



**REAL ESTATE INVESTORS ASSOCIATION
WAYNE COUNTY**

WEBSITE: reilawaynecounty.org

24 hr info line: 313-347-1401

Fax; 313-386-7600

MAILING: 2962 Fort St

Lincoln Park, Michigan 48146

Welcome

To New & Returning Members

Shirley & Sonam Phuntsok - N

Fatmir Sinani - N

Leon McConnell - R

Rosalind Tsmine - N

James Bergeron - G

Joseph Burley - G

Tony Smith - G

Eureleen Tucker - G

Karen Hughes - G

Brenda Jordan - G

SPEAKER/TOPIC

**Christmas Party
at Crystal Gardens**

See Inside Pages

CHRISTMAS PARTY

The 1st Annual Christmas Party is on December 7th 2010. It will be held at Crystal Gardens, 16703 Fort Street, Southgate at 6:00 pm

All-You-Can-Eat Dinner and a Premium Open Bar for the entire night

Tickets are \$30.00 mailed to us at- (Checks made out to R.E.I.A.) 2962 Fort St, Lincoln Park, MI 48146 and include your name, address and telephone #

For More Information or Questions

Bill Beddoes • 734-934-9091

Wayde Koehler • 313-819-0919

Rose Papp • 313-383-6592

It's that time again!!

We are looking for a few new Board Members. If you or someone you know would make an excellent addition to, contribution to, and want to participate in the growth and expansion of REIA of Wayne County, please submit their/your name(s).*

They must attend a Board Meeting (October or November)

*** Please submit on our website or call Wayde 313.277.4168**

Membership Application

New Member () Renewal ()

ANNUAL DUES Family — \$125.00 - (One Address — 2 People)

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

(we hope this will encourage people to join)

Fill Out Form and Mail or Fax to: R.E.I.A. • 2962 Fort St • Lincoln Park, Michigan 48146

Make Check Payable to: REIA — (313) 347-1401 Fax: (313) 386-7600

Name _____ Spouse _____

Mailing Address _____

City/State/Zip _____

Phone No.: Home _____ Work _____

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

Business Name(if applicable) _____

EMAIL ADDRESS _____ **Can you volunteer some time, talent or information??**

Tell us the companies you use and see if we can advertise for them.

FOR RENEWING MEMBERS: Any questions/comments on how to better our organization??

Real Estate Investors Association of Wayne County

2962 Fort Street • Lincoln Park, Michigan 48146
R.E.I.A. 24 hr INFOLINE • (313) 313-347-1401
24hr Fax Line: (313) 386-7600

WEBSITE: www.reiawaynecounty.org

NEXT MEETINGS

REGULAR MEETING

CHRISTMAS PARTY

• Tuesday January 4, 2011

BOARD OF DIRECTORS

Members Welcome (CALL FOR TIME & LOCATION)

• Tuesday December 14, 2010

• Tuesday January 11, 2011

** OFFICERS **

PRESIDENT	WAYDE KOEHLER	(313) 277-4168
TREASURER	WAYDE KOEHLER	(313) 277-4168
VICE PRESIDENT	BILL BEDDOES	(734) 934-9091
PARLAMENTARIAN	BILL BEDDOES	(734) 934-9091
SECRETARY	Bill Dufrin	(517) 896-0516

** TRUSTEES **

David Kovacs	734-284-3727	Frank Jaros	734-283-7169
Keith Lenard	734-778-0823	Richard Nagy	734-283-1754
Rose Papp	313-383-6592		

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

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

Around Town with Real Estate Investor Groups

(call each group for details)

- **OAKLAND R.E.I.A.** *2nd Thursday of the Month*
www.ReiaofOakland.com
- **D.O.L.L.A.R.S. Group** *3rd Thursday of the Month*
Mound & 13 Mile
www.dollars.org
- **Macomb Property Owners Association** *1st Thursday of the Month*
Cocktails/Dinner 6-6:30 pm • Meeting 7:00 pm
For More Info Call: 586-977-7372
- **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** *3rd Tuesday of every Month*
Northwest Activity Center
877-247-3372
- **Real Estate Investors Association of Wayne County (REIA of Wayne Co)** *1st Tuesday of every Month*
6:00 pm Networking-FREE
7:15 Announcements of Property for Sale
7:30 pm Meeting
(313) 347-1401 • 24 hr Answering Machine
- **Jackson Area Landlords** *4th Monday of every Month*
6:30 pm Meeting
- **Toledo Real Estate Investors**
Sullivan Hall @Gescu Parish
2049 Parkside @Bancroft
6:45 pm Meeting
(419) 283-8427
- **Southeast Michigan Real Estate Investor Association** *1st and 3rd Wednesday of every Month*
39555 Orchard Hill Place
Novi, Michigan
(248) 692-1100

Weatherization Works Program now includes furnaces and water heaters for rental properties

The Kent County Weatherization Works program was recently modified to now include replacement furnaces and water heaters where a rental property is rented by a qualifying low income tenant.

For Low-income Home Weatherization Program is a program to conserve energy and reduce the heat costs of low-income families in Michigan. ACSET/CAA determine applicant eligibility (the tenant must apply for the assistance even though the program will fund improvements to the landlords property). These organizations also carry out the program's inspections and the hiring of private contractors.

Landlords are required to sign an agreement that states they will not raise rents for two years, based solely on the value of the weatherization services provided.

For more information on the program, call 336-4023.

Reprinted from the Rental Property Owners Association (RPOA) - the Voice



**NO MEETING
AT THE
HOLIDAY INN**

🏠 HOME BUYERS 🏠 INVESTORS 🏠

Why get trumped?? Negotiate like a pro.

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6/10

For a reference see Wayde
Rick — Cell 734-306-7907 • Home 734-591-9634

This is dedicated to all of us who are seniors, to all of you who know seniors, and to all of you who will become seniors.



"WHERE is my SUNDAY paper?!"
The irate customer calling the newspaper office, loudly demanded to know where her Sunday edition was.

"Madam", said the newspaper employee,
"today is Saturday. The Sunday paper is not delivered until tomorrow, on SUNDAY."

There was quite and long pause on the other end of the phone, followed by a ray of recognition as she was heard to mutter,

"Well, crap, that explains why no one was at church today!"



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12/10



Section 8 Questions???
Call Jane Scarlett

Wayne Metropolitan Community Action Agency
Housing Agent for the Michigan State Housing
Development Authority

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jscarlett@waynemetrometro.org

Wayne Metropolitan
Community Action Agency

05/10

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12/09



Want more profit and less tenant debt?

By Bill Grey

An organized landlord is a more profitable landlord. I have reviewed many thousands of tenant debtor files, and one thing is certain; by looking at a tenant file after the tenant moves out, I can usually tell you fairly accurately how the property is being managed. A well-organized landlord who documents everything has less tenant debt, and, as a result enjoys more profit.

Organize your files logically and consistently. At least half of the files I review are a little more than a pile of unorganized papers thrown into a file folder; and often very important documents are missing altogether. What does an organized file like this tell you about how the landlord manages his or her property? File your documents and paperwork logically and neatly in a file folder with brackets on each side of the folder. Two-hole punch the top of each document and file them in a way that works for you. Some landlords put all "pre-move in" documents on one side and all other documents on the other. It makes no difference how you organize the material, as long as you or a co-worker can put their hands on a specific document quickly and efficiently.

What should be included in the file? Remember, my view of the industry is from that of a tenant debt perspective. I am sure there are documents, such as marketing results, welcome letters, etc., that you will want to include in addition to what I suggest.

Here are the documents I am looking for when reviewing a landlord file that has a balance owed by a previous tenant:

Signed rental application

The best landlords require the prospective tenant to fill out the application completely and legibly. Don't let your eagerness to rent the unit get in the way of requiring a complete, legible and signed application. The signature is required to authorize you to view the applicant's credit. The application should be completed in black ink. Colored ink does not copy well. Also, do not use colored paper or ink colors other than black to print the blank application; they do not copy well either.

Court ordered money judgment

This is not required in order to attempt to collect the debt. But, if you have sued the previous tenant and won, this document is needed.

Copies of driver's licenses for all adults who sign the lease

This picture ID may be needed for various reasons, but for my purposes, I may need it to verify or debunk later claims of identity fraud by the now previous tenant who owes you money.

Complete executed lease and addendums

All adults who live in the unit must sign the lease,

Move-out statement

This document is called by different names in different states. It is a document that gives all the tenant information on one page. It is not the ledger. This page should include the move-in and move-out dates, the unit address, the names of all adult occupants and a breakdown of all charges after the tenant moves out, such as unpaid rent, damages, etc. It should also show how any deposits were refunded or were applied to the amount due upon move-out.

Move- in/move-out inspection

A common mistake for landlords is failing to inspect the rental unit with the tenant before they move in, This mistake alone costs landlords a great deal for profit. It is very important that both the landlord and tenant sign the move-in checklist. At the move-out, always attempt to inspect the unit with the tenant. Hopefully, they will be available to inspect the site with you and sign the move-out portion of the form. Take pictures during both inspections. Some landlords also use a black light stick to identify pet urine in the carpet during both inspections.

Co-signer agreement and application

If the tenant had a co-signer, you should have a rental application and agreement signed by the co-signer on file. Why do some landlords not review the credit of a co-signer? This puzzles me. What good is a co-signer if they do not pay their bills'?

Roommate release

Anyone who wishes to leave your rental unit before the lease expires must be released from the lease by

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(continued from More Profit, Less Tenant Debt)

all other signees, including the landlord. A copy of this release should be given to everyone involved.

Communications log

If you are not using a communications log, begin using one immediately; they are extremely important. Log any communication from and to the tenant.

Receipts

Keep copies of all receipts for carpet cleaning, trash removal. legal fees, etc.

Copies of rent checks

Few landlords copy the checks tenants use to pay their rent. The check contains information such as the bank name, account number and cell phone numbers that may be helpful for recovering debt after move-out. Of course, also keep copies of any returned checks.

Certified mail receipts and returned mail

Many states require that the landlord mail the previous tenant a statement within a certain number of days after move-out that shows how the landlord applied any deposits. Often, these statements are returned as undeliverable or unaccepted. It is very important to keep all mail receipts and any returned mail in the tenant file. Many landlords staple the mail receipt to their copy of the move-out statement. You may have to prove that you followed the law in notifying the previous tenant of how you applied the deposit.

Being organized is simply a good business practice. When you manage one rental unit or a thousand, being organized and consistent will make you a better landlord and put more of the profit in your pocket.

Editor's note: And in these economic times, getting additional profit can be the difference between positive or negative cash flow.

Reprinted from A OA News and Buyers Guide and taken from the Rental Property Owners Association (RPOA) - the Voice

Frank Lucarelli
Account Executive



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Woodhaven, MI 48183
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04/10

**Don't Forget About
New Board
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See Front Page!

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ApPrint1@aol.com

Send us your email for meeting reminders and to get your newsletter sent to you. Or fax your email address to us at 313-386-7600 or call and leave it on the 24hr Real Estate Investor Line at 313-347-1401

A primer on short sales

When the sale price of a home is not enough to cover the mortgage(s) on the home, the sale can only close if one of two things happen: either the sellers bring money to the closing or the sellers' lender agrees to take less than the amount owed. While in both situations, the sale price is "short," it is the second situation that is commonly referred to as a "short sale."

Perhaps the most important thing to keep in mind with respect to short sales is that a lender is not required to take less than the balance owed. Moreover, when the lender receives a request to consent to a short sale, the lender is not required to respond quickly or even at all. Because the approval of a short sale is wholly discretionary, a lender can ignore the request, reject the request, or approve the request subject to a whole list of conditions. If the lender approves the sale, in order for the transaction to proceed, the sellers and the buyers must agree to any conditions imposed by the lender.

Sellers and buyers frequently ask under what circumstances a lender will approve a short sale. There is no correct answer to that question. Different lenders apply different rules. Employees within the same lending institution may look at the same rule differently. Lenders themselves often change their own rules from month-to-month or even week-to-week.

In a perfectly rational world, lenders would always approve a short sale in those instances where the proceeds that the lender will receive from the short sale exceed the amount that the lender would receive if it foreclosed the home and pursued the sellers for

HOPE YOU CHECKED OUT OUR LIBRARY!

Keith Lenard will have the Library available (for 1/2 hr) before our meeting or reserve a book by calling Keith at 734-778-0823 or kal70rs@aol.com

7:00 pm - 7:30 pm

the shortfall. But even in this rational world, in order to make such an analysis, a lender must be comfortable that it has accurate information both as to the value of the home and the sellers' financial condition. Typically, much of the short sale process is focused on convincing a lender that it has accurate information and that based on this information, the short sale should be approved.

In some cases, a seller may accept multiple offers to purchase, making them all contingent upon approval by the seller's lender and the seller's approval of the lender's terms. While this practice is discouraged because of potential inherent risks to the seller in accepting multiple offers, it does occur. The buyer making the highest cash offer, or what that buyer may view as the best offer, may believe they are entitled by law to purchase the property. That is not the case. The lender can approve any offer based on numerous factors other than the offering price. There is no law requiring the lender to accept the highest or best offer in the eyes of a buyer.

In the real world, a lender will never simply approve a short sale; instead, the lender will approve the short sale subject to a whole list of conditions. Often the document setting forth the lender's "conditions" is longer than the purchase agreement itself. Keep in mind that this tender approval document is not "boilerplate" and should be read carefully by both the buyer and the seller. While these "conditions" are seldom negotiable, buyers and sellers are well-advised to seek the assistance of counsel in order to clearly understand their rights and obligations should they choose to accept the lender's conditions.

(Cont Next Page)



Continued from other page - A Primer on Short Sales

Remember, there are few laws that regulate the terms of a home sale transaction; rather, the transaction is governed by the terms of the sales contract. Over the years, many terms have become so standard that many people assume that they are dictated by law, when in fact they are nothing more than typical contract terms for the purchase of a home. Often times the “conditions” that a lender imposes when it approves a short sale expressly alter some of these typical contract terms. It is therefore critical that these “conditions” be reviewed very carefully. Again, it is unlikely that a party will be able to get a lender to change any of these provisions; nonetheless, a party needs to understand these “conditions” when analyzing the transaction. For example, a buyer who has negotiated what he believes to be a great short sale price on a home should take into account the seller’s expenses that he is being required to assume when comparing that transaction to a standard home purchase.

It is also likely that a short sale buyer will be purchasing a home that may need numerous repairs. A lender’s conditions for approving a short sale typically provide that the buyer has no recourse in the event that there were misrepresentations made as to the condition of the home and/or material defects that the sellers did not disclose. Moreover, sellers who have been facing foreclosure for many months typically have not had the funds (or the desire) to properly maintain the property. A short sale buyer is well-advised to have the home carefully inspected.

Finally, the lender’s approval of a short sale typically includes a provision which states that the lender can terminate the transaction for any number of reasons right up until the time of closing. For this reason, a short sale buyer is well-advised to keep his options open until the transaction is finally closed. A buyer with a moving truck in the driveway the day before closing will be in a very difficult position if the transaction fails to close.

Rental Property Owner’s Association (RPOA) - the Voice,

NO MEETING AT THE HOLIDAY INN

Forget the Doors, Lose the Car Payment

Dear Mary, My husband and I are expecting our first child in December and we are thrilled. We have two cars: a 2008 model with a monthly payment of \$350 and an older car with a monthly payment of \$270. My husband would like to trade the 2008 for a car with four doors. We believe we could get a lower payment on a new

car due to the recession. However, I am reluctant. I plan to quit my job after the baby is born. If we could trade his car in for a lower payment and still get a four-door model, would that be a good financial decision? A lower car payment would help make the transition easier.

Melanie C., Arkansas

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NEW Member Application

Please fill out our form when you come to the meeting. We need your email address so we can send you the newsletter & alerts and updates!!

Dear Melanie, That would not be a good decision. Look, in a few months, your lives are going to change in ways you could have never imagined. Your expenses are going to soar while your income takes a dive. The number of car doors you have is so not important in light of your current \$620 combined car payments. You need to sell the better of the two cars to lose its monthly payment and all of its related expenses, including insurance, registration, gasoline, maintenance and repairs. That will be a start in getting your expenses below single-income. Contrary to popular belief, a stay-at-home mom does not require a car. It takes planning and coordination, but you can become a single-car family. I wish you well as you enter this new and exciting chapter of your lives.

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Small Business Health Care Tax Credit: Frequently Asked Questions

The new health reform law gives a tax credit to certain small employers that provide health care coverage to their employees, effective with tax years beginning in 2010. The following questions and answers provide information on the credit as it applies for 2010-2013, including information on transition relief for 2010. An enhanced version of the credit will be effective beginning in 2014. The new law, the Patient Protection and Affordable Care Act, was passed by Congress and was signed by President Obama on March 23, 2010.

Employers Eligible for the Credit

1. Which employers are eligible for the small employer health care tax credit?

A. Small employers that provide health care coverage to their employees and that meet certain requirements (“qualified employers”) generally are eligible for a federal income tax credit for health insurance premiums they pay for certain employees. In order to be a qualified employer, (1) the employer must have fewer than 25 full-time equivalent employees (“FTEs”) for the tax year, (2) the average annual wages of its employees for the year must be less than \$50,000 per FTE, and (3) the employer must pay the premiums under a “qualifying arrangement” described in Q/A-3. See Q/A-9 through 15 for further information on calculating FTEs and average annual wages and see Q/A-22 for information on anticipated transition relief for tax years beginning in 2010 with respect to the requirements for a qualifying arrangement.

2. Can a tax-exempt organization be a qualified employer?

A. Yes. The same definition of qualified employer applies to an organization described in Code section 501(c) that is exempt from tax under Code section 501 (a). However, special rules apply in calculating the credit for a tax-exempt qualified employer. A governmental employer is not a qualified employer unless it is an organization described in Code section 501 (c) that is exempt from tax under Code section 501 (a). See Q/A-6.

Calculation of the Credit

3. What expenses are counted in calculating the credit?

A. Only premiums paid by the employer under an arrangement meeting certain requirements (“a-qualifying arrangement”) are counted in calculating the credit. Under a qualifying arrangement, the employer pays premiums for each employee enrolled in health care coverage offered by the employer in an amount equal to a uniform percentage (not less than 50 percent) of the premium cost of the coverage. See Q/A-22 for information on transition relief for tax years beginning in 2010 with respect to the requirements for a qualifying arrangement.

If an employer pays only a portion of the premiums for the coverage provided to employees under the arrangement (with employees paying the rest), the amount of premiums counted in calculating the credit is only the portion paid by the employer. For example, if an employer pays 80 percent of the premiums for employees’ coverage (with employees paying the other 20 percent), the 80 percent premium amount paid by the employer counts in calculating the credit. For purposes of the credit (including the 50-percent requirement), any premium paid pursuant to a salary reduction arrangement under a section 125 cafeteria plan is not treated as paid by the employer.

In addition, the amount of an employer’s premium payments that counts for purposes of the credit is capped by the premium payments the employer would have made under the same arrangement if the average premium for the small group market in the state (or an area within the state) in which the employer offers coverage were substituted for the actual premium. If the employer pays only a portion of the premium for the coverage provided to employees (for example, under the terms of the plan the employer pays 80 percent of the premiums and the employees pay the other 20 percent), the premium amount that counts for purposes of the credit is the same portion (80 percent in the example) of the premiums that would have been paid for the coverage if the average premium for the small group market in the state were substituted for the actual premium.

4. What is the average premium for the small group market in a state (or an area within the state)?

A. The average premium for the small group market in a state (or an area within the state) is determined by the Department of Health and Human Services (HHS). Revenue Ruling 2010-13 sets forth the average premium for

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the small group market in each state for the 20 10 taxable year. For the 20 10 taxable year, HHS may provide additional average premium rates for the small group market for areas within some states (sub-state rates). These additional sub-state rates will be published by the IRS and will not be lower than the applicable rate for each state that is set forth in RR-2010-13.

5. What is the maximum credit for a qualified employer (other than a tax-exempt employer)?

A. For tax years beginning in 20 10 through 2013, the maximum credit is 35 percent of the employer's premium expenses that count towards the credit, as described in Q/A - 3.

Example: For the 20 10 tax year, a qualified employer has 9 FTEs with average annual wages of \$23,000 per FTE. The employer pays \$72,000 in health care premiums for those employees (which does not exceed the average premium for the small group market in the employer's state) and otherwise meets the requirements for the credit. The credit for 20 10 equals \$25,200 (35% x \$72,000).

6. What is the maximum credit for a tax-exempt qualified employer?

A. For tax years beginning in 2010 through 2013, the maximum credit for a tax-exempt qualified employer is 25 percent of the employer's premium expenses that Count towards the credit, as described in Q/A-3. However, the amount of the credit cannot exceed the total amount of income and Medicare (i.e., hospital insurance) tax the employer is required to withhold from employees' wages for the year and the employer share of Medicare tax on employees' wages.

Example: For the 20 10 tax year, a qualified tax-exempt employer has 10 FTEs with average annual wages of \$21,000 per FTE. The employer pays \$80,000 in health care premiums for those employees (which does not exceed the average premium for the small group market in the employer's state) and otherwise meets the requirements for the credit. The total amount of the employer's income tax and Medicare tax withholding plus the employer's share of the Medicare tax equals \$30,000 in 20 10.

The credit is calculated as follows:

- (1) Initial amount of credit determined before any reduction: $(25\% \times \$80,000) = \$20,000$
- (2) Employer's withholding and Medicare taxes: \$30,000
- (3) Total 20 10 tax credit is \$20,000 (the lesser of \$20,000 and \$30,000).

7. How is the credit reduced if the number of FTEs exceeds 10 or average annual wages exceed \$25,000?

A. If the number of FTEs exceeds 10 or if average annual wages exceed \$25,000, the amount of the credit is reduced as follows (but not below zero). If the number of FTEs exceeds 10, the reduction is determined by multiplying the otherwise applicable credit amount by a fraction, the numerator of which is the number of FTEs in excess of 10 and the denominator of which is 15. If average annual wages exceed \$25,000, the reduction is determined by multiplying the otherwise applicable credit amount by a fraction, the numerator of which is the amount by which average annual wages exceed \$25,000 and the denominator of which is \$25,000. In both cases, the result of the calculation is subtracted from the otherwise applicable credit to determine the credit to which the employer is entitled. For an employer with both more than 10 FTEs and average annual wages exceeding \$25,000, the reduction is the sum of the amount of the two reductions. This sum may reduce the credit to zero for some employers with fewer than 25 FTEs and average annual wages of less than \$50,000.

Example: For the 2010 tax year, a qualified employer has 12 FTEs and average annual wages of \$30,000. The employer pays \$96,000 in health care premiums for those employees (which does not exceed the average premium for the small group market in the employer's state) and otherwise meets the requirements for the credit.

The credit is calculated as follows:

- (1) Initial amount of credit determined before any reduction: $(35\% \times \$96,000) = \$33,600$
- (2) Credit reduction for FrEs in excess of 10: $(\$33,600 \times 2/15) = \$4,480$
- (3) Credit reduction for average annual wages in excess of \$25,000: $(\$33,600 \times \$5,000/\$25,000) \$6,720$
- (4) Total credit reduction: $(\$4,480 + \$6,720) = \$11,200$
- (5) Total 2010 tax credit: $(\$33,600 - \$11,200) = \$22,400.$



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8. Can premiums paid by the employer in 2010, but before the new health reform legislation was enacted, be counted in calculating the credit?

A. Yes. In computing the credit for a tax year beginning in 2010, employers may count all premiums described in Q/A3 for that tax year.

Determining FTEs and Average Annual Wages

9. How is the number of FTEs determined for purposes of the credit?

A. The number of an employer's FTEs is determined by dividing (1) the total hours for which the employer pays wages to employees during the year (but not more than 2,080 hours for any employee) by (2) 2,080. The result, if not a whole number, is then rounded to the next lowest whole number.

Example: For the 2010 tax year, an employer pays 5 employees wages for 2,080 hours each, 3 employees wages for 1,040 hours each, and 1 employee wages for 2,300 hours.

The employer's FTEs would be calculated as follows:

(1) Total hours not exceeding 2,080 per employee is the sum of:

- a. 10,400 hours for the 5 employees paid for 2,080 hours each (5 x 2,080)
- b. 3,120 hours for the 3 employees paid for 1,040 hours each (3 x 1,040)
- c. 2,080 hours for the 1 employee paid for 2,300 hours (lesser of 2,300 and 2,080)

These add up to 15,600 hours (2) FTEs: 7 (15,600 divided by 2,080 = 7.5, rounded to the next lowest whole number)

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10. How is the amount of average annual wages determined?

A. The amount of average annual wages is determined by first dividing (1) the total wages paid by the employer to employees during the employer's tax year by (2) the number of the employer's FTEs for the year. The result is then rounded down to the nearest \$ 1,000 (if not otherwise a multiple of \$ 1,000). For this purpose, wages means wages as defined for FICA purposes (without regard to the wage base limitation).

Example: For the 2010 tax year, an employer pays \$224,000 in wages and has 10 FTEs.

The employer's average annual wages would be: \$22,400 (\$224,000 divided by 10 = \$22,400, rounded down to the nearest \$1,000)

11. Can an employer with 25 or more employees qualify for the credit if some of its employees are part-time?

A. Yes. Because the limitation on the number of employees is based on FTEs, an employer with 25 or more employees could qualify for the credit if some of its employees work part-time. For example, an employer with 46 half-time employees (meaning they are paid wages for 1,040 hours) has 23 FTEs and therefore may qualify for the credit.

Credit Reports for Tenant Screening can be obtained locally at Credit Bureau Services, Inc. You must bring a copy of your prospective tenant's application with a \$30.00 fee. This service takes only 15 minutes for a hard copy report.

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A-12/09

Tax-Free Employer-Provided Health Coverage Now Available for Children under Age 27

As a result of changes made by the recently enacted Affordable Care Act, health coverage provided for an employee's children under 27 years of age is now generally tax-free to the employee, effective March 30, 2010.

The Internal Revenue Service announced that these changes immediately allow employers with cafeteria plans - plans that allow employees to choose from a menu of tax-free benefit options and cash or taxable benefits - to permit employees to begin making pre-tax contributions to pay for this expanded benefit.

IRS Notice 2010-38 explains these changes and provides further guidance to employers, employees, health insurers and other interested taxpayers.

"These changes give employers a unique opportunity to offer a worthwhile benefit to their employees," IRS Commissioner Doug Shulman said. "We want to make it as easy as possible for employers to quickly implement this change and extend health coverage on a tax-favored basis to older children of their employees."

This expanded health care tax benefit applies to various workplace and retiree health plans. It also applies to self-employed individuals who qualify for the self-employed health insurance deduction on their federal income tax return.

Employees who have children who will not have reached age 27 by the end of the year are eligible for the new tax benefit from March 30, 2010, forward, if the children are already covered under the employer's plan or are added to the employer's plan at any time. For this purpose, a child includes a son, daughter, stepchild, adopted child or eligible foster child. This new age 27 standard replaces the lower age limits that applied under prior tax law, as well as the requirement that a child generally qualify as a dependent for tax purposes.

The notice says that employers with cafeteria plans may permit employees to immediately make pre-tax salary reduction contributions to provide coverage for children under age 27, even if the cafeteria plan has not yet been amended to cover these individuals. Plan sponsors then have until the end of 2010 to amend their cafeteria plan language to incorporate this change.

In addition to changing the tax rules as described above, the Affordable Care Act also requires plans that provide dependent coverage of children to continue to make the coverage available for an adult child until the child turns age 26. The extended coverage must be provided not later than plan years beginning on or after Sept. 23, 2010. The favorable tax treatment described in the notice applies to that extended coverage.

Information on other health care provisions can be found on this website, IRS.gov.

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— WEB SITE CORNER —

This new column of useful website addresses is a new addition to our newsletter format. If you wish to have a website featured in this column please email reianews@aol.com

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www.nationalreia.com National Headquarters
www.irs.gov IRS web site
www.bendover.com Govt. Red Tape Help
[www. taxsites.com](http://www.taxsites.com) Tax and Accounting
www.unclefed.com Online Tax Resource
www.courts.michigan.gov/ Michigan Courts
<http://www.michigan.gov/taxtrib> Tax Appeals
<http://www.ask-the-rehabber.com>

State Criminal Records:

www.state.mi.us/mdoc/asp/otis2.html Offender Tracking System (OTIS)
<http://apps.michigan.gov/ichat/home.aspx> Criminal History Check (ICHAT)
<http://www.oakgov.com/crtsOO04/main> Oakland County District Court Case Search
www.mipsor.state.mi.us/ Michigan Sex Offender: (PSOR)

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www.realtor.com
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www.fsbo.com
www.hud.org
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Need to find someone?

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— **MEETING AGENDA** —

- 6:00** - Investor Educational Forum - **(FREE)**
or Dinner in the Dining Room with other
members & investors
- 6:45** - Registration
- 7:15** - Member Presentation of Deals and/or
Services
- 7:30** - Meeting — **(\$20.⁰⁰ FOR GUESTS)**

ATTORNEYS AT LAW

Free Simple Legal Advice

- **Peter C. Rageas CPA, MST**
(313) 961-8400
(313) 961-0090 fx

- **John Payne**
(313) 562-5700

- **Paul Nida**
(248) 643-7141

- **Gary Segatti**
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NEXT MEETING

DATE Tuesday December 7, 2010
PLACE Holiday Inn
 17201 Northline Road
 Southfield, MI 48034 (at I-75 Exit #10)
TIME - DOORS TO 7:00 PM
RE-OPEN TO THE PUBLIC
 Invited Educational Forum at 6:00 pm
 Dinner w/other members and investors
 in Evening Room

— Registration - 7:00 pm DOORS OPEN
Guest is \$20.00 per person, which will be applied to the annual dues if you join the next month.

— Meeting at 7:30 pm Sharp!

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