

Eastern Michigan Real Estate Investment Association

Eastern Michigan Real Estate Investment Association

RRP lead regulation changes update the Voice

February 2012

Inside this issue:

From the President	2
March Board of Review	3
Winter home-maintenance checklist	4
10 Question Companion Animal Quiz	5
Small Business Tax Credit...	6
Miscellaneous Information	7
Renter Nation Rages on as New Reality	8
More Miscellaneous Information	9
Even More Miscellaneous Information	10

There has been an update from EPA on the Lead RRP rule which took effect on October 5, 2011. A brief summary will follow of all the changes that have occurred since July 2010. If you want to see the actual update, all you have to do is provide your email to EPA and they will include you on their mailing list for updates that take place from time to time.

July 2010 Revisions:

- The allowance for owners to opting out of following RRP by a firm no longer exists. The opt-out provision (which allowed a renovation firm to "opt out" of some of the RRP requirements where the firm obtained a certification form from the owner occupant of a residence that no child under age 6 or pregnant woman resides in the home and the home is not a child-occupied facility) has been removed and no longer in effect.
- Renovation firms must provide a copy of records demonstrating compliance with the training and work practice requirements of the RRP Rule to the owner and occupant of the housing, and operator of a child occupied facility, in a short, easily-read checklist or other form. Such a checklist is part of the training packet providing to RRP trained renovators and can be found at <http://epa.gov/lead/pubs/nllaplist.pdf> Firms may use and/or develop their own forms or checklists as long as all the required information in included.

July 2011 Revision:

- Replacement of page 10 in the pink Renovate Right Pamphlet indicating that EPA does require Cleaning Verification but that lead dust testing is an

option

October 5, 2011 Revisions:

Exterior renovations:

- Vertical Containment-Vertical containment means a vertical barrier consisting of plastic sheeting or other impermeable material over scaffolding or a rigid frame, or an equivalent system of containing the work area. Vertical containment is required for some exterior renovations but it may be used on any renovation.
- If the renovation will affect surfaces within 10 feet of the property line, the renovation firm must erect vertical containment or equivalent precautions in containing the work area to ensure that dust and debris from the renovation does not contaminate adjacent buildings or migrate to adjacent properties. Vertical containment or equivalent extra precautions in containing the work area may also be necessary in other situations in order to prevent contamination of other buildings, or properties.
- In addition, renovation firms may erect vertical containment for other exterior renovations. This allows renovation firms to erect vertical containment closer to the renovation activity than the minimum ground containment distance specified in the RRP rule, to give more flexibility in designing effective containment strategies for particular worksites.
- Exterior ground containment measures may stop at the edge of the vertical barrier when using a vertical containment system. cont on page 6

FROM THE PRESIDENT - Dianna Maxwell

Champion for the Asset Class

How Can Renters Solve the Housing Crisis?

by Greg Rand

Residential real estate is not rocket science. We know that this housing crisis is:

1. **Explainable** - bad lending, mad speculation, wild expectations, government meddling
2. **Isolated** - bad mortgages, negative equity, strategic default, government meddling
3. **Temporary** - demand for housing always catches up to supply eventually

Anyone with any experience and perspective will agree that this market will recover over the next 10 years, but what will this particular recovery look like? Since the root of the problem was unprecedented, the solution might be as well.

My belief is that renters are going to solve the housing crisis.

Homeownership rates have fallen by a few percentage points, which has translated into more than four million new rental households in just the past few years. According to the Census, 1.4 million of those were added between July 2010 and June 2011, showing that this trend is accelerating.

As a result, rental rates are growing at more than 5% per year, and this trend is also accelerating.

As a result of this, investors are pouring capital into American housing with a long-term mindset, kicking this trend into hyper speed.

This crisis will not be solved by enticing home buyers. Their confi-

dence is waiting for unemployment to come down and government to act responsibly, which could take a while.

But investors are confident right now. Why? Because they see the big picture. Rental demand equals stable cash flow. So what can be done to encourage them?

How about eliminating archaic waiting periods for investors who want to buy foreclosures? How about eliminating waiting periods for investors who paid cash and want to tap it with a refinance? Today they have to wait months to put that money back to work. Why not eliminate the overall bias against investors in FHA, Fannie Mae and Freddie Mac and require big down payments to make it safe to lend and lend?

Better yet, keep your eyes peeled for a private sector player to seize this opportunity to create America's first national investor mortgage brand. The estimates are that half a million investor loans close

REAL ESTATE



every year, and who owns that niche? No one.

The Martial Arts teach you how to use the weight and momentum of your opponent against them (or so they say in the movies). This is the same thing. This drastic increase in rental demand is a by-product of the foreclosure crisis. Use it against the crisis by turning it into positive cash flow investments for those willing to be confident and take a risk in this environment.

Burn off that shadow inventory and create housing options for newly minted renters, which will, in turn, stabilize rental rates, and everybody wins. Good credit renters and buy-hold investors will be the heroes at the end of this saga. **RE**

March Board of Review

PAYING TOO MUCH PROPERTY TAX?

The **only** time of the year to dispute your Real Estate property taxes is rapidly approaching.

The **March board of review** is your opportunity to ensure Real Estate assessments accurately reflect current market values. The “True Cash Value” of your Real Estate is determined as of December 31 of the proceeding tax year.

True Cash Value is defined in part as *“the usual selling price which could be obtained at private sales, not a forced or auction sale, at a place where the property is at the time of assessment?”*

Real Estate assessments are not automatically determined to be 50% of a recent sale. Neighborhood trends are determined by the assessor and these trends are factored into each properties assessment. Example: If an assessor determines a neighborhood declined by 10%, usually the assed values for properties in that neighborhood will all be reduced by 10%. Assessors do not assess each property individually. Therefore, if your property assessment does not reflect “True Cash Value: the assessed value, usually, will not be modified by more than the neighborhood factor determined by the assessor. It is your responsibility to verify the assessment is correct. If you do not agree with the assessed value, the Board of Review is the forum to dispute the assessed value. The burden of proof is on the property owner. Simply disagreeing, providing the recent purchase price, a bank appraisal or pleading the taxes are too high does not meet the burden of proof required. Valuation Disclosure is needed. An appraisal prepared, by a licensed appraiser, for the purposes of tax appeal proceedings is the most creditable form of valuation disclosure.

Blue Water Appraisal Company is experienced in the preparation of Valuation Disclosures (appraisal’s) that comply with the burden of proof required.

For additional information contact:

Blue Water Appraisal Company at 810-982-3733 or bluewaterappraisal@comcast.net

Winter home-maintenance checklist MSN Real Estate

The most important job this month is to prevent water damage from bursting pipes and leaks in your home.

The dead of winter is the time for the greatest vigilance in your home-maintenance routine. The most important job this month is to head off damage to your home from water and dampness from a number of sources:

- Groundwater and rain seeping into your home.
- Leaky pipes inside the walls.
- Pipes bursting from freezing and thawing.

Take a tour

After a winter storm, get outside as soon as you can. Walk around the house, checking for damage from wind and broken tree limbs. Scan for loose or missing shingles.

Give special attention to vulnerable pipes - indoors and out - that are exposed to the cold, including hose bibs, pipes in outside walls, garden sprinkler lines, swimming pool pipes and pipes in unheated attics, basements and garages. A frozen pipe needs only a one eighth-inch crack to leak as much as 250 gallons a day, according to State Farm Insurance Company.

Take these steps to safeguard against damage from frozen and bursting pipes:

1. If practical, insulate any pipes exposed to the cold. Ask hardware-store personnel for the best materials for the job.
2. Seal any leaks that are letting cold air in, especially around dryer vents and pipes and where electrical wiring enters the house.
3. Search for uninsulated water supply lines in the attic, garage, basement, and crawl spaces and in bathroom and kitchen cabinets adjacent to outside walls. During a cold spell, open cupboard doors in the kitchen and bathroom so the home's heat can reach them. Keep doors shut tight in the garage and outside closets and cupboards during freezing weather.
4. When temperatures drop below zero, open both hot and cold faucets a trickle to relieve the pressure in the pipes.
5. Keep temperatures inside the house at 55 degrees Fahrenheit or above, night and day, even when you're gone.

Leak prevention

Install small, battery-powered individual leak alarms, also called flood alarms, under refrigerator, kitchen and bathroom drain pipe, dishwasher and laundry appliances and behind toilets. Cost: around \$10-\$15 each.

Check to make sure your sump pump is operating properly. If it has a battery backup, unplug the pump from the wall and test it.

Look for pests seeking shelter

Cold weather drives mice and insects into the walls of your home. Even unheated parts of the house invite these pests. Insects need only a crack to enter, and mice can get in through a dime-sized hole. Houseflies, particularly, pose a health risk because they can transmit disease.

Seal any cracks where pests enter.

Empty compost and garbage frequently.

Keep food covered and put away; keep counters clean.

Fix leaky pipes quickly.

Pour boiling water down bathroom and kitchen drains monthly, preventing the buildup of bacteria-laden sludge; scrub removable drain covers.

Check basement, attic, crawl spaces and the back of cupboards and cabinets for mice droppings or holes. If you find evidence, install traps immediately or call a pest-control service.

Pick up and dispose of outdoor pet waste promptly; turn compost piles frequently.

Make an inventory

While you are putting away holiday gifts, seize the opportunity to make a quick home inventory.

An inventory is a record of your home's features, conditions, furnishings and valuable possessions. If your home is damaged or destroyed by fire, flood or other disaster, you can use the inventory to substantiate your insurance claim to get the maximum replacement value for what was lost.

Your inventory doesn't have to be fancy. You can get started and add to it later. Supplement your record with photos or video. The Insurance Information Institute has free software for making a room-by-room home inventory. <http://www.knowyourstuff.org/iii/login.html>

Tips: Save receipts for valuable home purchases and for work you have done to upgrade the interior or exterior of your home. Keep a copy of your inventory in a bank safe-deposit box or on a hosted server online, so you can get it even if your computer is destroyed.

Also...

Here are a few more winter tasks:

1. Check the labels on the switches in your electrical circuit-breaker panel and make new labels if necessary.
2. Check your furnace filter monthly in the winter to see if it needs replacing.
3. Use a vacuum-cleaner tool or a long-handled brush to clean under and behind the refrigerator, including coils.
4. Clean lint from under laundry appliances, especially the dryer, carefully work the cleaning tool down into the lint filter; outdoors, clean the dryer vent outlet, reaching as far as possible into the pipe.
5. Gather product documents and warranties into a folder. Go through the contents and discard outdated materials.
6. Walk around inside the house with a screwdriver, pencil and paper. Tighten any loose knobs and attachments and list repairs to tackle later.
7. Examine the ducts of your forced-air furnace and seal any leaks with duct tape.

10 Question Companion Animal Quiz

Teresa Billingsley

Discrimination complaints from applicants who feel slighted by landlords because of their disability have become the leading complaints filed with Fair Housing. Take the ten question quiz and see how your knowledge fairs.

QUIZ

If a landlord or property manager said or enforced any of the following, would it be a Fair Housing violation?

1. "I DON'T ALLOW Rottweiler's as pets in my building for ANY reason!"
2. "If I have to allow that Pit Bull as a companion animal, then I'm going to require it not to bark; it must remain with her at all times and never be left alone in the rental; and when in public it must be on a leash and keep an identifying vest and nametag on."
3. "So many tenants were accusing me of giving her special treatment so I had to tell them her doctor diagnosed her with depression and authorized the dog to help with her disability."
4. "The tenant brought me an authorization note but since it wasn't from a medical doctor I rejected it and didn't bother considering it."
5. "He doesn't look disabled so I told him he had to prove to my satisfaction that he is."
6. "She has an obvious disability yet prefers my vacant unit for normal people. I told her she had to take the modified unit for disabled tenants or I'd reject her. A normal person doesn't want a place that has been tailored for the disabled, whereas a disabled person is perfect for these units. It's just business!"
7. "I will not accept an authorization note from anyone except a doctor. No one else is qualified to speak about the nature of one's disability."
8. "Since Fair Housing says I must allow the comfort animal, I charged the tenant a pet deposit."
9. "He handed me his doctor's authorization note, but he was rude about it. He told me if I wanted to know more about his disability to call his doctor. I did not appreciate his attitude so I put the note in his file and did nothing with it."
10. "My insurance company will drop me as a client if I accept a tenant with a bull dog as a companion animal. So I told him I was rejecting his application because his choice of companion animal was unacceptable by my insurance carrier."

All ten statements above are Fair Housing violation.

1. Violation. You may not decide what pets are and are not acceptable as a service or companion animal.
2. Violation. Additional or unreasonable restrictions on companion animals are strictly prohibited.
3. Violation. One's disability is private and not to be disclosed.
4. Violation. The key is for the person providing the authoriza-

tion to be qualified to attest to the disability and be a credible or reliable witness (one whose testimony is sufficiently persuasive to hold up in court).

5. Violation. A landlord is NOT to assess the degree of one's disability or determine whether one qualifies as disabled.
6. Violation. A landlord is not allowed to restrict a tenant's choice nor decide what unit is best suited for them.
7. Violation. Professionals other than doctors can legally confirm one's disability (Example: legal guardian, live-in caretaker, drug/alcohol counselor, relative, boss...). Always consult a qualified attorney and Fair Housing representative when you are not sure about a written authorization and have questions.
8. Violation. Service/companion animals are NOT considered pets and are exempt from pet deposits and higher security deposits as they are deemed *needed* accommodations.
9. Violation. It is a Fair Housing violation to purposely delay ones application. A delay is equivalent to a denial and can create a liability situation.
10. Violation. Neither you nor an insurance company can override the ADA and statutes that protect the rights of the disabled. The policies insurance companies have in place regarding the type of animal that impose too high of a liability risk for coverage are legal, but they apply to pets NOT companion and service animals.

Good Tools/Resources to Utilize:

- Service Animal/Companion Animal Policy
 - a. Some considerations for this policy are the animal must (1) abide by all other applicable statutes and policies (2) be vaccinated (3) be licensed (4) not cause damage (5) not create a nuisance (6) be clean and (7) not be vicious nor violent.
- A qualified attorney and Fair Housing representative
- Apartment Owners Association advisors and training classes

To avoid preventable liability and committing a violation, (1) use due diligence (2) avoid petty conflicts when possible (3) treat everyone equally (4) do all you can to process and verify a disabled applicants authorization note without unnecessary delays.

Suggestions if your insurance agent threatens to cancel you for abiding by the law:

- a. Inform your agent in writing that the animal is an authorized companion animal.
- b. If your insurance company still refuses to make the accommodation, you should consult with a qualified attorney who may resolve the issue with a single letter. *Some insurance companies also lack the knowledge and simply need to be educated and updated on the law.*
- c. The only two things a companion/service animal may not be are (1) illegal and (2) dangerous.

RRP lead regulation changes update the Voice

Interior renovations:

- Renovation firms may erect vertical containment for interior renovations. This allows renovation firms to erect vertical containment closer to the renovation activity than the minimum floor containment distances specified in the RRP rule, to give renovation firms more flexibility in designing effective containment strategies for particular worksites.
- Interior floor containment measures may stop at the edge of the vertical barrier when using a vertical containment system consisting of impermeable barriers that extend from the floor to the ceiling and are tightly sealed at the joints with the floor, ceiling and walls.

Other Revisions:

- Paint Chip Sampling-Sampling requires record keeping and post renovation reporting. Dust sampling may be done instead of Cleaning Verifications. Certified Renovators may collect paint chips as alternative to test kits.
- HEPA vacuum information for clearly delineated-Must be operated following manufacturer's instructions.
- Power tools, when used, "must be operated so that no visible dust or release of air occurs outside of the shroud or containment system."
- HEPA vacuum cleaners must be designed so that all air drawn into the machine is expelled through the HEPA filter with none of the air leaking past it. HEPA vacuums must be operated and maintained in accordance with the manufacturer's instructions.
- The use of machines designed to remove paint or other surface coatings through high speed operation such as sanding, grinding, power planing, using a needle gun, abrasive blasting or sandblasting, is prohibited on painted surfaces unless such machines have shrouds or containment systems and are equipped with a HEPA vacuum attachment to collect dust and debris at the point of generation. Machines must be operated so that no visible dust or release of air occurs outside the shroud or containment system.
- Painted surfaces are clarified or clarification of surface coatings. The Term "Painted Surfaces" replaces "lead based paint." Prohibited practices apply to all painted surfaces.

- On the Job Training clarified. On the Job Training provided only pertains to those lead safe work practices being done during the renovation.
- Distinction made between abatement and renovation. This final rule maintains distinction between abatement and renovation. When abatement is performed, the housing is unoccupied or occupants have been temporarily relocated to lead safe housing until the abatement is completed through the clearance process. Carpet is usually removed as part of abatement as lead dust is so difficult to remove from carpet and it is difficult to assure that it is lead free. Abatement has only one purpose, to permanently eliminate lead based paint and lead based paint hazard.
- Renovation, by contrast, is performed for reasons unrelated to lead based paint or lead based paint hazards. Renovation may be performed while property is occupied or unoccupied depending on the specific renovation. Occupants typically do not relocate pending project completion.

For more detail on revisions refer to the rule and amendments at: <http://epa.gov.lead/pubs/rrp/htm>.

Small business tax credit for health insurance

Small businesses may be eligible for a tax credit if they pay for at least half of their employee health insurance coverage under a qualifying arrangement. The credit is specifically targeted to help small businesses and tax-exempt organizations that primarily employ 25 or fewer workers with an average income of \$50,000 or less.

For tax years 2010 to 2013, the maximum credit for eligible small business employers is 35 percent of premiums paid. Beginning 2014, the maximum tax credit will go up to 50 percent.

Additional information about the eligibility requirements and calculating the credit can be found on the Small Business Health Care Tax Credit for Small Employers page of www.irs.gov. You may also want to contact your accounting or tax preparer for more information.

Review Basic Emergency Maintenance Steps with New Residents

One of the privileges of owning and managing rental properties is the late night emergency calls. Reviewing emergency procedures prior to occupancy might just prevent a late night call from a panic-stricken resident. Always properly identify and preview with the resident the location of the following systems within a rental unit.

- 1) **The water shut-off.** This is one of the most vital controls to cover with residents. Having this simple knowledge can literally prevent thousands of dollars in damage. Always show residents its location and demonstrate how to shut the water completely off. Hang a "water shut-off" tag on the handle.
- 2) **The circuit-breaker panel box.** It is important for residents to not only know where this is located but they should also be told how to locate and reset a breaker that has tripped.
- 3) **Ground-fault circuit interrupters-GFCI's** in bathrooms and kitchens. Many service calls are made for what is usually a very simple fix involving these safety devices. Make sure your residents know where they are and how to reset them.
- 4) **The thermostat and its proper operation.** This is especially important if the rental unit has a heat pump. Varying settings to save expense on heat pumps can actually cost the resident more money for energy costs. Residents should also understand the function of the emergency heat switch.

Taking these simple precautions can prevent many emergency calls and extra expense. Cover these items in advance and remove some of the headaches associated with rental property management.

HUD RAISES CIVIL PENALTY FOR LEAD PAINT VIOLATIONS

In a final rule published 6/22/2011 in the Federal Register, the Department of Housing and Urban Development (HUD) raised the civil money penalty for failure to disclose lead-based hazards on housing built by the Debt Collection Improvement Act of 1996. This rule amends 24 CFR 30.65(b) to raise the maximum penalty that HUD may impose upon those individuals or entities who violate the Lead Disclosure Rule, from \$11,000 to \$16,000.

Smoke Free Housing is Legal: Consult this Website

Michigan has become a national leader in the adoption of "smoke-free" multi-tenant housing policies. Landlord experience, legal documents, assistance and free promotion are all available to you by visiting the following website:

<http://www.mismokefreeapartment.org/>

It is legal and advisable for apartment owners to establish smoke-free policies for the buildings that they own, which includes individual apartments and common areas.

Recent Survey Says Renters Plan to Stay Out of the Buying Market for the Next Several Years

A recent research study led by Harris Interactive® on behalf of the National Apartment Association found that the majority of apartment residents plan to continue renting for the next several years. Citing reasons ranging from low confidence in the recovery of the residential real estate market to general worries about the US economic climate, renters are more positive about the financial benefits of renting vs. owning than they were when the study was conducted last year.

The study's findings support the current trends in apartment rental occupancy rates. According to the NAA, the year over year increase in apartment rental occupancy hit a historic high this year - a 1.5 million unit increase over Q4 2007. Here are some other findings from the Harris Interactive® research study:

- ◇ Consumer confidence is low-it's going to get worse before it gets better: 80 percent of U.S. adults believe that the current housing market situation will worsen or stay the same over the next six months.
- ◇ Renters not eager to take a chance on home ownership anytime soon: 69 percent of renters said they plan to stay renters for up to five more years.
- ◇ Renters are staying put: 50 percent of renters who responded plan to continue renting their current residence for the next year and an additional 46 percent of non homeowners have no plans to buy a residence within the next year.
- ◇ Homeowners shy of making any quick changes: 72 percent of homeowners plan to remain in their current home over the next year.
- ◇ Renting seen as favorable to owning: 71 percent of adults feel that there are advantages to renting vs. owning in the current real estate market, 48 percent citing financial reasons (e.g. not being impacted by unpredictable housing values and mortgage rates) over more traditional reasons such as amenities packages (18 percent) or the flexibility of a short-term lease (32 percent).
- ◇ Economic fallout from the mortgage crisis beginning to affect even non-homeowners: 39 percent of adults feel that the financial security of renters and homeowners is equally affected by the current stage of the housing market-illustrating that an economic impact of the mortgage crisis is also being felt by non-homeowners.

With more renters staying in their rental homes for longer periods of time, it is more important than ever to focus on rental management, maintenance and establishing good manager/tenant relationships.

Renter Nation Rages on as New Reality by Diana Olick

Despite record low mortgage rates reported today and rising affordability in most U.S. housing markets, rent is the new reality for former home owners and new households alike.

For some it is post-traumatic stress from the housing crash, for others it is the inability to get financing to buy a home. Either way, the rental market continues on its tear.

In the last quarter of 2011, the apartment sector saw its largest quarterly increase in occupied stock of the year, according to Reis, Inc.

The vacancy rate dropped to 5.2 percent, the lowest since 2001 and lower than the last cyclical drop in 2006.

This bucks the historical seasonal weakness typical of the colder months of the year. The fourth quarter also tends to be a weaker leasing period, according to Reis, given that most households make moving decisions in the second and third quarters.

The surge in occupancy pushed asking and effective rents up 0.4 and 0.5 percent respectively, which Reis calls the only disappointing figures for the sector, missing expectations. Reis blames that on slow economic growth and still high unemployment.

“Higher quality properties in the most desirable locations posted rent gains in excess of 5-10 percent, while class B/C properties, catering to lower income tenants, found it relatively more difficult to raise rents,” notes Victor Calanog, head of research at Reis.

Nowhere is that more evident than in the Washington, DC metro area where rents are way up across the city, and developers are rushing to erect new multi-family buildings and rehab old ones.

“Everybody wants to be in DC,” beams Richard Key, district manager for Camden Property Trust, one of the largest publicly traded multifamily REITs (Real Estate Investment Trusts) in the nation. “Whereas in other markets there are deals, when you get to DC area, all the REITs want to be here, and so we’re all competing for the same piece of land, and that’s driving the price up. That really is a challenge for us.”

Key is convinced that there has been a fundamental shift in attitudes toward home ownership that will last for several more years. He is not concerned that the pendulum will swing back to buying, just as all the new rental stock hits the market around 2014. Camden has seen rents on its DC properties rise over 5 percent in just the past year.

“The nice part is we haven’t seen a drop in occupancies with that rent growth, and so the hope is that we’re able to maintain our historical occupancies and continue to see that five, six, gosh, seven percent is not out of the question in the next couple of years,” says Key.

Washington, DC will likely see those higher rents because home prices didn’t fall very high during the housing crash and are already rebounding. It and Detroit were the only major markets posting annual gains on the last S&P/Case-Shiller Home Price Index.

Other markets, like Las Vegas, where home prices are rock-bottom thanks to a huge supply of foreclosures, the rental market is tougher for developers and landlords.

As for renter society, it is also being fueled by tight mortgage underwriting. Rates may be at record lows, but only if you can get them. In a paper released Wednesday, Federal Reserve Chairman Ben Bernanke noted, “Continued efforts are needed to find an appropriate balance between prudent lending and appropriate consumer protection, on the one hand, and not unduly restricting mortgage credit, on the other hand.”

Until that balance is found, potential home buyers will stay on the sidelines, those sidelines being rental apartments. A new twist to watch, however, may be that rental nation will go single family.

With so many bank owned homes left to clear, and so many in government and the private sector looking at bulk rental investments, apartments may have big competition in the same neighborhoods where they used to compete against single family buyers.

“The Last Word on the Effect of Medical Marijuana Act on Landlords” the Voice

In November of 2008, Michigan voters overwhelmingly passed by referendum the Michigan Medical Marijuana Act allowing seriously ill patients and their caregivers to cultivate (on a limited basis) and use medical marijuana as long as the qualifying patient has a prescription from a treating physician.

The Act caused utter confusion because the use, sale, manufacture and distribution of marijuana remains a criminal offense both under Michigan law and federal law.

The major issue for landlords was whether they were required by this new Act to permit the cultivation and use of marijuana by qualified patients at their rental properties. Because of a couple of county circuit court decisions and an attorney general opinion, the issue has somewhat clarified and the answer appears to be that landlords are not so required.

Obviously, there are many reasons why a landlord would not want marijuana grown or consumed on their properties-smell, making the property a focal point for suspect groups, neighbor complaints, just to name a few. If the landlord is using a properly drafted rental agreement or lease, that document in itself gives the landlord a basis for denying such use on the premises.

For example, a good lease provides that a tenant cannot engage in a business occupation on the premises. A caregiver providing marijuana under the Act is a business occupation. Another provision in a properly drafted lease or rental agreement would clearly provide that the premises cannot be used for illegal purposes. The Michigan Act has no effect whatsoever on federal law and under federal law the activity is clearly illegal. At least two county circuit judges have very recently ruled that Michigan Act is trumped (under the Supremacy Clause of the US Constitution) by federal law.

Some have asked whether or not denial of this use on rental property would violate the American with Disabilities Act (ADA). That statute is a federal statute not affected by the Michigan Act. And while the ADA requires a landlord to accommodate a handicapped person, in our opinion that statute does not include an accommodation that would violate federal law (the use, sale, manufacture or distribution of marijuana).

BEWARE OF NEW SCHEME!! Charyl Wozniak

After a tenant was evicted the property owner went over the clean up the terrible damage and attempt to get the place ready to re-rent. While he was fixing some things, a man came to the door and asked if the property had been condemned yet. The owner said, “No, why?!” The man responded that the tenant that had been living there told him that the house was being condemned and that for \$450 he could come in and strip the entire house of copper piping. He paid the money and came back in a few days to collect his copper piping. Of course, the house was NOT condemned! The previous tenant lied to the man about the condemnation of the property, which cost him \$450 and left him with empty hands.

Fortunately, when this man showed up to collect his piping the owner was there working on the place. Had he not been, all the piping in the home would have been stripped and you can imagine the cost of replacing that!!

Be sure to beware and use caution with every land-lording step you take!

Michigan joins agreement streamlining housing inspections the Voice

Michigan is joining a federal agreement to reduce duplicate physical inspections of local subsidized affordable housing, allowing developers and owners to focus on delivering more housing and resources to those in need, state and U.S. officials announced.

U.S. Department of Housing and Urban Development (HUD) Midwest Regional Administrator Antonio R. Riley, U.S. Department of Agriculture Rural Development (USDA-RD) Program Director of Multi-Family Housing Programs for Michigan Ghulam Sumbal, and Michigan State Housing Development Authority (MSHDA) Executive Director Gary Heidle make the announcement today (11-9-2011).

Michigan joins Wisconsin, Minnesota, Ohio, Oregon and Washington in pilot programs to avoid duplicate inspections and reduce regulatory burdens for rental housing that is subsidized through more than one federal agency. Developers and owners often work with several federal agencies to house the lowest-income tenants. In the past this meant duplicate requirements and extra paperwork.

“Our objective is to strengthen MSHDA’s effort to continue affordable rental housing’s success in serving our most rent-challenged and at-risk families,” Heidle said. “Through the launch of MSHDA’s pilot program, our partners and customers can begin to realize cost- and time-savings that will help enable low-income families to have access to affordable housing where it is needed most.”

Send Reminders to Residents about Winter Hazards

Every year frozen and burst pipes are responsible for significant property damage and costly repairs. Sending residents the following tips can help prevent many of the problems related to colder weather.

- 1) Close crawl space vents and verify that crawl space doors are securely closed and in place.
- 2) Disconnect all hoses from outside sillcocks (faucets).
- 3) Open cabinet doors under sinks on outside walls when temperatures reach very low levels.
- 4) During extremely cold weather especially at night allow cold water faucets to run at a stream thickness the size of a pencil. Offer to pay the extra water cost if necessary. Reimburse for the difference between the added cost and the monthly average. It’s far cheaper than the cost of a freeze out.

Shut off the water to freeze prone outside sillcocks.

Re-Keying Locks at Turnover

Unless the previous tenant was evicted, the best time to re-key a lock on a rental unit is right before the new resident moves in. Use a key box on the front door for simplifying access to the unit for all of the contractors or employees to enter during the turnover process. For obvious reasons, it is especially important to always re-key when the unit is turned; but performing this vital task AFTER everyone involved in the fix-up has had access is the best time. Inform the new resident at the lease closing that the locks were re-keyed after the completion of all work to the unit for their safety. In the case of an eviction, the locks should be re-keyed when taking possession of the rental unit and again just prior to move-in. In this case, it might be easier to keep an extra lockset for this particular purpose and physically change the lock out so the re-keying is only necessary once. Be aware that there are some lock systems available today that greatly simplify re-keying.

Tenant Screening-Match Up Previous Address

While many owner/property managers consider credit history and previous property owner references separate categories of evaluation of a new prospective resident, they do have a common link. In addition to factoring in the FICO score, the credit report has another very important component, which also can have an impact on previous rental history review. It is vital to pay close attention to previous addresses listed on the credit report.

Match those addresses against previous addresses listed on the application. Addresses that appear on the credit report that are not on the application warrant further investigation. The reason could be benign, but it may reveal a past rental history that the applicant does not want to share with the person conducting the tenant screening. Since most property managers and rental property owners consider housing history or rental history the most important behavioral pattern to review in tenant screening, pay close attention to previous addresses listed on credit reports.

What You Should Know About Buying a Foreclosure

Have you ever thought of buying a foreclosed home? If your answer is yes, there are some important factors you should consider before investing. Foreclosures generally occur when the owner of the property defaults on their mortgage. This often results in the home being listed in a foreclosure action. If no one bids on the property, it then becomes bank-owned. Many investors choose to purchase foreclosed properties as an investment property because they can be bought at prices below market. While this incentive can potentially bring a very profitable return on their investment, one must keep in mind that buying real estate from a bank or financial institution is very different than buying from a homeowner. Here are a few things that investors should keep in mind while considering a foreclosed home for an investment property.

Many foreclosed homes are priced to sell - on an "as-is" basis. This can create an opportunity for a great deal, but can also break your investment. For instance, if you purchase a foreclosed property "as-is," your getting the home in its current condition - this could mean big repair costs at your expense. Other expenses to consider are the closing costs on the home - many banks will not pay those costs. If you are allowed to inspect the property, use this advantage to hire a good inspector. A good inspection can help you calculate and consider any costly repairs that need to be made to the home before turning it into an investment property - it can also help you determine if the property is actually worth the investment.

While you're shopping for a great deal on a foreclosure, consider hiring an experienced agent. An agent with foreclosure experience can help you find the best deals by locating properties that may not be listed as foreclosures due to bank advertising restrictions. Your agent may be able to help you with understanding your state's laws when it comes to purchasing a foreclosed property.

An experienced agent can also assist you in critical research regarding comps-recent sale prices of homes that are located near or within the neighborhood of the property - and tax liens and other matters. In today's housing market, it is extremely important to do your research - know exactly what you're getting into by outlining the benefits and the risks on the purchase of a foreclosure before you sign on the dotted line.

EMREIA is now set up to do TRAK-1 full tenant screens. \$30 per screen.

1979 Holland Ave. (810) 984-3829
 Port Huron, MI 48060 FAX (810) 984-8943

**Stewart,
 Beauvais
 & Whipple P.C.**

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS



**The
 OPPLIGER
 LAW FIRM**

DAVID E. OPPLIGER
 ATTORNEY AND COUNSELOR

1111 PINE GROVE AVENUE
 PORT HURON, MI 48060
 (810) 966-1881 • FAX: (810) 966-1893
 OPPLIGER@SBCGLOBAL.NET

**GRESLEY - MACKAY
 INC.**




**PLUMBING, HEATING
 & COOLING**

188 14th Street
 Marysville, Michigan 48040
 (810) 364-5211
 FAX (810) 364-3020

**RESIDENTIAL - COMMERCIAL
 INDUSTRIAL**

Lou Gordon
 lougordon@sbcglobal.net

*Estate Planning & Elder Law
 Business Planning & Real Estate*



Matthew M. Wallace, C.P.A., J.D.
 Attorney & Counsellor at Law

Matthew M. Wallace, P.C.
 709 Huron Avenue
 Port Huron, MI 48060
 Fax: 810.985.4108
 Website: www.wallaceplaw.com

Phone: 810.985.4320 Email: matt@wallaceplaw.com

**JoAnn Wine
 & ASSOCIATES**

DIANNA MAXWELL
 Associate Broker Since 1980

Office: (810) 985-5080 Ext. 103
 Cell: (586) 801-6068
 Fax: (810) 985-9840
 Online: www.diannamaxwell.com
 Email: diannare@aol.com



Representing Buyers and Sellers GRI, CRS, RRC, RAM, LTG, ABR

**HURON
 TITLE COMPANY**

**330 MICHIGAN STREET
 PORT HURON, MI 48060**
 810 • 987 • 2141
 1 • 800 • 878 • 4853
 FAX (810) • 987 • 1317
 E-Mail: patty@hurontitle.com

Advertising Price Rates in our Newsletter and on our website:

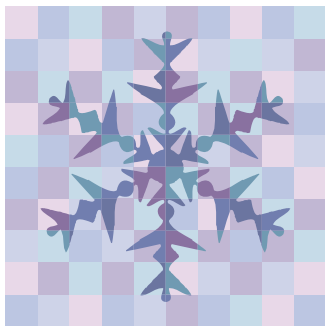
1/8 page: \$125/yr \$14/mo	1/2 page: \$200/yr \$22/mo
1/4 page: \$165/yr \$18/mo	Full page: \$400/yr \$44/mo
1/3 page: \$185/yr \$20/mo	*based on 9 issues per year

**Eastern Michigan Real Estate
Investment Association**

3051 Commerce Dr, Ste 5
Fort Gratiot, MI 48059

Phone: (810)385-2332
Fax: (810)385-8875

Email: jgalbraith@innovativehousing.org



«First» «Last»
««Company»
«Address»
«City» «State» «Zip»

E.M.R.I.E.A. ADVISOR

Our office is located at:
3051 Commerce Dr, Ste 5
Fort Gratiot, MI 48059
Phone: (810)385-2332
Fax: (810)385-8875
www.emrha.org
Office Hours:
Monday - Thursday
8:30 a.m. - 5:00 p.m.
Friday
8:30 a.m. - 4:00 p.m.

Board of Directors

President	Dianna Maxwell	586-801-6068
Vice President	Judy Harris	810-385-3284
Secretary	Ken Montgomery	810-385-3150
Treasurer	Edward Schultz	810-385-2332
	David Oppliger	810-966-1881
	Renae Kiehler	810-385-2332
	Kathy Swantek	810-388-1200
	Matt Wallace	810-985-4320
	Virginia Irland	810-982-6239