

Join us in the dining room of the Holiday Inn at 6:00 for Dinner before the meeting.

DISCLAIMER

Any opinions expressed in these articles are not necessarily the opinions of the Real Estate Investors Association of Wayne County. (R.E.I.A. of Wayne County)
This information is designed to provide accurate and authoritative information in regard to the subject matter covered. It is offered with the understanding that the authors are not engaged in rendering legal, accounting or other professional service. If legal advice or other expert advice is required, the services of a competent professional should be sought.
Members and Guests should consult an attorney, accountant or other professional before making an investment decision. All Members and Guests assume the risk of making their own investment decisions.

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REMINDER!!

December 7th is our annual election

Officers to be elected are —

President Vice Pres
Treasurer Secretary
Plus 5 Trustees

**If you are interested in running for any opening,
submit a short bio to the board.
Names and numbers are in this newsletter**

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- **John Payne**

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Newsletter **Subscriptions**

A newsletter subscription can be obtained for \$20.00 per year for non members.

Simply mail a check payable to:

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2962 Fort Street
Lincoln Park, Michigan 48146

Around Town with Real Estate Investor Groups

(call each group for details)

- **OAKLAND R.E.I.A.** *2nd Thursday of the Month*
870 Main St • Clawson
K of C Hall (between 14 & 15 Mi Rd)
1 (800) 747-6742
- **D.O.L.L.A.R.S. Group** *3rd Thursday of the Month*
Mound & 13 Mile
Contact WEndy Patton • (248) 394-2125
- **Macomb Property Owners Association** *1st Thursday of the Month*
Cocktails/Dinner 6-6:30 pm • Meeting 7:00 pm
For More Info Call: 586-716-5370
- **Monroe County Landlord Association** *4th Thursday of every Month*
6:30-7:30 pm Social/Dinner • 7:30 pm Meeting
(734) 457-5758
- **American Landlord Association**
877-247-3372
- **Real Estate Investors Association of Wayne County (REIA of Wayne Co)** *1st Tuesday of every Month*
6:00-7:30 Dinner • 7:30 pm Meeting
(313) 386-7228 • 24 hr Answering Machine
- **New Real Estate Investors** *2nd Tuesday of every Month*
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(810) 231-8126 Sharon or Larry Yelinek

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PAST SPEAKERS/TOPICS

03

JANUARY: Matt Bezanson • 248-585-8584
 ---- Sherlock Homes Inspection - 800-260-4100

DECEMBER: Kevin Murphy
 ---- He & his wife quit their jobs to pursue Real Estate full time • 517-223-1168

NOVEMBER: Wendy Patton
 ---- Little or No Money Down Real Estate Investing
 ---- 248-866-8411

OCTOBER: OPEN FORUM

NOVEMBER: Brian Wieland
 ---- RCPA & Investor - Quickbooks
 248-618-7000

04

JANUARY: Matt Bezanson • 248 585-8584
 ---- Sherlock Homes Inspection
 Property Taxes and lowering them

FEBRUARY: Sharon & Larry Yelnick
 ---- Full Time Real Estate Investors
 • 810-231-8126

MARCH: Larry & Kimberlee Frank
 ---- How They Developed a Business in a Box •
 810-577-2239

APRIL: Terie Clark & Sandra Law from the
 Melvindale Housing Commission • 313 429-1095

MAY: Mansa Musa
 --- Investor Financing Mortgages
 • 248-559-9467

JUNE: Gary Segatt: Real Estate
 Investor & Attorney for over 20
 years • 248-808-2711

JULY: Cathy Garrett: Clerk of
 Wayne County

AUGUST: Panel of Wayne County
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Chuck Shivel

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PAMELA A. MEEK
 Assistant Vice President
 Human Resources

12/04

Free Court Forms

Web Site: court.michigan.gov/

Go to Forms

By Ted Orosz

Membership Application

New Member () Renewal ()

ANNUAL DUES Family — \$100.00

(One Address — 2 People)

Single meeting fee for non-members is \$20.00 per person, which will be applied to the annual dues when you join the next month.

(we hope this will encourage people to join)

Fill Out Form and Mail to: R.E.I.A. • 2962 Fort St • Lincoln Park, Michigan 48146 • (313) 386-7228

Make Check Payable to: REIA

Name _____ Spouse _____

Mailing Address _____

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Phone No.: Home _____ Work _____

How did you hear about us??: _____ Referred by a member?? Their Name _____

EMAIL ADDRESS _____

This newsletter is warranted to be free from defects but NOT Guaranteed!!

Next Meetings

REGULAR MEETING

- **Tuesday October 5, 2004**
- **Tuesday November 2, 2004**

BOARD OF DIRECTORS

Members Welcome (CALL FOR TIME & LOCATION)

- **Tuesday October 12, 2004**
- **Tuesday November 9, 2004**

Real Estate Investors Association of Wayne County

2962 Fort Street • Lincoln Park, Michigan 48146
R.E.I.A. 24 hr INFOLINE • (313) 386-7228

**** OFFICERS ****

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Frances Lewis	313-868-0836	Blane Swenson	734 673-4736
Teresa Surowiak	313 218-2106	Des Scanlon	734 844-1874

— LIBRARY - Maggie Gibson or Patrick Brannon
1/2 hr before Meeting —

ASSISTANTS: ----- MARGE MARTIN • BOB COUSINO

 **WEBSITE: reia.waynecounty.org**

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November 12-14, 2004

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03/05

CIVIL RIGHTS COMMISSION

Tenant can keep dog despite no pets policy

By Karen M. Poole

A landlord violated the Michigan Persons With Disabilities Civil Rights Act (PWDCRA) by failing to make an exception to its no pets policy for a tenant who suffered from depression and anxiety, the Civil Rights Commission has ruled.

The landlord argued that it was not required to grant an exception to its no pets policy because the dog was not a service animal.

But the Civil Rights Commission disagreed, ordering the landlord to allow the dog and pay the tenant \$45,000 in damages for emotional distress plus costs and attorney fees. The total award was \$117,749.

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The landlord's "reasoning implies that designation as a service animal is a prerequisite to requiring an accommodation in housing cases," the Commission stated. "Identical to the federal statute, the [PWDCRA] does not require formal school training or designation as a service animal as a prerequisite to an animal being a reasonable accommodation and this Commission sees no basis for imputing such a requirement into the text of the statute that is silent on the subject."

Read the story in the March 8, 2004, issue of Michigan Lawyers Weekly.

Taken from the Rental Property Owner's Association (RPOA)

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Next Meeting

DATE - Tuesday October 5, 2004

PLACE

Holiday Inn **HERITAGE CENTER**
17201 Northline Road
Southgate (at I-75 Exit #37)

TIME

Dinner at 6:00 pm
Registration/ Networking - 7:00 pm
MEETING at 7:30 pm SHARP!
FREE EARLY BIRD SPECIAL 6-6:30

SPEAKER

Gary Segatti purchased his first investment property when he was 17 years old. Closing was delayed until he turned 18. Several years later he had a law degree, a real estate broker's license and today he has been involved in over 500 investment purchases.

Gary teaches a six-week course he calls "Learn the truth about no money down real estate investing." The six week class starts Tues Oct 12 and you can register tonite! Cost is \$300 and will be held at 17177 N Laurel Park • Ste 200, Livonia. At the request of REIA of Wayne County, he will be teaching session one at our October 5th meeting. At 19 years of age **Gary** owned five rental properties because of determination and not because of anything he knew. **Gary** believes that every person teaching a course, himself included, owned a dozen investment properties before they wrote the course they now teach. There are no tricks, no "cookie cutter things to do." Two people with the same knowledge produce different results.

I teach my material over time with assignments between each session involving your effort to purchase a property. Knowing what to do is a small part of success. Commitment and effectiveness are independent of the knowledge. I teach what to do and we explore together why you were or were not effective.

The only reason to miss this class would be an emergency or spending the evening knocking on the doors of people in foreclosure.

This session will be video taped for airing on television at a later date and you must sign a release to participate. You can observe as well if you do not wish to be on camera.

**** There is a recommended assignment in preparation for our October 5, 2004 meeting. Look at ten properties with the intention of buying them. Be prepared to discuss what you did that worked and what you did that did not work. ****

Welcome

to our New/Renewing Members & Guests!!

Thelma Murrel
Lloyd O'Dell
Angela Zalewski
Danyelle Willis
Frank Davis
Gary & Tara Lee
Dan Lee
Bobbie Riley
Cleo Maxie
Dan Irwin
Cherita Rensi

Mike Sandel
Jason Hayburn
Terri Buffum
Mario Loveless
Al Laemmel
Darnell Daniels
Matt Abar
Tom Dillion
William Harris
Peco Ristevski

Please Check out our Library. Maggie Gibson will have the Library available (for 1/2 hr) before our meeting! 7:00 pm - 7:30 pm

Things to think about when setting rents

By Norma Swanson

Cost of Property

1. Basic cost of unit, money down and closing costs to purchase? (If a long term owner, use today's costs if you were buying now. That is your real cost of owning presently.)
2. Monthly payment with and without taxes & insurance?
3. Present (painting, decorating, maintenance) plus future costs (roofs, improvements, appliances, etc.)
4. Special assessments levied by City & increasing taxes.
5. Periods of vacancy.

Standard service call charges in the community (1999)

- Locksmith: \$35.00 truck charge plus time at \$35.00/hour
- Plumber: \$48.00/hour including travel time
- Appliance Repair: \$45.00/hour including travel time
- Lawn/Landscaping/Trimming: \$28.00/hour per person
- Painter: varies on job
- Heating/Cooling: \$48.00/hour plus travel time



What is your time worth?

Who pays for repair or replacement?

Do-it-yourselfer assumes that the person has the time, tools, skills & knowledge to complete the job.

1. Repair/replace of any appliance? A/C, hot water heater, etc.)
2. Furnace (+A/C) repair/replacement?
3. Sewer in street backs up?
4. Clean & renovating?
6. Tree removal?
7. Accounting/check writing?
8. Driveway repairs?
9. Roofs, decks, sidewalk repair?
10. Paint, wallpaper, supplies??
11. Broken windows/doors/screens after vandalism or break-in?
12. Light fixtures repaired or updated?
13. Vinyl flooring & carpet?
14. Sinks/faucets repaired/replaced?
15. Toilet leaking or cracked?
16. Who buys smoke alarms & batteries?
17. Termites found in baseboards?
18. Roaches & mice eradication?
19. Exterior siding or painting?
20. Vacancy rate/loss of rents from remodeling, non-payment, etc.



Consider:

- Who pays for utilities? a. heat b. gas for cooking & hot water c. area lighting
- Who pays for lawn mowing, snow removal and/or equipment?
- Who pays for water and sewer fees, trash removal, recycling, etc.?
- Who buys checks and postage to pay for above? Accounting & tax returns.
- Time involved with all of the phone calls and mileage to complete projects.



AND GUESS WHO GETS THE TAX CREDITS ... RENTERS!!!

Taken from the Rental Property Owner's Association, *the Voice*

12/04



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Consider how hard it is to change yourself and you'll understand what little chance you have of trying to change others.

--Jacob M. Braude

Andy Rooney's TIPS FOR TELEMARKETERS

Three Little Words That Work!!

(1) The three little words are: "Hold on, Please..." Saying this, while putting down your phone and walking off (instead of hanging-up immediately) would make each telemarketing call so much more time-consuming that boiler room sales would grind to a halt. Then when you eventually hear the phone company's "beep-beep-beep" tone, you know it's time to go back and hang up your handset, which has efficiently completed its task. These three little words will help eliminate telephone soliciting.

(2) Do you ever get those annoying phone calls with no one on the other end? This is a telemarketing technique where a machine makes phone call is and records the time of day when a person answers the phone. This technique is used to determine the best time of day for a "real" sales person to call back and get someone at home. What you can do after answering, if you notice there is no one there, is to immediately start hitting our # button on the phone, 6 or 7 times, as quickly as possible. This confuses the machine that dialed the call and it kicks your number out of their system. Since doing this, my phone calls have decreased dramatically.

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THIS IS THE BEST ONE

(3) Another Good Idea: When you get "ads" enclosed with your phone or utility bill, return these "ads" with your payment. Let the sending companies throw their own junk mail away. When you get those "pre-approved" letters in the mail for everything from credit cards to 2nd mortgages and similar type junk, do not throw away the return envelope. Most of these come with postage-paid return envelopes, right? It costs them more than the regular 37 cents postage "IF" and when they receive them back. It costs them nothing if you throw them away! The postage was around 50 cents before the last increase and it is according to the weight.

In that case, why not get rid of some of your other junk mail and put it in these cool little, postage-paid return envelopes.

Another one of Andy Rooney's ideas.

Send an ad for your local chimney cleaner to American Express. Send a pizza coupon to Citibank. If you didn't get anything else that day, then just send them their blank application back! If you want to remain anonymous, just make sure your name isn't on anything you send them. You can even send the envelope back empty if you want to just to keep them guessing!

Eventually, the banks and credit card companies will begin getting their own junk back in the mail. Let's let them know what it's like to get lots of junk mail, and best of all they're paying for it...Twice! Let's help keep our postal service busy since they are saying that e-mail is cutting into their business profits, and that's why they need to increase postage costs again. You get the idea! If enough people follow these tips, it will work!

Submitted by Clara Moorodian

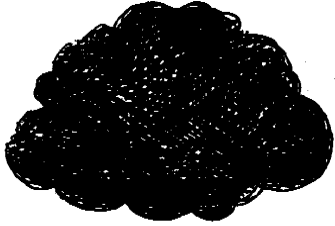
Look Out For Pitfalls When Buying Foreclosures

Q. Perhaps you could inform people about the pitfalls of doing what we did? We purchased a foreclosed house at auction on the courthouse steps for cash, knowing that the back taxes were a lien on it. We paid the back property taxes and tried to get title insurance to make our title better but were told the federal government had a claim.

Two months later when we had already put many repairs in including a new well, we received a letter from the IRS

stating we must pay the previous owners' five years back income taxes or the IRS would claim the house. We had to hire a lawyer, an added expense. The local IRS agent said she had driven by the house and it looked like it was in good condition and was worth more than we had paid. Actually it had been vacant for years and the roof, plumbing, floors and furnace were ruined. Our salvation was a local real estate broker who had tried to sell the house and she spoke to the IRS about its condition. So we waited as we would not put any more into repairs until finally two days after Christmas we called the IRS agent and she said Merry Christmas and the IRS had decided not to take the house. We asked for that in writing and she said no, the government just lets their 120 days after foreclosure expire. We ended up

with a wonderful house built in 1875 but there is still much work to do. Now we're trying again to buy title Insurance.



Gary Segatti

2536 Chalk Farms
Warren, Michigan 48091

Attorney at Law
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Phone 248-808-2711

12/04

A. I'm including your long letter mainly to warn people that buying foreclosures is not as easy as those TV gurus make it sound. You must buy for cash or have financing readily available, you usually can't inspect the interior, you should have legal investigation of other claims on the title before you bid, you will be responsible for back property taxes, in some states other liens can remain on the property and lastly, and IRS liens don't always show up in the public records.

Anyone buying a foreclosure should seek guidance in advance from a local lawyer who is familiar with procedures in that area.

Taken from the Muskegon Area Rental Association Newsletter

01/05



DAVID SMITH
Loan Officer

7305 Grand River Ave., Suite 500
Brighton, MI 48114
Office: (810) 227-5600
Fax: (810) 227-5800
Cell: (734) 658-4619
E-mail: dsmith@mortgageone.biz



Even though taxpayer did not take depreciation, he had to recapture it when property sold

This case has two important elements that investors need to comprehend when renting and then selling rental property. The first has to do with depreciation.

The taxpayer had not claimed depreciation on the rental property in prior years (14 years and 8 months totaling \$26,576). The IRS reduced the basis of the property by the depreciation that the taxpayer had failed, to take. Since the prior years were closed by the statute of limitations, the taxpayer was never able to deduct the \$26,576 in depreciation.

The moral to this story is depreciation is not an optional expense; it is a required deduction. If you fail to take it, it will be taken into consideration in determining your gain as it was here when you sell the property even though you never received any tax benefit for the deduction.

Next, when the taxpayer sold the house he deducted all of his closing expenses including brokerage commissions, title insurance, dosing fee, title insurance, recording fees, property taxes and outstanding water bills. The IRS denied the deduction for the water bills and the property taxes totaling \$1,237.68. The IRS pointed out that these were operating expenses for the rentals and not costs that can be deducted at the time of sale. The taxpayer refused to accept this position and filed suit.

The easiest solution would have been to simply reclassify the expense to an operating expense and then there would be no argument.

The issues in this case had to do with the proper accounting for expenses related to rental property.

If the taxpayer does not know or understand the law then he needs to hire someone that does.

03/05

Downriver

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Cherise L. Zulewski
Owner/Agent

Shirl L. Schelevitz
Owner

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Taken from Rental Property Owner's Association & reprinted from the Muskegon Area Rental Association Newsletter

Training Tenants - Set The Standards

At the time of the lease signing and before handing over the keys to any resident, say to all new residents that you would like to take a couple of minutes to explain some of your deeply held convictions and beliefs. This way, if residents have any problems in the future, they will know exactly where you stand.

Jay Long, a successful rental owner, real estate writer and instructor calls this your “training session”. Here’s what he suggests that you convey during this session.

Thank tenants for becoming your customers and explain how you will provide prompt service when needed, with the understanding they will stay in your home for several years (hopefully 5 or more).

Explain to them your definition of the rental agreement they signed, and what you expect of them. You provide the home with good working mechanical systems and they pay on time, in full, and stay the full term of the lease.

Have tenants sign off on a “Forfeiture of Security Deposit” form, which states if they move early or break the lease in any way, they forfeit the deposit.

Have tenants sign off on a “Tenant Maintenance Responsibility List”. List every thing you can possibly think of the tenant breaking. If they use it and they break it, then they are responsible to fix it. (You only handle the mechanicals; HVAC, water heater, electric box, roof, and water supply to the house.)

Show tenants in writing, their expected life problems over a five-year period, also called “The most common reasons for tenants not paying”.

- You or your spouse will most likely change jobs.
- You and other family members will get sick, causing you to miss work.
- Your car will need a major emergency repair.

Show tenants your billing statement, late letter and your attorney’s eviction letter. Explain how after the eviction letter, everything is done through the attorney, how their problems don’t change things.



Jane Scarlett
Homeless Programs Director

3715 W. Jefferson
Ecorse, MI 48229

(313) 843-2550 Ext. 224
Fax (313) 841-7540
jscarlett@waynemetrol.org

Wayne-Metropolitan
Community Action Agency

09/05

Taken Mr. Landlord & reprinted from Muskegon Area Rental Association Newsletter