R.E.I.A.

REAL ESTATE INVESTORS ASSOCIATION

WAYNE COUNTY

WEBSITE: reiawaynecounty.org

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24 hr info line: 313-347-1401

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MAILING: P.O. Box 5341
Dearborn, Michigan 48128

Volume 29 | February 2013 | Number 1

Next Meeting

TUESDAY FEBRUARY 5, 2013

NETWORKING & DINNER

RED LOBSTER

13999 Eureka Rd • SOUTHGATE

Next to 7-11, near Trenton Rd.

6:00 - 7:15 ..... Dinner and Networking

7:30 ..... Meeting

SPEAKER/TOPIC

Edwin Kelly, CEO

from Horizon Trust Company

He will be speaking about using IRA's for Buying Houses.

Horizon Trust Company is a custodian that offers IRA custodial services for clients looking to self-direct their Individual Retirement Account (IRA). Horizon Trust provides education on self-directing and custodial services to investors interested in diversifying their tax-sheltered portfolios beyond the limited options of publicly-traded investment products.

www.horizontrust.com

For Any Questions Please Call:
313-819-0919 Wayde Koehler, President

New & Returning Members

Blain Cerda
Dwaine & Janice Phelps
Donald & Rachel Orfei
Christian Avasilehi
Otis Railey
Elizabeth Walker
John Knappman
Myek Paton
Pamela Jones
Gwen Benson
Brent Hall
Donna Good
David Young
James Nagy
Cynthia Pletz
Doug Wachna

YOU ARE INVITED TO THE MONTHLY INVESTOR GET-TOGETHER!

Hosted by our Vice President Bill Beddoes.

WHERE: Red Lobster
13999 Eureka Road, Southgate

WHEN: 3rd Tuesday of the month

Join us for a casual brunch to share your stories, discuss your issues and learn more about our investing community!
Have a nice breakfast (or lunch) with some like-minded individuals!

No admittance fee, just make sure you pay for your food. :)

We hope to see many of you there, and feel free to bring a friend or two.

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 <u>if you join the next month.</u>

(we hope this will encourage people to join)

Fill Out Form and Mail or Fax to: R.E.I.A. • P.O. Box 5341 • Dearborn, Michigan 48128

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* _____

<u>Business Name(if applicable)</u> _____

<u>EMAIL ADDRESS</u> _____ ***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

MONTHLY MEETING

- *Tuesday February 5, 2013*
- *Tuesday March 5, 2013*

BOARD OF DIRECTORS

- *Tuesday February 12, 2013*
- *Tuesday March 12, 2013*

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

Real Estate Investors Association of Wayne County

P.O. BOX 5341 • Dearborn, Michigan 48128

R.E.I.A. 24 hr INFOLINE • (313) 313-347-1401

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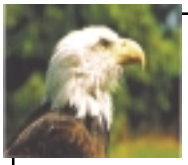
— LIBRARY - Keith Lenard 1/2 hr before Meeting —

ASSISTANT: ---------- Marge Martin



Wage garnishment extended ... signed by Governor

The Rental Property Owners Association of Michigan (RPOAM) was the impetus behind a bill recently signed into law by Governor Snyder. The change in the law increases the effective time period for wage gamishments from 91 days to 182. Under the 91 day rule, landlords owed money and having a money judgment would have to file and renew a garnishment every 91 days and pay the fees associated with the filing. Clay Powell, Director of the RPOA-M, says the change doubles the time between filings and reduces the labor and the cost associated with wage garnishment for landlords, employers and the courts. Current periodic garnishment forms can be used through December 31, 2012. New forms will be need starting January 1, 2013.

If you need more information on how to garnish someone's wages or the proper forms, feel free to contact the RPOA office at 616-454-3385 and speak to Kathy.

Reprinted from Rental Property Owner's Association (RPOA) - the Voice,

Metro taxpayers foot bill as banks walk away from homes

By Eric D. Lawrence
Free Press Staff Writer

Taupe paint peels off the weathered front and side of 2375 Wiard Court in Ypsilanti Township. Windows are missing from a porch covering added long ago.

Next door, trash is strewn on the porch of another abandoned house with a collapsing roof. In an overgrown yard, a painting of Jesus praying and staring heavenward shares space with old tires and a toy kitchen.

Township attorney Douglas Winters said the houses, which have been deemed unfit for human habitation as a result of mold and structural problems, are decaying because they've been neglected and abandoned, not only by the homeowner, but also by the financial institution that had the mortgage. Officials in several metro Detroit counties said that banks and their agents - like scores of homeowners upside-down on their mortgages - have opted not to pay taxes on thousands of properties and instead have walked away from them, despite having mortgages on them.

Officials call these "bank walkaways," a term also used to refer to properties on which foreclosure proceedings were started but never finished.

"I think it's unconscionable what they've been allowed to do," Winters said of the walkaway phenomenon. once owners are delinquent on property taxes, properties slip into county tax foreclosure. If the treasurer can't collect the taxes owed, the communities must repay the difference - called a "chargeback." Communities are left with less money for roads, public safety and other purposes. For the City of Detroit alone this year, the chargeback bill is $118 million.

Banks counter that they maintain homes and pay taxes on properties that they own outright, but otherwise, they say, property maintenance and taxes are the homeowners' responsibility.

Gail Madziar, vice president of membership and communications at the Michigan Bankers Association in Lansing, said banks are trying to create solutions to problems such as blight, but that it doesn't make financial sense for a bank to try to rehabilitate a stripped or dilapidated house that has a $60,000 mortgage, but is valued at, say, $20,000.

ANDRE J. JACKSON/DETROIT FREE PRESS

Doug Winters, attorney for Ypsilanti Township, has seen homes decay after abandonment — not just by homeowners but by banks with the mortgage. "I think it's unconscionable what they've been allowed to do," he said of banks walking away from tax obligations.

"In the past, we have had many instances where banks have foreclosed, paid the taxes on the property and then invested $20,000 or $30,000 to bring the property to salable condition, only to have it stripped again and again before it could sell. It's a complex problem with no easy solution," Madziar said in an e-mail. "I don't want it to sound like the banks don't care, because they do care," she said.

A substantial percentage of tax foreclosures in metro Detroit involve walkaways, properties with some type of bank financial interest.

In Washtenaw County, 76% of the 274 properties in county tax foreclosure this year are those that had banks listed on property records as having a financial interest, such as through a mortgage. That's a drop from the 99% - 632 of 637 - of properties that Treasurer Catherine McClary counted in 2011, which she attributes to a general improvement in the market.

But in other Detroit-area counties, those numbers have increased this year, and treasurers in Wayne, Oakland and Macomb counties all report double-digit percentages. In Macomb County, 60% (494) properties were listed as having a bank interest; 48% (786) were so listed in Oakland County - up from 16% the year before, and there were 48% (10,880) in Wayne County, which had a staggering 22,499 properties in tax foreclosure.

Those tax foreclosures could lead to chargebacks. In 2011, chargebacks cost Ypsilanti Township more than $290,000. This year, Oakland County charged back $9.3 million, down from $10.4 million last year. Washtenaw County had about $1.5 million in chargebacks last year, although McClary said she

(Contined next page - Metro Taxpayers Foot Bill)

(contined from Metro Tax Payers Foot Bill)
expects that number to drop this year. Macomb County had no chargebacks this year because all of its properties sold at auction. In Wayne County this year, the total was $263 million.

Wayne County Chief Deputy Treasurer David Szymanski noted that the county settles up with communities before the auction, so the final cost is likely to be less, assuming properties sell at auction.

"These financial institutions are walking away from their responsibility to pay the taxes," said Oakland County Treasurer Andy Meisner. "It was not the Oakland County taxpayers' decision to do a mortgage on theproperty," he said. "By walking away from their responsibility, they're shifting their burden to the Oakland County taxpayers. ... For them to walk away from that and to try to stick my taxpayers with the bill for that is unacceptable."

Complex, uphill battle

Ypsilanti Township has sued Germany's Deutsche Bank, along with the homeowner, over property nuisance issues at the Wiard Court houses. The township isn't the only government to sue a bank over property maintenance; the Los Angeles City Attorney's Office called U.S. Bank one of that city's "largest slumlords" in a lawsuit filed in July.

Trying to assign responsibility to national and international financial institutions when taxes go delinquent and maintenance stops on individual properties is complicated by the way mortgages have been pooled into investment vehicle& These mortgage-backed securities, which helped fuel the housing crisis, can obscure financial connections.

For example, a spokesman for Deutsche Bank, said the company is not responsible for the Wiard Court properties because Deutsche Bank is only the trustee, not the mortgage servicer. It suggested contacting a company called Homeward Residential in Texas. That company, then under a different name, was accused by the Texas Attorney General's Office in 2010 of using illegal debt collection tactics and misleading struggling homeowners. That case is suspended.

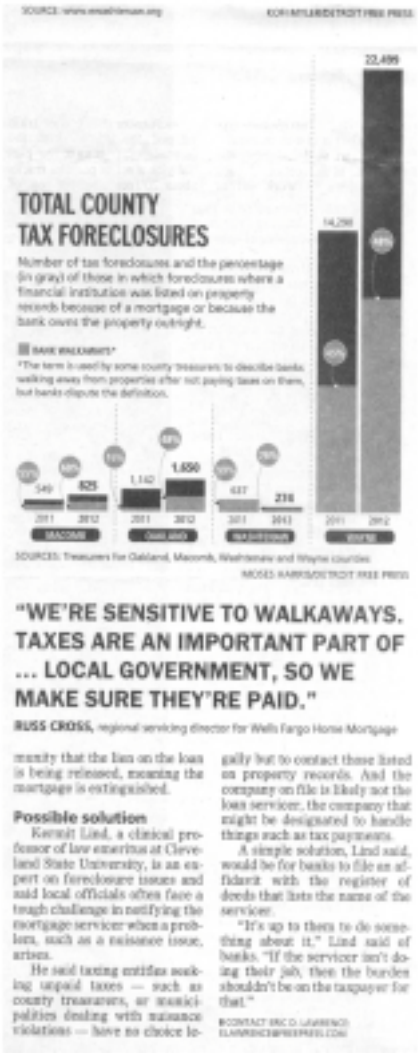
A spokeswoman for Homeward Residential, Philippa Brown, acknowledged that Homeward, not Deutsche Bank, is responsible for the Wiard Court properties. But she also said that she has no information about the properties, and attorneys for Deutsche Bank participated in a court hearing this month about them.

Russ Cross, senior vice president and regional servicing director for Wells Fargo Home Mortgage, said Wells Fargo has been much more assertive in the last year in its role as a trustee.

"We're sensitive to walkaways," Cross said, noting that the company understands "taxes are an important part of the lifeblood of local government, so we make sure they're paid."

Cross said the company works with neighborhood groups, including in Detroit, to address property issues and now has a repair program for houses it owns. The company also donates property in some cases.

However, Cross said, walkaways on occupied properties are allowed for a small portion of loans Wells Fargo is involved with on behalf of 400 investor groups. Cross said that in those cases, Wells Fargo notifies the homeowner and the local community that the lien on the loan is being released, meaning the mortgage is extinguished.


TOTAL COUNTY TAX FORECLOSURES

"WE'RE SENSITIVE TO WALKAWAYS. TAXES ARE AN IMPORTANT PART OF ... LOCAL GOVERNMENT, SO WE MAKE SURE THEY'RE PAID."

RUSS CROSS, regional servicing director for Wells Fargo Home Mortgage

Possible solution

Kermit Lind, a clinical professor of law emeritus at Cleveland State University, is an expert on foreclosure issues and said local officials often face a tough challenge in notifying the mortgage servicer when a problem, such as a nuisance issue, arises.

He said taxing entities seeking unpaid taxes - such as county treasurers, or municipalities dealing with nuisance violations - have no choice le

gally but to contact those listed on property records. And the company on file is likely not the loan servicer, the company that might be designated to handle things such as tax payments.

A simple solution, Lind said, would be for banks to file an affidavit with the register of deeds that lists the name of the servicer.

"It's up to them to do something about it," Lind said of banks. "If the servicer isn't doing their job, then the burden shouldn't be on the taxpayer for that."

• CONTACT ERIC D. LAWRENCE: ELAWRENCE@FREEPRESS.COM

Reprinted from the Detroit Free Press and submitted by
Wayde Koehler, Pres, REIA of Wayne Co

Landlords use water affidavit to avoid property liens

If you've ever been Stuck with a tenant's water bill, you know how financially painful that can sometimes be. Tenants leave huge water bills in the hands of landlords because there is ultimately no accountability for paying a water bill in their name. And, if the tenant doesn't pay their bill, the municipality simply puts a lien on the property that has to be paid on the next tax bill.

Good news! You can avoid this lien. How'? The landlord can file a "water affidavit" with the local municipal water utility. In order to use the affidavit, the lease must provide that the lessee is liable for the water bill and not the landlord and he signed and dated by the landlord. In some communities, a copy of the lease is also required. (Grand Rapids Water Department no longer requires a copy of the lease.)

Here are the specifics of' the law regarding water liens and rental properties:

123.165 Priority of lien; applicability of act where lease provides lessor not liable for payment of bills; affidavit.
Sec. 5.

The lien created by this act shall, after June 7, 1939, have priority over all other liens except taxes or special assessments whether or not the other liens accrued or were recorded before the accrual of the water or sewage system lien created by this act. However this act shall not apply if a lease has been legally executed, complaining a provision that the lessor shall not be liable for payment of water at- sewage system bills accruing subsequent to the filing of the affidavit provided by this section. An affidavit with respect to the execution of a lease containing this provision shall be filed with the board, commission, or other official in charge of the water works system or sewage system, or both, and 20 days notice shall be given by the lessor of any cancellation, change in, or termination of the lease. The a affidavit shall contain a notation of 'the expiration date of the lease.

A copy of the water affidavit form can be found at the RPOA website. Go here for the form: http://rpoaonlinc.org/rental-mgmt-forms/rental-forms-view.cfm

Reprinted from the Voice
Rental Propertt Owner's Association (RPOA)

R.E.I.A. Membership Benefits

- *Socializing, Networking, Networking & Networking*
- *Monthly Newsletter & Guest Speakers*
- *Court-Approved forms available - (courts.michigan.gov/)*
- *Liaisons with Local and State Government*
- *Referrals and Education*
- *Discount card for Sherwin Williams Paint Co. & Office Max (ask and have your membership card.*

New Hamtramck homes to resolve bias case

By Cecil Angel
Free Press Staff Writer

Hamtramck is closer to fulfilling the federal court-ordered construction of 200 single-family homes that stems from a decades-long racial discrimination lawsuit.

On Monday, city and state officials, along with real estate and banking executives, will announce a $50-million initiative to complete construction of 104 homes on scattered sites around Hamtramck.

The public and private partnership includes Huntington Bank, Greater Metropolitan Association of Realtors and the Michigan Association of Home Builders.

The funding includes $14 million in federal Neighborhood Stabilization Program funds that will be used to build 52 houses, said Pauline Millichamp, the Michigan State Housing Development Authority's community outreach specialist for its southeast division, on Friday.

All 104 homes are expected to be completed by the end of 2013, she said.

In a 1968 class action, Sarah Sims Garrett and other plaintiffs alleged Hamtramck broke the law when the city - using federal funds - cleared three neighborhoods in the 1950's and '60s in order to make way for new housing and the Chrysler

Freeway, but didn't replace the using. The suit claimed the city violated the equal protection clause of the 14th Amendment because officials knew African Americans would be more likely to lose their homes than whites.

The plaintiffs won the suit.

Then-U.S. District Judge Damon J. Keith, later on the U.S. Court of Appeals for the 6th Circuit, called Hamtramck's Pattern of urban renewal "Negro removal" because 74% of the people displaced from the three neighborhoods were African Americans.

In 1971, Keith ordered the city to construct new housing for the 144 plaintiffs. The purpose was to reintegrate a city whose African-American population dropped from 14.5% of the 34,000 residents in 1960, to about 8.5% of the population in 1966, according to court records. The city appealed, but a federal appeals court in 1974 upheld Keith's ruling.

- CONTACT CECIL ANGEL: 313-223-4531 OR CANGEL@FREEPRESS.COM

Reprinted from the Detroit Free Press and submitted by Wayde Koehler, Pres, REIA of Wayne Co

OUR WEBSITE!!!
www.reiawaynecounty.org

Intolerable waste in the Water Dept

For years, hundreds of thousands of metro Detroiters have been paying millions of dollars for what they thought was water.

Instead, they were funding jobs at the Detroit Water and Sewerage Department - jobs with limited relevance to core services. Jobs with such narrow descriptions that they required two or more people to do one person's work. Jobs that just didn't have to exist.

An aerial view of the waste water treatment plant in Detroit.

So says a devastating consultant's report released Wednesday and now headed for an action plan under DWSD's new regional management structure. The study recommends that an astounding four of every five jobs at DWSD be outsourced or just go away, saving hundreds of millions of dollars every year and, maybe, stopping the region-wide surge of water rates. (I'll explain later why the lower rates are a maybe.)

For unions and the whole idea of collective bargaining, this is the kind of report that just makes any sort of future very, very hard to negotiate. It reinforces the notion that unions protect work and jobs at the expense of customers and service. It suggests that collective bargaining turns government into a provider of jobs instead of public services.

I'm a union supporter, from a family with deep labor roots in this city. And I still believe collective bargaining is the best (and maybe the only) way for workers to leverage their interests. Owners and management have capital and control. Labor has the people to get the work done.

But who can defend the kind of featherbedding that's described in the audit of DWSD? Ultimately, that's not even in the interests of the employees, many of whom are stuck in superfluous, overly specialized jobs and, as a result, are probably not employable elsewhere.

And how can your blood not boil when the instant reaction from the union is not to say, fine, the jig is up. They're vowing instead to fight the suggested changes.

Of course, labor didn't set this up on its own. The management of DWSD contributed to the problem by caving over and over, and by resisting the kind of restructuring that would eliminate waste and excess.

That's why the Water Department costs users so much, is as deep in debt as it is, and even why it's an estimated $1.5 billion behind in needed maintenance or upgrades.

The report, by a St. Paul, Minn., firm called EMA, reflects a 90-day assessment of the Water Department from top to bottom.

Its summary reads like a management nightmare: inflexible job descriptions, multiple reporting levels, lack of training, ineffective deployment and use of technology, disconnected business processes.

And the details only get worse. The department, which. has just under 2,000 employees, has 257 job classifications. The report suggests that can be reduced to 31, with three to five skill levels within each classification.

Moreover, the current staff can be reduced to fewer than 400, the report found, with minimal investments in technology, outsourcing and streamlining.

The inefficiencies in the workforce certainly contribute to the ineffectiveness of the system's management. Money spent on unneeded jobs is money that can't be spent on maintenance or upgrades to the system. Is it any wonder DWSD's aging pipes lose some 35 billion gallons a year to leaks?

The inefficiencies also help drive up rates. But customers should be careful about their expectations that restructuring could lower water bills. Because of the system's backlogged maintenance, and its considerable current debt (44% of revenues now pay debt service) the savings from any labor efficiencies might have to be plowed back into the system, at least in the short term. Rates might be able to come down in the long run, but they shouldn't be lowered before DWSD is working as it should.

Current DWSD management, under the new regional water board, says it's all about the suggested changes. Of course, the report's numbers need to be checked. And I think a cooperative approach with the unions would help soften the blow; Sue McCormick, DWSD's director, says most of the job eliminations can be achieved over five years through attrition. Just think about what that says about the way the system is being operated right now.

Those who describe Detroit's infrastructure assets as "jewels" to be gripped until death wrests them away should try another, more appropriate word inspired by the DWSD audit.

You'll find it in the pipes on the sewage side of the system.

CONTACT HENDERSON: SHENDERSON600@FREEPRESS.COM, OR AT 313-222-6659.

8 rules for preventing fair housing complaints based on first impressions

RULE #I: MAINTAIN A FAIR HOUSING-FRIENDLY OFFICE

Fair housing compliance starts with the way you run your office. It's up to you to set the tone-through your training, policies, and procedures-so that your staff and visitors alike understand that your community does not tolerate discrimination against anyone based on race, color, religion, sex, national origin, familial status, disability, or any other characteristic protected under state or local law.

Your office should reflect a professional atmosphere that is welcoming to all prospects, applicants, and residents. It requires an investment in staff training so that all employees-from your leasing consultants to your maintenance and housekeeping staffunderstand that they are expected to act courteously and comply with fair housing requirements when interacting with all prospects, applicants, and residents-regardless of their outward appearances.

In addition, you should maintain written policies and procedures for your community operations, a roadmap of sorts to help your staff put fair housing rules into practice. Training your staff to follow the rules consistently and keeping detailed records about interactions with prospects, applicants, residents, and guests will help your community fend off accusations of unfair treatment or discrimination in violation of fair housing law.

RULE #2: TELL EMPLOYEES TO LEAVE PERSONAL BIASES AT THE DOOR

Employee training is the key to avoiding fair housing complaints that arise from actual or perceived discrimination by one of your staff members. The risk is inherent in the many ways your staff deals with prospects, applicants, residents, and their guests, so it's essential that employees are trained to keep their personal beliefs, opinions, and judgments at bay when interacting with anyone contacting, visiting, or living at your community.

The fact is that we all have prejudices, though we are loath to admit it, according to fair housing expert Doug Chasick. It's simply human nature to see someone and immediately start judging them, he says. Though everyone has opinions and makes judgments, Chasick says that getting people to acknowledge them is
among the most challenging issues he faces while conducting fair housing training. But, he warns, our job as multifamily housing professionals is to overlook our personal opinions and judgments and to manage our reactions and behavior so that we treat everyone fairly. And that's a Herculean task if we don't acknowledge that we have such personal opinions and judgments, because, he says, what we don't acknowledge, we can't control.

Consequently, Chasick recommends tackling this issue as part of your fair housing training by encouraging employees to privately take stock of themselves so they can be prepared to interact fairly and professionally with everyone. During his full-day training sessions, Chasick conducts an exercise to jumpstart the process by asking for volunteers to share their own experiences as the object of discrimination, followed by an open discussion. At the end of the day, he gives attendees some homework: to sit down and take a personal inventory of their own personal beliefs and judgments. It's not about what they are, he says; it's about acknowledging them to enable employees to manage their own behavior-in stead of the other way around.

Attorney Robin Hem agrees that it's mandatory for employees to overcome personal biases in the business setting; otherwise, they may make mistakes that could lead to a fair housing complaint. He's handled cases where that has happened-particularly in initial encounters between leasing consultants and prospects who know very little about each other at that point. When personal biases lead consultants to make quick, subjective judgments, it could affect their tone of voice or demeanor, triggering the perception of discrimination. Even worse, Hem warns that it could lead to conduct such as discouraging a prospect from filling out an application or suggesting that your community is not right for him-that could be viewed as a discriminatory housing denial or steering in violation of fair housing law.

(continued next page Rule #3)

(continued from 8 Rules)

RULE #3: DON'T JUDGE PROSPECTS BASED ON HOW THEY LOOK OR SPEAK

Appearances can be deceiving, as the saying goes, because snap judgments based on how a prospect looks, dresses, speaks, or acts could turn out to be wrong. For example, you must warn employees not to assume a prospect has financial limitations simply because of how he's dressed or what car he drives. The prospect who has a hole in his jeans or drives an old car could have a sixfigure salary, but a consultant may not offer to show him the penthouse or other high-end units based on his mistaken beliefs about the prospect's financial circumstances.

Though economic status isn't a protected characteristic under fair housing law, Chasick warns that allowing employees to rely on their own subjective judgments in how they treat prospects lays the foundation for potential problems. They could get the idea that it's okay to skip the fitness center when taking a prospect in a wheelchair on a tour based on assumptions about the prospect's physical capabilities, or keep families with children away from units near the lake or upper floors based on personal judgments about the parents' ability to safeguard their children. In both cases, such conduct could lead to a fair housing complaint.

Instead, it's critical to emphasize that it's mandatory for all employees to treat all prospects with courtesy and respect, regardless of how they look, what they wear, how they talk, or what car they drive. Unless they do, sooner or later, they are likely to trigger a fair housing complaint by a prospect who believes he was treated differently because he is a member of a particular protected class.

RULE #4: WARN AGAINST MAKING STRAY COMMENTS

Remind employees about the dangers of making random comments or sharing their personal opinions and beliefs while on the job.

Let's face it, employees-like everyone else-sometimes say things they shouldn't. Unconsciously discriminatory remarks could be, as Chasick puts it, random utterances of stupidity, such as making a seemingly harmless comment about how a prospect looks or what she is wearing.

A potentially discriminatory remark could also happen when an employee is caught off-guard by answering a prospect's inappropriate question-say, about the types of people who live in the community-while conducting a tour. It's easy to fall into the trap of answering questions like these if the prospect is asking about people who, like themselves, are members of a particular ethnic group. But, as Chasick warns, it's illegal to answer questions about the ethnic makeup of the community-even if it comes from a person from that group.

Or worse, a leasing agent may assume that a prospect shares his personal beliefs and tell an offensive joke or give a biased opinion about a particular ethnic group or other protected class. But the prospect could be a tester, who is recording the comments as part of a fair housing investigation.

Although they range from the innocuous to downright discriminatory, any of these comments could cause fair housing problems. At the very least, the leasing agent is acting in a way that may be perceived to be discriminatory. And even if the comments themselves do not amount to a fair housing violation, they could be used as evidence of discriminatory intent if a fair housing complaint is filed against your community.

RULE #5: MAINTAIN WRITTEN POLICIES AND PROCEDURES

To prevent first impressions from leading to discriminatory conduct, your community should have written policies and procedures that put all prospects and residents on the same footing and help protect against liability if your community is accused of violating fair housing law.

(continued next page Rule #6)

Need to E-mail any questions or articles or anything for us?? Our web address is 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

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R.E.I.A.
2962 Fort Street
Lincoln Park, Michigan 48146

(continued from Rule #5)
In your leasing office, written policies and procedures will help ensure that every prospect visiting your leasing office is treated the same way. Fair housing experts say it's a good idea to create a script and require leasing consultants to follow it so that the process becomes automatic.

For example, the leasing consultant should offer every prospect-no matter how she looks or sounds-a rental application and invite her to fill it out. Then, the leasing consultant should explain that the application will be evaluated based on your community's screening criteria-such as credit history, rental history, criminal background, and employment or the ability to pay the rent-and if she qualifies, the applicant may live in the community as long as she follows the lease and the community rules.

RULE #6: AVOID PITFALLS WHEN SHOWING APARTMENTS

It's particularly important to have written policies and procedures about when and under what conditions leasing agents will show units to potential residents.

Sometimes, first impressions may lead a leasing consultant to believe a prospect is dangerous. Safety experts emphasize the importance of relying on gut instincts to avoid dangerous situations, so the leasing consultant may be fearful about being alone with the prospect during a showing. Nevertheless, fair housing law generally requires communities to apply policies consistently, so the prospect could file a fair housing complaint, claiming that he was denied a showing based on a protected characteristic.

Each community is free to formulate its own policies on showing units, so balancing safety concerns with fair housing compliance is a matter of risk tolerance, says fair housing expert Nadeen Green. Some communities alleviate any fair housing concerns by requiring leasing consultants to show units to everyone, regardless
of their safety concerns. Others stress the importance of protecting employee safety over potential fair housing problems-for example, by not having leasing consultants be in empty units with prospects or by allowing leasing consultants to exercise discretion-as long as they don't abuse the privilege.

If your community is willing to risk a fair housing complaint by denying a showing to "scary" prospects, then your policy should include reporting and documentation requirements, says Green. Leasing consultants should be required to report any time a showing doesn't happen and to write up a summary with a detailed explanation of the reasons for the decision and how it was handled. For example, the leasing consultant should explain that she was concerned about her safety because the prospect showed up just before the office was closing and repeatedly asked whether they would be alone during the showing. Consequently, the leasing consultant told the prospect that she forgot about a prior engagement and asked the prospect to come back tomorrow.

In theory, denying a prospect a showing under these circumstances should be a rare event, says Green, so the reporting and documentation could alert you to a problem involving a particular leasing agent. If she becomes frightened too easily, it could indicate that she is in the wrong profession. Or, if all the incidents involved the same type of people, it could show that the leasing consultant's personal biases are interfering with her work and raising the risk of a fair housing claim if they are members of a protected class.

Furthermore, the documentation requirement will help your community defend itself if the prospect files a fair housing complaint. Attorney Hem acknowledges that first impressions do count for leasing consultants, who may be in a vulnerable position when showing units. Nevertheless, he observes that first impressions are based on a quick subjective evaluation, and fair housing law requires owners to articulate objective, legitimate business reasons for their actions. The documentation will help you defend against a fair housing complaint by providing evidence that the leasing consultant had a legitimate, nondiscriminatory reason for not conducting the tour at that time and that her actions didn't amount to an outright denial, because she offered the prospect an opportunity to see the unit at another time.

RULE #7: GUARD AGAINST LINGUISTIC, EMAIL PROFILING

First impressions could also lead to a new concern: accusations of email profiling-that is, discriminating based on the presumed race or national origin of prospects gleaned from their names or affiliations as contained in email addresses.

To put things into perspective, consider the history of fair housing testing. Green explains that initial testing involved physical visits to leasing offices by individuals who posed as prospects to determine whether African Americans and other protected groups were treated differently than white prospects.

The process was both labor intensive and expensive, says Green, so some testing initiatives moved to a less time-consuming and costly approach: telephone inquiries to determine whether testers who sounded like they were African American were treated differently than those who sounded like they were white. Green points to research suggesting that people are able to correctly identify with about an 80 percent accuracy the race of a person from hearing them count from one to 20. Eventually, telephone tests were expanded to check for discrimination based on linguistic profiling against Hispanics and other protected groups.

(continued next page Rule #8)

(continued from Rule #7)
With expanded use of social networks and Web sites by the rental housing industry, Green predicts that testing initiatives will target these new forms of communication. In various ways, communities now allow prospects to contact them via the Internet, either by email or by filling out guest cards online.

Green says that the information gleaned from those sources may give clues as to the race or national origin of the prospects, making it ripe for fair housing testing initiatives to check for housing discrimination. She points to studies on employment discrimination that show that the response rates to resumes of applicants
with similar credentials were much lower when their names suggested that they were African American when compared to those with names that suggested they were white.

Although the studies have not been replicated to check for housing discrimination, Green says that the industry should brace for similar testing initiatives since it's so much more efficient and inexpensive than other forms of testing. Many communities suffer from delays in their response time to online inquiries, but she warns that fair housing advocates may suspect discrimination based on race or national origin if responses to prospects whose names suggest that they are African American or Hispanic lag behind those whose names suggest that they are white.

RULE #8: GET TO KNOW STATE AND LOCAL LAWS

Although federal fair housing law does not ban discrimination based on personal appearance, there are a handful of jurisdictionsincluding the District of Columbia and a number of municipal and county governments-that specifically include "personal appearance" in their lists of protected characteristics.

And in California, there is a civil rights law applicable to all businesses, including those engaged in the rental of housing accommodations, that specifically bans discrimination on the basis of race, color, religion, sex, national origin, ancestry, or disability. In addition to those specified characteristics, the law has been interpreted by the courts to ban arbitrary discrimination based on personal traits similar to those listed-including physical appearance-that are not related to the responsibilities of a tenant.

Meanwhile, many communities are subject to state and local laws banning discrimination based on gender identity or expression as well as sexual orientation. The wording of the laws varies, but in New York, for example, gender expression refers to external characteristics and behaviors that are socially defined as either masculine or feminine, such as dress, mannerisms, speech patterns, and social interactions, according to the New York City Human Rights Commission. In general, communities could be liable under laws protecting gender identity or expression if they discriminate against a man whose appearance, behavior, or expression seems feminine-and against a woman whose appearance, behavior, or expression appears to be masculine.

Reprinted from Fair Housing Coach, and taken from Rental Property Owner's Association (RPOA) - the Voice,

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Around Town with Real Estate Investor Groups

(call each group for details)

- **OAKLAND R.E.I.A.**
  www.Reiaofoakland.com

- **Macomb Property Owners Association**
  Cocktails/Dinner 6-6:30 pm • Meeting 7:00 pm
  For More Info Call: 586-977-7372

- **Monroe County Landlord Association**
  6:30-7:30 pm Social/Dinner • 7:30 pm Meeting
  (734) 457-5758

- **American Landlord Association**
  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 & Red Lobster
  7:15 Announcements
  7:30 pm Meeting
  (313) 347-1401 • 24 hr Answering Machine

- **Real Estate Investors Association of Wayne County**
  (REIA of Wayne Co) *3rd Tuesday of the Month*
  Leo' Coney Island - Telegraph near Wick

- **Jackson Area Landlords**
  6:30 pm Meeting
  517-596-2592

- **Toledo Real Estate Investors**
  Sullivan Hall @Gescu Parish
  2049 Parkside @Bancroft
  6:45 pm Meeting
  (419) 283-8427

- **Southeast Michigan Real Estate Investor Association**
  39555 Orchard Hill Place
  Novi, Michigan
  (248) 692-1100

— 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

www.reiaofoakland.com ..... REIA of Oakland.
www.nationalreia.com ..... National Headquarters
www.irs.gov ..... IRS web site
www.bendover.com ..... Govt. Red Tape Help
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)

Are You Looking For Houses To Buy???

www.realtor.com
www.buyowner.com
www.fsbo.com
www.hud.org
www.historicproperties.com

Are you looking for comps?

www.homeradar.com
www.realestate.yahoo.com/realestate/homevalues

Need to find someone?

www.555-1212.com
www.anysho.com

Lead Base Paint Pamphlets?

www.hud.gov.lea

— MEETING AGENDA —

RED LOBSTER ON EUREKA • SOUTHGATE

Next to 7-11, near Trenton Rd.

6:00 - 7:15 ... Dinner and Networking

7:30 - ..... Meeting — **($20.00 FOR GUESTS)**

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!!

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

ATTORNEYS AT LAW

Free Simple Legal Advice

- Peter C. Rageas CPA,MST
(313) 962-7777
(313) 962-0581 fx

- John Payne
(313) 562-5700

- Gary Segatti
(248) 808-2711

- Aaron D. Cox
(734) 287-3664

- RealChek, Thomas Moorhead
(800) 955-2435
(CHEK)

FREE ADVERTISING

The ***Commercial Segment*** is just before the regular meeting, at 7:15 P.M..

This is your opportunity to tell everyone what you want to:

BUY ▪ SELL ▪ TRADE ▪ GIVE AWAY

COME ON UP TO THE MICROPHONE!

(THIS IS A SHY FRIENDLY SETTING)

PROFESSIONAL SERVICE PROVIDERS:

Tell everyone what Professional Service or skilled trade you offer; specifically for the Real Estate Investor.

(Bring your flyers and business cards)

NEED HELP?

Come on up and introduce yourself.
Ask for a little help on your project.
(This may be why we are all here????)
The Right Place at the Right Time!!

THIS IS NETWORKING!

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Also for an annual subscription, send $29.00 (reg price $79) to same address and identify yourself as a member.

Section 8 Questions???
Call Jane Scarlett

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

734-284-6999
jscarlett@waynemetro.org

Wayne Metropolitan
Community Action Agency

12/12

SPEAKERS COMMITTEE

Wayde Koehler *313-819-0919*

If you have any suggestions for speakers, drop us a line at: www.reiawaynecounty.org

Wayne County REIA of Michigan
LOOK FOR US ON FACEBOOK!