

LAKE COUNTY PROPERTY INVESTORS ASSOCIATION



P.O. BOX 344 • GURNEE, IL 60031-0344
(847) 360-8020



Volume XIV, Issue 12

December 2010

MRLANDLORD.COM TIPS ON MANAGEMENT

40 INEXPENSIVE GIFT IDEAS!

WHAT LANDLORDS ARE GIVING (OR GAVE) TO THEIR RESIDENTS

1) I do a video basket. Get a \$5.00 gift card from the video store put a box of microwave popcorn a couple candy bars and a note letting them know how much I appreciate them. I tie this up in a popcorn bucket with wrap and bows.

2) I have done a fruit basket.

3) A friend landlord gives out a turkey each year.

4) Gift card for no more than \$20.

5) I bought fire extinguishers in a can at Costco. They are small and very easy to use. I am going to put an extinguisher in the gift bag along with a box of nice Ferrero Rocher candy. All under \$20. Plus a holiday thank you card.

6) I do a small cookie tray or something that from Walmart or Sams, under \$10.

7) I wrote one check for \$100.00 and gave it to my best tenant,..who happens to be a college student. Who said "Don't rent to college kids." With my check, I had a small plaque that said "Tenant of the Year Award." She then signed another 1 year lease.

8) Plan to go to Sam's Club and take a look soon, but last year they had nice Hickory Farm gift boxes for about \$16 each. Everyone always seem to like those - at least they say they do and thank me.

9) We go to drug store and purchase box candy like Hershey's etc. usually on sale for about \$4.00 normally \$10. Tenants seem to like them. Simple and every tenant gets a box with note.

10) We give a ham to our good tenants every year. Helps to put food on their table. We get a nice whole ham on sale for 10 to 12 bucks.

11) Get each tenant a wall calendar (the type you can stick on the fridge). Make sure you mark the 1st of each new month with "Rent Due" in big bold red letters before passing out the calendars.

12) I print out and mail holiday cards.

13) I do boxes of clementines. This year a 3 pound box is running \$6.88. Tenants love them.

14) A Christmas ornament for there tree, pertaining to what they like. They feel its thoughtful and personal. Along with bake goods.

15) \$20 Blockbuster gift card in a Christmas card thanking them for being a great tenant. I get a thank you for the gift back in a Christmas card every time and I have long-term tenants. I'm raising gift card to \$25 or \$30 this year. Why not? I raised their rent due to increased costs, the least I can do is raise the amount of their gift and I can write it off on my taxes.

16) \$15.00 Walmart gift cards, and you can get these on line shipped to you for very little postage!

17) A choice of a free upgrade. This is an item that would improve the rentability and salability of the unit in the future. A few items that I have done in the past are: ceiling fan, upgraded lighting fixture, chandelier, dimmer switch, new counter, replace an appliance.

18) I think I'll repeat what I did last year . . . give a pair of movie tickets to each tenant with a holiday card thanking them for renting with us, etc. It went over well last year. I buy the tickets at a modest discount from our local AAA office. It's cheap, easy, thoughtful, and who doesn't like to go to a movie?

19) I have young tenants (college age). Last year, I gave one popcorn tins and a card per unit. This year we bought a box of chocolates per unit. I think most landlords in our area give NOTHING.

20) I send a Christmas card with a coupon for free carpet cleaning.

21) I send a coupon for \$50.00 off the rent to my best renters. The coupon expires in one year and I encourage them to use it soon so they won't forget. They seem to appreciate that.

22) We give \$25 Walmart gift cards to those tenants who have paid their rent on time for at least 6 months out of the year or more. We did it at Thanksgiving instead of Christmas thanking them for being good tenants. This way they have the money before Christmas to help with their shopping.

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"Giving You More Than You Expect"

Continued on Page 24



WELCOME NEW MEMBERS!

Name

Jennifer & Jon Groh Mark Stodola
 One Source Maintenance ... Linda Liberatore
 Linda Carol Dean Janice Dodson
 Dave & Mimi Cole
 Spencer Hellmuth Mel Withrow

FUTURES

Dec 14 Paul Arena on *IRPOA Lobbying Efforts*

MEMBER FEEDBACK

Hi Mel,

I forwarded a copy of the posting of the 1099 MISC requirement [New Reporting Requirements for Landlords in 2011. November, 2010] to my accountant and he told me that it's under discussion to be starting in 2012 instead of 2011 or even appealed....

When I hear anything new, I will let you know.

Trudy Valente

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Contributions will be published at the discretion of the editor.

Now you can join and pay online at [www.lcipia.org!](http://www.lcipia.org)

INDIVIDUAL/FAMILY MEMBERSHIP

LCPIA Individual/Family Membership is \$75.00 per year. Benefits include free admission to our monthly meetings, access to our members-only web site, news and information via this LCPIA newsletter, and special discounts from local vendors and service providers. Join today! Call Cherie Bouker at 847-219-9189, or visit www.lcipia.org.

ANNUAL BUSINESS MEMBERSHIP OR MONTHLY ADVERTISING

The Lake County Property Investors Association newsletter is published twelve times a year and is mailed to over 250 members and associates. We count on our Business Members to make this newsletter possible. An Annual Business Membership offers the full benefits of Individual/Family Membership, PLUS a display ad in our monthly newsletter for twelve issues. Single-Issue ads are also available.

Registration for LCPIA Business Membership or Single Newsletter Ad

(Circle desired format and price below)

<u>Ad Format</u>	<u>Dimensions</u>	<u>Annual Membership</u>	<u>Single-Issue Only</u>
Business Card	2" H x 3½" W	\$115.00	\$20.00
Bus Card - Back Cover (space permitting)	2" H x 3½" W	\$190.00	n/a
Double Business Card	4" H x 3½" W	\$190.00	\$40.00
One Quarter Page	5" H x 3½" W	\$240.00	\$35.00
One Half Page	5" H x 7" W	\$340.00	\$65.00
Full Page	10" H x 7" W	\$540.00	\$100.00

If you have any questions before you become a business member or place an ad, please contact Cherie Bouker at 847-219-9189 or Mel Metts at 847-949-6045. Remember, you can join and pay online at www.lcipia.org.

Business Name _____

Contact Person _____ Phone _____

Please describe any discount or special offers available to LCPIA members.

*** All ads **must** be camera ready ***

We recommend submitting artwork as a 150 dpi digital (.gif, .jpg, or .eps) file or Word 2003 document. Any other format will be converted and may lose quality in translation. Digital files may be e-mailed to advertising@lcipia.org. Printed camera-ready artwork may be included and mailed with payment (do not clip, staple or fold artwork).

If registering by mail, please attach a check or money order payable to LCPIA. No ads will be placed until payment is made in full. Art and payment must arrive by the 8th to be included in the next monthly issue.

Mail to: LCPIA Advertising - P. O. Box 344 - Gurnee, IL 60031-0344

_____ Board Approved

SUBURBAN APARTMENT RENTS BACK NEAR PEAK

(Crain's) — The suburban apartment market continued its comeback in the second quarter, with rents nearing their peak hit two years earlier, before the economy tanked. Suburban landlords are flourishing again despite the lousy job market, which usually depresses demand for apartments. Their savior: the shaky residential market, which has made many renters wary of buying a house or condominium.

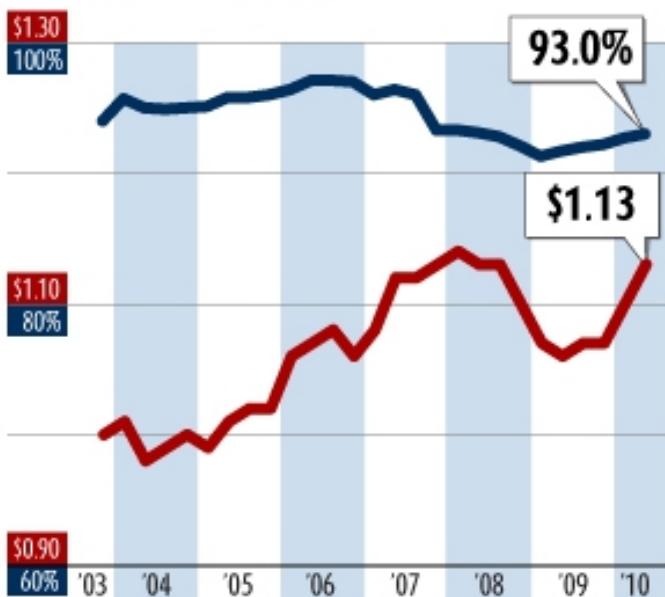
"Right now, people are choosing the least-risk decision,

CREEPING UP

Net rents at suburban apartment buildings are nearing a pre-crisis high, while occupancies keep rising, too.

RENT VS. OCCUPANCY Quarterly

Rent Occupancy



Source: Appraisal Research Counselors

and that's to rent," says Ron DeVries, vice-president of Appraisal Research Counselors, a Chicago-based consulting firm that tracks the local apartment market.

That's one reason the median suburban net rent increased to \$1.13 a square foot in the second quarter, up 2.7% from \$1.10 in the first quarter and 6.6% from \$1.06 in the year-earlier period, when rents bottomed out, according to an Appraisal Research report.

The median rent, which includes concessions like free rent, is now just shy of its \$1.14 high in early 2008, before the financial markets crashed and the unemployment rate soared.

The suburban occupancy rate, meanwhile, climbed to 93% in the second quarter, up from 92.7% in the first quarter and 91.7% in the year-earlier period. The occupancy rate is still well short of its previous high of 97.1% in 2006. Apartment investors are holding up better than many observers expected amid a deep recession that has dragged rents and occupancies down at shopping malls, office buildings and other property types.

Demand for apartments usually falls when jobs are scarce, as many renters double up or move in with their parents. That's what happened in late 2008 and 2009, when net rents fell as much as 7%.

But the local job market stabilized earlier this year, enough, Mr. DeVries says, to motivate some renters to leave their parents or roommates and get their own apartments.

Nonetheless, the local unemployment rate was still 10.6% in June, and it's unclear whether landlords will get much of a boost from the job market in the coming months. The U.S. Labor Department reported Friday that the country lost 131,000 jobs in July, fueling concerns that the recovery is running out of gas.

But as bad as the job market has been, the market for single-family homes and condos is even worse.

"Many would-be buyers remain on the sidelines because of appropriately tighter lending requirements, fears that home prices may continue to fall, and continued uncertainty over the strengths of the economic recovery," Bryce Blair, chairman and CEO of apartment investor AvalonBay Communities Inc., said last Thursday in a conference call with analysts, according to a transcript.

That's good news for companies like Alexandria, Va.-based AvalonBay, which owns five properties with 1,257 units in the Chicago suburbs. People have to live somewhere.

"While jobs have been and will continue to be an important driver of apartment demand, it is likely that changes in the for-sale market may have an even larger impact than job growth on the strength of the apartment market in the coming years," Mr. Blair said.

Mr. DeVries expects rents to level off in the second half of the year but says the suburban occupancy rate will keep rising, hitting about 95%.

The Appraisal Research report covers 225 suburban properties with 75,523 apartments in seven Chicago-area counties. The median net rent rose in seven of 10 submarkets in the second quarter, led by South Cook County, with a 13.5% year-over-year increase. McHenry County logged the biggest decline, 3.2%.

This article courtesy of Crain's Chicago Business' Real Estate Daily and respectfully submitted by Stephanie Victor.

THANK YOU, VOLUNTEERS!

Volunteers who helped at our 11/9 meeting were **Bill Achramowicz**, Greeter; **Robert Chmiel**, Coffee Preparation; **Alma Koran**, 50/50 raffle; **Mary Jo Scarlette**, Door prizes; **Bill Benjamin**, Refreshments.

Volunteers make the meetings go smoothly. Their duties include making coffee, shopping for door prizes, bringing snacks, greeting guests and distributing doorprize tickets, and selling 50/50 raffle tickets. Have you volunteered?



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RENTAL HOUSING SUPPORT PROGRAM

Subsidy Support for Low-Income Renters
Landlord Orientation Session: November 22 at 10:00am

The Affordable Housing Corporation of Lake County (AHC) will be administering the Rental Housing Support Program (RHS) for Lake County. The RHS offers a subsidy similar to a Section 8 Voucher for income-eligible tenants, and provides guaranteed income to participating landlords. There is enough funding to support about 25 tenants in Lake County. AHC is currently recruiting landlords interested in participating in the program. They are looking for units located throughout the County, for a range of bedroom sizes, and at least a few accessible units. A Landlord Orientation Session will be held Monday, November 22, 10:00 to 11:30am at the AHC office in Libertyville. This session will discuss how the subsidy works, how landlords can sign up to participate, and compliance responsibilities. To RSVP, or for more information, contact Michael Mader at 847/263-7478 or mmader@ahclc.org.



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LCPIA FREE Classifieds

In order to have your item printed on this page, you must attend LCPIA's meeting and announce the item you want to buy or sell. Members have 60 seconds to announce their item(s) at the monthly meeting and then it will be printed on this page (50 words max) (give to newsletter editor). It will remain as long as space permits.

FOR SALE

4 bed 1 ba SFH: 1017 Cedar Lake Rd. RLB Wood deck. Complete remodel 1998. \$102,000. Mary Jo Scarlette 847-722-8706 (4/15/10)

FREE - I have about a dozen sections of wire shelving (4 to 8ft lengths) plus miscellaneous brackets. White powder coating. Just arrange to pickup from me in Grayslake. Mel Metts 847-949-6045 (11/15/10)

1. Free classifieds are limited to selling products - not services, and may not advertise items routinely inventoried by the seller.
2. May include "wanted to buy" and "services wanted," including barter.
3. Only LCPIA members may submit ads, and they must own any product being offered for sale.

REUSE OLD GREETING CARDS

Don't throw away those old greeting cards! Try some of these ideas to re-use them or make something out of them.

- **Make Placemats & Coasters** - Cut out the best part of the picture and put it on a colored "Mac Tak" or "Tie Tac" (self adhesive shelf papers, a thin plastic sheet that you peel a paper backing off of) with the wrong side down and then cover the front with a clear piece of Mac Tak (make sure not to get the frosted kind, so the picture shows through). Then cut around the sealed edge leaving at least a quarter of an inch. You can also make place mats this way with wrapping paper. If you don't leave the quarter inch around the outside, they won't seal and will fall apart after a few washings.
- **Christmas Card Ball** - Use the pictures from old Christmas cards cut into pentagons and hexagons of the same sized side, and glue them together to make a hanging ball.
- **Scrapbooking** - A lot of people are now into scrapbooking, use old cards to go along with the pictures in your scrapbook. You can either cut out small portions and pictures from the cards or use the card in whole to go along with the pictures on your scrapbook page.
- **Make Postcards** - Cut apart the front and back and keep the front (picture). Turn the card over so you're looking at the back of the picture. Using a ruler, draw a line dividing the back of

the front card piece across the narrow side. On the left side write a message; on the right side address it and you have made a postcard (and cheaper to mail!) Use as Gift Package Tags - Use your old cards as next year's gift tags. Just cut out what looks like would make a pretty tag, punch a hole in the top with a paper punch, and use a ribbon to attach to the gift. Sometimes you can get multiple tags from one card. Use the whole front of the card as a tag for larger gifts. Package Decoration - Recycle paper bags too! Use the brown paper bag or newspaper as your wrapping paper. Cut out pictures from old Christmas cards and glue onto packages. This is a great (and cheap) way to pretty up plain paper!

- **Make a Christmas Collage** - Cut out pictures and glue onto construction paper or cardboard to make a Christmas collage (great activity for kids).
- **Use for Decoupage** - Cut out pictures and use to decoupage onto small boxes, frames, tables, etc.
- **Make New Cards** - You can use your old cards to make cards for all occasions. Just cut up your card and keep the picture. Take construction paper any color and fold in half. Paste the picture on your card on the paper. Then use plain paper and cut to fit the inside of the card. In the crease of the white paper and the construction paper make two slits on each end, use any color of ribbon - pull through - tie in a bow.

MARKET WATCH

By Mel Metts

Everywhere I go, people want to know...

..."How's the apartment market doing?"

Property sales in Lake County by month, as reported by the Multiple Listing Service (MRED LLC)												
	2-4 Units (MultiUnit)						5+ Units (MultiFamily)					
	2010	2009	2008	2007	2006	2005	2010	2009	2008	2007	2006	2005
January	7	9	5	10	14	21	0	0	1	2	1	1
February	9	5	3	12	5	14	1	1	0	1	2	0
March	8	3	12	7	27	20	0	0	1	0	0	4
April	14	5	6	8	15	24	1	4	0	3	2	3
May	9	11	7	14	18	19	1	0	1	2	3	1
June	7	7	7	12	18	21	0	2	1	0	2	3
July	9	6	13	7	14	20	0	0	0	1	4	1
August	13	7	8	12	22	25	0	0	0	1	1	5
September	7	8	6	6	13	18	2	0	1	1	1	4
October	9	8	8	2	20	21	3	1	0	1	0	3
November		6	10	11	20	15		1	1	1	3	0
December		8	6	12	16	27		0	0	1	0	3
Total	92	83	91	113	202	245	8	9	6	14	19	28



Smoke-free housing: Benefits for apartment managers and owners

Prohibiting smoking inside units protects your investment, and decreases cleaning and maintenance costs

- It costs up to 92% more to clean a smoked-in unit at turnover time
- Cigarettes can cause burns and tobacco smoke deposits tar. Both are difficult to remove from carpet, drapes and walls
- Smoking causes one in ten apartment fires in the U.S., and is the leading cause of fire deaths

Smoke-free reduces owner liability

- Residents with lung health issues made worse by exposure to environmental tobacco smoke may seek legal action under the Americans with Disabilities Act and the Federal Fair Housing Act (*Tobacco Control Legal Consortium, 2009*)
- Federal and state fair housing laws require that “reasonable accommodations” be made for disabled residents, which can include those with breathing conditions
- There is precedent for tenants to bring legal action against landlords resulting in rent abatement or judicial termination of leases

Smoke-free means a healthier environment and increased tenant satisfaction

- According to the Surgeon General there is no safe level of exposure to second-hand smoke (*2006 Surgeon General’s Report*)
- Exposure to second-hand smoke is the leading trigger for asthma attacks. It makes existing asthma symptoms more severe, and even causes new cases of asthma in children who have not previously shown symptoms

- The American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE) concluded in 2005 that the “only means of effectively eliminating health risks associated with indoor exposure [to smoke] is to ban smoking activity.”

Cost Differences to Rehabilitate Smoked-in vs. Not Smoked-in Units		
	Not Smoked-in	Smoked-in
General Clean	\$90.00	\$300.00
Refrigerator	\$20.00	\$45.00
Stove	\$20.00	\$45.00
Dishwasher	\$20.00	\$35.00
Vinyl	\$0.00	\$700.00
Carpet Replace	\$0.00	\$775.00
Carpet clean	\$80.00	\$120.00
Walls	\$0.00	\$550.00
Surrounds of Tub	\$0.00	\$45.00
Blinds	\$0.00	\$30.00
Laminate	\$0.00	\$250.00
Total	\$230.00	\$2,895.00

Courtesy Bill Batson, Housing Maintenance Manager,
Senior Services of Snohomish County, May 2009

For Chicago area: Contact Respiratory Health Association, James Meerdink, (312) 628-0193,
jmeerdink@lungchicago.org, or visit WWW.LUNGCHICAGO.ORG

BEWARE OF ALTERNATIVE TO SECURITY DEPOSIT

By Janet Portman

Q. The rental property I'm thinking of living in has offered me an alternative to a security deposit. I pay for a bond, whose premium is less than a full security deposit, but even if I leave owing no rent and no damage, I don't get the money back. Isn't this a violation of the security deposit law?

A. Your landlord has signed up for a new alternative to the tried-and-true practice of requiring a refundable deposit from renters. As you know, classic deposits are just that, money that's returned to tenants as long as they leave the rental undamaged and have paid all of their rent.

But not all innovations are improvements. And it's not hard to see what's wrong with this new model: You never get your money (the price of the bond) back, even if you've paid all your rent and leave the place spotless. In addition, if you do leave damage or unpaid rent, you'll have to reimburse the bonding company for whatever money they had to fork over to the landlord to cover those sums.

It's easy to see why landlords love this arrangement. They don't have to haggle with tenants over deductions. They simply submit their expenses to the bonding company and get paid. They can advertise "No Security Deposit," though they might be wise to add, "Bonding fee required." The messy business of accounting for deposits and refunding balances is off their list too.

But is this process legal? In states that regulate the collection and use of fees, maybe not. Some states, including California, Hawaii and Montana, insist that all fees be refundable. In others, such as Arizona and Utah, nonrefundable fees must be specified as such in writing. In these states, collecting the bond fee might violate the rules, even though the bonding firm, not the landlord, is collecting.

The marketing glitz used by bonding companies reminds me of payday loan ads. They're about having money available to you now. The bonding companies tout the advantages of not having to pay a full deposit ("You'll have money for furniture, a bigger apartment, a health club membership!"), but buried in the frequently asked questions is the unpleasant news that later on you will be billed for any unpaid rent or damage. And even if you leave without any deductions, you will lose the premium. And the deposit may not cost much more than the premium.

Perhaps the most troubling aspect of this scheme is your inability to deal directly with the landlord if you don't agree with his use of the bond.

For example, what if you learn, after you leave, that the landlord has tapped the bond for repairs that you feel were not justified or for rent that you already paid? Normally, you'd contest the landlord's use of your deposit in small claims court. How do you fight it when it's the bonding company, not the landlord, who is demanding that you

reimburse them? If you don't pay up, presumably they will sue you, and that puts you at a disadvantage.

Depending on the fine print in the agreement, you might have to show up at a courthouse that's convenient to them, for example, or submit the matter to binding arbitration.

If you can afford it, offer to pay a normal security deposit. You'll be assured that the sum should be returned to you if you leave without damage or unpaid rent; and you'll know that you can challenge the landlord directly if the deposit isn't returned fairly.

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[Editor's note: Read opposing viewpoint on Page 20]



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AMENDED PROPERTY TAX CODE FAVORS APPELANTS

Public Act 096-1083

AN ACT concerning revenue.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 5. The Property Tax Code is amended by changing Sections 16-55, 16-65, 17-10, and 31-25 and by adding Sections 1-23 and 16-183 as follows:

(35 ILCS 200/1-23 new)

Sec. 1-23. Compulsory sale. "Compulsory sale" means (i) the sale of real estate for less than the amount owed to the mortgage lender or mortgagor, if the lender or mortgagor has agreed to the sale, commonly referred to as a "short sale" and (ii) the first sale of real estate owned by a financial institution as a result of a judgment of foreclosure, transfer pursuant to a deed in lieu of foreclosure, or consent judgment, occurring after the foreclosure proceeding is complete.

(35 ILCS 200/16-55)

Sec. 16-55. Complaints. On written complaint that any property is overassessed or underassessed, the board shall review the assessment, and correct it, as appears to be just, but in no case shall the property be assessed at a higher percentage of fair cash value than other property in the assessment district prior to equalization by the board or the Department. The board shall include compulsory sales in reviewing and correcting assessments, including, but not limited to, those compulsory sales submitted by the taxpayer, if the board determines that those sales reflect the same property characteristics and condition as those originally used to make the assessment. The board shall also consider whether the compulsory sale would otherwise be considered an arm's length transaction. A complaint to affect the assessment for the current year shall be filed on or before the 10th day of August in counties with less than 150,000 inhabitants and on or before the 10th day of September in counties with 150,000 or more but less than 3,000,000 inhabitants, except if the assessment books containing the assessment complained of are not filed with the board of review by the 10th day of July in a county with fewer than 150,000 inhabitants or by the 10th day of August in a county with 150,000 or more but less than 3,000,000 inhabitants, then the complaint shall be filed on or before 30 calendar days after the date of publication of the assessment list under Section 12-10. The board may also, at any time before its revision of the assessments is completed in every year, increase, reduce or otherwise adjust the assessment of any property, making changes in the valuation as may be just, and shall have full

power over the assessment of any person and may do anything in regard thereto that it may deem necessary to make a just assessment, but the property shall not be assessed at a higher percentage of fair cash value than the assessed valuation of other property in the assessment district prior to equalization by the board or the Department. No assessment shall be increased until the person to be affected has been notified and given an opportunity to be heard, except as provided below. Before making any reduction in assessments of its own motion, the board of review shall give notice to the assessor or chief county assessment officer who certified the assessment, and give the assessor or chief county assessment officer an opportunity to be heard thereon. All complaints of errors in assessments of property shall be in writing, and shall be filed by the complaining party with the board of review, in duplicate. The duplicate shall be filed by the board of review with the assessor or chief county assessment officer who certified the assessment. In all cases where a change in assessed valuation of \$100,000 or more is sought, the board of review shall also serve a copy of the petition on all taxing districts as shown on the last available tax bill at least 14 days prior to the hearing on the complaint. All taxing districts shall have an opportunity to be heard on the complaint. Complaints shall be classified by townships or taxing districts by the clerk of the board of review. All classes of complaints shall be docketed numerically, each in its own class, in the order in which they are presented, in books kept for that purpose, which books shall be open to public inspection. Complaints shall be considered by townships or taxing districts until all complaints have been heard and passed upon by the board. (Source: P.A. 86-345; 86-413; 86-1028; 86-1481; 88-455.)

(35 ILCS 200/16-65)

Sec. 16-65. Equalization process. The board of review shall act as an equalizing authority, if after equalization by the supervisor of assessments the equalized assessed value of property in the county is not 33 1/3% of the total fair cash value. The board shall, after notice and hearing as required by Section 12-40, lower or raise the total assessed value of property in any assessment district within the county so that the property, other than farm and coal property assessed under Sections 10-110 through 10-140 and Sections 10-170 through 10-200, will be assessed at 33 1/3% of its fair cash value.

For each assessment district of the county, the board of review shall annually determine the percentage relationship between the valuations at which property other than farm and coal property is listed and the estimated 33 1/3% of the fair cash value of such property. To make this analysis, the board shall use at least 25 property transfers, or a combination of

at least 25 property transfers and property appraisals, such information as may be submitted by interested taxing bodies, or any other means as it deems proper and reasonable. If there are not 25 property transfers available, or if these 25 property transfers do not represent a fair sample of the types of properties and their proportional distribution in the assessment district, the board shall select a random sample of properties of a number necessary to provide a combination of at least 25 property transfers and property appraisals as much as possible representative of the entire assessment district, and provide for their appraisal. The township or multi-township assessor shall be notified of and participate in the deliberations and determinations.

In assessment year 2011, the board of review shall consider compulsory sales in its equalization process.

The board of review, in conjunction with the chief county assessment officer, shall determine the number of compulsory sales from the prior year for the purpose of revising and correcting assessments. The board of review shall determine if the number of compulsory sales is at least 25% of all property transfers within the neighborhood, township, multi-township assessment district, or other specific geographic region in the county for that class of property, but shall exclude from the calculation (i) all property transfers for which the property characteristics and condition are not the same as those characteristics and condition used to determine the assessed value and (ii) any property transfer that is not an arm's length transaction based on existing sales ratio study standards (except for compulsory sales). If the board determines that the number of compulsory sales is at least 25% of all property transfers within the defined geographic region for that class of property, then the board of review must determine (i) the median assessment level of arm's length transactions and (ii) the median assessment level of compulsory sales. If the median assessment level of compulsory sales is higher than the median assessment level of arm's length transactions, then compulsory sales shall be included in the arm's length transaction study and the board must calculate the new median assessment level. Assessed values of properties within the specific geographic area for that class of property must be revised to reflect this new median assessment level. The revised median assessment level shall be the basis for equalization as otherwise provided in this Section.

With the ratio determined for each assessment district, the board shall ascertain the amount to be added or deducted from the aggregate assessment on property subject to local assessment jurisdiction, other than farm and coal property, to produce a ratio of assessed value to 33 1/3% of the fair cash

PROPERTY TAX From Page 7

value equivalent to 100%. However, in determining the amount to be added to the aggregate assessment on property subject to local jurisdiction in order to produce a ratio of assessed value to 33 1/3% of the fair cash value equivalent to 100%, the board shall not, in any one year, increase or decrease the aggregate assessment of any assessment district by more than 25% of the equalized valuation of the district for the previous year, except that additions, deletions or depletions to the taxable property shall be excluded in computing the 25% limitation. The board shall complete the equalization by the date prescribed in Section 16-35 for the board's adjournment, and, within 10 days thereafter, shall report the results of its work under this Section to the Department. At least 30 days prior to its adjournment, the board shall publish a notice declaring whether it intends to equalize assessments as provided in this Section. The notice shall be published in a newspaper of general circulation in the county. If the board fails to report to the Department within the required time, or if the report discloses that the board has failed to make a proper and adequate equalization of assessments, the Department shall direct, determine, and supervise the assessment so that all assessments of property are relatively just and equal as provided in Section 8-5.

(Source: P.A. 84-1343; 88-455.)

(35 ILCS 200/16-183 new)

Sec. 16-183. Compulsory sales. The Property Tax Appeal Board shall consider compulsory sales of comparable properties for the purpose of revising and correcting assessments, including those compulsory sales of comparable properties submitted by the taxpayer.

(35 ILCS 200/17-10)

Sec. 17-10. Sales ratio studies. The Department shall monitor the quality of local assessments by designing, preparing and using ratio studies, and shall use the results as the basis for equalization decisions. In compiling sales ratio studies, the Department shall exclude from the reported sales price of any property any amounts included for personal property and, for sales occurring through December 31, 1999, shall exclude seller paid points. The Department shall not include in its sales ratio studies sales of property which have been platted and for which an increase in the assessed valuation is restricted by Section 10-30. The Department shall not include in its sales ratio studies the initial sale of residential property that has been converted to condominium property. The Department shall include compulsory sales occurring on or after January 1, 2011 in its sales ratio studies. The Department shall also consider whether the compulsory sale would otherwise be considered an arm's length

transaction, based on existing sales ratio study standards.

When the declaration required under the Real Estate Transfer Tax Law contains financing information required under Section 31-25, the Department shall adjust sales prices to exclude seller-paid points and shall adjust sales prices to "cash value" when seller related financing is used that is different than the prevailing cost of cash. The prevailing cost of cash for sales occurring on or after January 1, 1992 shall be established as the monthly average 30-year fixed Primary Mortgage Market Survey rate for the North Central Region as published weekly by the Federal Home Loan Mortgage Corporation, as computed by the Department, or such other rate as determined by the Department. This rate shall be known as the survey rate. For sales occurring on or after January 1, 1992, through December 31, 1999, adjustments in the prevailing cost of cash shall be made only after the survey rate has been at or above 13% for 12 consecutive months and will continue until the survey rate has been below 13% for 12 consecutive months. For sales occurring on or after January 1, 2000, adjustments for seller paid points and adjustments in the prevailing cost of cash shall be made only after the survey rate has been at or above 13% for 12 consecutive months and will continue until the survey rate has been below 13% for 12 consecutive months. The Department shall make public its adjustment procedure upon request.

(Source: P.A. 91-555, eff. 1-1-00.)

(35 ILCS 200/31-25)

Sec. 31-25. Transfer declaration. At the time a deed, a document transferring a controlling interest in real property, or trust document is presented for recordation, or within 3 business days after the transfer is effected, whichever is earlier, there shall also be presented to the recorder or registrar of titles a declaration, signed by at least one of the sellers and also signed by at least one of the buyers in the transaction or by the attorneys or agents for the sellers or buyers. The declaration shall state information including, but not limited to: (a) the value of the real property or beneficial interest in real property located in Illinois so transferred; (b) the parcel identifying number of the property; (c) the legal description of the property; (d) the date of the deed, the date the transfer was effected, or the date of the trust document; (e) the type of deed, transfer, or trust document; (f) the address of the property; (g) the type of improvement, if any, on the property; (h) information as to whether the transfer is between related individuals or corporate affiliates or is a compulsory transaction; (i) the lot size or acreage; (j) the value of personal property sold with the real estate; (k) the year the contract was initiated if an installment sale; (l) any homestead exemptions, as provided in

Sections 15-170, 15-172, 15-175, and 15-176 as reflected on the most recent annual tax bill; and (m) the name, address, and telephone number of the person preparing the declaration; and (n) whether the transfer is pursuant to compulsory sale. Except as provided in Section 31-45, a deed, a document transferring a controlling interest in real property, or trust document shall not be accepted for recordation unless it is accompanied by a declaration containing all the information requested in the declaration. When the declaration is signed by an attorney or agent on behalf of sellers or buyers who have the power of direction to deal with the title to the real estate under a land trust agreement, the trustee being the mere repository of record legal title with a duty of conveying the real estate only when and if directed in writing by the beneficiary or beneficiaries having the power of direction, the attorneys or agents executing the declaration on behalf of the sellers or buyers need identify only the land trust that is the repository of record legal title and not the beneficiary or beneficiaries having the power of direction under the land trust agreement. The declaration form shall be prescribed by the Department and shall contain sales information questions. For sales occurring during a period in which the provisions of Section 17-10 require the Department to adjust sale prices for seller paid points and prevailing cost of cash, the declaration form shall contain questions regarding the financing of the sale. The subject of the financing questions shall include any direct seller participation in the financing of the sale or information on financing that is unconventional so as to affect the fair cash value received by the seller. The intent of the sales and financing questions is to aid in the reduction in the number of buyers required to provide financing information necessary for the adjustment outlined in Section 17-10. For sales occurring during a period in which the provisions of Section 17-10 require the Department to adjust sale prices for seller paid points and prevailing cost of cash, the declaration form shall include, at a minimum, the following data: (a) seller paid points, (b) the sales price, (c) type of financing (conventional, VA, FHA, seller-financed, or other), (d) down payment, (e) term, (f) interest rate, (g) type and description of interest rate (fixed, adjustable or renegotiable), and (h) an appropriate place for the inclusion of special facts or circumstances, if any. The Department shall provide an adequate supply of forms to each recorder and registrar of titles in the State.

(Source: P.A. 93-657, eff. 6-1-04; 94-489, eff. 8-8-05.)

Section 99. Effective date. This Act takes effect upon becoming law.

Effective Date: 7/16/2010

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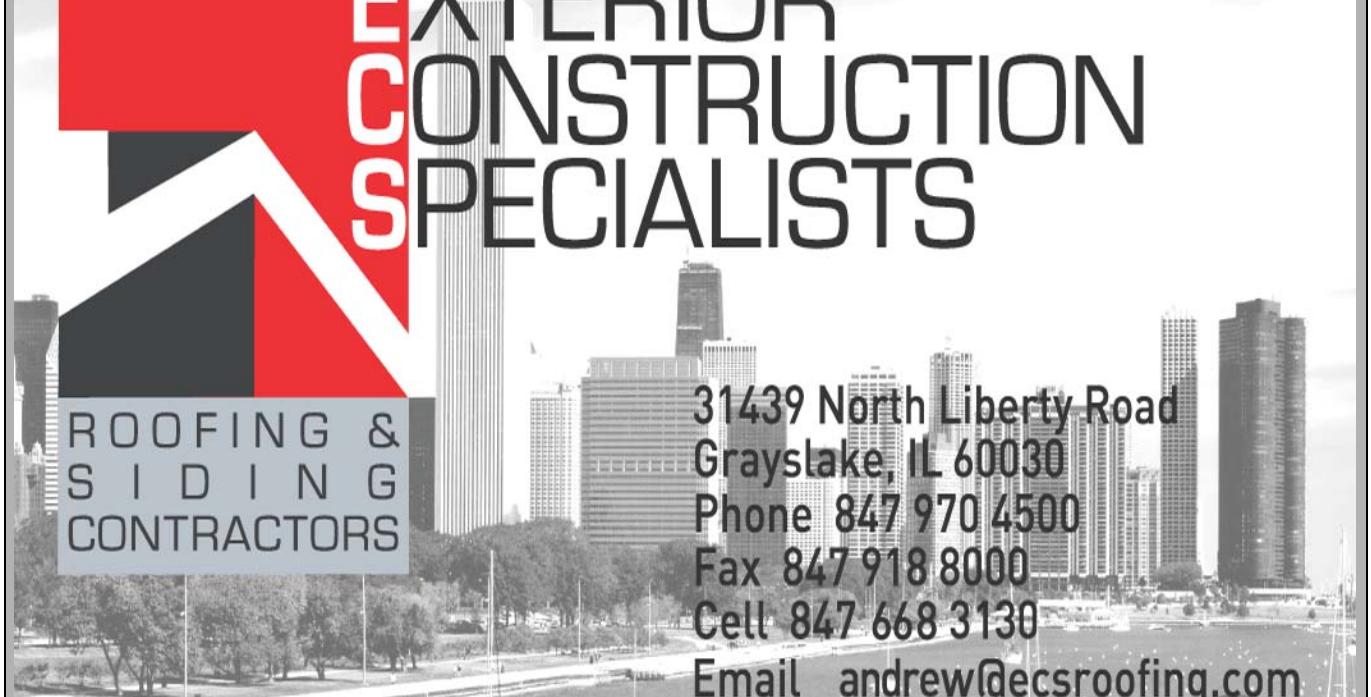
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the storm has hit and I have a downed tree that needs to be cut down. Any recommendations on a good service with reasonable rates. needs to include removal of tree

Comments

 Mike Quinn at The Branch Office Tree Service is great with reasonable prices and fully insured 847-362-9885
loufrank3
10/28/2010
(19 hrs ago)

 I have used Chris Dunlap for several tree jobs this year. Price is very reasonable.
will_w
10/28/2010
(19 hrs ago)

 I can't say enough about this guy...he removed a very old Elm tree-u know how big those grow..plus 2 gigantic - I mean HUGE evergreens for me. He has all the equipment..his own trucks to haul away plus he will grind the stump. He even acquired the OK from the City to cut them down..which is mandatory when doing cutting of trees. He is licensed & bonded..has ins which he will provide a copy of..plus his fee was about 1/2 to 1/3 of what other quotes had been given to me..just for the Elm tree. They worked so efficiently..I couldn't believe how fast they cut those huge trees down.
djoanofarcil
10/28/2010
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SURETY BONDS: THE UN-CONCESSION

According to a study of nationwide rents by Novato, Calif.-based data specialist RealFacts, rents and occupancy declined in nearly every market in the country between September and December of 2008, suggesting that renters looking for an apartment this year will have more choices and may get a better value for their rent money.

While this scenario might bode well for those apartment seekers looking to lease an apartment, owners and managers are faced with increased exposure to losses and bad debt when they lower security deposits to keep up with the competition.

A surety bond from Livingston, New Jersey-based SureDeposit attracts and retains renters while protecting owners from bad debt, says David Williamson, national marketing director for SureDeposit, which has been offering its security deposit alternative to apartment owners and managers for almost a decade.

The company was launched in 2000 by CEO Stuart Litwin and CFO Dan Rudd, both of whom came from a multi-family background. Litwin's family owned a laundry business that operated more than 40,000 laundry machines in apartment communities in six Mid-Atlantic and Northeastern states. Rudd was a real estate owner and investor, specializing in value-added apartment acquisitions.

The pair discovered the surety bond concept, which originated at Florida-based Bankers Insurance Group as a way to help mitigate risk in the rental industry, and bought the rights from the underwriter.

They changed the name to SureDeposit and began to market the product to apartment owners and managers.

"When we first began, we came up against many closed minds and doors," said Williamson, who joined SureDeposit eight years ago. "We have since become the only accepted alternative to security deposits in the nation," he added. SureDeposit has more than 1.5 million units in nearly 3,500 communities across the country under agreement today.

"Our program allows management companies to remain competitive. One of the greatest things we have been able to do is allow them to get away from that crazy low-deposit game," he said.

Good Choice

The program works like this: At lease-signing, new renters may choose to pay a one-time, non-refundable premium to purchase a surety bond from SureDeposit instead of paying a conventional refundable security deposit, which can be one month's rent or more in good times and strong markets. Rather than float a security deposit for the life of the lease, renters can buy a surety bond for a fraction of the cost. Bond amounts are offered in \$250 increments and the premium the renter pays is always 17.5 percent.

"It makes the conversation about move-in funds much more palatable to the resident. When we can offer them the option of either paying us \$87.50 for a non-refundable performance bond or laying out \$500 in cold hard cash, 95 to 98 percent of potential renters take the \$87.50 in a heartbeat," said John Eifler, VP of Marquette Management, the fee management arm of the 25-year-old Marquette Companies, a

full-service real estate company that focuses only on multi-family.

Marquette's management portfolio consists of 9,000 mostly Class A and B apartment units in Illinois, Indiana, Michigan and Missouri, 25 percent owned and managed by Marquette and 65 percent fee-managed for institutional and pension fund clients.

Marquette began offering SureDeposit's surety bond alternative to renters during the market downturn of 2002, attracted by the opportunity to provide residents with a lower-cost alternative to the very low security deposits many of the company's competitors were using to reel in new renters.

"That was making it difficult for us to compete. It costs a fair amount of money to take in a security deposit, maintain it properly according to state and local rules and regulations and laws and also to return it properly. It probably costs \$100 to maintain each security deposit account, so it got to be frustrating to spend that much time and effort to take care of such a small amount of money and then have someone move out potentially owing us some rent and maybe some damages and not having the financial wherewithal to cover those losses for our owners," said Eifler.

So, when SureDeposit came along, Marquette took a hard look. "We saw that we'd get \$500 of coverage in the event someone left owing us money or damages and we would not have the burden of maintaining and collecting security deposits," he said of the program that has helped boost and maintain occupancy across Marquette's managed portfolio, especially in markets where the company's competitors do not offer the SureDeposit alternative.

Marquette also leveraged the program on lease renewals, offering residents the opportunity to replace their security deposit with a performance bond. "When we rolled out the program, and even now in some cases, we'd go to them on renewal and say, for instance, 'Would you like your \$500 back? You can replace it with a \$500 performance bond for \$87.50.' People love to have their cash back. That helps our renewal process and encourages many residents to renew their leases and have a little extra cash bonus in their pockets. Yet ownership still has some reasonable protection if that person were to leave us down the line owing us any funds," said Eifler.

User Friendly

SureDeposit provides training, marketing materials and customer support to clients, making it easy for clients to set up and maintain the program. "SureDeposit has an extremely high level of customer service. They offer online training and their regional people will come to your property to train new or existing staff," said Eifler.

The program also reduces many of the administrative time and costs associated with the security deposit, leaving on-site staff free to manage their properties.

"With SureDeposit we don't have to collect security deposits, have a separate bank account for them or, as is required in many states, pay interest on them that has to be calculated. Interest calculations on security deposits vary

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SURETY BONDS Continued from Page 20

from state to state and sometimes county to county and then that interest has to be paid out, many times not at the end of the lease, but as the lease proceeds along. At the end of the first year of residency in the Chicagoland area, for instance, you have to pay interest at the end of the lease term and if it is very low, you could be writing a check for \$1.32. And then you have to mail it and you can't be late because there are penalties for being late," said Eifler.

High Performance

SureDeposit is not an insurance policy. It is a performance guarantee, similar to a contractor's bond, protecting a property against financial losses resulting from lease violations, according to the terms of a renter's signed lease agreement. The bond covers the renter for the entire time they lease at the community and, like a security deposit, can be transferred to another community within an owner's portfolio.

If a renter meets all terms of the lease agreement and leaves the apartment in good condition without owing any money, he or she is under no further obligation to the apartment manager. But if they fail to meet their obligations, renters are required to reimburse SureDeposit for the amount owed of their rental and financial obligations.

And, if damage or rent loss does occur, the apartment manager simply files a claim with the surety for reimbursement of the debt amount up to the coverage limit. The surety then pays the owner/manager's claim from the bond premiums, minus a fee to administer the program, which SureDeposit has pooled for the owner/manager's sole use.

"SureDeposit establishes and manages individual claims accounts for each of its clients, depositing 60 percent of all the renter premiums into the account that is managed and held by one of our two underwriters, Fidelity National Property and Casualty and Bankers Insurance Group. The funds grow in an interest bearing money market account and, when a claim is made, we go to the fund to reimburse the claim up to the coverage amount, then send it out to the collection agencies we have contracts with. Whatever they are successful in collecting, minus their fee, is deposited into our clients' claims account. We handle this whole back-end service for our clients, which significantly reduces their administration costs," said Williamson.

Bottom Line Boost

The speed with which claims are reimbursed is a key benefit to owners and managers. An approved claim is paid within 20 days. "It's very fast. If someone moves out owing me \$500, all I do is go online and post a request to SureDeposit and they send me my check. I don't have to wait two months. It's very easy to get money out of the pool. And, with 90 to 95 percent of our residents utilizing the program, we have collected a much higher percentage of our losses through this process," said Eifler.

A recent performance review over the course of Marquette's program with SureDeposit revealed that the company collected close to \$1 million, or \$500,000 more than it would have using its previous collection methods.

Eifler said SureDeposit works best when a majority of renters are on the program. "The idea is to build up your

premium pools. It takes a little time, but when you get a high percentage of renters taking part in the program, the pool builds up quickly. That's always the big question new managers entering the program have. They ask, "If I sign up today and someone buys a bond, and I've only put one person in the program and that person moves out owing money, will it be difficult to get my money back on that deal?" Over a period of time - six, eight months - you're going to have sufficient money in your pool if you are on the program correctly," said Eifler.

But he advises managers not to make the mistake of lowering their credit requirement standards to boost occupancy, just because they can offer the surety bond. "We don't have a large number of skips, evictions and damages because we still screen well on the front end," he said.

Attracting Better Renters

SureDeposit integrates with a number of national resident screening and collection companies, and applicants become eligible for SureDeposit the moment they are approved. "Some screening agencies, like ResidentData, have added an icon on the screening Web site that says, 'submit a SureDeposit form' and all the leasing agent does is click on it and our bond form pops up in PDF form," said Williamson.

According to a 2005 study conducted by Joshua Tree Consulting, which examined the value of replacing conventional security deposits with SureDeposit's alternative surety bond program, multifamily owners and managers who offer their residents the SureDeposit program are better able to rein in bad debt resulting from damages or skipped rent and improve their cash flow.

Using data provided by a resident screening company about SureDeposit's renters and the overall renter population in five states, Joshua Tree Consulting found that 79 percent of SureDeposit renters fell into the screening company's two highest credit quality classifications compared to just 65 percent of the general pool of renters in those states.

ResidentCheck, which formed a strategic alliance with SureDeposit in 2002, noted this trend a couple of years later, reporting that collections from former residents who had paid the one-time surety bond fee were 27 percent higher than those from former renters who chose the traditional security deposit option.

"We have consistently seen a link between the security deposit alternative and our ability to improve collections for our mutual multifamily clients," said ResidentCheck President Jorge Baldor.

SureDeposit currently operates in every state except New York, but Williamson believes the company will be doing business in that state soon, as well. "We have become an accepted and popular alternative to security deposits in the apartment industry. We are now an addendum to the National Apartment Association's standard lease agreement," said Williamson.

- Courtesy MultiHousing Professional

[Editor's note: Read opposing viewpoint on Page 6]

HOW CHEAP IS CHEAP REAL ESTATE?

Yardsticks to Measure Profit

By John V. Kamin

When you buy distressed properties, adding liquidity to illiquid situations to make transactions work, risking your cash and your credit, you hope to make a profit for taking those risks. But exactly how much and when do you make your profit?

The book *How to Make Money Fast Speculating in Distressed Property* suggests that you must engineer the transaction and plan it so that you can make a profit by reselling in the current (depressed) market. Sure, it's good if you can afford to hold five to 10 years or longer.

But it would be a blunder to buy at full ticket current market, based on what houses might bring in 2016 or 2022. You're looking for deals below the current 2009 market.

Here are more valuable parameters. During the late 1980s to early 1990s downturn, the Resolution Trust Corporation was set up to get rid of a glut of foreclosed properties that overloaded S & L's and banks. The FSLIC had so many bad loans and payouts that it had to be folded into the FDIC and FSLIC disappeared.

The RTC was set up by CPA William Siedman to sell and auction off these REOs (Real Estate Owned by banks and lenders). How much money did the RTC get when it auctioned those properties?

After the dust settled, it turned out that the RTC realized average 59% of low appraisals on buildings including homes. Auctioning and selling vacant land, the RTC realized 41% of low appraised values. That is what properties sold for. Do you think that's high or low?

Our clients who bought properties from the RTC did very well during the remainder of the 1980s decade and beyond, well into the 21st Century boom in real estate.

More Keys to Profit

Stick to modern properties. You don't want 90 year-old termite-ridden wrecks, teetering, bowed in the middle, where the doors don't close, the foundations sag and the windows are ready to pop. You want modern buildings up to code.

You also want locations near the major job centers within commuting distance of jobs. Something that is cheap because it's remote, not within commuting distance of major metro job centers will stay cheap. Avoid these. This is common sense.

Useful Yardsticks

Here are some yardsticks I use when making offers based on current market. You're going to have real estate expenses, whether you sell in this market or some future years. Therefore, when you are the reseller, expect to pay a broker's fee of 6% to 10%. You'll also have to pay for Title Insurance; you'll pay 50% or more of escrow expenses. Right out of the gate, you'd better figure about 10% below the current 2009 frozen market appraisal just for resale expenses.

You will also have repair expenses, depending upon the condition of the building. Expensive items are new roofs, new heating, new air conditioning, foundation repair,

plumbing and electrical wiring. Also expensive are when homes or buildings have been trashed with stolen appliances, kicked-in walls, graffiti and smashed windows.

I've never purchased a building where I didn't have at least some roof repairs or needed a new roof. Usually, if the building has gone into foreclosure or has been vacant, new heating and air conditioning units may be needed along with new plumbing. Former occupants often vandalize and wreck buildings as do squatters and thieves.

Profit-Peak Vital

Therefore, before you estimate 5% or 10% or more for necessary repairs before resale and occupancy, you must do an inspection of the premises. Maybe it looks OK on the outside but from the inside, or on the roof, it may be a house of horrors.

Don't cut corners on inspections. You can't afford to buy sight unseen as some real estate advisors are suggesting; those who try to sell Californians cheaper houses in Texas, Louisiana and Florida, un-inspected by you, the buyer.

Don't buy blind. Suppose you can't get inside to inspect. Then your repairs discount from appraised value should err on the high side, not the low side.

Since you wish to make a profit for risking your cash and your credit and your carrying costs until date of resale, when you actually resell for a profit, you should probably look for a 20% profit, more or less, based upon your final 2010 purchase price. If you can't make 20%, why bother? There are other competitive fields out there where you can earn substantial money (10% to 18% on Tax Lien Certificates), without going through all the hassle of actually owning distressed property.

Therefore, if you're buying a vacant property for \$200,000 after all deductions for repairs and resale expenses, you should be hoping to resell it at least 20% higher than the total you paid, over and above your cost of ownership.

How Long Until Money Flows to You?

You'll have to estimate your holding period until you can resell it. During that time, you'll be responsible for paying property taxes, insurance plus interest on any mortgage that you can arrange. If you estimate your holding period at 36 months, you'll have three years of property taxes, insurance and interest. If you don't cover these costs, how can you resell at a profit? Properties do take much longer to resell in this depressed market than in a boom market where buyers are lined up; something that happens only 10% to 20% of the time!

Forced Sales

During the 1990s, the market in Japan, as well as in the U.S., turned soggy. Japanese banks and execs had been buying trophy properties in the U.S. during the late 1980s just to own them: famous buildings and famous golf courses, etc.

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CHEAP REAL ESTATE Continued from Page 22

But when the recession hit, many of the lenders in Japan not only had to sell trophy properties at steep discounts, on the ones they couldn't sell, they carried them as bad loans for up to 15 years pretending they were good loans. This delayed recovery from the recession in Japan by many years!

You don't want to be placed in that position. For example, if you plan on buying a property for a profit and then reselling you may mis-estimate the necessary holding period by several years. Instead of three years, maybe it will take 5 or 7 years to resell.

In this particular area, after the January 17, 1994 earthquake, properties in the Northridge earthquake zone could not be resold for up to seven years. That's how long it took new buyers to "forget." (Even though many of those properties had been completely remodeled, refurbished and redesigned with big bucks spent so that they look like new!)

Therefore, you want to estimate your potential holding period to be as accurate as possible.

What's Cheap, What Isn't?

According to my experience, here is what is not acceptable at a cheap price: bad locations, zoning problems, remote properties or boondocks, obvious disadvantages such as bad neighbors (junkyards, tanneries, landfills, crazies, etc). Avoid these. You're prospecting for profits and NTS (need-to-sell) properties because they have to be sold for other reasons such as to raise cash, settle estates, settle mergers and court orders, asset liquidations by bankrupt companies and creditors, divorces, lawsuits and government orders.

I avoid certain communities in northern Ohio that are trying to shrink. Avoid communities that have so many vacant homes that it affects resale of the occupied homes and tends to reduce resale prices.

Just because something is cheap because it's priced below replacement cost doesn't mean it is well designed. In a costly energy-environment, you don't want buildings that have very high ceilings, leftover pollution from gas stations and chemicals and chromium or lead discharges. You don't want the government coming in and making you part of a superfund clean-up site before you can resell the property! You're looking for properties that must be resold for other reasons, usually financial but often other kinds of liquidations.

Cut Your Standards?

I get all kinds of calls in here where people want me to approve or "bless" their transactions on properties that are badly located. Hopefuls may come to me with a bargain half-vacant office building that is off the visible main drag, the arterial highway, located a couple of blocks away where it is nearly invisible to potential buyers and tenants. Or someone may call me about a near-foreclosure remote desert property, too far from the major job centers to commute. Those are cheap for very good reasons. I predict they will stay cheap.

For example, on multiple properties, sometimes buyers will try to cherry pick the best one out of three that is on a

corner, so that if you sell that one lot to the buyer, you're stuck with the two non-adjacent lots nearby that aren't on a corner and might have inferior zoning position in the immediate future. Tip O'Neill, former Speaker of the US Senate, used to say, "All politics are local." I would paraphrase his saying to, "All real estate is local." Think location, location, location and not at platitudes and generalities such as saying "South Florida will grow when the recession is over" to justify an imprudent current purchase. Don't lower tested, proven standards — lower harder.

How to Buy Cheaper Than Cheap

Valuable Tip: On properties that are nearing foreclosure (and therefore listed cheap); I sometimes have to tell clients, "Wait up! Let the property be foreclosed. Then, after the lender bids the price of the mortgage, you can go to the acquiring lender a little later and offer him 20% below what he paid at the mortgage foreclosure auction as an REO." Got it?

How to Get Sellers to "Eat Paper"

Furthermore I often have to tell my clients to quit scrambling for a mortgage. If you're going to buy an REO from a lender who foreclosed, ask the lender to finance 80% to 90% of the purchase (even though you can afford a large down payment or all cash.)

Tell the foreclosing REO owner that he ought to lend to you because:

- a) you'll pay property taxes and insurance instead of him
- b) he'll get immediate cash from your 20% down payment or so
- c) he'll be earning interest instead of paying interest on borrowed money
- d) you plan to improve that property, sink money into it (that he won't) to bring it up to modern resalable standards, lessening his REO risk for the loan

After all, if he loaned a lot of money on that same property in the past, much more, he ought to be willing to lend you 80% or so of the current reduced price and loan amount. Wouldn't it be better for the lender-forecloser to have money and interest coming in and you paying the expenses rather than having the lender paying all that?

In a nutshell, this is how you sell "seller financing" to a former lender with a vacant REO!

John Kamin is a Consulting Economist and publisher of The Forecaster, 19623 Ventura Blvd., Tarzana, CA 91356, (818) 345-4421. Forecaster Money-Letter publishes confidential reports about the future to benefit you, and makes decisions easier. It helps you profit, sidestep losses, enhance lifestyle and creates financial independence.

Reprinted from AOA News and Buyers Guide, December 2009 issue. Thanks to *The Voice*.

MRLANDLORD Continued from Front Cover

23) I like to shop after Christmas when items get to be 90% off and use those items for the following Christmas. I gave out musical Christmas cards this year (Deck the Halls theme). The regular price was \$10. for 8....at 90% off it was 8 cards in a box for \$1. I also got a few boxes of a Christmas CD in a card but want to use up all the musical ones this year so the batteries do not die before next year. The CD ones will be next year. This year I also gave out the following, All 14 tenants got a big artificial poinsettia plant, a coffee cup with my business contact info on it, a container of tootsie rolls, two candy canes, and a Christmas decorated pencil. In addition the men got an unopened package of Nascar cards. I believe they are older and are of Richard Petty. The women got some refrigerator magnets and some got makeup brush sets. Anyway, the value of the gifts given is easily over \$20 each but cost me about \$5 each. When I gave the poinsettia to one of my older female tenants, she exclaimed how beautiful it was and said she had to give me a hug for it. Half the tenants were home and I got a thank you from each of them.

24) I always send my tenants a nice card with seasons greetings and thanks. I often will gift them something I've made (I'm an artist in addition to being a landlord), perhaps a couple of wine glasses. Something useful and beautiful. I have 6 units, all nice places (more high end) with fabulous tenants.

25) We give our tenants a huge 3 pound can of assorted butter cookies from Sams Club. It cost about \$10. They really seem to appreciate it and best of all everyone like cookies and it will last them for several days or even weeks. However the main reason we offer presents to our tenants is to celebrate and remind them of the greatest gift of all which was God's Son to this World.

26) I give my tenants a book of 20 Christmas stamps and a Christmas card. This is a useful and inexpensive gift, if sent in early December.

27) I give my tenants a gift certificate for a professional 1x cleaning. Saves them time during the holidays and helps to protect my investments! Some even continue with the service on their own. They can then schedule it when convenient for them. It's good for up to a year.

28) We usually make a goodie basket with baked goods and an item from the many things I buy on clearance throughout the year. My daughters make peppermint bark each year so we'll give some of that, in addition to some quick-bake cookies and wrapped candies (we'll buy a couple of bags to distribute in all the baked goods baskets or boxes). I buy the Target gifts that are specially packaged for the holidays (flashlights, pocket knives, bar sets, iPod cases, etc) when they go on clearance for 75% off and save them for gifts year round, so I might give something from that. I save tins from other gifts and pack sweets in them. I also include a 9-Volt battery or two with a message "for your smoke alarm." I am careful NOT to give candles. I am EXTREMELY grateful for the tenants we have, and I want them to know that. We also provide a small "welcome" basket with cleaners, paper towels, paper cups, a few cans of soda in the fridge and some granola bars and/or Girl Scout cookies for moving day snacks.

29) The last 10 years we have given a gift card to a local restaurant. It is well received by the tenants and helps out local businesses. It doesn't cost that much I normally do \$25 per unit.

30) Some landlords do not give gifts if they have a lot of unit, but If I had 100 tenants I would at least send a card, and probably would also give a \$5 box of candy or small gift card. If I had 100 tenants, it might cost a lot, but I'd be happy to have 100 rent checks every month, and any little effort I could make to retain even one of those tenants for a new 12-month lease would be worth it. Though, It IS a lot of work for the organizationally challenged, like me.

31) I have been sending a lottery ticket in a card every year. Sometimes a scratch off and a superlotto.

32) I will send a handwritten note with a \$50.00 gift card from Home Depot. This usually encourages them to buy something for the house and in most cases they will add some of their own money to get something really nice.

33) I usually go to our local 99 cents store and pick up a bottle of sparkling apple cider, fresh fruit, chocolate, cookies, card and a bag to put them in all for under \$10. I only do this for my very long term tenants in the triplex. Times have been tough this year and I have vacancies elsewhere. In the past I have given an outdoor bench, carpet cleaning. I also give my really great property manager in Alabama a gift. I send her a box from Omaha Steaks as they usually have a good sale on. They love that and I pick one that costs around \$50 inc shipping.

34) This year we are giving Entertainment (coupon) Books to all 40 of our tenants. Normal cost is \$35 per book, but we got them for \$15 each because my husband is a realtor.

35) My wife bakes a small whole wheat loaf of bread for each unit. Being homemade, seems to mean more to tenants.

36) For the first time, I have a tenant during the holidays and they have paid faithfully every month (even though they call often for repairs :-) so I plan on giving them a \$50 Amex gift card to thank them for renting from me. After all, they are my business partners.

37) I always do a \$25 gift card to Walmart, along with a nice card. I also do a \$5 or \$10 gas card when they are inconvenienced with the water heater or furnace breaking. I of course fix everything right away and do appropriate preventive maintenance, but for the couple of bucks it costs me for the goodwill, it's worth it. These tenants have made several improvements in the yard that only add to the value of the property.

38) I give all of my residents a large bottle of yellow tail wine... it looks impressive, but it's only \$7-8. I manage property too and tell the owners this will be deducted from the remittance.

39) I give \$25.00 off of 1 months rent for the good paying tenants and nothing for the slow paying tenant which I feel gets a gift every time she's late on her rent.

40) I give \$20 gift cards to various restaurants. I overload on the holidays because most places are giving back \$5 for every \$20 spent.

These gift ideas are shared on MrLandlord.com website from landlord contributors. To receive a free sample of the Mr. Landlord newsletter, call 1-800-950-2250 or visit their informative website at MrLandlord.com, and learn how you can receive a free landlording book.

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Current and back issues of the LCPIA newsletter are also available in electronic form (Adobe pdf) at our big tent members-only site.

Search past newsletter articles! Member instructions provided on "News" page of big tent members-only site.

NEXT LCPIA MEETING

Main Speaker: Paul Arena on *IRPOA Lobbying Efforts*

When: Tuesday, December 14, 2010
5:30 - 6:30 P.M. R.E. Investing 101
6:00 P.M. Registration & Networking
6:30 P.M. Meeting begins

Where: American Legion Hall 749 Milwaukee Avenue, Gurnee IL (Corner Grand & Milwaukee) Second floor.

Free admission to members; \$10.00 for non-members



What You Missed

Lisa Tapper and Michael Mader from the Affordable Housing Corporation of Lake County on **Rental Housing Support Program.**

Find information on upcoming orientation session on Page 3.

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This coupon is good for one free guest admission. Limit one free meeting per guest.

Guest must be accompanied by LCPIA member.

Valid December 14, 2010. Photocopies WILL be accepted.