LAKESHORE APARTMENT ASSOCIATION PO BOX 1312 SHEBOYGAN, WI 53082

ADDRESS CORRECTION REQUESTED

LAKESHORE APARTMENT ASSOCATION NEWSLETTER



The Lakeshore Apartment Association publishes this newsletter for its members. Information included was obtained from sources deemed to be reliable and accurate. No warranty or representation is made as to the

accuracy thereof and is subject to correction. Members are invited to submit articles and ideas for publication. Items are to be submitted by the 30th of each month prior to publication.

Place your rental Ads on our website as a free service with your membership:

www.SheboyganAreaRentals.com

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http://laa.rentals/

PRESIDENT'S LETTER

CONGRATULATIONS!

The simple fact that you are reading this means that you have renewed your membership in the Lakeshore Apartment Association. This is a very important step for you running a successful business. We all need to be a part of this professional organization. Keep on promoting LAA to other landlords so they can receive the same benefits that you do.

This is the perfect time of the year to evaluate your business and set goals. Review the over-all size, shape and structure of your business. Then look at the things you have to do or would like to do to in each building. Now form a game plan and put a date to-do each item. You have just set goals. YOU CAN DO IT! Statistically only 3-5% of the entire population ever set goals and they become the well off and wealthy. I believe this group is full of 3-5 percenters.

Tentative schedule of up-coming meetings and speakers; January we will go thru the eviction process. The trouble with black Friday just after thanksgiving and right before Christmas is that tenants spend their rent money on "stuff". February hosting with the city planning department Fair housing. New things are added and changed to the fair housing rules every year. You therefore should make it a priority to attend this meeting. March having a leading trust attorney sharing the importance estate planning and having a trust. Keeping the money you earn and the wealth you accumulate is the next part. April's guest speakers will include department heads from several different areas including Sherriff, police, building inspection/code enforcement and fire. We will hear the cities plan of target areas and where they feel concerns in neighborhoods. May and June we will go thru forms. Wow we have an action packed 6 months lined up!

The success of our advertiser program is allowing us to have door prizes every month. Your only chance to receive one is to attend. See you there!

Respectfully yours - Jim Longo

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General Meeting Date:

January 16th – 7pm at Lakeshore Lanes

Board Meeting Date:

January 23rd Klemme's Wagon Wheel at 6:30pm

LAKESHORE APARTMENT ASSOCIATION IMPORTANT DATES

Monthly Meetings Under Way! Mark your Third Thursdays for LAA!





7pm at the Lakeshore Lanes

Invite a Real Estate Investor friend!

January 16th
Eviction Process Discussion



February 20th

Fair Housing with the City Planning
Department



FEATURED MEMBER BENEFITS:

- LAA has a private Facebook page called "Landlord Connections". Get access by sending a Friend request to David Humbracht and asking him for "Landlord Connections." This is a great way to communicate with other members between our meetings. Ask for help or reply to another post! The power of Facebook! David Humbracht
- LAA is a member of the Sheboygan Chamber of Commerce, which means you are too!
 They have orientation meetings on their calendar that you will to attend one time to unleash the full benefits of the Chamber. Directions: Go to https://sheboygan.org/

 =look at the top bar:



- 1. Explains why you should consider using the Chamber
- 2. **Calendar**... Chamber Calendar -click here to find the next **Member Orientation** event and register
- LAA advertisers... new ads for 2019! Many of our advertisers are offering members-only discounts... see last page for details!! -more to come

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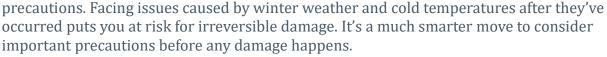
ARE YOUR RENTAL PROPERTIES PREPARED FOR WINTER?



Nathan Miller

We're in the heart of winter, and storms have been sweeping across the U.S. from California to Massachusetts. Because your rental properties are likely one of your largest investments, it is crucial to take all the possible preventative steps to protect them.

Snow, ice, high wind, and freezing temperatures can easily cause damage to your property without the proper



Taking a proactive and preventative approach to maintenance will ensure that both your rental property and your tenants stay safe during the winter months. Even small, inexpensive adjustments can help secure your property and keep its occupants safe from the elements.

6 STRATEGIES TO KEEP YOUR PROPERTY SAFE & HELP MANAGE WINTER EMERGENCIES

1. INSPECT THE ROOF.

Replacing or repairing a roof is one of the biggest expenses you'll come across as a real estate investor. Taking the time to properly inspect and maintain the roof at your rental property will help set you up for success.

You can visually inspect the roof yourself for damage or missing materials, but it is important to



have a licensed, certified roofing professional perform an inspection yearly. Be sure all gutters are clear of leaves and debris, which can cause water backup and lead to roof damage like ice dams or leaks.

Make sure everyone stays off the roof during slick, freezing weather. But after a big storm, it's wise to inspect the roof for any potential damage.

2. SCHEDULE HVAC MAINTENANCE EARLY.

Check your heating system to ensure that it is in good working condition before it starts working overtime to keep tenants warm. Ideally, you should schedule maintenance with an experienced technician at least once a year to address any issues before they escalate into more significant problems.

Your heating system is crucial to keeping your tenants safe and comfortable during the winter months, as well as providing your property with the heat it needs to avoid major problems like burst pipes. By planning ahead, you won't have to worry about your HVAC system malfunctioning in the middle of a bad storm.

Related: 7 Ways to Land Hot Deals in Cold-Weather Markets This Winter

3. WEATHERPROOF WHAT YOU CAN.

Plan out preventative winter maintenance to prevent pipes from bursting, fixtures from breaking, and moisture from seeping in. Weatherproof and seal windows and doors to insulate against winter weather and improve heating efficiencies for your tenants.

Seal outdoor water spigots, drain and turn off irrigation systems, and disconnect all garden hoses. Insulate any pipes that lead into the house if they are not below ground.

Pay attention to trees and other landscaping at your rental property that could present a hazard after a buildup of snow and ice. Trim limbs away from any structures or walkways, and keep an eye out for weak or dying branches.

4. STAY IN TOUCH WITH YOUR TENANTS.

There is only so much you can do to prepare as a rental property owner, especially if you don't live in the same area as your investment properties. Your <u>tenants</u> need to do their part, but it is your responsibility to keep them updated and informed about their expected participation in tasks like snow removal.



Schedule a seasonal reminder or newsletter to offer advice, tips, and requirements for tenants during the winter months. Consider including heating tips, reminders for winter, and advice to help them manage winter storms. Clearly spell out any issues or concerns that you would like to be notified of right away to avoid preventable and unnecessary damage.

Pay attention to weather alerts and community warnings to keep yourself and your tenants informed and up to date. It's a good idea to subscribe to the Emergency Alert System and the National Oceanic and Atmospheric Administration Weather Radio to stay informed of emergency alerts and action items.

Related: Tips for Renting Property During the Slow Winter Months

5. PREVENT SLIPS AND FALLS.

The safety of your tenants and their guests should be top of mind during the slippery winter season. Remove potential slipping or tripping hazards like organic debris in walkways or holes in the lawn. Consider installing textured walkways and entryways to help with traction if your property is in a location that regularly experiences winter weather. Clearly instruct tenants on who is responsible for snow removal and acceptable de-icing measures.

Don't forget about handrails! This time of year it is especially important to make sure they can support an adult who is struggling to keep their balance.

6. UPDATE YOUR INSURANCE POLICY.

Update your insurance policy to make sure you will be protected against any unforeseen damage caused by winter weather. Encourage your tenants to invest in renters insurance to make sure their own belongings are protected. Unfortunately, even when you are fully prepared, sometimes the weather can still cause unexpected damage to rental properties, which can mean a hit to your profits and investment, so make sure you are covered in case of a worst-case scenario.

Property maintenance and tenant safety is vital any time of year, but during the months with notoriously inclement weather, it should be your top priority as a real estate investor. If you live somewhere prone to winter weather and even winter emergencies, then preparing ahead of time will help you protect your rental properties and your tenants. Careful planning and preparation will go a long way in preventing a disaster.



By Nathan Miller

Aside from being a landlord and real estate investor himself, Nathan founded Rentec Direct, a software company that serves the rental industry. Today he works with over 13,000 landlords and property managers by providing them automation software and education to effectively manage their rentals













Heinen & Associates 1601 N. 8th Street Sheboygan, WI 53081 920-458-9724



FREQUENTLY ASKED QUESTIONS ABOUT RENTING BY THE ROOM



Ryan Deasy

Expertise: Landlording & Rental Properties, Real Estate Investing Basics

Well, it is that time of the year again. Merry Christmas, everyone!

Are you on the naughty or nice list? I happen to be on the nice list this year (I think).

For anyone else who is not getting coal in their stocking, what did you ask for this year? I only had one thing on my list.

Any guesses? OK, I will tell you, but it stays between you and me.

My Christmas List:

1. More cash flow

End of list.

That is it, folks. Just more cash flow (and world peace).

Just in case Santa doesn't deliver, I do have a backup plan. That plan is called "rent by the room," and it has gotten a ton of people talking recently. When everyone starts talking about or asking the same questions, that is how I know I really need to address some of these common talking points.

Here are the most common questions, and answers for each, about renting by the room.

Related: 5 Pitfalls of Renting by the Room (& How to Solve Them)



HOW DO YOU STRUCTURE THE LEASE?

This is the most common question I get. I tend not to share the lease I use, because each lease should be reflective of whichever state and city you are doing business in.



<u>BiggerPockets has leases for each state</u>. That is where you want to start. (Note: These leases are \$99 per state, but are a perk of the <u>Annual Pro Membership</u>.)

From there, all my leases are truly "by the room" and individual for each person. I do not have all the tenants on one lease. This way, if one <u>tenant doesn't pay</u>, it does not affect everyone else.

Now you have a generic, individual lease in hand. I then like to add language in about respecting others' private property and the common/shared areas. I go on to talk about how any stealing or damage to anyone else's property will not be tolerated.



You may also want to add in points about cleaning up after yourself in the common areas and maybe even a note about no loud noise/music after a certain time. All of this is really the main differentiator.

You want to stylize it in a way that addresses the individual nature of this <u>rental</u> arrangement and stresses the importance of respecting the space and

roommates. I go on to make clear that the rental payment for the individual bedroom is that of their own; it pays for the room, use of the common areas (bathroom, kitchen, living room, etc.), and their share of utilities (if included).

It also wouldn't hurt to have a local attorney draft one lease that you could just tweak as you see fit. Once you have a solid lease in hand, you can make small changes as you go along and as issues arise.

HOW DO YOU ENSURE COMMON AREAS ARE KEPT CLEAN?

Some of the best money I spend is to have my units cleaned twice a month (for college rentals) or monthly. This helps the cleanliness factor immensely.

Tenants will vary in terms of what they consider to be "clean." I can tell you that making a cute list about who cleans what on which day usually does not work.

Paying someone to clean the units is more than just avoiding arguments about dirty dishes; it protects your investment. It may not seem like vacuuming or wiping the countertops down does much to your bottom line. But if you don't have someone doing that for a year or two, things are going to really start getting gross.

Whether you do or do not pay for cleaning, it is money well spent to have some cleaning items in the unit for general cleaning by the tenants. Aside from that, and as mentioned before, I have also known some people to include content in the lease about cleaning and how it should be a shared responsibility.

This can get out of control quickly. If you do not have hired help cleaning the units, or language about cleaning in the lease, you may want to select the most responsible person in each unit, put them in charge of cleaning, and take \$25 to \$50 per month off their rent.

WHERE DO YOU FIND PEOPLE WHO WANT TO RENT LIKE THIS?

In short, you find them in all of the same places that you find people looking for a whole unit.

I post on Zillow, Apartments.com, and sometimes Craigslist. Zillow and Apartments.com shoot the ad out to other sites like Trulia, ForRent.com, etc. I have no issues at all finding more than enough people for the rooms I am offering within those sites.

There are also dedicated rent by the room sites. I have not used them yet. They are gaining some traction, I understand.

The sites I am talking about are:

- Roomster.com
- Roomiapp.com
- SpareRoom.com
- Roomgo.net
- Sublet.com

Related: Why Having Roommates as an Adult (and an Investor) Is the Best

IS THERE ANY DRAMA BETWEEN ROOMMATES?

Yes—nearly every time.

However, it's not enough to make the increased cash flow not worth it. There is going to be drama—just like you get with a regular per unit rental.

The most common issues I have are:

- Food stealing (petty stuff like consuming one's alcohol out of a bottle, stealing individually wrapped items like popsicles, or maybe taking leftover pizza or Chinese food)
- Cleanliness
- Loud/annoying guests
- Parking (one of my biggest factors when picking out a new property—is there a lot of room for parking?)



Nothing us <u>landlords</u> cannot handle. You want to nip those issues in the bud right away, though.

What I always suggest is that the roommates work it out amongst themselves first before I get involved. If I do get involved, I respectfully ask both parties that the issue stop right away and that both parties (guilty and

non-guilty) respect each other, respect each other's space, and also respect each other's possessions.

I remind them that we are all adults here and that we should be acting like them.

What I also do is try to pair up like personalities. It does you no good to fill your last room in a unit of middle-aged, working-class women with a 21-year-old partier who bar hops on tipsy Tuesdays, thirsty Thursdays, and every weekend day, too.

While you want to be cognizant of fair housing laws, you may also want to consider simply putting the younger, less mature college guy on a floor with people who he might more closely relate.

Either way, I rarely have any of this "drama" go past me addressing it once or twice. In general, people simply want a quiet, comfortable, safe place to live and do not want any trouble.

To that end, I would be remiss to not address one last point here. Do be careful who your tenants are dating or who their friends are. While this may be hard to <u>screen</u> for, you should ask if there will be a significant other staying over a night or two here and there.

Also, it is not a bad idea to look up the tenant on Facebook and see what their love interest or their friends are up to. I had one tenant's boyfriend clean out an entire unit of tenants because he was angry, aggressive, and threatening. Bad times.

DO YOU OFFER THE UNITS FURNISHED?

This is somewhat area-specific, as I have come to realize. In the early days, I did offer units furnished; now I do not because nobody cares.

In general, my tenants bring enough to furnish their rooms, and that's all they need. Most times, the tenants aren't sitting around the living room holding hands and telling stories. For the most part, tenants stick to their individual rooms and are not being really social with each other.

I do put out general items though. I include garbage bins, garbage bags, some utensils, some flatware, shower curtains, bathroom mats, outside door mats, and entryway runners. You can add to or subtract from this list as you see fit.

I do not think there is a one-size-fits-all answer. It is area-specific, tenant class-specific, and also up to you.

If you want to include the whole kit and caboodle, that is great. What I think you will find if you do that is you will slowly start subtracting unused or unwanted items from that list, based on your ongoing experience. This will be great, because it will allow you to slowly refine what you want to include until you have it just right for you and your tenants' liking.

THIS ONLY WORKS FOR COLLEGE KIDS/IN COLLEGE TOWNS, RIGHT?

No.

I only have one college rental. Everyone else who rents from me is a 9-5 worker. I have everyone from construction crew members to landscaping workers to hospital staff members to teachers to bank tellers to IT professionals to coffee shop workers—and beyond.

This is for anyone who is looking for an inexpensive place to call home that is safe and a good way to save money prior to moving on to something more private and/or permanent. I should say, though, that there are numerous tenants with me now who have been with me for many years.

Do not limit yourself to just college towns. What I look for are towns with low to middle income and plenty of employers like hospitals, schools, factories, and the like.

Colleges and college town certainly do work, though. While some landlords do, I do not tolerate the whole "raging college party" thing. I offer a nice and respectable place to live, and I expect that the space be kept that way.

I have run across other people doing rent by the room in expensive areas like Washington, D.C., too. There may be an affordable housing need for these more affluent areas.

Bottom line, see what other people are doing to determine if there is a need for this rental type. Aside from rural areas, I think it is "game on" with this strategy for the most part.

IS THIS EVEN LEGAL?

Yes.

Best answer here is to check with your local town on what rules they have on this. If a town has rules on this, more than likely, it is about how many people you can have in one particular unit.

They do this mostly for safety. The last thing they want is to have a unit with three bedrooms, but you split up each bedroom into two and also converted the living room and now you have seven people in one small apartment. This could cause issues regarding safety.

I also think towns want to cut down on blight-related issues. They do not want these seven tenants' cars crammed into one small driveway, where three of them are parking on the front lawn. This is not a good look.

Furthermore, most towns have regulations on how many square feet is required to truly have a "livable space."



Check with your town. The last thing you want is the local building department and code enforcement officers on your tail.

WHAT DO YOU CHARGE FOR RENT?

This is no different than regular per unit rentals. Answer is: what is everyone else doing?

Check Zillow, Apartments.com, Craigslist, and those rent by the room sites. Find someone who is renting a similar space to yours, and see what they are offering it for. Copy them.

No need to reinvent the wheel. It is really that simple!

In conclusion, and as I have said many times, this strategy is not for everyone. It takes a certain temperament to be able to handle this.

You will have problems. You will have drama. You will pull your hair out. You will question yourself.

What I have yet to do is find any of these reasons, or combination thereof, as grounds to think it is not worth it—not even close.



By Ryan Deasy

Ryan Deasy, of <u>Deasy Property Group</u> and <u>RentReddy</u>, is a long-distance landlord currently residing in Houston, Texas. Originally from Connecticut, Ryan has employed various strategies and studied unique niches in order to grow and manage his portfolio.



LAA ADVERTISER DIRECTORY AND DISCOUNT INFORMATION FOR LAA MEMBERS

Business name:	Purpose:	Contact Person:	Contact methods:	Discount if offered:
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Bitter Neumann	Appliances Furniture	Dan Radue	920-459-2480	\$25 off purchases over \$400
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Standard Mileage Rates for 2020

WASHINGTON — The Internal Revenue Service today issued the 2020 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on Jan. 1, 2020, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 57.5 cents per mile driven for business use, down one half of a cent from the rate for 2019,
- 17 cents per mile driven for medical or moving purposes, down three cents from the rate for 2019, and
- 14 cents per mile driven in service of charitable organizations.

The business mileage rate decreased one half of a cent for business travel driven and three cents for medical and certain moving expense from the rates for 2019. The charitable rate is set by statute and remains unchanged.

It is important to note that under the Tax Cuts and Jobs Act, taxpayers cannot claim a miscellaneous itemized deduction for unreimbursed employee travel expenses. Taxpayers also cannot claim a deduction for moving expenses, except members of the Armed Forces on active duty moving under orders to a permanent change of station. For more details, see Rev. Proc. 2019-46.

The standard mileage rate for business use is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes is based on the variable costs.

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

A taxpayer may not use the business standard mileage rate for a vehicle after using any depreciation method under the Modified Accelerated Cost Recovery System (MACRS) or after claiming a Section 179 deduction for that vehicle. In addition, the business standard mileage rate cannot be used for more than five vehicles used simultaneously. These and other limitations are described in section 4.05 of Rev. Proc. 2019-46.

Notice 2020-05, posted today on IRS.gov, contains the standard mileage rates, the amount a taxpayer must use in calculating reductions to basis for depreciation taken under the business standard mileage rate, and the maximum standard automobile cost that a taxpayer may use in computing the allowance under a fixed and variable rate plan. In addition, for employer-provided vehicles, the Notice provides the maximum fair market value of automobiles first made available to employees for personal use in calendar year 2020 for which employers may use the fleet-average valuation rule in § 1.61-21(d)(5)(v) or the vehicle cents-per-mile valuation rule in § 1.61-21(e).

IRS Issues Standard Mileage Rates for 2020

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- 57.5 cents per mile driven for business use, down one half of a cent from the rate for 2019
- 17 cents per mile driven for medical or moving purposes, down three cents from the rate for 2019
- 14 cents per mile driven in service of charitable organizations.

Review Notice 2020-05 for more information.