

# Eastern Michigan Real Estate Investment Association

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Does Buying a Rental as an Investment Make Sense? June Fletcher of the Wall Street Journal

April 2011

Q. Since so many people have lost their homes to foreclosures and can't get credit, I expect that it's a good time to buy a rental investment place. But I'm also worried that property prices may fall further. Do you think this would be a wise way to spend my money?

A. It all depends. If you're able to obtain a property that's deeply discounted from its current market value, can achieve positive cash flow and can handle the out-of-pocket expenses that inevitably arise when you're a landlord, then it could be a good deal.

But first ask yourself these questions: Do you mind panicked calls at 3 a.m. to deal with stopped-up showers or heat pumps that are on the fritz? Do you have a cushion of cash to tide you over during vacant periods and cover costs like advertising and vetting tenants? Can you afford to put down a hefty down payment to obtain financing? And do you plan to own for a few years so you can benefit from the boost in equity you'll get as you pay down the mortgage, even if it takes a while for home prices to rise again?

If the answer to all of these questions is yes, then you can go shopping. Ask the current owners for copies of all rental receipts, as well as all bills, including utilities, water and sewer, property management and taxes.

Then you'll have to do some figuring

so you can compare the income potential of your targeted properties.

First, for each property take annual rental income and deduct the average vacancy rate for your area, which in Michigan was 11.2% in the fourth quarter of 2010, according to the U.S. Census Bureau. Then deduct all of the operating expenses; this will give you your net operating income or NOI.

Once you get this figure, you can divide it by the purchase price to get the capitalization, or cap, rate. This is a useful figure to have when you're comparing properties, since those with higher cap rates will bring you better returns.

You'll also want to calculate the cash-on-cash return for the first year of ownership. Figure out your cash outlay by adding up closing costs, down payment and any expenses for necessary maintenance that was not done by the former owner. Divide your cash flow by your cash outlay and you'll have your cash-on-cash return, which is expressed as a percentage.

This figure can help you decide which property is the most lucrative, and also to compare the yield of a property with that of other kinds of investments, like Treasuries and stocks.



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# President's Letter

## Real Estate: Finally a Good Investment? (smartmoney.com)

**THE HOUSING MARKET** still looks pretty bleak: There were a record one million foreclosures last year, home prices are still falling in many regions and the number of “underwater” properties is at a record high.

And things don’t look much better in other areas of real estate. The number of construction jobs continues to decline, even as other parts of the economy have added jobs. And mortgage rates have moved higher as long-term Treasury yields have backed up during the past few months.

Basically, the real estate market remains a mess.

Real estate encompasses a wide range of markets—homes, apartments, hospitals, office buildings, strip malls, dormitories and other properties. But for our purposes, let’s focus on residential real estate, or homes. Here are four reasons to think residential real estate might represent a bargain—with one big caveat.

### **Everyone hates homes.**

Homes are probably the most hated asset class in the country. That’s what happens when a bubble bursts. People avoid thinking about the value of their home. Sellers moan about no offers, buyers gripe about impossible lending requirements.

Hatred of an asset is often the precursor to contrarian interest, and being contrarian is at the heart of many investment strategies. To paraphrase Warren Buffett, be fearful when others are greedy and greedy when others are fearful. Mr. Buffett backed that idea when he invested in the stock market in the teeth of the financial crisis in late 2008 and early 2009.

Of course, being contrarian for its own sake isn’t wise investing. Gold was hated for years (“dead money”) before it recently became an attractive asset class. Still, a lot of smart ideas begin with the question: What does everyone hate?

### **Smart people are buying real estate.**

This cohort is led by John Paulson, the hedge-fund manager who made \$20 billion betting against the housing bubble. Last fall he said in a speech: “If you don’t own a home buy one. If you own one home, buy another one, and if you own two homes buy a third and lend your relatives the money to buy a home.”

Why is Mr. Paulson so adamant? Because he believes long-term interest rates are not going to get much lower. They have, in fact, risen since he gave that speech, but they remain remarkably low by historic standards. Low rates and the expectation that home prices will rise is his argument. For his part, Mr. Buffett has predicted the housing market will

bottom this year.

### **Real estate performs well during inflation.**

There’s no inflation these days, but when buying a home one should take a longer view. And the longer view shows that the economy has enjoyed a disinflationary period since the early 1980’s. A number of folks think that cycle is slowly reversing itself.

If that’s the case, then convention would argue for holding assets that do well in an inflationary environment. That includes Treasury Inflation Protected Securities, commodities and real estate. Remember that during the stagflation nightmare of the 1970’s, real estate had a strong run.

Inflation isn’t a significant issue in the U.S., but it’s a growing problem elsewhere. China and India have taken steps to fight inflation, the euro zone is getting flickers of inflation and the U.K. has had oddly higher prices (above 3%) for an extended period of time. If the cycle is slowly turning, real estate makes more sense.

### **Demand may be coming back.**

Supply isn’t as out of whack as it used to be. At the end of November, home builders reported 197,000 new homes on the market, the lowest level since 1968, according to Yardeni Research. The National Association of Realtors reports that the inventory of existing homes for sale fell 4% to 3.71 million homes, which represents a 9.5-month supply at the current sales pace, down from a 10.5-month supply in October.

Those aren’t pretty numbers, of course, but they are moving in the correct direction. And that may be a reason that many home builder stocks, such as **KB Home** (KBH: 13.59\*, -1.10, -7.48%) **Hovnanian** (HOV: 4.09\*, -0.40, -8.90%), **PULTE** (PHA: 24.14, -0.20, -0.85%) and **Toll Brothers** (TOL: 20.74\*, -1.10, -5.03%), have come off their lows in the past several weeks.

It all comes down to jobs. There are a zillion caveats to any positive home thesis, but the big one is unemployment. If the economy is not creating jobs, the chance of a rebound in housing is diminished. It’s hard to buy a home without a job, and folks who aren’t working don’t want to take long-term risks.

The job market is still struggling and the debate is hot about when it will recover. Optimists see recovery this year. Pessimists see pain for several years ahead. How this X factor gets resolved will way a great deal about whether housing will rebound.

**FREAKED BY THE HOUSING MARKET**, more would-be home buyers are opting for rentals—driving rent up along the way. But it's not just rising rents that new renters have to worry about. A handful of new costs could make renting less than the bargain it appears.

The average national vacancy rate for rentals fell 17% last year to 6.6%, according to REIS, Inc., which tracks rental performance data. And as renting has gotten more popular, prices have jumped. The average monthly rent, including studios, one- and two-bedroom apartments is now \$986, based of Reis data. Before the recession, the average was just \$930. And in some markets, it's far worse: In New York, rents are up 9% on average in the last five years; in San Jose, they're up 8%.

The market is only likely to get tighter. For the first time in memory, the federal government is actively encouraging people to rent, rather than buy. The Obama administration's recent housing proposal calls for a larger rental market and limits home ownership. Not that renting needed the endorsement: It's already attractive to anyone hesitant to commit to a home in an uncertain job market, those who can't qualify for a mortgage, and people waiting for a more stable housing market before buying. And some people just don't have a choice. Skyrocketing foreclosures have left thousands of former homeowners with no option but to rent, says Frank Nitschke, principal at Prudential Real Estate Investors Research. And with another five million homes expected to go into foreclosure over the next two years, according to RealtyTrac.com, that means more renters will soon enter the market and could drive rentals up even more.

The rise in demand almost certainly means higher rents, which are projected to rise by 3.4% by the end of the year, according to Reis, and fewer of the perks that became popular during the recession, like two or three months' free rent for anyone willing to sign a one-year lease. While shopping around, new renters should look for landlords who are still willing to provide free months of rent—a trend that has been declining during the past year, but is still more widely available than it was pre-recession, says Ryan Severino, a senior economist at Reis. Existing renters might save money by renewing their lease sooner than later when rents are likely to be even higher, he says. Before signing a contract, look for wording that promises not to raise rents during the lease period. By end of year, rents could rise even further should inflation pick up.

But there are other costs, too, that can take a bigger bite than many renters expect: Insurance, storage fees and, in cities where housing costs have plummeted, opportunity costs. Suddenly, home-ownership doesn't quite sound so bad.

### **Storage costs**

For former homeowners, renting often means living in a smaller space—which means taking the 8-foot dining room

table or the piano to storage. At Public Storage, among the largest U.S. storage companies, the popular 100-square foot unit—about half the size of a one-car garage—can cost up to \$270 per month, depending on location. (The average price is around \$150.) There's also a one-time fee of around \$20 to sign up. The company's U.S. same-store revenues were up modestly in the third quarter compared to a year ago, and "there's no doubt, foreclosures have helped the industry," says Clemente Teng, the company's vice president of investor relations. To lock in the most affordable rental, look online: Companies often offer lower prices online than they will over the phone. And since prices can vary by location, check out the options a town or two over. Consumers shopping for a space now might want to consider locking in the price when home sales and moves pick up in the summer, storage prices tend to rise.

### **Insurance fees**

There's no reliable data, but anecdotal evidence suggests that more landlords are requiring tenants to sign up for renter's insurance, says Loretta Worters, a vice president at the Insurance Information Institute. They're concerned about getting sued if someone gets hurt on their property, and while the extra cost may seem unnecessary at first, it makes sense: A typical policy covers a tenant's possessions and pays for hotel stays and additional living expenses in the event a rental is destroyed or seriously damaged. Premiums usually range between \$100 and \$300 per year, according to State Farm, and vary based on location and amount of coverage. Some renters may want additional coverage, because most policies place a limit of up to \$2,500—total on jewelry, fur, silverware, gold, art and rugs, whether they're destroyed or stolen. A supplemental policy, called a floater, costs on average \$7.50 per \$1,000 worth of jewelry, says Scott Simmonds, a Saco, Maine-based insurance consultant.

### **Missed opportunity**

In some cities, the housing market has fallen so far, and the rental market has gotten so tight, that rent could cost significantly more than a mortgage on a comparable place. In Miami's Dade County, for example, a two-bedroom apartment costs \$1,206 on average in rent; monthly mortgage and property tax payments on the same property, based at the median list price of \$209,000, would cost \$774, according to Movoto.com, which tracks sales and rental prices. Over five years, that's a savings of almost \$26,000—not including the tax break for mortgage interest. In Fairfax County, VA., the markets, and savings, could be similar. To determine whether owning is cheaper than renting in a specific neighborhood pull up equivalent for-sale listings online or speak with a realtor and use a rent-or-buy calculator to compare the monthly cost of renting and owning. And if the monthly savings are significant, there are other compelling reasons to buy, says John Mulville, a senior vice president at Real Estate Economics, which tracks residential real estate data: prices are low, as are mortgage rates.

Existing-home sales unexpectedly rose last month, though a drop in prices to their lowest level in nearly nine years suggests the housing market continues to search for a bottom.

Demand for used homes increased by 2.7% to a seasonally adjusted annual rate of 5.36 million in January, the National Association of Realtors said.

Economists surveyed by Dow Jones Newswires had expected home sales to decline by 0.8%, to an annual rate of 5.25 million.

Despite a strong finish last year, with a 12.5% jump in existing-home sales in December, the housing market remains a weak point in the economy. Last year was the worst year since 1997, with about 4.9 million homes sold, according to the NAR.

The December sales rate was revised down to 5.22 million from an initial estimate 5.28 million, though the percentage increase was higher than the 12.3% gain previously reported. Historical revisions going back to 2008 didn't change the annual sales figures or monthly home prices.

However, the 2010 sales figures, representing a drop of 4.8% from the previous year, may have actually been even lower because of miscounting by the Realtor group.

The NAR is reviewing data going back as far as 2007 to determine whether it over counted sales, with a decision on whether revisions are needed expected by the summer. Economists who have been raising concerns about the NAR's data, saying sales may be overstated by as much as 20%.

"I don't know what that revision will be," Lawrence Yun, the Realtor group's chief economist, told reporters at a briefing to discuss the January data.

"But most indicators imply that NAR data probably has some upward drift," he said, noting that the last re-benchmarking in 2000 showed that the group's sales estimates were overstated by 13%.

Any downward revisions could further deflate hope for a recovery in the market, which has suffered several setbacks since the financial crisis. The housing indus-

try received a boost early last year from a home-buyer tax credit that helped revive sales, but activity sank after it expired.

A new threat to the housing market emerged in the fall, when several banks disclosed making errors on foreclosure documents. While the problems haven't had a measurable impact on sales, they have given would-be buyers another reason to be wary about entering the housing market. Tight lending standards and high joblessness have kept demand low.

If past sales figures were determined to be worse than initially thought, that would also indicate that the inventory of homes remaining on the market is bigger than expected. Weak demand combined with the large backlog of unsold homes has kept prices on a downward slope.

Still, Mr. Yun said the fact that sales have climbed in five of the last six months suggests "the sales recovery appears to be sustained gain."

In January, home re-sales were also higher than in the previous year for the first time in seven months, up 5.3%.

Still, the median sales price for an existing home fell to \$158,800, the lowest level since April 2002. That is down 3.7% from the year-ago median price of \$164,900 and well below the median of \$168,800 in December.

The inventory of previously owned homes listed for sale contracted 5.1% at the end of January to 3.38 million available for sale. That represented a 7.6-month supply at the current sales pace, compared with a revised 8.2-month supply the previous month. The December backlog was revised up from an 8.1-month supply.

Still, a "shadow inventory" of unlisted bank-owned homes and potential foreclosures mean that prices could take even longer to stabilize.

Distressed properties accounted for about 37% of sales last month, compared with 36% in December.

Mr. Yun said he expects inventories to climb back up to between eight or nine months' worth of supply by the summer.

Many real estate investors shy away from the ugly house business because they fear selling houses in a depressed real estate market. We've all heard the horror stories of real estate investors who lost their shirt because they got stuck with a property they just couldn't sell or rent.

I am here to tell you that this does not have to happen. There are eight rules you can never violate. Selling a house starts before you ever buy it. I start focusing on marketing strategies as soon as I pull into a driveway for the very first time-not after I've purchased and renovated the house. Most untrained investors never focus on selling until after they have the property renovated, and by then it is too late for most. Let me explain why in more detail...

Step #1 for selling a house starts with buying the right house that the majority of first-time buyers would want to call home. The easiest mortgage money for a first time buyer to qualify for right now is for FHA, VA or Conventional Financing. The good news is the down payments are low and the seller can pay most of the prepaid expenses and closing costs. The bad news is the buyers need good credit. Buyers with good credit scores are much more critical about the house they pick to call home. Real Estate investors must be very selective with the homes they are buying, renovating and selling to ensure they can sell for a large profit.

So here is the list of my eight houses to never buy:

1. Never buy a house on a busy street because most first-time buyers have pets or plan on having a family and they will not buy on a busy street. Inexperienced investors who can buy houses dirt cheap on a busy street think they are great buys but they aren't. The are tough to rent and hard to sell.
2. Never buy a tiny house that is less than 1000 square feet. With a huge surplus of houses for sale right now, buyers have a ton of homes to pick from and they buy the bigger homes. Over 85% of the buying population wants at least three bedrooms.
3. Never buy a house with a small master bedroom. I will never buy a home where the master bedroom is smaller than 12 x 12. Most first time buyers already own the bedroom furniture. The furniture stores push the king size bed, huge dressers , armoire and two night stands for a low package price and that is what first time buyers purchase. If all these items won't fit in the master bedroom of the house I am looking to buy, then I won't buy the house at any price.

Many inexperienced investors struggle with this. I

made this mistake early in my career, and I got the privilege of making 14 monthly payments on a house that I couldn't rent or sell because the master bedroom was too small.

4. Never buy a house in the war zone. Nobody wants to rent or buy in a high crime area. Contractors don't want to work there either.

If you are new to an area and you are not sure about the crime rate, contact your local police department and ask for the undercover detective that is assigned to that area. They will be able to provide you with the crime statistics for the area..

5. Never buy a house that is mixed use or next to a commercial area. Mixed use properties require substantial down payments of 20%-30% for financing which eliminates the majority of buyers. Remember, you want your property to appeal to the masses, not the minority. Most first time buyers don't want noisy commercial businesses near their home. Stay away from properties near low income housing, high tension power lines, train tracks, and sewer treatment plants.

6. Be careful if you are considering buying a property with no garage. I have purchased 276 houses during the past 12 years. I actually went back and looked at how long it took me to sell houses with garages vs. houses without garages. My average holding period to buy, fix and sell a house with a garage is 121 days. My average holding time for homes without garages is 239 days. Yes, that is correct, it takes almost 4 months longer on average to sell a property without a garage.

7. Never buy a house where you can't correct functional obsolescence. Examples would be a house with low ceilings, narrow stair case and a bad layout. Houses like this do not sell well because the flow of the rooms is weird or they have tiny bathrooms or kitchens that can't be expanded.

8. Never buy an entry level house in a flood zone because the insurance cost will be high. Most first time buyers are extremely sensitive to their monthly payments. The extra premium for flood insurance can make the monthly payment much higher than other houses in the same price range.

So what is left to buy, you ask. As a seasoned investor in a depressed real estate market, I can tell you that I am being pickier about what I buy than ever before. I am only making offers on two out of ten deals that come across my desk because I want to sell at lightning speed. The fastest properties to sell are four bedroom + houses, over 1,500 square feet in great school districts with garages, formal dining rooms and big master bedrooms.

On October 5, 2010, the Governor signed into law Public Act 199 of 2010 which was Senate Bill 185. This new law was enacted to permit victims of domestic violence to terminate their leases based upon certain facts and circumstances. (You can read the law by going to the following website: <http://www.legislature.mi.gov/documents/2009-2010/publicact/pdf/2010-PA0199.pdf>.) The law is to be placed at MCL 554.601b, as part of the Landlord-Tenant Relationships Act and applies to leases entered into or renewed after the October 5th date.

In March 2007, Senator Garcia indicated to the Rental Property Owners Association of Michigan (RPOA-M) and the Property Management Association of Michigan (PMAM) that he was determined to pass a domestic violence bill regarding tenants but did not want a law that would damage the rental housing industry business. Senate Bill 103, prepared at that time, included language that allowed the victim of domestic violence to be released from their lease with the presentation of a police report or a personal protection order. That was all. The bill proposed a simple solution but did not address abuses by tenants not in imminent danger. After much research of other states' domestic violence laws by the National Apartment Association, the determination was made that this proposed law could potentially be very damaging to the rental housing industry in Michigan.

The RPOA-M and the PMM agreed to work with Senator Garcia's office and advocate representatives for victims. There was great concern in the workgroups that a bill be drafted that all parties concerned could support or at least not oppose. At each step, the RPOA-M and PMAM had representative available for comment and consideration to help with each change and revision. In the end, the RPOA-M chose to take a neutral position concerning the bill.

In summary, the statute states where there is "...a reasonable apprehension of present danger to the tenant or his or her child from domestic violence, sexual assault, or stalking while that person is a tenant" the landlord will release the tenant from the obligation to pay rent, provided the tenant submits written notice to the landlord by certified mail. There are many other stipulations that must also be met by the circumstances for the statute to apply (see below).

The release from the obligation to pay rent is effective on the first day of the second month after the tenant gives notice. The release is effective only if the tenant vacates the premises. The release does not require the landlord to return any prepaid rents and the landlord may process the security deposit pursuant to statute.

In addition to the written notice, the tenant must submit written documentation consisting of at least one of the following:

- \* A valid PPO or foreign (from another state) protection order or an order removing an abusive person from a home under Juvenile Code. The order must be in effect at the time of the submittal.
- \* A valid probation order, conditional release order or parole order (still in effect at the time of submittal) that imposes conditions to protect the tenant or the tenant's child, including a no contact order.
- \* A written police report that resulted in charges no more than 14 days before the submittal of the notice and the documentation.
- \* A written police report that resulted in charges more than 14 days before the submittal of the notice and documentation if accompanied by a form demonstrating a verifiable threat (the format and substance of the form are detailed in the statute) along with a report verified by a qualified third party (sexual assault or domestic violence counselor, licensed health professional, mental health professional, member of the clergy).

Leases may contain the following provisions—"A tenant who has a reasonable apprehension of present danger to him or her or his or her child from domestic violence, sexual assault, or stalking may have special statutory rights to seek a release of rental obligation under MCL 554.601b" If the lease contains the provision, the language should be exact. If the lease DOES NOT contain the provision, the landlord must either post this language in a written notice in the management office visible to a reasonable person or deliver written notice of this language to the tenant at the time the lease is signed, typically via a lease addendum.

The statute limits the distribution of the vacating tenant's forwarding address and provides that other tenants jointly and severally liable under the lease are not released from the obligation to pay rent.

So, as a result of a lot of hard work and years of negotiations, the law protects an individual who is in imminent danger and prevents the abuse by those who are not in danger while preserving the rental housing industry's ability to maintain their business practices.

## Mortgage rates break 5% CNNMoney

It's time to say hello to 5% loans.

The national average interest for a 30-year, fixed-rate mortgage surpassed 5% for the first time since May 2010, according to Freddie Mac's Primary Mortgage Market Survey.

During the week ending Feb. 11, rates averaged 5.05%. That factors in an average of 0.8 points in fees that the average borrower paid to lower his or her rate.

And rates quoted by Bankrate.com—which look at loans not backed by mortgage giants Fannie Mae or Freddie Mac—spiked to nearly 5.25% in the past week. (This index has been popping under and over 5% since early December.)

“That's a pretty appreciable increase and the pressure is upward at the moment,” said Keith Gumbinger of HSH Associates, whose own barometer of mortgage rates has been rising quickly as well.

These rising rates will most impact those trying to refinance, rather than those trying to buy. Homebuyers tend to focus on other aspects of the purchase, according to Gumbinger, like whether they like the home and especially, home prices.

“The interest rate is not the key issue for buyers,” he said. “Increases do not produce a huge deterrent.”

For one thing, prices tend to decline a bit in response to higher rates, which offsets some of the increase. For another, most buyers could absorb the additional \$29 per month that the recent interest rate jump would produce.

The rising rates can give a temporary boost to home sales because waffling buyers need to get off the fence thinking it may cost them more to delay.

This week's rate bump comes in a time of uncertainty surrounding the future of mortgage lending. Washington is mulling over the future of two government-backed mortgage giants. The two companies, plus the FHA, support the vast bulk of all mortgage lending.

“If you're thinking of buying a house, you're probably better off buying in this reasonably certain lending environment than in the rather uncertain environment that's coming,” said Gumbinger.

## Don't Miss An Important Component in Screening New Tenants

A vital part of tenant screening requires more than learning about applicants, their employment and credit history—it's learning everything you can about their previous rental history. Yes, former landlords who have rented to this tenant before have a wealth of information, which should be weighed carefully, before you approve an application. Think about it. For six months or six years, former landlords have received or not received payments from your applicant. They know how the tenant left the property and about any complaints made when they leased it. Their file and recollection can provide you with more insight than you'll find by calling employers or ordering a credit report. Start with the end in mind and weed out any applicants who might not treat your property with a gentle, kind, and caring hand. Was their former landlord impressed with the condition and cleanliness of the property when the tenant moved out? Or were they overwhelmed and disappointed with the lack of attention and personal consideration they showed by leaving the unit a mess?

Screening former landlords can reveal much more, though, and the information you gain is worthy of your time. Does the tenant have a history of short-term housing, indicating problems with payment or other terms of the lease? Was the tenant a nuisance to other tenants? Did the tenant honestly disclose past information to previous landlords, and did that information hold true? I should note here that all applicants are not Honest Abe. Dishonest applicants know that telling the truth on applications could hurt their chances of being accepted—as it very well should. So, they come prepared, armed with a list of references, addresses and phone numbers of imposters. I've seen cases where tenants provide false names or contact information for previous landlords, steering potential members who agree to aid and abet them in their quest for housing. For that reason, you might want to ask more specific questions—like how many units do you have, please verify the applicant's social security number so I know we are talking about the same person, and can I have the name and address of another tenant so I can ask them for a written reference for this tenant.

By asking more questions, you'll be able to do a better job of determining whether this landlord is legitimate or not. In addition, be aware of legitimate landlords who will tell you exactly what you want to hear because they will do anything, including lie about a tenant's past, just to get rid of them. So, suffice it to say that while screening should include interviewing former landlords, it should be considered just one piece of the whole and weighed accordingly.

The American Apartment Owners Association recommends landlords ask these questions when talking with the current or previous landlord (And landlords, do be discreet about any information that you receive from a current landlord. Do not pass it along to the tenant.) 1. What is the tenant's payment history? 2. Did the tenant give sufficient notice according to the lease? 3. Did the tenant fulfill all of the terms of the lease? 4. Did the tenant give a reason for moving? 5. Were there any complaints from neighbors about the tenant? 6. Would you rent to this tenant again?

Most landlords tend to stick together, understanding the difficulties and headaches caused by bad tenants. If you are lucky enough to contact one who is willing to honestly divulge information, you're a step ahead of the game.

## Board Approved Changes

At the March 18, 2011 Board meeting the board approved the following:

Credit Report charges have been decreased to \$15 per report.

Criminal Reports thru ICHAT will be \$15 per report.

We are in the process of setting up an account with TRAK-1 to do complete checks. This will include Broad Screen Criminal Search. This is a Multi-State Criminal Search - includes available counties in all 50 states plus Washington, D.C., Eqifax Residential Credit Reports, HotCHEX - Verifies if the applicant has any pending hot checks outstanding. (A HotChex search may reveal if an applicant is able to pay rent by providing a check or if another form of payment may be required, Automated Eviction Search - A search of the applicants current home state for eviction related filings and Rent to Earnings Ratio. This service will cost \$30 per search. **A signed release form is necessary before the tenant check can be processed.**

### The board approved the following form charges.

Commercial Rental Application	\$2.00
Residential Rental Application	\$2.00
Tenant Selection Checklist	\$2.00
Rejection Letter	\$1.00
Credit Authorization	\$1.00
Move-Out Info	\$2.00
Residential Lease Agreement	\$5.00
Commercial Lease Agreement	\$10.00
Notice to Change Terms of Tenancy	\$1.00
Lead Paint Disclosure	\$1.00
Pet Agreement	\$2.00
Promissory Note	\$2.00
International Property Maintenance	\$5.00
Rental Housing Inspection Ordinance	\$5.00
City of Port Huron Inspection Ordinance	\$5.00
Port Huron Township Inspection Ordinance	\$5.00

#### Carbon Copy Form Available in the Office

The Fall Seminar has been scheduled for September 23, 2011.

If anyone has any thing that they would like to hear about at the seminar please contact the office.

Security Deposit Notice to Tenant	\$1.00
Complaint: Non-Payment of Rent - DC 102a	\$1.50
Complaint: Termination of Tenancy - DC 102c	\$1.50
30 Day Notice: Termination of Tenancy - DC 100c	\$1.00
7 Day Notice: Non-Payment of Rent - DC 100a	\$1.00
Notice to Quit: Health Hazard/Injury to Premises - DC 100b	\$1.00
Order of Eviction - DC 107	\$1.50
Writ of Restitution (Landlord/Tenant-Land Contract) - DC 107	\$1.50
Request & Writ for Garnishment (Periodic) - MC 12	\$1.75
Request & Writ for Garnishment (Non-Periodic) - MC 13	\$1.75
Request & Writ for Garnishment (Income Tax Refund/Credit) - MC 52	\$1.75
Garnishee Disclosure - MC 14	\$1.75
Garnishment Release - MC 50	\$1.50
Final Statement on Garnishment: Periodic Payments - MC 48	\$1.50
Summons - DC 104	\$1.75
Dismissal - MC 09	\$1.25
Small Claims Judgment - DC 85	\$1.25
Certificate of Satisfied Judgment - MC 17	\$1.25
Inventory Checklist	\$1.00

**If anyone has a topic they would like to see in the newsletter or an article that you think other members would be interested in, please contact Jodi at**

**810-385-2332 or by email at [jgalbraith@innovativehousing.org](mailto:jgalbraith@innovativehousing.org)**

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