator.

That same day Senator Brady spent almost thirty minutes telling us what is wrong in Illinois, what is right and his plan to fix the differences. Standing on the Republican Platform his business friendly outlook is directed at lowering the cost for businesses to operate in Illinois and create a business friendly environment that will attract business of all sizes. Only business can create jobs not funded by the taxpayer. He stated that the average business generates over \$4000 in tax revenues per employee and that Illinois needs to see job growth not loss to work its way out of the deficit and lower individual and property taxes.

So here is your invitation to success. Join us in Springfield 02 March 2010 as we fight for the rights of property owners against another years onslaught of negative legislation.

The cost is \$30.00 per person and includes lunch. If your group is a member of IRPOA you get a \$5.00 discount on the cost of your ticket.

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President- Illinois Rental Property Owners Association  
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# The Costliest Landlord Mistakes

Classic business philosophy teaches that a great part of survival and subsequent success lies in an operation's ability to reduce mistakes. The cost of repairing the mistakes is inversely proportional to the amount of profit potential of the operation. In other words ... As landlords, we don't want to damage the precious profit margin we fought so hard to nurture. A landlord's profit margin struggles every day to survive, grow and flourish in a sea of predators, competitors and government regulators. Below are the top 10 threats to your thriving profit margin.

## 1-Poor Screening

The costliest mistake is accepting a new tenant without proper screening. An undesirable tenant will often have poor rental and financial histories. Landlords should review previous landlord relations, credit reports, courthouse records and income. It is probable that if they have not met their obligations with previous landlords, chances are that they will repeat their behavior with new landlords. Many landlords have faced horrific situations where tenants have stopped paying rent while employing legal maneuvering to avoid eviction. Others have faced tenants who moved in and initiated criminal activity, which adversely affected other tenants and neighbors. Either of these scenarios translates into expensive ordeals where the measures of rectifying the situation can threaten the financial stability of the landlord.

A thorough screening also involves verifying that the person who is applying is the same person that submits credit/criminal info for screening. A picture I.D. should be cross-referenced with the application. Landlords must make sure that there are no omissions, inaccuracies or inconsistency in the actual application. Due diligence will certainly save landlords much money and stress.

## 2-Lease Preparation

Having a poorly prepared lease is very costly because it is the document that legally binds the landlord to the tenant. It is the rules of the relationship that dictate conflict resolution, financial responsibility and terms of execution. Without a professionally prepared lease the landlord stands to forfeit many of the rights afforded to the owners of the property. Landlords need to employ leases that are designed to protect them and their property and not the other way around. Many generic leases do not take into account the values of the landlord. Therefore, a custom lease would assure the landlord that their interests are protected. Many times landlords receive requests for agreements after the lease has been signed. Landlords will use their best judgment when deciding to agree to a proposal but must never neglect to put the agreement on paper. A verbal agreement is always vulnerable to a false interpretation by the tenant.

## 3-Rent Collections

Landlords must always enforce the terms of rent payment as it is written in the lease including late payments and fees. If not enforced, the landlord runs the risk of creating a dangerous precedent that will certainly cost the landlord dearly. If a tenant fails to pay rent for two weeks, then legal notices and actions must be initiated as soon as the law allows. Landlords should not accept partial payments (unless the 5-Day Notice contains the proper Statutory language). Otherwise the courts interpret receiving partial payments from tenants as an acceptance of terms by the landlord. The eviction process is subsequently terminated for that rental period while landlord's costs increase. If a tenant has had a poor history of paying rent on time, a landlord should consider not renewing the lease. Being late consistently is a sign of financial trouble and future uncertainty for the landlord. Poor payment habits can be a precursor to bankruptcy or evictions.

## 4-Law and Regulation Ignorance

Many landlords get into rental business without learning the rules of the game. To get a perspective of the folly of not knowing the rule, imagine trying to play basketball with out knowledge of the rules. You would become paralyzed from the constant rule infractions. It would be impossible to win. Translated to the rental business: Knowledge of the Laws and regulations can make the difference between a profitable venture and a loser. Landlords must familiarize themselves with the states' Landlord/Tenant Act. Every state has different laws, therefore due diligence must be taken by landlords to educate themselves. Landlords must also take the initiative to draw upon with the experiences of other landlords. Many landlord advocacy groups exist in most communities and the Internet.

Finally, it is encouraged for landlords to develop a relationship with a real estate attorney that specializes in the rental industry. Having a knowledgeable supporter on your side can relieve a lot of uncertainty. A landlord must never wait to the last minute to develop a relationship with an attorney because the requirement of immediate response will prove to be costly.

## **5-Poor Response to Service Requests**

The number one reason tenants do not renew their leases is poor response and execution for service requests from the landlord. Tenants expect constant inspection, repair, and preservation of the general conditions of their rental home. This also includes a timely repair or replacement of parts for appliances. Everything has to be in working order and problems must be addressed quickly and courteously. To facilitate efficient delivery of maintenance requests, the property manager's best method of receiving these requests is actually answering the telephone. When the manager is too busy to actually answer the phone or the request comes at an odd hour, many properties utilize apartment call centers. This resource allows properties to always have a human responding to the needs of their tenants. The apartment call centers are industry specific and have a direct, open communication with the maintenance and property management. Maintenance requests should be supported by a shared calendar that documents the request cycle: creation, delivery, execution, completion and follow-up. Maintenance requests, if implemented properly, should be a team effort that will lessen and distribute workload through the property staff.

## **6-Not Employing Good Customer Service**

Running a rental business is just like any other business with respect to employing good customer service. Many landlords forget that they would not be in business if it weren't for the customer. Practicing good customer service not only reduces tenant turnover, it also is one of the primary forms of marketing. Word of mouth advertising is the time tested, most effective way to promote any business. In the long run, a positive approach to communicating with your tenants will reflect in the profitability and value of a property. On the other hand, poor customer service will take a toll on the general conditions of the property. Tenants will not respect the property by not cleaning up after themselves or not following the property's rules and regulations. Therefore, poor customer service may result in high turnover, high vacancies, higher operational costs and lower profits.

## **7-Not paying taxes**

Many landlords do not have their rental income as their primary source of income and neglect to report their income to the government. Others fail to pay property taxes because they don't reside in the property. Failing to declare income and ignoring property taxes can cause very expensive recovery efforts. The government will assess taxes, add fees, add penalties and assign interest. Other costs will come from attorney fees, added accountant charges and personal time. In extreme cases, landlords may get their property confiscated.

## **8-Not waiting for the funds to clear**

In a rush to fill the occupancy, many landlords make the mistake of allowing the tenants to move in before the funds are cleared. The scenario of tenants moving into a property too soon has caused numerous headaches for landlords having to initiate eviction procedures without ever collecting any rent or deposit. Always ask for money orders and certified checks or simply wait for the funds to clear the bank.

## **9-Not conducting a detailed pre-move-in inspection**

Neglecting to have the tenants complete a pre-move-in inspection can result in damages to a property that cannot be documented by the landlord. Payment for rent must not be accepted until this inspection is completed.

## **10-Not keeping a professional landlord/tenant relationship**

Landlords must always uphold a professional relationship with tenants to avoid the pitfalls of not employing the codes of conduct that are based on the stipulations outlined in the lease. The professional relationship is based on the landlord realizing profits from the rental business. Changing the nature of the business relationship threatens the ability for the landlord to collect rent.

# MR.LANDLORD.COM TIPS ON MANAGEMENT

## 16 INEXPENSIVE PROPERTY UPGRADES/IMPROVEMENTS FOR THE NEW YEAR

- 1) New, inexpensive, light fixtures.
- 2) Replace the outlet and switch plate covers. Possibly even buy new outlets/receptacles too, in order to make them look super spiffy. That's another easy job that you can do yourself with very little electrical knowledge or skill. If you buy these buy the box, it's very cheap!
- 3) New toilet seat
- 4) New shower curtain and hooks.
- 5) Caulk tub and around windows.
- 6) New handles on any cabinets are inexpensive.
- 7) Decorative hand/bath towel bars.
- 8) New toilet paper holder.
- 9) Mini blinds on the windows.
- 10) Paint front door, and perhaps, new door knob and brass kick plate, which makes a good first impression.
- 11) Always helps to have freshly painted walls.
- 12) Have carpets cleaned.
- 13) Clean the home thoroughly or hire a professional.
- 14) New faucet fixtures.
- 15) New ceiling fan(s).
- 16) Add chair rail with a complimentary paint color.

## APPEALING PROPERTY TAXES AND WINNING!

The following is an example of one landlord appealing his property taxes. This brief illustration is shared as encouragement to other landlords who may think it is not possible to successfully appeal your property taxes. The landlord shares his story below:

How I appealed my property taxes and won!

First I must say that many states may assess property assessed values totally different than they do in my state (Pennsylvania), I know that for a fact.

However, since some landlords have questions about whether it is even probable for individuals to successfully challenge tax assessments, I figured I would share what I did to get three nice sized reductions.

In my local county, the last assessment was done around 1999, so everyone's assessed value is lower than their current value. Think about it, it is a BRILLIANT strategy for the Government. You could be assessed 30% higher than you should be, but your assessed value is still LESS than market value, fooling most people.

Here we have a state tax equalization board that sets every year a CLRM - common level ration multiplier, this year for my county the CLRM is 1.42. To find out the value that the county says your property is worth, you take the assessed value time 1.42 . Here is an example of one property that I just did a successful appeal on.

## MR.LANDLORD.COM TIPS .... continued

Property A in Harrisburg old assessed value = \$63,800

My claim is property value is worth \$71,000. Right here is where people get fooled, so why would I appeal this assessment?

After multiplying \$63,800 x CLRM of 1.42, the county is considering my ACTUAL value to be 90,600.

My claim was that my property should be assessed at \$50,000, so that  $50,000 \times 1.46 =$  true value of 71,000

They agreed, lowering my property taxes from \$2020 to \$1575, increasing cash flow by \$445 a year which is about \$38 a month, year after year until that property gets reassessed some year in the future.

I did 6 properties and had significant reductions in three. After sitting in front of the appeal board they saw I was a landlord trying to save a few dollars and they didn't like it so much.

### **DON'T LET YOUR GUARD DOWN IN THE NEW YEAR!**

Warning! At the beginning of the year, there is a normally higher percentage of "recently evicted" rental residents looking to start their year by moving into another rental home of an unsuspecting landlord, hoping the next rental owner does not run an eviction report. Be sure to always run both credit AND eviction reports. There are many sources available where you can get them cheap. Start first by checking with your local real estate association for recommended services.

### **LEASE CLAUSE TO INCLUDE IF YOU OFFER MOVE-IN SPECIALS**

While the economy is affecting how landlords are currently advertising their properties for rent, many are offering move-in specials which give a discount off of the first month's rent and in some cases even up to two months free rent. To help protect the landlord's interest, the following sample rental clause is suggested to include in your lease when offering a Move-In Special.

**MOVE-IN SPECIAL:** If the resident was offered a move-in special which included a discount off the first and/or second month's rent, but the lease terms are not completely fulfilled during the first year, the resident will be held responsible for the initial discount given and the amount will be charged back to the resident's account.**ONE LEASE CLAUSE WORTH NEARLY \$3,000**

"Early Lease Termination Fee \$\_\_\_\_\_. Resident may pay this one time fee to be released from the remaining months of their lease."

Does this clause work all the time - no - but it only takes a few cases to put money in your pocket. (We set the amount of the Early Lease Termination fee, ELT, at just a little more than a month's rent). Last week, two residents called and said, "I got transferred (other laid off), so I'd like to pay that one time lease termination fee so I can move."

One resident paid \$675 (equivalent of one more month's rent) plus \$795 for a total of \$1470 free and clear. A second resident paid the equivalent of one more month's rent AND paid the ELT fee of \$770 for a total of another \$1420.. Thus, by adding the lease clause, one landlord received nearly \$3,000 that he may not have received otherwise.

Sometimes I just LOVE this business! Try it! Absolutely NOTHING to lose. Take a minute to copy / print / paste this clause to a sheet of paper and add it to your lease. Happy Landlording!

10) Good curb appeal and landscaping is important.

11) Yes, there is less traffic. I do 2 things that work. don't paint the inside of the unit any form of white except trim or natural woodwork. I paint either Yellows/tans/some light browns. People are tired of white! I also offer either a 1 yr rental insurance \$250.00 good only for that year and only for that residence.

12) Don't let the talk of the "economy" scare you. Every single person looking to rent is not on hard times. Everyone isn't in a money crunch. Be firm and don't go into the poor house for a stranger. I've learned: #1) Quality over quantity so don't be afraid to be firm on your price, of course making sure you're competitive with the area prices. #2) Be professional. Very professional, not personal when dealing with each interested person. #3) Regardless of the economy and the story they tell you, be thorough with your background, reference, and financial checks. Treat everyone as a potential Home Owner, not just a renter. #4) If one has a shaky rental history when you meet them, chances are you'll be their next episode. Be patient and get who you want. It's so tough to get rid of a bad tenant.

## **IF RENT HAS NOT BEEN RECEIVED, SEND NOTICES NOW!**

On the 4th of this month, I have received rents from my seniors who paid on the third so the last timely rent payments have gone in the bank. Here is where I play my broken record to all landlords reading this. If your rent was due in on the 1st or 3rd and you haven't yet seen the rent money and you haven't yet served a pay or quit - what are you waiting for? Every month we will get up to three weeks into the month and landlords start complaining that their rent hasn't been paid and what do they do. So before you ask. I will tell you now. Don't wait two weeks or two months. Serve notice now! Maybe it will get your tenant off their behinds and get your rent paid. And if not you are one week closer to getting them out. So get those notices served today. Remember that the courts are closed over the holidays. Get moving now or you will be looking at sometime in January (or later) before you can get non-paying tenants out!

## **RENT IT FASTER BY MAKING RENTAL "DOG FRIENDLY"**

Landlords often complain about there rentals being vacant for months, but they keep on doing things the "old" way. I just had a move out and had it rented in just 3 days. The guy across the street from me has been trying for four months and no luck. Why me and not him? His rent is \$50 over market and the big thing is my properties are "dog friendly". I allow dogs (no pits or rottts) and put a dog run in each backyard that costs me \$100. I have no carpet in my rentals, only tile. So the dogs can't destroy the tile. The dog run makes the phone ring off the hook.

*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*

## LESS APPLICANT TRAFFIC, WHAT DO YOU DO?

You are not alone if you are seeing less rental applicants applying. The national trend is that there is 15 to 20% less applicant traffic looking to rent properties compared to this time last year. I say this so you don't think what you are seeing is necessarily the fault of your marketing. However, with that said, I encourage you to keep looking to improve your marketing to stay ahead of your competition since there are less applicants to go after. The following are tips from other landlords sharing ways they deal with the challenge of less applicants or even less qualified applicants.

- 1) Treat each "potential" applicant, (meaning everyone that calls) with even more care. Do you have caller ID? You may want to call back everyone that calls, even those who do not leave a message. You may also want to call back all those who came to view your rental but who did not fill out the application. Since applicants are fewer, follow-up phone calls and/or even emails may be worth doing.
- 2) During a tough economy, everyone should consider some small compromises, such as charging lower rents. But if you do some compromising, you should also talk with the applicant, and explain that you recognize that we are in tough times, and that when the economy comes back, you may have to re-evaluate the rents, and raise the rents back to the current market rate.
- 3) We are working harder to make our homes the prettiest and cleanest around. Do not show rentals unless they are "spick span clean & tidy".
- 4) We are now in the poor rental season. If you have units for rent in November and December make sure you screen very very carefully. Check out landlord references against property records. Many will be friends posing as landlords. Check out addresses that show up on the credit report that the applicant "forgot" to list. I did that on a applicant that applied in late august, as I always do. Low and behold the addresses led me to 3 rehab for drugs houses.
- 5) The other side of the coin is quick response to fix even minor maintenance issues with existing tenants. Fix the minor problems before they become bigger problems, which will often retain the good tenants longer, as well as to spread the word of your good landlord reputation, getting word of mouth referrals for new and also great applicants.
- 6) This is the classic dead zone, before holidays nobody wants to budge. I am going to try putting a Christmas tree inside one that has a large picture window, and give it to whoever takes the place.
- 7) Be willing to wheel and deal IF applicants look good. No more horsing around for 24 hrs or longer. Because in 24 hrs, that person is no longer looking... he is renting somewhere else.
- 8) Post, post and post to Craigslist.com. I can post the html of my website listings AND my duplicate postlet of the same listing 2 days out of 3 and I post on the weekend. Creating 2 DIFFERENT postlet ads for the SAME property is also allowed.
- 9) I just started a new ad promoting a free 32" flat screen HDTV with a one year lease. Cost me 400.00 less than half months rent, and one month free on a 2 year lease. BE CREATIVE! Think about what is considered cool. Also I do not discount rents but offer a coupon for each month that discounts the rent if the rent is paid on time, and if not the coupon says it is void. Guess what, my rent is a priority.

# Illinois General Assembly Legislative Update

The 2010 spring session of the Illinois General Assembly officially began on January 13<sup>th</sup>. Legislators debated and passed few bills and then adjourned until February 3<sup>rd</sup>, to allow sitting legislator candidates the opportunity to focus on campaigning for the Primary Election on the 2<sup>nd</sup>.

Due to the focus on the 2010 General Election, the outlook for the session is that they will not take up divisive or controversial bills, other than the budget, which is woefully "in the red". If the number of bills introduced since the beginning of session is any indication, then they could reach the goal of the legislative calendar to adjourn in early May.

This time next year when the legislators are sworn into office in January 2011, there will be many changes due to those running for higher office or retiring. Those Senators running for higher offices are 'safe' should they not win what they are seeking, as they are not up for re-election until 2012. However, all House members must be re-elected every two years so will not be in the House regardless of election outcomes.

Therefore, the following House members will not be returning in 2011:

Art Turner, Democrat, from Chicago area is a candidate for Lt. Governor.

Mike Boland, Democrat, from Western Illinois is running for Lt. Governor.

David Miller, Democrat, is vying for the Comptroller's Office.

Beth Coulson, Republican, is running for Congress in the 10<sup>th</sup> District, and

Julie Hamos, Democrat is a candidate for Congress in the 10<sup>th</sup> District.

In addition, Representatives Bob Biggins, Jim Brosnahan, Bill Black, Betsy Hannig Kathy Ryg, John Fritchey, Ron Wait, and Paul Froelich are not running for reelection to the House. In the Senate, long time legislator Senator Jimmy DeLeo is retiring.

In the Senate, while all are safe to return to their elected Senate seats, should any of the following win the office they seek in the General Election, then they will retire from the Senate to assume the new position

For Governor: Kirk Dillard and Bill Brady, both Republicans

For Lt. Governor: Matt Murphy, Republican; Terry Link, and Ricky Henden, Democrats

Treasurer: Dan Rutherford, Republican

Congress: Randy Hultgren, Republican

DuPage County Board Chairman: Dan Cronin and Carol Pankau, both Republicans

Once the Primary Election is over the campaigning begins in earnest for the November General Election. There may be others who will be defeated and not returning. New faces mean new opportunities. Opportunities taken now to initiate and grow relationships can ultimately advance the priorities of your profession, association or industry. We challenge you to get to know who is running for office and how their views affect you!

# Screening In a Bad Economy

As we move into a new year, high unemployment rates continue their impact on rental housing affordability and availability. Landlords are facing increased competition for qualified applicants to fill their vacancies. In some markets, properties are staying vacant much longer than even just a year ago. It is a renters market in many areas of the country where supply of rental housing exceeds the demand, sometimes by significant margins. How much of an impact the current economic conditions have on your business may well be determined by your perspective.

While it may be true that the pool of applicants to fill vacancies is likely to include less qualified applicants and while it is true that more people are unemployed and/or have had other problems that affect their rental qualifications, logic would indicate that an unemployment rate that is 5 percent higher than usual does not translate into 100 percent of applicants being unqualified.

So while it isn't business as usual it is still business. As we have discussed before, risk management becomes ever more important during changing conditions. Tenant screenings remain a critical component of risk management practices.

Unfortunately, we are seeing evidence of landlords reducing screening efforts based on their thinking that there is now less reason to bother with screening because all applicants will have blemished credit records. Unless this is your first landlord experience, you will have come across bad credit scores before. Current conditions notwithstanding, what was your procedure to accept or reject?

However, we believe landlords should be putting even more effort into adequate screening during bad times using a wide variety of screening tools.

While landlords may choose to lower the minimum qualifying credit score, some of the risks of doing so can be offset by more aggressively utilizing other screening tools. This includes a closer examination must be made of the other detailed information provided on credit reports, more extensive rental history checks with previous landlords, check of eviction records in multiple jurisdictions, careful employment and income verifications, and extensive criminal record checks.

A brief review of some of those screening tools follows.

## **Credit Reports**

A credit report is the most important screening tool and should be utilized even if no other tool is used. It is the one tool that does not require cooperation of previous landlords, cooperation of employers, knowledge of which county in the country may have a record of eviction, or knowledge of which state or county may have a record of conviction. Furthermore, credit reports provide a variety of information that often provides clues regarding which of the other tools might be useful and which state or county should be of interest.

With a full credit report, you can corroborate information shown on the rental application; review the individual's payment history including credit accounts, account balances, and collection accounts; and view reports compiled from public records on bankruptcies, liens, and judgments. You also see who has recently requested a copy of the applicant's credit report.

If the report shows a positive pattern of responsible credit management before the date of a significant affecting event (foreclosure, bankruptcy, major medical bills, divorce, etc.) you could infer that the event was the contributing factor resulting in derogatory items in the credit file. While the event cannot be overlooked, the data can be analyzed in the overall context of credit use and payment history. As is often the case, honest discussion of events with the applicant may give more detail that may allow the applicant to be considered for the vacancy.

## **Past Rental History**

It is important to check each applicant's rental history in addition to his credit history because many types of tenant problems do not make their way into a credit report.

When checking rental history be sure that you are really speaking with the actual past landlord. There are many ways to do this including checking ownership records and obtaining the correct phone number independently of the applicant.

Some current landlords may be unwilling to say anything derogatory about bad tenants because they would like to be rid of them and would be happy to transfer the problems to you. Accordingly, it is always best to also contact the applicant's landlords prior to the current one, the reason most experienced landlords require the applicant to provide rental history for at least the past three years. For an applicant who has rented the same unit for more than a few years, it can be difficult to get history from more than the current landlord, but a long-term tenancy often is indicative of a good tenant.

At a minimum, you will want to confirm basic information such as dates of residency, the rent amount, the security deposit amount, and whether the landlord would rent again to this tenant. If only one question could be answered, it would be "would you rent to this tenant again?"

### **Employment & Income Verifications**

Employment and income documentation can consist of requiring the applicant to produce the last several paycheck stubs. Note that last year's W-2 provides no certain information regarding current income, although it might be useful as additional verification if other items are questionable.

Self-employed individuals can be asked to provide copies of 1099s and tax returns (as can employee applicants), but one must keep in mind that it is easy to create W-2s, 1099s, and tax returns that say whatever is desired using a personal computer.

Verification of non-earned income, including interest, dividends, and other investment cash flow and entitlement items, including disability, social security, and private retirement, are all relatively easily verified because the recipients are provided official statements of the amounts.

### **Eviction Searches**

It is good practice to conduct a search of eviction records as recorded in the court of jurisdiction for the counties where the applicant is known to have resided. You may want to review the rental application, the applicant's driver's license or motor vehicle registration, and current/previous address history as shown in the credit report to determine applicable search areas. Most tenant screening vendors offer regional, statewide, and national eviction searches of landlord-tenant filings.

### **Criminal History Checks**

A criminal history check generally includes a search of statewide, multi-state, or regional criminal records databases and sex offender registries. For a more detailed search, most screening vendors can provide a "hand search" of a specific county's criminal records index and court documents.

Criminal background reports generally include the defendant's name (and any aliases), the defendant's date of birth, gender, race, physical description, dates of the offense, and the date of disposition or conviction. To help ensure accurate results, be sure you have the correct spelling of the applicant's full name, a verifiable date of birth, and a list of known aliases used by the applicant before purchasing a report.

A search of convicted sexual offender records may be included in a comprehensive criminal report or in case of some vendors, ordered as a separate report. Be aware, however, that some states restrict the use of this information to deny housing.

In general, landlords are free to reject someone with a criminal background, as ex-cons are not a protected class under federal fair housing laws. An exception is that past drug use, even when resulting in a conviction, is considered a disability under federal law. Those currently using drugs or those who have been convicted of drug manufacturing or dealing are not protected. Landlords must also consider any protections provided by state or local laws.

### **About the Author**

YouCheckCredit.com has been providing online credit reports and background checks since 2000. If you have any questions, we can be contacted at YouCheckCredit.com, 3822 Campus Drive #200, Newport Beach, California. Toll Free number 1-866-666-8833 or Articles@YouCheckCredit.com

# Property Values Online?

- Bob Ruda

As new applications for the internet continue to expand, many buyers, real estate agents, appraisers, and banks have found a wealth of information previously available only by doing some leg work. Traffic to the real estate web sites last year grew by more than twice as fast as the overall internet traffic, according to research firm ComScore. Real estate websites also continue to expand the list of research tools they offer the visitor.

One aspect of these real estate oriented sites which troubles those in the business is the variously named feature that allows the visitor to get an estimated value of a property. The web site Zillow was the first to launch its automated appraisal or “Zestimates”, and others have followed. “Zestimates” which debuted in 2006, is based on public records and more than 100 variables according to the firm.

New additional tools allow visitors to see foreclosures by zip code, percent of listings that have seen a price drop, and what the sellers borrowed -among other features. The National Association of Realtors has announced that it intends to have its own database up and running (for agents only) by mid 2010.

While these sites post disclosures about the algorithms used and the varying degrees of accuracy, does that get noted by the visitor? Accuracy is claimed to be within 12% of the final selling price, but it fluctuates widely depending on the quality of the data available.

What’s the downside? Consumers increasingly view these “values” as law and use them as starting points in their negotiations. Does Zillow know about the \$50,000 kitchen renovation you did last year? A bit annoying isn’t it to be compared to the foreclosure down the block that needs \$50,000 just to repair the damages by the departing owners and bring it up to code, let alone make it livable?

Zillow says it updates its “Zestimates” three times a week. I wonder if they sent someone out to see that house down the block like mine listed for sale that has a 2” crack in the foundation wall as the whole west side of the foundation is walking away? I also wonder if that foreclosure sale on the next block noted that the bank gave a \$30,000 credit (recorded as a price reduction) to the buyer to repair damages done by the angry former owner? Zillow might understand how fragile (iffy) their “Zestimates” are, but does the site visitor? Zillow doesn’t care, but you should!

Automated valuations are imprecise in part because they are generated from a hodgepodge of data. Different local governments have varying disclosure laws. Early on Zillow primarily looked at sales records and county assessor records. This meant the exact same house down the block was valued at half of your new purchase simply because the original buyers hadn’t sold it since it was built. Eventually the tax records will catch up to the increasing value of the other house, but eventually doesn’t do much good to you now. Looks like you overpaid.

All the numbers in the world however can’t take into account things like view, backing up to a busy road, mature trees, better schools, cleanliness, updated kitchens and baths – you know, the things that make the buyers want to put down the cash. The vast majority of buyers don’t want to do any work to the house they are buying. Isn’t it annoying that “your-move-in-ready” house is valued the same as the “needs work” house next door?

Some properties are being described as “un-Zillowable”. These properties have qualities that online number crunching just can’t capture, either to the upside or downside. The lake, sea or mountain house with the “million dollar view” for example. How about that old fuel oil tank in the back yard? Or perhaps the new geothermal heating system and solar panels which makes your home energy neutral.

At the high end of the market buyers expect everything. High end homes tend specifically not to be like the home next door or down the street. Low and mid level builders often use a fixed number of models and options. The intangibles are the things that tend to push the buyers hot buttons at the high end level. Exactly what these automated valuations can't pick up.

On the low end of the market, buyers tend to be less sophisticated and less likely to do massive web evaluations, unless you are a first time buyer in southern California or some other high priced spot. There is also often less inventory to choose from. Many local governments have been pushing up the minimum lot size and home size for years, specifically to keep low end housing out or to a minimum. In most cases, a 12 % swing in valuation of a \$120,000 house is far less dollars than that same swing in a \$500,000 house.

The sellers most likely to feel the effects of all of this (especially in a down market) are the middle market ones. Many shoppers will take the online values as exact science and refuse to pay more. Sellers will find that they will have to fight the buyer, real estate agent, appraiser, and loan officer to get a fair value for their home. Many will find that the "so smart" kitchen and bath renovation two years ago will come back to haunt them as the buyers want to pay the same amount as that "stuck in the 60's" home across the street- because Zillow says they have the same value.

As an investor looking to buy, these sites can help estimate, and I underline estimate for a reason. Knowing the final value, once it's all fixed up, of that sad and kicked in foreclosure you are looking at, is essential. Once you estimate repair costs and deduct these from the final value estimate, you will know what you can pay for the property and build in a profit margin. These sites can be a good tool but as always, one should know the best use and limitations of any tool. For the limitations mentioned above and others, this is a quick and dirty value estimating tool used best for "back of the envelope" calculations.

If you are looking to sell, knowing what these sites are estimating as the value of your property is important.

- Do you need to stress the intangibles in your listing and advertising because they are not being picked up?
- Can you justify your price to someone armed with a "Zestimate"?
- What is the true value of your property today? What are the true comparables? This may take some work to eliminate all the desperate sellers, foreclosures and short sales.
- Does your real estate agent seem to rely too much on these easy-to-get values? Perhaps you may need to look for another agent who is willing to put in more work for his commission.

You may wish to hold out for the true valuation in a normal market. After all, "normalcy" (as coined by Harry Truman) will return. Imagine the feeling of those people who dumped their stocks in March of 2009, convinced that stocks would never go back up. They were caught in a panic sell off. I don't mind being a buyer in such a market, but I don't want to be a seller if I don't have to.

**Major Online Players - Zillow, Trulia, Redfin, ZipRealty**

# Dear Maintenance Men:

By Jerry L'Ecuyer & Frank Alvarez

**Dear Maintenance Men:**

**I have an older apartment building with wood windows. Some window panes are broken and most of the putty is cracked and falling off. I have always had trouble with getting the new putty to look good. My windows seem to look like my dog helped do the putty! I also have problems with the correct measurements when replacing the glass; it is either too big or too small, never just right. What am I doing wrong?**

You may wish to keep your dog at home next time you repair windows! Prep work is really the trick to a professional looking job when re-glazing old windows. Remove all the old putty or glazing compound from the frame. There may be small glazing points holding the glass in place after you remove the putty, so be careful not to break the glass or cut your fingers on any broken glass. Once you have a bare frame, sand or clean out all the dirt, putty and debris. Putty sticks very well to glass, but has a bit of trouble with old dry wood or new bare wood. It is best to paint or prime the area where the glass and glazing compound will touch the frame. Putty will stick very well to paint. Once your frame is prepped and ready, lay a small bead of putty no more than an eighth inch thick into the groove of the frame. This small bead will be used as a bed for the glass to seal out drafts and moisture. After the glass is in place, push in the glazing points on each side of the four corners and every few inches along the side of the glass. The points will secure the glass in place. It is recommended that you use putty or glazing compound that comes in a can. The compound straight out of the can will be a bit stiff or lumpy for use. Take the putty and knead it like bread dough. This will warm it up and make the putty pliable and easy to use. Rubbing the compound between your hands, form a long rope the thickness of a pen or pencil and place it on the wood and glass. Using your putty knife, push the putty into place. Now start at one end of the frame using your putty knife, smooth the compound in one motion keeping the knife at a low angle. Remove any excess putty. Do the same on all four sides of the frame. It is now best to put the window aside for a few days to let the putty "skin over". Do not touch the putty, as it is still very soft. Be sure to paint the putty and frame within a week or so. This will keep the putty fresh years longer.

**Dear Maintenance Men:**

**I have a problem with debris and balls or toys in my building's rain gutters. The debris seems to collect at the drain ends or block the gutters mid stream and overflow during rainstorms. I'm tired of cleaning out yucky disgusting slimy gutters. Please help!**

Please don't hold back, tell us how you feel! We have a simple solution. Most home centers sell a product called Gutter Guards. They are very inexpensive, made of PVC or heavy screen and will typically just pop in with no tools needed. The Gutter Guards are 48 inches long and will fit a 4, 5 or 6 inch wide gutter. The covers are held in place by friction and the spring action of the material. We have used them and they work well.

**Dear Maintenance Men:**

**I do a lot of my own plumbing maintenance on my apartment building. This problem has happened a couple of times now. When using a power snake to clear a drain, the snake has broken the cast iron drainpipe and water starts leaking through the bottom. My building is 40 years old; do I now need to replace all of my drain lines? What do I do to solve this problem?**

Cast iron drainpipe can last near forever, but some sections wear out faster than others.

You did not mention which drains you are having problems with, but we will assume it is the kitchen drain. These lateral drain lines seem to get the most abuse over the years. The lines are often coated with debris, grease and muck eating away at the cast iron. You may be lucky and be able to cut away the offending length of pipe and replace it with a section of black ABS pipe. This may solve two problems, one of course is the leak and the second is a slick smooth drain line that will allow the kitchen debris and muck to easily drain way with the water. The new ABS pipe can be mated to the existing cast iron pipe using rubber boots or “no hub” couplings (stainless steel gasket sleeves) at the connecting ends.

**I have a 12-unit apartment building that is cash flowing. I have reviewed my maintenance expenses for last year and I am looking for ways to lower my maintenance bills to help increase that cash flow. Any ideas where I should start?**

If you have cash flow at your building, sounds like you did not do enough maintenance! All kidding aside, look over last years maintenance records and divide them into maintenance categories. As an example: plumbing, electrical, roofing etc. Then subdivide each group into routine maintenance, emergency maintenance and capital improvement. This will make reviewing your records easier.

If you have a large amount of emergency maintenance, you need to analyze the work and find the root cause of the problem. It might be a lack of routine maintenance, too many residents per unit, or uncoordinated or haphazard maintenance schedule.

If you have a high cost for routine maintenance, it might not be so much the amount of maintenance being done, but when and who is doing the maintenance. Again analyze the work to find the root problem. Sending a handyman to do one item at a time will cost more than sending him to do a group of items; this will maximize the amount of work done per hour. Matching the appropriate worker or vender to the job is as important as getting the job done. As an example; sending the handyman to clear a main line drain stoppage may be more costly than sending an experienced plumber. On the other hand sending an expensive plumber to replace a leaky faucet or broken garbage disposal may be costlier than sending a handyman to complete the job.

Setting up a yearly budget for both routine maintenance and capital improvements will help balance your cash flow. Nothing is less fun than finding out you need to replace a one hundred gallon water heater in the same month you pay your property taxes. Both routine and preventive maintenance would have alerted you of a potential problem. The water heater replacement could have been budgeted and replaced before it blew out.

Below is quick list of procedures to help cut your maintenance costs:

- 1: Routine Maintenance: Inspect all units including exterior grounds, water heaters, drains, and plumbing fixtures. List and schedule any deficiencies. Budget a dollar amount for each repair.
- 2: Vendors: Review all current vendors and their price lists before you need them. Compare and shop different vendors to get the best price.
- 3: Emergencies: Set up an emergency vender list with prices and check prices every six months to stay current.
- 4: Capital Expenses: Big ticket items such as: roofing, exterior painting, water heaters re-piping etc. Identify these expenses while doing the routine inspections. Get quotes for all the items you wish to repair or replace in the coming year. Budget funds and date for work.

# Getting Rich Slowly Is the Right Formula for the Investor / Landlord

Most every job or business venture has an unpleasant side to it, and for home investor/remodeler/landlord Darin DeWitt, part of that is being aware of the people who fritter away their money.

DeWitt, a Fox Cities native who moved to Coleman for the rural life, buys and fixes up commercial and residential properties before either reselling or renting them out. He's been doing it for about 18 years, ever since he completed a two-year Fox Valley Technical College course in machining.

He's bought houses from banks whose clients had chosen to put their money into a slot machine instead of making mortgage payments, and others who got Habitat for Humanity houses with relatively low house payments, but spent their money elsewhere and had to sell their Habitat-built houses.

His real estate brokers and bankers also have called him when divorcing couples were forced to sell their homes. We Americans like owning our own homes, particularly in the Fox Valley, but we can't be part of the ownership society if we don't handle our money responsibly. DeWitt doesn't feel good about these misfortunes; he has lived the opposite way — being a responsible user of his money.

DeWitt, whose wife of seven years, Michele, is a certified public accountant, began investing his money and elbow grease when he was about 20 years old. He and older brother Kevin bought a duplex in Oshkosh, where DeWitt commuted to his Mercury Marine machinist job in Fond du Lac.

"I guess I thought that (renting) was kind of a waste of money, and with this (duplex), I thought I'd have something when it was paid off," he said.

That was in the late 1980s; the duplex has long been paid off and it's worth about 85 percent more than he paid for it.

Since that first purchase, he has ventured off on his own — in recent years as partner with his wife — and currently owns 26 buildings in the Fox Valley, as well as in Stiles Junction, Luxemburg and Coleman.

He also owns and operates several businesses, including ones to provide building cleanup and fix-up services for banks' repos, and another, Today's Realty Solutions, which offers creative ways for acquiring and disposing of properties. The latter soon will be on a Web site.

If he had kept all the buildings he bought over the years, he would have dozens more, but also an unwieldy real estate operation, which he has carefully avoided. Even now, 18 years later, he has hired only one full-time employee, one half time and some seasonal helpers to run his real estate ventures.

With two young children, he's not looking to overburden himself and his wife.

"We're just trying to make things easier now," he said, in describing his version of retirement.

After 18 years in the business, he still is surprised and dismayed at how people waste what they have.

He acquired two Habitat houses, whose owners had to sell because they wasted their money and couldn't make the modest house payments.

He tells about a new widow who was lonely and bored.

"She had a gambling problem and her husband had died," he said. "She didn't have anything to do so she went to the casino all the time. She ended up losing her house because her kids didn't know about it."

DeWitt is different than these people. He's not lazy — he and his crew often get their hands dirty cleaning up the enormous mess some people leave in these houses -- and he's not expecting to get rich quick because, frankly, that's a good way to lose your shirt and more.

He's not averse, though, to getting rich slowly, which any financial planner worth his salt will tell you is the way to go.

# **A t O u r N e x t J R L A M e e t i n g**

**February 10, 2010 Rick Jadron Chase Bank**

## **Cash Management for the Landlord**

- How to title accounts**
- What type of back up do you need**
- Handling bad checks**

### **D i r e c t i o n s t o o u r m e e t i n g p l a c e :**

**From Interstate I55 : Exit Rt 52/ Jefferson St. East to Essington Rd. North on Essington to Theodore. Right (east) on Theodore 500 feet.**

**From Rt 53 : At the junction of Rt 53 and Theodore head west approx. 3.5 miles to**

**PeopleFirst Bank**

### **Need a Map?**

**Check out the map to PeopleFirst Bank at our website [JRLA.ORG](http://JRLA.ORG)**

Joliet Regional Landlords Association

P.O. Box 2603

Joliet, IL 60434-2603

**CORRECTED ADDRESS REQUESTED**