

## NEXT MEETING

**DATE** Tuesday April 6, 2010

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

**TIME - 6:00 PM TO 7:00 PM**

**FREE-OPEN TO THE PUBLIC**

1. Investor Educational Forum at 6:00 pm  
or
2. Dinner w/other members and investors in  
Dining 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.**

**BUY • SELL • TRADE**

— Meeting at 7:30 pm Sharp!

### **SPEAKER/TOPIC**

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## Welcome

**To New & Returning Members**

**Alan Stirling - G**  
**Nate Stull - G**  
**Jeff Schlacht - G**  
**Lonnie Taylor - N**  
**Javed Mohammad - N**  
**Willie Williams - R**  
**Jerome Falwell - N**  
**Aaron Dake - R**  
**Larry Bays - R**

**Subject: DTE anti-theft package.**  
Your state representatives are  
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[housemgt@comcast.net](mailto:housemgt@comcast.net)  
Wayde Koehler, President**

# 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 to: R.E.I.A. • 2962 Fort St • Lincoln Park, Michigan 48146 • (313) 347-1401

Make Check Payable to: REIA

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??**

## Next Meetings

### REGULAR MEETING

- **Tuesday April 6, 2010**
- **Tuesday May 4, 2010**

### BOARD OF DIRECTORS

Members Welcome (CALL FOR TIME & LOCATION)

- **Tuesday April 13, 2010**
- **Tuesday May 11, 2010**

## **Real Estate Investors Association of Wayne County**

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WEBSITE: [reiawaynecounty.org](http://reiawaynecounty.org)

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

— LIBRARY - Keith Lenard 1/2 hr before Meeting —  
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*  
811 W. Square Lake Rd  
MSU-MEC (Just East of Crooks Rd)  
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  
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

## The Coming Foreclosure Flood

By Alyssa Katz

Heartened by the recent rise in home prices? Don't get too comfortable. Standard & Poor's, the credit-rating agency that tells investors what mortgage-backed securities are worth, reports that the increase was just an illusion. It predicts the nation is about to see a deluge of new foreclosures that will drive real estate values back down. Blame the "shadow inventory" – nearly 1.8 million homes that are on the road to foreclosure but for all kinds of reasons haven't gotten there yet.

Many homeowners have fallen behind on their mortgages or stopped paying, but foreclosure has not yet arrived. Mortgage servicers, the folks who send you the bills and file for foreclosure when you can't pay them, are overwhelmed. Courts, too, are backed up. Mortgage modifications and foreclosure moratoriums have put off the day of reckoning for borrowers, but not forever. And unemployment is sabotaging more homeowners every day. Out of more than \$1.6 trillion in existing mortgages that were packaged into mortgage-backed securities by Wall Street, some \$425 billion worth are extremely late on their payments, and therefore likely to go into foreclosure. Only a fraction of borrowers who fall seriously behind are able to catch up, with the help of a loan modification. And even then the majority end up falling behind again. That amount of bad mortgage debt has been spiking up every month, slowing down just a little thanks to the government's Home Affordable Modification Program, but still continuing to rise.

Meanwhile, even as the amount of unpaid mortgage debt rises, the number of foreclosed, bank-owned homes for sale has been holding fairly steady. That tells us that the number of foreclosures for sale on the market is actually just a sliver of all the ones that are really out there. S&P's chilling conclusion: "Overall, it is our opinion that recent positive housing reports should not be construed as a sign that the distress in the residential housing market is abating, but rather should be attributed to the temporarily limited supply of homes on the market. "The bottom line: just counting the homeowners who are currently behind on their mortgages, along with the existing number of foreclosures for sale, at the current pace it will take nearly three years to sell all the foreclosures out there. That doesn't include all the borrowers who haven't fallen behind yet but are going to, because of unemployment or because their Option ARM payments are spiking up or because they just decide to stop paying. The shadow inventory is equal to half the size of the entire market of homes for sale. When it starts getting listed, expect home prices in areas with lots of foreclosures to plummet. Yes, more

Reprinted from Housingwatch.com and submitted by Frank Jaros

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*Chuck Shivel - Buyers Broker*

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# Real Estate Marketing Tips and “The Power of Marketing Systems”

By Than Merrill

How did you find that deal? That is the number one question I am asked by other investors at my real estate investing seminars whenever I go through different real estate deal case studies. If you are an experienced real estate investor you can probably relate to this statement.

The answer is the “Real Secret” to the business. Unfortunately, most real estate guru’s only touch on the importance of finding deals. Touching on the importance of marketing is not enough. YOU MUST SERIOUSLY FONDLE THIS ISSUE! Most of these so called real estate guru’s will give you ideas of how to find deals, but ideas are not enough! I have seen many entrepreneurs fail who have had good ideas. What investors really need is to understand the importance of marketing and marketing systems. Marketing is your business and marketing systems are what bring your deals consistently!

**Real Estate Marketing Tip #1 - Become a Marketing Major**  
The most successful real estate investors have dedicated their time to learning the details of their business. These people have usually sacrificed numerous weekend vacations and instead spent the time learning more about their business. These elite investors understand that successful marketing takes hard work, continual follow up, and a thorough knowledge of marketing. In this game the most informed players always win and the more you know about the subject the more money you will make. The top-tier of investors, who are buying 50- 100 houses a year, are continually learning, testing, and improving their marketing campaigns.

**Real Estate Marketing Tip #2 - You Must Become Systems Orientated!**  
You are now a systems producing machine! Congratulations I have given you the highest possible compliment one business person can give another business person. You see, the best marketers are systems-oriented people. They understand ideas are only so valuable and without a system you can not leverage and execute an idea consistently. For example, I can give you an idea of how to find real estate deals below market value by telling you to mail people who have recently inherited properties. However, if I don’t show you how to get the data, create a list, and design a system you can outsource then I have not helped you. In fact, I have only confused you and frustrated you which can lead to burnouts and increased male pattern baldness! Developing

the systems behind your marketing is the most important thing you can do. Without systems you will continually be short on time and short on quality leads.

**Real Estate Investing Tip #3 - Death to Ideas**  
Ideas mean nothing to you now unless you can build a system for implementing them. Death to ideas! Your new favorite word is Business Process Automation or BPA for short. (No not T&A ... Paul). All businesses are made up of series of processes which can be automated. For example if you ever had the pleasure of visiting our office you would see that we have a system and checklist for everything. From our sixteen different marketing systems that get our marketing out into the marketplace, to our deal analysis and due-diligence systems, to our rehabbing systems that run our projects, and finally down to the way we market our properties. Everything is a system run by different individuals trained on running that part of the business. These systems are what allow me to travel the country speaking without having to worry about my business producing revenue.

**Real Estate Marketing Tip #4 - The Bible of Systems**  
If you don’t understand the importance of systems, you need to rip up this article right now and pick up the book entitled “The E-Myth” by Michael Gerber. The E-Myth, or Entrepreneurial Myth as Gerber laments, is single handedly the best book on how to systemize and run a business effectively. The book does not specifically talk about developing real estate marketing systems, however it does have specific case studies of how some of the most successful business owners use systems within their business. Last time I checked, Howard Schultz the founder of Starbucks, did not serve you your morning “3 Pump Grande Vanilla Latte.” One of his employees did. One of his employees who was working the systems he spent years building.

This idea can be directly applied to your real estate business. If you don’t have marketing systems to get motivated sellers calling you every day then you will struggle to find any good real estate deals. Likewise, if you don’t have marketing systems you can outsource to others then you will never be able to remove yourself from your business.

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**Section 8 Questions???**  
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12/09

# **The new real estate bubble**

by Louis "Lou" Brown

The economy couldn't be better for some people. Why? It's because they are in a position to profit from the implosion of prices today. The discounts over value today haven't been this good since the 1980s. For some it's even better than that.

Think about it. Low interest rates. High seller motivation. Fewer buyers. Low prices. Government rebates. Tax incentives. You Couldn't ask for a better climate to make a lot of money quickly. This is a negative bubble that won't last forever. Negative news drives prices down and profits up. I'm taking advantage of this and you should too!

Why are people running away from real estate if it is so great? Simply out of fear. They don't know what is going on. They listen to the news and it is all bad. They don't look past the headlines to see the opportunity. Have you ever heard that fortunes are made by the contrarians? These brave souls are the ones who look at the fundamentals of the economy then find business sectors with bigger than average losses and buy heavily buy

Think Warren Buffet. He's made fortunes doing this very thing. They know that when the economy returns they will prosper as that sector will recover sooner and more than the rest of the economy

So what am I doing in this economy? Well I've had over 33 years of real estate experience. I've bought, sold and held commercial apartments, single-family and land. Here are a couple of points that I follow:

- 1) I believe holding is the key to long-term wealth.
- 2) Residential real estate is great in that it is the least risky of all real estate. After all, everyone needs a shell. Err... house that is.

So now that You know what to buy to prosper in this economy (and all others forever). Next, you need to know where to buy, what to buy, how much to pay, and where to get the money to do it.

These are key questions that relate to any business. You may even think you know these answers. But what is missing for most investors is a duplicable plan that addresses all the issues, guides you through the entire process, and delivers the profits.

First, let's address where to buy. I believe most people can build a business in your own back yard. That is to say that there are at least two neighborhoods within a 5 mile radius of your house that would have good median-priced homes. Median price for your market. That's important because it will yield cash flow.

Second, the what to buy question is what I call our Street Smart business plan. Pretty houses in pretty neighborhoods that pretty people with pretty checkbooks want to own. Ultimately my exit plan is to sell the houses to the clients who live there. More on that later.

Third, how much to pay. This is where skills come in. Sure you can duke it out with all the foreclosure investors and buy at the courthouse steps, but that is a very risky place to start and it requires all cash. Instead, I look for other ways to find the deals which allows me to buy at a discount and be in control of the process. I can evaluate the property, the condition, the timing of the closing and even the financing. Skills and the tools I've created for that process delivers the discount I need to make a profit.

Fourth is where to get the money. Welcome to my "The Seller IS the Bank" program. With the proper training you will find that sellers will be your allies in the process. By knowing the right words to say, they will allow you to take over the payments on their loans. Not only that but they will carry back seller financing for the difference. I would never be able to do this if I focused on foreclosure buying at the courthouse steps or short sale deals.

Of course in order to have this happen repeatedly you need a plan. It should include specific education, skill training and the right paperwork to tie down your profit centers and protection. This is a key business strategy many would be investors miss. They wing it and hope for the best and fail miserably.

As to getting the properties sold in this economy, you must have a plan for that as well. Here is the next phase in my master plan to make the most money with the least effort that has a payday for many years to come.

We offer our properties on a Rent to Own program. We give clients up to three years to buy, grant rent credits for timely payments and then do the financing as well if they choose for us to do it. Friends, there is a HUGE market of people who would love to have a home. They have poor, bad or no credit. They will pay money down for the right to build their credit with you. Some people call them tenants. Yes, the same people who would rent are looking to someday own a home if they only had the chance.

Just imagine all the problems this solves. The tenant (we call them clients) feels it is their home and they treat the house and you totally different. Not only that but they pay you first so they will earn their rent credits toward the purchase.

Here's an example of a real deal. My Street Smart training clients do deals just like this one routinely.

A lady had inherited a house. She lived there. She had a brother and bought his share out several years earlier by getting a loan for 50% of the value then giving the money to him.

Now she was having cash flow problems as her job had cut her hours. She couldn't pay the mortgage and worse yet every time she turned around the house was costing her money - taxes, insurance, new roof, new water heater, new privacy fence, etc. So she was looking to sell and move into an apartment with no maintenance headaches.

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She knew the property was worth at least \$160,000. She was willing to take a discount to be rid of it quickly. Using my seller is the bank philosophy and the right words to make her feel comfortable that she was making the right decision, here's the deal she accepted:

- 1) \$130,000 purchase price financed as follows:
- 2) \$75,300 existing loan take over payments of \$454.24 per month (5.5% interest rate)
- 3) \$45,000 payable at \$300 per month until paid (zero interest)
- 4) \$8,000 cash down from which she paid all closing costs.

To fully get why this is a good deal you must compare it to a traditional loan. As this is an investor property, typically the interest rates are higher than for a primary residence. If you could get a loan, let's say the rate would be a 7%, 30 years fixed rate. Now in today's market, \$8000 down would not be acceptable to a lender. They would want to see at least 20% down. That means you would have to come up with \$26,000 CASH (at least) on investment property.

Not only that but you would pay loan points and loan closing costs of about 3% ... or \$3,660 CASH. So with the traditional way most investors buy you would tie up \$29,660 CASH and have to make a payment of \$691.92 for the next 30 years, totaling \$249,272.42.

Due to my "Seller IS the Bank" program I am able to pay off her loan at \$300 per month PRINCIPAL only at zero interest. That loan pays off in 150 payments, or 12.5 years, with payments to begin 3 months after we buy. The loan we took over has 26 years to run. This means my cost of funds totals \$197,448.32 or a savings of \$81,484.41. Not only that but I don't need any credit because the seller is the bank and their property is the collateral for the loan. Moreover, there are cash savings and no closing costs. Whew! Lots of numbers but read this through again. Same deal, two different offers. Do you like this plan better?

By the way, just about any typical investor is excited to get a \$160,000 house for \$130,000 even if they have to go to the bank to get the money. So the cost of funding savings is on top of the equity being earned.

With the right strategy and offer I was able to earn as much extra profit from that one deal as most investors earn in 6 to 8 deals.

Now let's look at the exit strategy. I sold it on my "Work For Equity" program where I give my buyer credit towards their down payment if they do the painting and fixing up. So I had no further cash outlay.

They put \$15,000 down and agreed to a \$1,300 per month rent payment. They agreed to a \$169,900 purchase price. That's a beginning cash flow of \$546 per month which will increase due to inflation and will increase again when my \$300 per month loan pays off in 12.5 years. And of course I recaptured all my cash outlay plus put cash in the pocket as well.

So now you can see the many profit centers when buying:

- 1) Zero credit issues. I did not have to use my credit to qualify for the loan
- 2) No bank financing
- 3) No loan origination fees
- 4) No loan closing costs
- 5) No 30 year loan
- 6) No loan qualification delays
- 7) Shorter term cost of funds
- 8) Low down payment (many times it's no down payment and in some cases the seller PAYS US to buy)
- 9) Opportunity for more profit if the seller later chooses to sell their seller financing note at a discount
- 10) Pretty house, pretty neighborhood that pretty people with pretty checkbooks want.

Now let's take a look at the profit centers when selling:

- 1) Cash down from your buyer (more than a security deposit)
- 2) No refunds. You don't have to refund the down payment (option fee) vs. having to refund a security deposit

Frank Lucarelli  
Account Executive



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- 3) No fix up. Customer possibly is qualified to take property in "as is" condition saving you delay and cost of fix up.
- 4) Cash Flow as rent income is hundreds of dollars per month higher than the payment to the seller or their bank.
- 5) No out of pocket costs. You use the tenant rent payment to pay down and payoff the underlying financing.
- 6) Less stress. You have a happy client who you gave a real opportunity to.
- 7) Increased business. You receive referrals of new potential clients which allows you to build a buyers list.
- 8) Less repair costs. You have a homeowner in training who takes responsibility for minor maintenance and repairs.
- 9) Less collection worries. You have a client who has a financial life improvement INCENTIVE to pay on time.
- 10) You have the best of both worlds. If they buy ... Yeah!! You sell at your price and they pay the closing costs. If they don't buy ... yeah!! You get the asset back and get to do it all over again. Either way you win.

This all fits nicely into my business philosophy ... we help people when we buy, we help people when we sell. We are problem solvers and dream granters.

There you have it. Instead of being in the real estate business I teach you to be in the finance business. We use easy to learn skills to get creative financing from the seller when we buy, then offer creative financing to our buyer when we sell and make a hefty markup in between.

I hope you've enjoyed this look at how to prosper in today's economy. This business model has worked for me in all economic ups and downs. This negative bubble happens to be a time when you can prosper much more than usual because of low interest rates, concern in the marketplace, high supply of houses and willing sellers.

Over the last 25 years I have engineered a process complete with all the Tools, Training, Technology and Team coaching and mentoring to share this method with others. This process works and has led many to become millionaires in a short time because they were wise enough to realize that adopting someone else's already perfected process was smarter than trying to create their own. I now have users and devotees of this system in all 50 states and 15 foreign countries. You too can build a long-term fulfilling business that is extremely profitable for you and your family. Read this again and see if this is right for you.

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subject: New Drafts of anti-theft package All: Based on input from several members of the Energy Theft Coalition and Senator Patterson's staff, we have made changes to the initial draft legislation last sent to you. We believe we have captured substantive changes requested. We did not make stylistic changes. These new drafts have been forwarded to Senator Patterson for review. Thanks again to all of you for your diligence and patience in working through this package with us. Hopefully, we'll have sponsors and a vote coming up soon. Nancy or call 1-800-578-8580.

## How to rent that vacancy faster!

By Jeffrey Taylor

### 12 High Impact Amenities When Upgrading a House to Rent or Sell

- New appliances
- New light fixtures
- Ceiling fans in bedrooms
- Upgrade the bath and kitchens with fancy faucets/fixtures Granite tile on the countertops
- New mailbox
- New blinds in every room
- New base boards for older properties
- New doorknobs and hinges on cabinets in kitchen and bath
- Shower/tub combo with frameless glass surround or some spray jets
- Spruced up front porch or backyard patio/deck area (free of all debris).
- New front door! (or at least new brass kickplate on bottom of door)
- Paint chipped sinks or old bathtubs (if budget is tight and not replacing)

### Rent it Faster by Making Rental “Dog Friendly”

Landlords often complain about their rentals being vacant for months, but they keep on doing things the “old” way. I just had a move-out and re-rented it in just three 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 rottis) and put a dog run in each backyard that only cost 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.

### Check Online Court Records

I would really encourage landlords to see if public information is available online in your state to be able to check pending court action on individuals. (Try googling: “Your State” Online Court Records.)

Just this week alone, I have had three applicants who made sufficient verifiable income and all said they have never been served a late notice on the application. However, when I pulled pending and updated court information on them, two had been served a writ within the last week at their current residence and one had a court date scheduled for the end of this month. I guess they were all trying to move before any of this showed up on their credit report. And, of course none of them actually had their true current residence on their application, instead stated that they were living with a relative.

### Don’t Stop Marketing Your Vacancy Until You Have Money and a Signed Lease

Wisdom from an experienced landlord and property manager: Do NOT stop marketing your rental until you have a SIGNED lease and money for deposit and first month’s rent from rental applicant. And yes, that means getting the signed lease even weeks before the resident moves in. Getting the lease signed for the anticipated move-in date and money in bank should ALWAYS be the goal.

Many landlords mistakenly stop marketing their rental simply and because someone gives a deposit for a future move-in date. *The problem is that often, for various reasons, the applicant does not move-in on that date, and now the landlord has to start all over again trying to fill the vacancy and valuable time has been lost as the house continues to sit empty.* Even if someone gives a deposit, do NOT just sit, and hope the applicant is able to move-in weeks later as promised, keep marketing. If someone truly wants you to “hold” a place, have them give required money and come in and SIGN the lease based on the anticipated move-in date. There’s no excuse for simply holding a place “without” a signed lease. That’s why it’s called LEASING!

*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.*

Reprinted from AOA News and Buyers Guide, and taken from the Rental Property Owner’s Association (RPOA)

— 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](mailto:reianews@aol.com)

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— **MEETING AGENDA** —

- 6:00** - Investor Educational Forum - **(FREE)**  
or Dinner in the Dining Room with other  
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- 6:45** - Registration
- 7:15** - Member Presentation of Deals and/or  
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- 7:30** - Meeting — **(\$20.<sup>00</sup> FOR GUESTS)**

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Screaming Flea Productions is currently in development of a new series for A&E Television Networks. The working title for this program is called Extreme Clean. The premise of this pilot is to feature the workplace dynamic of a professional cleaning crew and legitimate business called Clutter Cleaner, who specialize in extreme cleaning. In this case we document the challenges that this particular professional clean up crew encounters on a daily basis while they tackle a wide variety of the nastiest clean ups nationwide.

For More of the story, Email Wayde Koehler, President @ [housemgt@comcast.net](mailto:housemgt@comcast.net)

# As a landlord, you cannot afford to ignore the internet

By Clifford A. Hockley

## The World Has Changed

There was a time when a landlord rented a vacancy by placing an advertisement in the local newspaper and waited for the phone to ring or tenants to visit. The classified sections of the local newspapers were packed with ads. You had to be very creative to leap out of the pack of ads.

Apartment properties with more vacancies to fill (due to their size) used additional advertising sources like "For Rent" and "Apartment Finder" magazines. These methods of advertising were successful for many years. These companies extended their products by offering online listings and were joined by other online competitors; each one promising super results with different pricing schemes and marketing approaches.

Of course all properties use some sort of "for rent signage at the property, ranging from small signs and flyers in windows to large a-frames located close to the main entrance of the property.

## Then Along Came Craigslist

This free on-line service was easy for potential tenants to use and free to Landlords. And as they say, free is a very good price. It has been the category killer.

In major cities, classified sections of the newspapers are mere skeletons of their former self. Newspapers have suffered and are downsizing as a result. Small towns, however, are not as impacted by craigslist and newspaper's classified sections are still used as a major marketing source, especially in rural areas.

Landlords have benefited. Advertising costs have dropped significantly. Tenants, especially younger tenants under 35, are used to looking for rentals on craigslist. The use of computer search engines has become integrated in our social fabric. On the other hand...

## Online Comments

- Computer search engines also bring a new product to the table such as online comments.
- These comments often appear when you type a property's name in your city. Say you type in "Lakewood Landing Apartments." You might get the following comments (examples only):
- "Don't move here! There is a creepy security guard at night that follows you as you are walking to your vehicle."
- "Going downhill - his apartment complex is awful. The air conditioning never works and there are always burned out light bulbs in the hallway. The onsite manager tries but is held back by ownership and the property management company. Dumpsters are always full."
- "Nice place if you suck up. You pay for heat, which includes the hallways, so you never how high your bills are going to be."
- "Nice, but noisy."
- "I would discourage any women from renting at this place. The maintenance man is a total pervert and a stalker."

As you can see, these would have an influence on any potential tenant and, online comments can extend to property management companies, for example, which can be good or bad. All is not rosy on the internet after all.

## Other Internet Issues

I . As more and more people have access to the internet (the price of net books have dropped to \$200), professionally prepared websites have become more important. Computers are accessible to almost everyone.

continued next page

- Professional prepared websites might include:
- Virtual property tours
- Pictures of the property
- Floor plans
- Floor plans that allow you place furniture in place
- Leasing information
- Screening criteria and applications
- Contact information

2. Large apartment properties must have websites which serve not only as a way for a tenant to rent, but also for a way to communicate with the onsite property manager regarding property events, maintenance and rent due.

3. Onsite staff must have employees designated to receiving messages on the internet and responding to them within 24 hours. Tenants might use email to report property emergencies and property managers need to be prepared to deal with an immediate response.

4. Property managers need to be aware that not all emails arrive. Spam eliminators might clean your important message off of a tenant's computer. If you don't hear back, send a letter. Or better yet, have the tenant put you on their white list so that you can communicate with them via email.

5. Much of your communication with your clients and tenants happens via email. How do you know they have received the message? Letters should be used for official notifications.

## Summary

The internet has progressed from an afterthought for our property marketing to a full scale marketing and communication system. As property owners, we need to adjust to this change. We need to understand that the internet and web sites are used by tenants to evaluate our properties and make choices about where they want to live. The internet is now the front line of where housing decisions are made.

A good way to be aware of what is going on is to track what people are saying about you or your company is to use Google Alerts ([google.com/alerts](http://google.com/alerts)). Other services that might help you track activity are: [Backtype.com](http://Backtype.com), [Blogpulse.com](http://Blogpulse.com), [Boardreader.com](http://Boardreader.com) or [Search.twitter.com](http://Search.twitter.com) to name a few.

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[garysegattiattoorneyatlaw.com](http://garysegattiattoorneyatlaw.com)

Effective property owners will invest in understanding the internet, craigslist and how search engines operate so they can optimize their access to current and future tenants. This will continue until another innovation makes it easier and less expensive to rent units.

Clifford A. Hockley, Certified Property Manager is the President of Bluestone & Hockley Real Estate Services, an Accredited Management Organization (AMO) by the Institute of Real Estate Management.

**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.

Reprinted from AOA News and Buyers Guide, taken from the Rental Property Owner's Association Newsletter

**A new condo tenant is causing a racket.  
Can a neighbor sue for disturbing the peace?**

## **YOU Be the Judge**

BY ROBIN GERBER

MYRA HARRIS WAS READY to tear her hair out. She loved her condo on the fourth floor of the Federal Fibre Mills building in New Orleans's historic and trendy Warehouse District and who wouldn't, with its high ceilings, cypress-wood beams, exposed brick walls and a view of the Mississippi River? But life there had become a nightmare.

Myra's big headache started when the owner of the unit below leased it in September 2001 to a middle-aged woman. Suddenly Myra was being jolted awake between midnight and six in the morning when the new tenant blasted the television or stereo at full volume, Myra said in court documents.

TV noise wasn't even the worst of it. On numerous occasions, Myra said, the woman would wail and scream in the early morning hours. Myra also claimed that the tenant held loud parties that lasted late into the night. Myra said in her court petition that her neighbor would bang on the ceiling and pipes with a hard object for hours. The clanging echoed into Myra's unit above. A number of times, she even called the New Orleans Police Department, which took hours to send officers. To get away from the racket, Myra began sleeping in another neighbor's condo when he was out of town.

In the four months after the downstairs tenant's arrival, Myra sent 17 letters of complaint to the condo board, asking it to take action. The board did nothing until January 2002, Myra asserted, when it sent the owner of the condo a letter saying it would enforce the rules. Myra said that she reported the problem to building security, but nothing came of it, other than a visit from a guard, who made some notes in his log-but he eventually stopped responding to Myra's calls.

She described another time when she called the police and waited for them in the building lobby in the early hours of the morning because of the din. The police told Myra that they could ticket the noisy neighbor, but whatever they did, the situation didn't change.

Finally, Myra decided to file a lawsuit against the condo association, claiming it was responsible for the administration, operation and enforcement of the rules and restrictions that applied to all the condos on the property.

Those rules, contained in a document called "The Declaration of Condominium Regime," stated that no loud noise, music or other nuisances that would "disturb or annoy" other occupants of the building would be permitted between 11 p.m. and 9 a.m. The rules also said that "no noxious or offensive activity" could go on at any time in any unit, and that any nuisance that is "a source of annoyance to residents" would not be allowed. The declaration clearly gave the board the right to enforce the rules and to impose fines for violations.

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But, Myra claimed in her lawsuit, instead of helping her, the Federal Fibre Mills board told security personnel to stop responding to her complaints. She also asserted that it had failed to take prompt action against the owner of the condo, who had rented the unit to the problem tenant in the first place. Not until January 15 did the board finally send a letter to the owner saying it would enforce the rules, according to Myra's petition. Eventually it fined the owner of the condo unit. For Myra, it was too little, too late.

She asked the court to award damages to her for the condominium board's failure to enforce the building's rules and for an "intentional infliction of emotional distress." She claimed the tenant violated her right to enjoy her property without unreasonable disturbance. She also said that the board had failed in its responsibility to protect her rights.

The condo board, for its part, argued that Myra had no basis to make a legal claim. Although the declaration that contained the condo association rules stated that the board had a right to enforce the rules, it didn't say that it had a duty to do so. The board added that there was no Louisiana law that imposed such a duty. The board contended that it had the absolute right to enforce-or not enforce-the condo rules and restrictions. The choice, it said, was up to the board.

Should Myra Harris be compensated for her disturbed peace? You Be the Judge.

VERDICT 1 The Case of the Noisy Neighbor

BOTH THE TRIAL court and the Fourth Circuit Court of Appeal of Louisiana found that Myra Harris failed to make her case. While she correctly stated that the condominium association had the right to enforce its rules, regulations and restrictions, and to impose fines for violations, both courts agreed that a right is not a duty. The Louisiana Condominium Act, which lists the powers of an owners' association, allows-but doesn't require-condo associations to adopt restrictions on unit owners and to enforce them.

Though Myra certainly had a problem and the condo board's provisions clearly stated it could fine those who disturbed the peace, the board was not required by law to enforce the rules so that she could enjoy her property. After the decision, Myra moved out and bought a house. She never wanted to deal with a condo board again.

Do you agree with the decision in this case? Weigh in at [rd.com/judge](http://rd.com/judge).

KNOW OF ANY INTERESTING OR ODD CASES? E-mail [judgeideas@rd.com](mailto:judgeideas@rd.com). Your story could be the next You Be the Judge. Sending gives us permission to edit and publish.

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ALSO let us know about speakers you think would work for our group

AND as always we appreciate any articles.

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