

# Eastern Michigan Real Estate Investment Association

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## Housing bust forces some to become reluctant landlords

by M.P. McQueen WSJ

**Whether they can't sell or are waiting for the market to rebound before they try, more people are collecting rent to help pay the mortgage. It's a less-than-ideal situation for most of them.**

With housing prices still in the dumps, many Americans are finding themselves in the uncomfortable position of landlord.

Some have been forced to relocate for a job and can't sell their homes. Others have moved, but are holding on to their previous homes, hoping for prices to rebound before selling. Many are finding that rent checks don't come close to covering their mortgage payments.

Hard data are scant on how many homeowners are renting out their homes, but anecdotal evidence suggests numbers are up. In one indication of the trend: More homeowners are converting their homeowners insurance to landlord policies that cover the additional risks of leasing out a home. Allstate, the second-largest home insurer in the U.S., reported a 27% increase in conversions in the first quarter from the previous year.

"The number of rental homes available is greater today than it was a year ago due to the foreclosure crisis," says Mike Nelson, president of Rental Home Professionals Inc., a multiple-listing service of rental homes owned by the National Association of Residential Property Managers in Chesapeake, Va.

In Frederick, Md., real-estate agent Jim Bass says that because of rising demand, a couple of months ago his real-estate group started offering property-management services, tending to the rented homes of absent owners. Bass says a client recently rented out his 4,700 square-foot house, which had failed to sell after being listed for \$790,000. Now a tenant pays \$2,995 per month—a shortfall of \$2,000 from the \$4,995 mortgage payment. The homeowner "feels that two years from now, the market will improve to the point where he can recapture that," Bass says.

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## 9 rules for conducting a Fair-Housing-friendly tour by the Voice

### **Rule #1: Set Policy for Showing Units**

One of the best ways to avoid fair housing problems related to showing units is to have a written policy explaining the details about when and how tours are conducted at your community, according to fair housing expert Nadeen Green. The purpose is two-fold: to ward off discrimination claims by ensuring that prospects are treated consistently, and to help in your defense in case a claim is filed against your community.

The law doesn't require you to have a policy-written or otherwise-so it doesn't address what must be in the policy, except of course that it must be nondiscriminatory. The policy should include details about when your community will conduct tours. For safety reasons, the policy should describe weather conditions applicable to your area-including temperature extremes, thunderstorms, blizzards, hurricanes, or tornado watches or warnings-when tours will not be conducted. Safety considerations will also dictate the timing for starting a tour. To avoid conducting tours in the dark, for example, the policy may state that tours must begin before a particular time-or to take account of changing daylight, within a certain period before sundown.

Although consistency is the key to avoiding a fair housing complaint, there may be circumstances when the community determines that safety concerns outweigh the need for consistency in conducting tours. For example, the policy should address people whom Green refers to as "scary prospects-someone who appears to be intoxicated, makes suggestive comments, or acts in an aggressive manner. When confronted with scary prospects, the policy may give leasing consultants discretion to conduct the tour, ask to reschedule, or get a coworker to join them. Whatever the policy, the important thing from a fair housing perspective is to document the reasons for the leasing consultant's actions-you may need it if the prospect claims he was denied a tour because of his race or other protected characteristic.

### **Rule #2: Set Policy on Photo IDs**

For safety reasons, many communities require prospects to produce some form of photo identification before leasing consultants will take them on a tour of available units. Whatever your policy on photo IDs, it should address the details, such as who must provide IDs, what types are acceptable, whether to photocopy them or hold the originals during the tour, and whether to retain any copies after the tour is completed.

This is an area in which communities have a lot of

leeway-but there are potential fair housing problems lurking in the details. For example, communities may choose not to require anyone to show an ID before a tour, but fair housing expert Doug Chasick doesn't recommend it. Requiring prospects to leave a photo ID in the office during a tour is a legitimate security measure aimed at preventing assaults and aiding in the apprehension of assailants who commit crimes against leasing consultants.

Although some communities require an ID from only one person on a tour, many call for IDs from everyone going on the tour who is 18 or older, although the age requirement could be as young as 16 or 17, depending on state law. Whatever your policy, fair housing problems may arise unless you apply it consistently. Ignoring the requirement for white prospects, but insisting on it for black prospects would amount to discrimination based on race.

Another detail that could trigger a fair housing complaint is the type of ID your community requires, says Chasick. If, for example, a community accepts only a U.S. or state-issued form of identification, it could be accused of discrimination based on national origin by foreign-born prospects. And though it's commonly offered as a form of identification, Chasick warns against requiring prospects to produce a driver's license because a prospect may not have a driver's license due to a disability. Instead, Chasick advises communities to accept any valid-that is, unexpired-government-issued photo ID, whether issued by North Dakota or a country in northern Africa.

There is a great deal of debate among fair housing experts over whether to photocopy IDs and, if so, what to do with the copies afterward. Many communities take photocopies of photo IDs to avoid objections from prospects who are loathe to turn over what may be their only form of identification, not to mention problems associated with securely storing original IDs and making sure that they're returned when the tour is over. Those communities, and some fair housing experts, reason that if the community uniformly photocopies IDs of all adult prospects taking a tour of available units, then the community may not be liable for discrimination.

The real problem seems to stem from what happens to the photocopy once the tour is over. Some experts, including Atlanta-based fair housing attorney Robin Hein, believe there's no problem with keeping the copies with the prospect's application as long as the pictures are not used to make decisions about who may live in the community. Nevertheless, Hein and other experts acknowledge

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that is may not be a good idea to retain copies of photo IDs with rejected applications.

Others say it's okay to take copies before the tour, but to give them back or destroy them after the tour is over. That's not enough, according to some fair housing experts, including Chasick, who advise against making copies of photo IDs before touring vacant units (although they agree there is nothing wrong with retaining photo's after the application is approved). For one thing, it's often ineffective-unless the community has invested in a good photocopier-because it can be nearly impossible to get a clear image of a photo ID, he says. But more important, Chasick and others say it eliminates the potential that the photo could be used against you to support a prospect's claim that his application was denied based on information gleaned from the picture about the prospect's race, national origin, sex, or other protected characteristic.

### **Rule #3: Maintain Unit Availability Log**

Develop standard policies and procedures to keep track of when units become available for showings. Some communities have moved to computerized systems, while others maintain a paper system, and still others use a combination of both.

Regardless of whether it's on paper or computer, the fair housing goals are the same: to ensure that two prospects with identical housing needs, who come to your community at the same time and speak with different leasing consultants, are shown all units relevant to their needs and requests. The system also helps provide proof that all prospects received accurate availability information and explains why a particular unit wasn't shown to a particular prospect.

One key aspect of the policy is to establish when a unit is available for showing. It's important to set a standard on when your community is willing to show a unit-ranging anywhere from when you learn that a current resident is leaving to after it has been vacated, cleaned, and declared market-ready. You can weigh the pros and cons of showing a unit that's still occupied, or whether to wait until a supervisor has approved it as market-ready. The point is to keep everyone on the same page. If your policy is to show only units that have been declared market-ready, you could be accused of a fair housing violation if a leasing consultant tells one prospect that nothing is available at the same time as another consultant is showing units before they've been declared market-ready.

Whatever your policy, maintain an updated log of all available units, including details such as the time and date the unit became available and any changes in its status-for

example, if a unit was pulled from the list because of a maintenance problem detected during a showing. The log not only allows all leasing consultants to know what's available at a particular time, but also explains any apparent inconsistencies in what prospects are told within a short period of time. For example, if a family with children is told that nothing is available during an early morning phone call, but a childless couple is shown a unit that subsequently became available late that afternoon, the availability log would quickly show that the reason that they were treated differently was simply based on the timing-not on discriminatory motives.

### **Rule #4: Keep Track of Prospect Contacts**

Develop policies and procedures to keep track of everyone who contacts your community from whatever source-telephone, email, Web inquiry, walk-in-and for whatever reason. It may seem to be going overboard to keep track of everyone who contacts your community, but fair housing experts emphasize that having good records often makes the difference between winning and losing a fair housing case. If any of those contacts results in a fair housing complaint against you, you'll find that the administrative burden of detailed record keeping was well worth the effort to avoid time and money spent to defend what may be a simple misunderstanding without the evidence you need to defend yourself.

Keep a log with details about any phone calls, emails, and Web inquiries from prospects, applicants, or residents. The substance of the inquiry could be about any subject; it doesn't have to be a leasing inquiry. The log should include the date and time of the contact; the name and telephone number of the person initiating the contact; the name of the person who took the inquiry; the subject of the inquiry; and a summary of what was said. If the contact is a leasing inquiry, include information about whether the prospect made an appointment, and if so, the time and date of the appointment.

Keep a record of everyone who visits the rental office, even of those who don't go out on a tour or fill out an application. The most common way of doing this is to fill out a guest card, including the following information:

- Prospect's name, address, telephone number, and email address;
- Date and time of visit;
- Type of unit requested, and stated budget;
- Any preferences indicated by the prospect (first floor, near the playground, etc.);
- Prospect's proposed move-in date;
- Which units you showed the prospect;
- Prospect's response to units seen; (cont pg 4)

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- Outcome of showing and explanation; and
- Verification that the prospect has reviewed information on the card for accuracy, including the prospect's signature.

You should also have a section for any other relevant information. For example, if you were unable to offer the prospect a tour due to extreme weather conditions at the time of the visit, you can note that on the guest card.

### **Rule #5: Focus on Training Staff**

Formulating fair-housing-friendly policies and procedures for showing vacancies is only half the battle. The policies are of little value unless you take the time to ensure that all staff members—from the seasoned to the newly hired—fully understand and apply the policies in a consistent manner.

New hires pose a particular risk to your fair housing efforts, says Chasick, usually because of well-intentioned, but unlawful, remarks, questions, or conduct. If, for example, a leasing agent knows that children have been injured playing too close to a pond on the property, he may decide not to tell a young family about a vacant unit in that area and show them units only in other buildings. Although he's motivated by safety concerns, the leasing consultant may be unaware that he has just engaged in unlawful steering.

All staff should receive periodic training to reinforce the importance of consistently applying your policies and procedures. Including people skills, such as the importance of a consistent demeanor when dealing with prospects. Treating everyone with professional courtesy will avoid the impression that leasing agents are behaving differently with some people than they are with others based on a protected characteristic.

Chasick also recommends educating your staff on cultural differences, particularly the customs and etiquette of the demographic groups in your area. For example, hand gestures can mean vastly different things—some of which seem innocuous in this country—but are quite offensive in different countries and cultures around the world.

### **Rule #6: Offer to Show Prospects All Available Units That Meet Their Needs**

To comply with fair housing law, offer to show a prospect all available units that meet their stated needs, regardless of their race or any other characteristic protected under federal, state, or local law. It's unlawful to turn anyone away, misrepresent the availability of units, or refuse

to show available units to a prospect based on a protected characteristic.

*Example:* A Chicago-area rental property owner recently agreed to pay \$35,000 to settle allegations that he refused to rent a single-family home to African-American family and made repeated statements to fair housing testers expressing a preference not to rent the home to African Americans. Allegedly, he said he would rent the house to a white tester for \$100 less than the advertised rate, and further stated, "You're not black; that's the reason you're getting that" [U.S. v. Flanagan, January 2011].

Don't make exceptions based upon what you believe to be the preferences of the neighboring residents. For example, let's say you have five vacant two-bedroom units when a family with young children asks about available two-bedroom units. Three of the units are near those occupied by elderly long-term residents in a quiet area of your community. If you don't mention those units, but show the family only the other two, you're steering and violating the FHA's ban on discrimination based on familial status.

### **Rule #7: Don't "Steer"**

When showing units to prospects, be guided by their stated requirements, not by your own preconceived notions about where they would prefer to live in your community. Limiting a prospect's housing choices based on a protected characteristic is a fair housing violation, commonly known as "steering." In general, steering means guiding, directing, or encouraging prospects to live in-or not live in-certain sections of your community based on any characteristic protected under federal, state, or local law.

When a prospect expresses an interest in seeing units of a certain size within a certain price range, you should explain what's available and offer to show any units that meet his criteria. For instance, if a prospect wants to see two-bedroom units within a certain price range, explain what you have available and offer to show any that meet his requirements. You can take into account any stated preferences about location, such as a particular floor, particular building, or proximity to amenities. But it's unlawful to limit prospects' choices within your community based on your beliefs about what they would prefer or what would be best for them. Common examples of unlawful steering include:

- Showing families with children units located only on the ground floor or away from potential dangerous amenities like swimming pools;
- Showing prospects of a particular race, religion, or na-

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tional origin units only in areas of the community where others of the same race, religion, or national origin live; or

- Not showing prospect with disabilities units on upper floors or located far from amenities such as the fitness center or swimming pool.

*Example:* The owners and operators of a 268-unit rental community in Renton, Wash., recently agreed to pay \$110,000 in damages and penalties to settle allegations of discrimination against African Americans, Hispanic Americans, Indian Americans, and families with children in violation of the Fair Housing Act, according to a recent announcement by the U.S. Department of Justice. Among other things, the complaint alleged that the defendants steered Indian tenants away from one of the five buildings at the community, treated tenants from India less favorably than other tenants, and discouraged African Americans, Hispanics, and families with children from living there [U.S. v. Summerhill Place, LLC, March 2011].

Be careful about what you say when talking to prospects about available units. It's unlawful to make comments to either encourage or discourage them about living in a particular unit or area within your community based on race, disability, familial status, or other protected characteristic. Consequently, avoid expressing personal opinions about whether a unit or building is or isn't well suited for a particular prospect for reasons related to a protected characteristic.

### **Rule #8: Take Consistent Route During Tour**

Take a standard route when conducting tours of your community. That way, you can ensure that all prospects have the opportunity to see the community in the same light, without regard to the prospect's race, color, or other protected characteristic. For marketing purposes, the standard route is likely to include attractive features and amenities, such as the fitness center or pool. Deviating from the standard route—for example, by taking the long way to a particular building—or going out of your way to go by unattractive features—such as the trash collection area—when touring with some prospects, but not others, could be perceived as an attempt to discourage them from living in the community. If it's based on a protected characteristic, such conduct could be interpreted as a form of unlawful steering.

During the tour, make sure to show your amenities on an equal basis, says Chasick. Don't assume, for example, that a prospect with a disability isn't interested in looking at

your fitness center, you certainly don't have to force him to do so—though you should make a note on the guest card that you skipped the fitness center at the prospect's request.

### **Rule #9: Don't Ask or Answer Inappropriate Questions**

When dealing with prospects, you can get into fair housing trouble for either asking or answering inappropriate questions. Asking questions related to a protected characteristic is inappropriate, even if motivated by harmless curiosity. When meeting people from foreign countries or different cultures, for example, don't ask questions about the accent or clothing, even if you are genuinely interested in knowing more about where they come from, says Green. Though your intentions are good, the prospect may suspect that you have discriminatory reasons for asking questions related to her national origin. Because of the risk that your questions could be misinterpreted, don't ask these types of questions, even if she asks you first because your accent or clothing suggests that you share the same cultural background, says Green.

By the same token, disability-related questions—even when well intentioned—can trigger a discrimination complaint. With only limited exceptions, it's unlawful to ask prospects questions about whether they or anyone associated with them has a disability, or the nature or severity of a disability. Consequently, you could be accused of a fair housing violation if, in an effort to be helpful, you ask a prospect in a wheelchair questions about her ability to walk or need for an accommodation. The law allows disability-related inquiries when necessary to respond to a reasonable accommodation request, but you must wait to be asked. You shouldn't offer an accommodation if the prospect hasn't asked for one.

Meanwhile, answering questions from prospects can also trigger a fair housing complaint if the response involves the race, ethnicity, or other protected characteristic of other residents in your community. It doesn't matter whether the prospect asking the questions is herself a member of the same protected class. If a prospect asks you a risky question, you can get into as much fair housing trouble by giving an inappropriate answer as you would if you volunteered the information yourself, warn fair housing experts. Be polite but firm when faced with inappropriate questions, and offer a standard response—for example, by saying that your community policy and fair housing law don't permit you to answer the question.■

## Do I need a professional tax preparer? Duane Culver

### How should I go about choosing one?

Tax professionals are not all created equal. They come with dramatic differences in their desk-side manner, and especially in their aggressiveness.

Why does aggressiveness matter? You need someone aggressive enough to press you for additional information that's important to your return, to walk you through the benefits of different tax-saving strategies, and to be firm if you have a mistaken idea about a deduction you want to take. What you don't need is someone who is aggressive in recommending deductions or strategies which the IRS may or may not agree are legitimate for your circumstances.

I have a client which I helped with an IRS audit several years ago. This client used a preparer for years to prepare their returns for their home-based business. Unknown to client, probably a dozen business deductions in their return were not legitimate. Because the client had little knowledge regarding taxes they paid this preparer to do their return. The client came to visit me because they were being audited for three years and owed over \$10,000 in back taxes. I was able to help them find deductions they were allowed to claim, which were not enough to overcome what was wrongly claimed on their original return. Although this client is extremely grateful for the help I was in lowering the amount they had to pay, they should not have had to go through this whole audit process because they paid somebody to do their return who should have been competent.

I'd like to explain the major levels of competence among tax professionals, describe some indicators that would suggest what level of competence you need, and conclude with a word about computer programs plus some real-life examples to illustrate those points.

Attorneys and Certified Public Accountants (CPA) generally are recognized as having the greatest expertise in understanding taxes. Both the fields of law and accounting are broad and professionals often specialize in specific areas of practice. Even within the area of taxation there are many specialties. For example, attorneys may earn an LLM (Master of Laws degree) in

taxation or an accountant may earn an MST (Master of the Science of Taxation), to establish the necessary background for a specialization in taxation. These additional credentials demonstrate advanced training and education in taxation, but are not necessary for someone to be a tax expert.

Enrolled Agents (EA) are professionals who usually are not attorneys or COA's but who have demonstrated their proficiency in tax law by passing an extensive exam administered by the IRS or by fulfilling experience requirements working for the IRS. The EA designation does not mean they are agents for the IRS, but rather that they can represent you before the IRS similar to the way an attorney or CPA can. I have found most enrolled agents to do high quality work and to be very knowledgeable in many areas of taxation.

Many national chains need to recruit and train hundreds of new preparers each year. They offer extensive training in the fall of the year, and hire as many of the trainees as they need to prepare taxes in the winter. This enables the company to process thousands of tax returns, but many of the preparers are very inexperienced and are not good sources for tax advice. The complex tax laws take years of study to master, as is evidenced the ability for attorneys and CPA's to specialize as extensively as they do.

Attorneys, CPAs and EAs all have annual continuing education requirements. Additionally, they must follow ethical standard of their professions in addition to the ethical standards the IRS has established for practitioners. They can lose their certification if they don't follow these ethical standards, and most do follow them religiously.

In my practice we review the tax returns to ensure the accuracy and completeness of our work. This practice is missing in many of the tax preparation organizations, and our experience is reviewing old returns new customers bring us, shows this is sorely needed. I am sure many of the new preparers are not even aware of their ignorance.

When you pay for tax preparation services, what additional services might you want or expect to go along with this service? Will your preparer represent you if you are selected for an audit? Are

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they available during the summer months to answer your questions and give advice? What are their guarantees? These are all things to consider when choosing a tax professional to work with.

There are a lot of ads for computer software which you can use to prepare your own return. Computer software in general has come a long way in ease of use and we see record numbers of people finding new uses for software. My understanding is the tax preparation software interviews you. It asks you questions and you answer the questions. As you go through this process, it completes your forms. Sounds simple enough, but our experience is that most of our customers need help understanding some of the questions we ask. Misunderstanding the questions often leads to errors on the returns. How do you know if your software has done your return accurately? After it has prepared your return, will it also answer the letters from the IRS and represent you when you are audited? Will it answer your questions this summer when you want to do some tax planning?

Everybody's personal lives are different, as are their financial arrangements. Because of this, everybody's needs are different when analyzing their need for a tax preparation service. Some have very simple situations with only a W-2 form. Others have families, homes, and multiple jobs. Those who own their own business or have rental properties have increased the complexity again. You will want to select a preparer that has the qualifications to deal with the situation you have.

Everyone who wants to succeed financially should be willing to pay for good financial advice. I often have people ask me, as their tax advisor, what I would recommend concerning a decision they are making. I often back them up to tell them that although taxes will be a component of the decision, not to let that drive the decision. Their decision needs to be based on what makes the most financial sense, taking the tax impact into account, not based on what saves them the most taxes. A good advisor can help people make that determination. Be Aware — the best is seldom the cheapest.

An example of some of my clients whom I have been able to help save significant money includes some individuals with moderately low incomes who have qualified for the "Saver's Credit". I have had

clients for whom I have recommended they open an IRA and save 70% of their contribution off of their taxes. Any tax preparer should be able to figure it out, but are they experienced and knowledgeable enough to be able to look for and identify those opportunities?

I have different people come in every year who have tried doing their taxes on their own using one of the computer software programs. These people come to see me because they know enough about their tax return to know that it didn't come out the way it was suppose to, and they want me to do it correctly for them. I often wonder how many people are missing deductions, or facing audits because they took too many deductions because they did it themselves and don't know enough about taxes to know how to get them done right.

Finally, when making your selection for a tax preparer that fits your needs, it is not necessary that you be friends with your tax preparer, but it should be someone you can respect and trust.■

### List of questions to ask

- Do you have other clients in my line of business?
- How many years experience do you have?
- Does somebody else review your work?
- Are you going to be here this summer to answer my questions?
- How much does it cost to have you answer a letter I get from the IRS?
- How much does it cost to have you represent me if I am audited?

## EPA fines 16 firms for violations of the lead Renovation, Repair and Painting Rule the Voice

WASHINGTON—The U.S. Environmental Protection Agency (EPA) announced 16 enforcement actions for violations of the lead-based paint Renovation, Repair and Painting Rule (RRP). A priority for EPA's enforcement program is to protect children, and others, from exposure to lead dust that can cause lead poisoning by ensuring that renovators follow the RRP and other lead rules. Lead exposure can cause a range of adverse health effects, from behavioral disorders and learning disabilities to seizures and death, putting young children at the greatest risk because their nervous systems are still developing.

"At least 4 million households with children have lead paint, and over a half million children have elevated levels of lead in their blood. But lead exposure is preventable when you know what to look for and what to do," said Cynthia Giles, assistant administrator for EPA's Office of Enforcement and Compliance Assurance. "These settlements serve as an important reminder of the importance of using lead-safe practices to protect the health of our children and prevent lead poisoning."

The RRP rule requires that contractors that work on pre-1978 dwellings and child-occupied facilities be trained and certified to use lead-safe work practices. This ensures that common renovation and repair activities like sanding, cutting and replacing windows are done in ways that minimize dangerous lead dust. EPA finalized the RRP rule in 2008 and the rule took effect on April 22, 2010.

The enforcement actions listed below address many serious RRP Rule violations that could result in harm to human health. These actions include cases where the respondent failed to follow lead-safe work practices. Lead-safe work practices are critical to reducing exposure to lead-based paint hazards and, thereby, avoiding potential lead poisoning. In at least five actions, children lived at the property; thus, the respondent directly put children at risk of exposure to lead-based paint hazards. Also, in several cases, respondent failed to obtain firm certification prior to performing or offering to perform renovation activities on pre-1978 homes. The RRP Rule's certification requirements ensure that firms and renovators know the RRP Rule, and how to employ lead-safe work practices. Other alleged violations include the respondent's failure to provide EPA's "Renovate Right" pamphlet to homeowners and occupants. The pamphlet is an important mechanism for helping homeowners and tenants understand the risks of lead-based paint hazards, and how best to minimize these risks to protect themselves and their families.

The 16 enforcement actions include 13 administrative

settlements and 3 filed administrative complaints. The settlements advance EPA's mission to protect human health because, under each settlement, the respondent was required to certify that it has come into compliance with the RRP Rule and compliance results in greater protection for children and others in the future. EPA also assessed civil penalties. When formulating penalties, EPA must evaluate an entity's ability to pay a penalty and to remain in business. Accordingly, the Agency assessed a total of \$53,792 in civil penalties. In the 3 administrative complaints that EPA has filed, the Agency seeks civil penalties up to the statutory maximum of \$37,500 per violation.

### Settlements:

- Alliance Contracting & Design, LLC of Bay City, Mich.
- Dasa Properties LLC of Buffalo, N.Y.
- DiGiorgi Roofing and Siding, Inc. of Beacon Falls, Conn.
- Exterior Images of Derry, N.H.
- Hometown Painting, Inc. of Warrenville, Ill.
- Kindred Painting, LLC of Dover, N.H.
- Leanza Painting Contractors, Inc. of Morristown, N.J.
- Mac Stringer Painting and Staining of Ontario, N.Y.
- Scheffler Painting, LLC of Trenton, Michigan
- Spartan Painting, Inc. of Haslett, Michigan
- Sunshine Home Improvement, LLC of Lenexa, Kan.
- Universal Remodeling & Building, LLC of Stratford, Conn.
- Wildwood Apartments, LLC of Jackson, Mich.

### Complaints:

- Collegiate Entrepreneurs, Inc. of Braintree, Mass.
- PZ Painting of Springfield, N.J.
- Kachina Contractor Solution of Elkins Park, Penn.

### More information about these settlements:

<http://www.epa.gov/compliance/resources/cases/civil/tsc a/1rrprule.html>

### More information on EPA's RRP rule:

<http://www.epa.gov/lead/pubs/renovation.htm>



## Housing recovery gains strength by Chris Isidore

### Prices up 7.3% in 2012

The housing market recovery picked up steam in the final three months of last year, with prices rising at an annual rate of 7.3%, according to S&P Case-Shiller, while a government report showed sales of new homes also shot up higher.

The home price increase marks the third straight quarter of year-over-year gains. The price report covered 20 major housing markets.

The number of new homes sold in January jumped more than 15% from December and nearly 30% from a year earlier, according to the Census Bureau report. There is only a 4.1-month supply of new homes available for sale on the market, the tightest supply by that measure since the bubble days of 2005.

The improvement in the market is driven by many factors, including near record-low mortgage rates, a drop in the number of home foreclosures, the tight supply of both new and previously owned homes available for sale, and an improvement in the overall economy, including a lower unemployment rate. These factors are combining to bring potential buyers who have been scared to buy during the housing downturn back into the market.

The resulting rise in home prices was the biggest annual increase since the second quarter of 2006, near the height of the housing boom. The sales of new homes were at the highest level since July 2008, about two months before the bursting of the housing bubble slammed the brakes on home sales.

But housing may not be able to continue to grow at this rate.

"These movements, combined with other housing data, suggest that while housing is on the upswing, some of the strongest numbers may have already been seen," said David M. Blitzler, chairman of the index committee at S&P Dow Jones Indices.

Still, Cooper Howes, U.S. economist for Barclays,

said that even if growth slows, there's no sign of a new housing bubble.

"We don't think we're at the point where we have to talk about overheating," he said. "The numbers are strong, but that's just coming off a really low base."

Barclays is forecasting a 6% to 7% price gain this year, and 5% to 6% in 2014.

The rise in home prices can provide a lift for the economy as it increases household wealth and allows homeowners who had previously owed more than their homes were worth to refinance their mortgage, putting more money in their pockets.

"This 'wealth effect' will play a significant role in supporting consumer spending this year," said Joseph LaBorgna, chief U.S. economist for Deutsche Bank.

The increase was broad-based, with 19 of the 20 markets showing gains in December. New York posted the only decline, with prices edging down 0.5% from a year earlier.

Some markets with the biggest rise were those hurt the worst by the bursting bubble six years ago—prices jumped 23% Phoenix, 14.4% in San Francisco, nearly 13% in Las Vegas and just over 10% in Miami and Los Angeles. Detroit enjoyed a 13.6% rebound in prices.

Richard Green of the USC Lusk Center for Real Estate, said the recovery in housing prices hasn't been even across all the different price segments. He said the upper end of the market has done well as the wealthier families' earnings have recovered and foreign buyers have come into the market. The lower end of the market has recovered due to purchases by investors looking for bargains.

"It's the middle market that needs help—particularly in the form of higher income—if it is going to have a sustained recovery," Green said. ■

### Housing bust forces some to become reluctant landlords conclusion by M.P. McQueen WSJ

Experts generally advise against becoming a landlord in hopes of recouping lost home value. In some hard-hit parts of the country, such as Florida, Nevada, Arizona and parts of Ohio, prices may not climb back to mid-2000s levels any time soon. Landlords have to pony up money each year for property taxes, insurance, maintenance and repairs. Meanwhile, demand for rentals in many parts of the U.S. isn't strong. Apartment vacancy rates nationally are the highest in more than two decades, and rents are falling in some areas, compounding the difficulty of finding a good, steady tenant.

Homeowners who owe more than a house is worth in very depressed areas may be better off selling even in a short sale, whereby the bank agrees to accept less than the full amount owed on the mortgage, says economist Edward Leamer, director of the UCLA Anderson Forecast. Your credit rating takes a serious hit, but, he says, "better to take your losses and move on."

Kyle Becker, 27, and his wife didn't think they had much of a choice in becoming landlords. The couple and their infant son moved from Columbia, Mo., to Winchester, Va., last year so Becker could attend pharmacy school at Shenandoah University.

Before they moved, they listed their three-bedroom, two-bath ranch house in May 2008 for \$139,000. They had bought it in 2005 for \$110,000 and put \$30,000 into roofing and siding. By February, they hadn't received a single bid.

"We had only seven lookers over the course of a year," Becker says. Meanwhile, the couple was paying \$1,200 a month in rent for a Virginia house. Last spring, the Beckers finally leased the Missouri house for \$675 a month—\$225 less than their mortgage payment.

Because the home was no longer owner-occupied, Becker was unable to refinance his 6.1% mortgage when 30-year rates dipped below 5% briefly.

If he had to do it all over again, Becker says he might have chopped the price of his house in Missouri, where sales have been stagnant. ■

### HUD V.A.S.H. (Veterans Administration Supportive Housing) Vouchers MSHDA

The HUD VASH program combines HUD Housing Choice Voucher (HCV) rental assistance for homeless veterans with case management and clinical services provided by the Department of Veteran Affairs (VA) at its medical centers and in the community. Ongoing VA case management, health, and other supportive services will be made available to homeless veterans at various VA Medical Center (VAMC) supportive services sites across the nation.

HUD VASH vouchers follow the regulations (24 CFR 982) of the HCV rental assistance program. In the HCV program, the Public Housing Authority (PHA) provides monthly rental assistance so that eligible families can afford decent, safe, and sanitary housing. HUD provides PHA with the necessary funding for the program. The VAMC will refer HUD VASH eligible families to the PHA for the issuance of vouchers.


Under HCV tenant-based program, families select and rent units that meet program housing-quality standards. If the PHA approves a family's unit and tenancy, the PHA contracts with the owner to make rent subsidy payments (housing assistance payments) directly to the owner in accordance with the lease. The assisted family will pay no more than 40 percent of their income towards rent. The housing assistance payment (HAP) contract between the PHA and the owner covers only a single unit and a specific assisted family. If the family moves out of the leased unit, the HAP contract with the owner terminates. The family may generally move to another unit with continued assistance so long as the family is complying with program requirements.

Landlords can find more information at <http://www.michigan.gov/mshda> in the "Landlord Guidelines" brochure. ■

### Wage garnishment extended...signed by Governor

The Rental Property Owners Association of Michigan (RPOA-M) 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 garnishments 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 needed 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 with Kathy. ■




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