

LAKESHORE APARTMENT ASSOCIATION  
PO BOX 1312  
SHEBOYGAN, WI 53082

ADDRESS CORRECTION REQUESTED

## LAKESHORE APARTMENT ASSOCIATION 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.

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[www.SheboyganAreaRentals.com](http://www.SheboyganAreaRentals.com)

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<http://laa.rentals/>

## PRESIDENT'S LETTER

Hello All,

Hopefully everyone is enjoying the weather now that summer is finally here 😊

We have received many positive comments about having name tags at the general meeting. New and long term members alike say it is a way to introduce each other. Networking is growing through our organization and that strengthens our group. We will continue the name tags for this month as well. Several people have stated that they like the intros going around the room when we start. The next meeting we will ask that everyone say something they like or enjoy outside of rentals. Little things like this will help us grow and develop those personal bonds.

We talk so much about “challenging stories”. We tend to forget that these are a smaller percentage of our business, hopefully under 20%. However, if we let our thoughts focus on them and this will take up more of our time. You can control your attitude when you face situations. Make it your choice to react positive. It truly is a choice as to what direction you will have your thought go. There are many positive things about owning/managing rental properties. Joining together in these general meeting needs to be a time of encouragement and enlightenment! YOU CAN DO IT!

The department heads of the city now meet on the 2<sup>nd</sup> Wednesday. Please let me know if there is something you want brought up.

Receive a door prize for each guest you bring to our monthly meetings and having a chance to win the main door price from our advertisers.

Your calls, texts and/or e-mails are always welcome.  
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Respectfully yours,  
Jim Longo President LAA

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### Past President

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### General Meeting Date:

July 18<sup>th</sup> – Lakeshore Lanes – 7pm

### Board Meeting Date:

July 25<sup>th</sup> Klemme's Wagon Wheel  
at 6:30pm

## LAKESHORE APARTMENT ASSOCIATION IMPORTANT DATES

## Monthly Meetings Under Way!

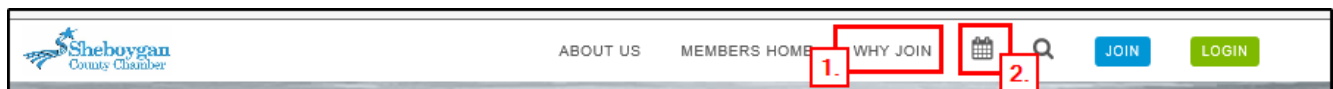
### Mark your Third Thursdays for LAA!

7pm at the Lakeshore Lanes

Invite a Real Estate Investor friend!

## 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

# 7-STEP PROCESS FOR FINDING GREAT CONTRACTORS FOR HOME RENOVATIONS



## Brandon Turner

Expertise: Landlording & Rental Properties, Personal Development, Real Estate News & Commentary, Real Estate Investing Basics, Business Management, Flipping Houses, Mortgages & Creative Financing, Real Estate Deal Analysis & Advice, Real Estate Wholesaling, Personal Finance, Real Estate Marketing, AskBP

To be blunt, most contractors are terrible. As a [landlord](#), I deal with it all the time.

They don't answer their phone. They don't show up when they said they would. They don't do what they said they are going to do.

But there ARE gems to be found in the rubble. The problem is most people have no idea how to identify that great contractor from all the bad ones out there—until long AFTER they've already hired one.

I want to share with you my seven-step process to identify a great contractor before hiring them. Whether you're remodeling your own home, a [rental property](#), [flipping houses](#), or need a contractor for something else, here's how to land a great one.

## How to Find a Great Contractor

### 1. Build your contractor list

What I mean by this is you need to get the names and phone numbers of a lot of different contractors in your area. I mean, if we're searching for a needle in a haystack, we have to first get a haystack.

**You can find potential contractors in a number of ways, but my three favorite are:**

1. Referrals, meaning ask people you know who they have used
2. Referrals, so yeah, asking people you know who they have used
3. You guessed it! Referrals.

Human nature is to generally do what you've always done. It doesn't guarantee success, but when you know a contractor has done great work in the past, it's likely they'll do it again.

So get in the habit of asking your friends and family often—even when you're not looking for a contractor. "Who did this work for you?" Then, keep track of those referrals.

There are a few other ways to find contractors, as well. I like to talk to other contractors and ask who they like working with.

Rockstars tend to party with other rockstars, and good tradesmen tend to work with other good tradesmen.

For example, I have a great finish carpenter, so I can ask him, "Hey, do you know any great plumbers?"

You can also build your list by snapping a photo every time you see a contractor sign on the side of a work truck, or by searching Yelp, or by asking the employees in the pro department of your local home store who they like.

## 2. Pre-screening on the phone and in person

Just as with tenants, our opinion of the contractor begins the moment we start talking with them, whether over email, phone, or in person.

Do they carry themselves professionally? Do they respond well to questions?

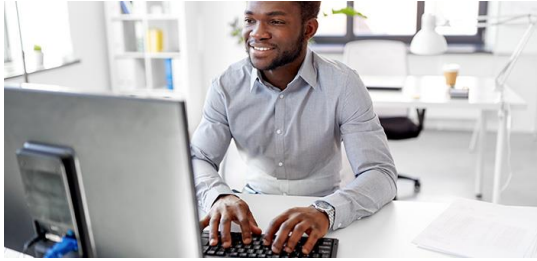
### **Ask them some general questions, such as:**

- How long have you been in this line of work?
- What skill would you say you are the best at?
- What job tasks do you hate doing?
- In what cities do you typically work?
- How many employees work for you? (Or "work in your company" if you are not talking to the boss.)
- How busy are you?
- Do you pull permits, or would I need to?
- If I were to hire you, when could you start knocking out tasks?

Then, set up a time to meet and show them the project, if you have one. Set an appointment and be sure to show up a few minutes early, just to see exactly what time they arrive.

Are they on time? Late? Early? Do they look professional? How do they act?

If everything feels OK after this first meeting, move on to the next step.



### 3. Google them

The first thing we do now when looking for information on a certain contractor is to simply search Google for their name and their company name. This can often unearth any big red flags about the person.

You'll also want to add your city name and some other keywords to the search, such as "scam" or "rip off" or "court."

For example, if we wanted to find out more about First Rate Construction Company in Metropolis, we would search things like:

- First Rate Construction Metropolis
- First Rate Construction scam
- First Rate Construction sue
- First Rate Construction court
- First Rate Construction evil

These terms can help you discover major complaints about a contractor. But keep in mind, not all complaints are valid. Some people are just crazy.

What this will do, however, is give you direction about what steps to take next.

### 4. Ask for references

Next, ask the contractor for references from previous people for whom they have worked. Photos are nice, but names and addresses are better.

Then, do what 90 percent of the population will never do and actually call those references!

#### **You may want to ask the reference several questions, like:**

1. What work did they do?
2. How fast did they do it?
3. Did they keep a clean job site?
4. You are related to [contractor's name], right? (If they are, they will think you were already privy to that information and will have no problem answering honestly!)
5. Any problems working with them?
6. Would you hire them again?

## 7. Can I take a look at the finished product? (This could be in person or via pictures.)

These questions will help you understand more about the abilities and history of the contractor. Then, if possible, actually check out the work the contractor did and make sure it looks good.

Another tip recently given to us by J Scott was to ask the contractor to tell you about a recent big job they've done. Contractors love to brag about their big jobs, so he or she will likely regale you with the story of how much work they needed to do and how great it looked at the end.

Find out the address, and then go to the city and verify that a permit was pulled for that project. If not, the contractor did all the work without a permit, which is a good indication they are not a contractor you want on your team.

## 5. Verify

It's okay to be trusting, but make sure the contractor is worthy of your trust first! To do this, first verify that they truly do have a license to do whatever work you intend for them to do.

If they are an electrician, make sure they have an electrical license. If they are a plumber, make sure they have a plumbing license. If they are a general contractor, make sure they have a general contractor's license.

Next, make sure they do actually have the proper insurance and bond. As we mentioned earlier, you could ask them to bring proof, but you can also simply ask the name of their insurance agent and verify it with that agent. Either way, just make sure they have it.

Remember: this protects you.



## 6. Hire them for one small task

Before hiring the contractor to do a large project, hire them to do just one small task, preferably under \$500 in cost. This will give you a good idea of what kind of work ethic they have and the quality of work that they do.

If the work is done on time and on budget, and if it meets your quality standards, consider hiring them for more tasks.

Even if the contractor has passed through the first several steps of this screening process, 75 percent of them will still likely fail at this step, so don't settle with just one contractor. Hire multiple contractors for multiple small jobs and see who works out the best.

## 7. Manage them correctly

Ninety percent of the time, when I have a disastrous situation with a contractor, the blame lies on no one but myself. If I had managed the job correctly, I wouldn't be caught in the positions I've been in.

Here's an example. I hired a contractor to paint a bedroom. He says \$500. I say, "Great."

He calls me, tells me he's done, and I send him the \$500.

Now, I go check out the property and what do I see? He didn't paint the ceiling, despite the obvious need for it. And there are a couple paint splatters on the floor that are easy to clean—but now I have to do it.

I call the contractor and he says, "Well, you didn't say I needed to do the ceiling," and "No, the floor was perfectly clean when I left. Someone else must have made the drips on the floor."

Now, you might be saying, "But that's ridiculous! It's clearly his fault."

But it's my responsibility to manage him correctly. Therefore, when you work with a contractor, always get a detailed scope of work that clearly lays out 100 percent of what is going to be worked on, what's included, and what isn't.

Then, never pay anything until you've inspected the work. On larger jobs, be sure to spread out payments over the course of the job, so they don't get too much money up front. You always want them hungry for the next paycheck.

To help with this, I put together a really simple "Contractor Bid Form" over in the BiggerPockets FilePlace—100% free—so you can fill this out every time you work with a contractor. Just go to [BiggerPockets.com/bigform](https://www.biggerpockets.com/bigform).

## The Bottom Line

Whether you're a real estate investor like myself or not, you're going to need to deal with contractors in the future. By following this seven-step process, you'll save yourself time, stress, and a lot of money.





### By Brandon Turner

Brandon Turner is an active real estate investor, entrepreneur, writer, and co-host of the BiggerPockets Podcast. He began buying rental properties and flipping houses at age 21, discovering he didn't need to work 40 years at a corporate job to have "the good life." Today, with nearly 100 rental units and dozens of rehabs under his belt, he continues to invest in real estate while also showing others the power, and impact, of financial freedom. His writings have been featured on [Forbes.com](https://www.forbes.com), [Entrepreneur.com](https://www.entrepreneur.com), [FoxNews.com](https://www.foxnews.com), Money Magazine, and numerous other publications across the web and in print media. He is the author of [The Book on Investing in Real Estate with No \(and Low\) Money Down](#), [The Book on Rental Property Investing](#), and co-author of [The Book on Managing Rental Properties](#), which he wrote alongside his wife, Heather, and [How to Invest in Real Estate](#), which he wrote alongside Joshua Dorkin. A life-long adventurer, Brandon (along with Heather and daughter Rosie) splits his time between his home in Washington State and various destinations around the globe.

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## HOW TO BUILD GOOD RELATIONSHIPS TO GET GREAT DEALS [A REAL-LIFE EXAMPLE!]



### Chris Prefontaine

Expertise: Personal Development, Mortgages & Creative Financing, Real Estate Deal Analysis & Advice

Staying committed and checking in with a client can pay off more than a year later. This is why it's worthwhile to be in it for the long haul.



Getting to know property owners and learning about their experience with the real estate market is a crucial aspect of understanding their motivation to sell without a [real estate agent](#). In fact, one of our successful associates learned early on that listening to and following up with a potential client can have a high return on investment.

This is especially true when considering the three paydays my company creates on most deals. Keeping that in mind, you'll start to realize the enormous profits left on the table if no follow-up is done.

## How to Establish a Relationship With Prospective Sellers

Here's a story about an associate of mine, who started laying the groundwork for a deal with one of his first phone leads. Every 90 days he would check in and see how the owner was feeling about the market and his property.

After a few phone conversations, he and the seller started establishing an ongoing relationship. By doing so, he got a better feel for why the seller was or was not selling—simply by listening.

After about six months, the seller confided that, while he wasn't ready to sell just yet, he had decided he would be in touch with us when he was ready. He went on to explain that circumstances (like one of his children returning home to live with him) had delayed the sale.

Unfortunately, that was not something we could help with. But he also revealed that his past experience with the house on the market was also the reason for his hesitation.



He had spent a year with his property on the market. And after dealing with Realtors in that process, it all just felt like a waste of time and money.

We simply explained that we had different methods of buying property. We also discussed why we're able to then sell it on our end, given the expanded pool of buyers when one considers those who are rent-to-own as opposed to conventional.

## How to Undo Past Selling Mistakes

We admitted that one of our biggest challenges when selling a property was that the Realtor's last listed sale price is often still somewhere on the internet.

As such, we told the owner to list a dream price on Zillow, which would ultimately accomplish two things:

1. The more recent value of the house would be easily visible online and influence potential buyers' perceptions.
2. It would give the owner a taste of the current market. It would be unlikely to sell at the dream price. But on the off chance that the seller ended up getting that amount, we would be happy for them and move on.

The deal hung around for 18 or 19 months with the house listed online for \$689K, which generated some calls but no offers. That price wasn't unfair; it's just that the specific area was crowded with a few other listings.

## How Patience Pays Off

When the owner was finally ready to sell, we got the house for \$580,000. We listed it for sale for \$679,00, which would be recognized as a discount to the pool of interested parties.

It also showed the seller that the market didn't jump at that higher price and gave him more confidence working with us.

Nurturing that relationship and reassuring one another we were headed toward a deal paved the way for a great experience with the seller. We negotiated his terms for a monthly payment that was contingent upon finding a tenant-buyer. It would begin 30 days after securing their placement.



## Structuring the Deal

Most of our deals are contingent upon a buyer, unless we're picking up some serious additional free equity. As a new investor, you'll want all yours contingent upon a

buyer.

Once you have three or more deals cash flowing, however, you'll have the option of buying more aggressively and picking up free equity while doing it.

Our associates negotiate a 30-day delay to give themselves a cushion. So in essence, they are using their continuous stream of income from the [tenant](#) by capturing the first month's payment and starting to pay the seller's mortgage month No. 2.

As we started this article, the lesson from this situation is that deals take time. You have to commit—not necessarily full time, but wholeheartedly—to this business. And if you do, you'll love the rewards.

## The Deal Summary

*Source:* Expired Listing

*Purchased:* \$580,000

*Listed:* \$679,000

*Payday #1:* \$70,000

*Payday #2:* \$26,778

*Payday #3:* \$27,288 (\$508 principal paydown x 36 = \$18,288. The markup, minus the \$70K up front = \$9,000.)

**Total:** \$124,066

If you've followed past articles, you know that our paydays across the country, on average, range from a low of \$45,000 to a high of \$120,000. We've seen exceptions of \$30,000 and even \$300,000—and this one came in slightly higher than the high average.



### By Chris Prefontaine

Chris Prefontaine is the best-selling author of *Real Estate On Your Terms*. A real estate investor with over 27 years experience in the field, Chris is the founder of [Smart](#)

**Real Estate Coach** and host of the **Smart Real Estate Coach Podcast**. He lives in Newport, Rhode Island with his wife Kim and their family. Chris is a big advocate of constant education. He and his family mentor, coach, consult, and actually partner with students around the country, teaching them to do exactly what their company does. Between their existing associates nationwide and their own deals, Chris and his family are still acquiring 5-10 properties every month and control between \$20 to \$30 million dollars worth of real estate deals, all done on terms without using their own cash, credit, or signing for loans.

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