

LAKESHORE APARTMENT ASSOCIATION  
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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

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<http://laa.rentals/>

## PRESIDENT'S LETTER

Hello All,

Hopefully this finds everyone safe and healthy!

We will start having general and board meetings this month, June. The general meeting June 18<sup>th</sup> at Lakeshore Lanes time 7pm will feature representatives from the city building inspection, code enforcement and the Sheboygan police department. This will be a good time to have your questions and concerns answered. When asking a question or bringing up a concern please try to have them more general in nature so it can benefit all of us. Individual questions concerning only you should be addressed one on one with the appropriate person or department.

We will be using a P.A. system and having chairs and tables spread out. It's your choice if you want to wear a mask. If you are sick or just not feeling well then by all means please stay home. We are trying to make this comfortable for everyone.

People are moving around more and more so this maybe a very good time to invite and/or bring a guest.

WE CAN DO IT!

Respectfully yours,

Jim Longo

President LAA

## 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!

### June 18th

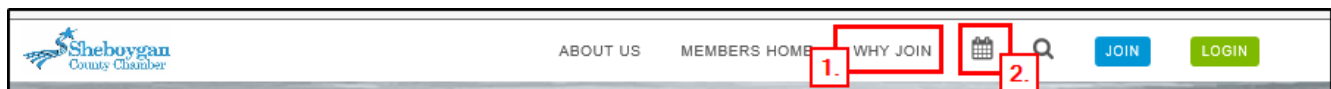
City Inspectors, Code  
Enforcement and Police  
Officers

### July 16th

TBD

## 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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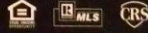
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# HOW DOES THE CARES ACT IMPACT LANDLORDS?



## **G. Brian Davis**

Expertise: Landlording & Rental Properties, Real Estate News & Commentary, Personal Finance, Real Estate Investing Basics

The world has changed shockingly fast in the last 10 weeks.

Ten weeks ago, I was sunning on a beach in Brazil and sipping coconut water directly from the coconut. Today, I rarely leave my apartment and consider myself lucky to still be earning any income (reduced as it is).

During that short period, 36 million Americans have filed for unemployment, sending the unemployment rate soaring from [near-record lows around 3.5% to a Great Depression-levels of 15% or higher](#).

The federal government has pushed a series of measures through in rapid succession to try and limit the losses as much as possible. But this rapidly evolving [crisis has impacted real estate investors](#) and landlords in unexpected ways and left many unsure about ever-changing rules.

And if there's one new set of rules that landlords need to understand, it's the CARES Act.

## THE CARES ACT EVICTION MORATORIUM

The [Coronavirus Aid, Relief, and Economic Security Act](#)—cutely monikered with the acronym CARES, as Congress so loves to do—included sweeping measures that impacted nearly every single American. But one section proved particularly relevant to landlords.

The CARES Act suspended evictions for 120 days, from March 27 through July 24, 2020, for a wide range of properties. Those properties include:

- **Properties with Conforming Loans:** All properties secured by a [mortgage](#) owned or securitized by the federal government, particularly Fannie Mae and Freddie Mac.
- **Properties with Federally Insured or Guaranteed Loans:** All properties secured by [FHA](#), VA, or USDA loans.



- **Rentals with Section 8 & Housing Choice Voucher Tenants:** All properties with tenants paying with vouchers. That includes public housing projects.
- **Properties Using LIHTC:** All properties where the owner takes the Low Income Housing Tax Credit when filing their tax return.

That, of course, leaves many other rental properties unaffected. The two [loan](#)-based inclusions, for example, apply to mortgage loans designed for homeowners, not landlords. Even if landlords sometimes [use them for house hacking](#) or other savvy financing tactics.

**Related:** [These States Will Be Hit Hardest by COVID-19 Recession](#)

Still, it does suspend evictions at millions of rental properties across the country. Note that the act prohibits landlords from even beginning the process by serving an eviction notice to cure or vacate. The suspension applies across the board, not just for nonpayment of rent, so landlords can't non-renew leases or evict for other [lease](#) violations such as criminal activity or abusing their properties. The act also stipulates that after the suspension ends, [landlords](#) must provide tenants at least 30 days' written notice before requiring them to vacate.

And the CARES Act marks only one of several potential eviction restrictions on landlords right now.

## EVICTION ROADBLOCKS BEYOND THE CARES ACT

Even if none of the CARES Act property stipulations apply to you, you still may not be able to evict tenants violating your lease.

Many states, counties, and cities have declared local eviction moratoriums, [preventing any evictions for any reason within their jurisdictions](#). Some come with explicit timelines, others left the suspension open-ended.

Nor do landlords' enforcement challenges end with express moratoriums. Even in many [landlord](#)-friendlier jurisdictions, civil courts remain closed. Landlords can't complete the eviction process without a rent court hearing, which leaves them with no practical way to remove tenants in violation of their lease contract.



## SCREENING IMPLICATIONS

It's not easy to [fill vacant rental units during the pandemic](#). I know—I've been trying to do it.

But I've also been even pickier than usual right now. If I can't enforce a lease contract, then I'm effectively signing a lease based on the renter's character and my belief that they will honor the agreement.

Not that it comes down to character alone. Many unemployed tenants simply can't afford to make rent payments right now.

So, you also need to scrutinize the applicants' jobs, under the cold light of the pandemic. How likely is it that they'll be able to continue working? Because not all careers are getting hit evenly



by the coronavirus-induced [recession](#). Nurses have far greater job security than, say, bartenders right now.

I'd rather leave my property vacant than rent it to someone who will damage and wear the property without paying rents, who I can't evict for the foreseeable future. And make no mistake: you can't assume that the initial timelines, such as the CARES Act 120 days, will be the end of it.

**Related:** [How the Unemployment Rate Affects Us All \(Yes, Even the Employed\)](#)

## REGULATION UNCERTAIN



My city has extended its lockdown timeline three times now—which goes to show that the future is more uncertain than I can ever remember, at least when it comes to rules of commerce.

The CARES Act could very well be extended another 120 days. Local eviction suspensions could extend even

farther into the future. And it's anyone's guess when courts will reopen in any given jurisdiction.

In its original form, the CARES Act stipulates that tenants are still liable for all rent payments, even if landlords can't legally enforce that liability right now. But what unemployed renter can come up with four months' back rent payments all at once?

They can't, and the longer our economy remains closed, the clearer it will be that tenants simply won't be able to catch up on back rent. This leaves lawmakers with three choices: allow mass evictions, stiff landlords for those back rent payments, or step in and pay tenant's rents—with a series of ugly strings attached for the landlord but not the tenant.

Look no further than the several disturbing bills proposed by fringe-left members of Congress. Bills like the [Emergency Rent and Mortgage Cancellation Legislation](#) and the [Take Responsibility for Workers and Families Act](#).

This legal uncertainty, even more than the soaring unemployment rate and recession fears, is why the [pandemic is changing my real estate investing plans](#).

## THE GROWING EVICTION BACKLOG

Don't get me wrong, I too worry about the building backlog of evictions waiting to happen. With much of the world's economy simply closed down, people can't earn money, can't pay their rent, and certainly can't spend money to bolster other people's jobs. Fully [one in four renters is struggling to pay their rent](#) right now, and frankly, I expect that number to get worse before it gets better.

When eviction bans lift, brace yourself for a wave of evictions. Any landlord who's been through the process knows how miserable it is for everyone involved. It's expensive, time-consuming, emotionally draining, and it usually ends with rents that will never be collected and damage to your rental property.

And a backlog means a much longer process than usual. I'm accustomed to a backlog of evictions in Baltimore City, where it can take months just to get a court hearing scheduled, much less an actual put-out date. The rest of the country should prepare for a similar experience.

**Related:** [Coronavirus & the Real Estate Market: 4 Challenges Investors Face Today \(& How to Overcome Them\)](#)

## NO FORECLOSURE RELIEF FOR LANDLORDS

Tenants are getting eviction relief at the moment. But landlords aren't getting [foreclosure](#) relief.

Yes, the CARES Act suspends foreclosures at those properties included under the bill. But most landlords use other forms of financing, such as portfolio loans, commercial loans, or private loans to fund their properties.

So rents stop coming in, but mortgage payments need to keep going out.

Not that mortgage payments even represent the bulk of landlords' expenses. Landlords must still pay for repairs, maintenance, property management fees, property taxes, [landlord insurance](#), travel and accounting expenses, and a dozen smaller costs.

Speaking of insurance, some [landlords are finding help from their insurance](#) policies. Rent [default](#) insurance policies are paying out (even though most have stopped issuing new policies). And even standard rental property insurance sometimes includes "business interruption" or "business income" protection. Landlords should review their policies carefully and discuss with their insurance [agent](#).

## FINAL THOUGHTS

While [real estate has historically beaten stocks handily in recessions](#), this time investors face not just threats from the market and economy but also threats from legislation and the legal environment.

Until the legal environment becomes clearer, I'm extremely cautious about buying new rental properties. It's a politically dangerous time to be a landlord, and what lawmakers fail to grasp about vilifying landlords is that *investors won't put money in rental housing* if they don't have protections under the law.

I love real [estate](#) as an asset class. But landlords should be careful they don't find themselves an unwilling subsidizer of other people's housing.



By [G. Brian Davis](#)

G. Brian Davis is a landlord, personal finance expert, and financial independence/retire early (FIRE) enthusiast whose mission is to help everyday people create enough rental income to cover their living expenses. Through his company at SparkRental.com, he offers free rental tools such as a [rental income calculator](#), free landlord software (including a free online [rental application](#) and tenant screening), and a free masterclasses on how to reach financial independence within 5 years.



# LANDLORD-TENANT DISPUTES: THE NO. 1 WAY TO KEEP THE PEACE, ENFORCE THE LEASE



## **Andrew Syrios**

Expertise: Mortgages & Creative Financing, Business Management, Landlording & Rental Properties, Commercial Real Estate, Real Estate Deal Analysis & Advice, Real Estate Investing Basics, Personal Development

One of the least pleasant things about being a [property manager](#) is dealing with angry tenants. Most tenants are good people, but the few who aren't can make your life miserable if you don't know how to defuse the situation.

Furthermore, sometimes you will actually be the one who has screwed up. It happens. Most of the time, however, it's just the circumstance. When things don't go right, people get upset. And oftentimes—be it a lost job, a major maintenance issue, or a job transfer that makes them want to [get out of a lease](#)—these things happen.

The key in such situations is to avoid the standard antagonistic confrontations tenants and landlords have together [by working with the tenant](#) to find the best possible solution.

## THE “ENEMIES” LIST

The goal of these discussions is to find the best possible solution for the tenant given their circumstances. Now, “the best possible solution” is not necessarily what the tenant wants. You may need to nudge them to move out with “[cash for keys](#),” pay a transfer fee, or something else to that effect.

The best possible solution is one that falls in line with your [lease](#), policies, and rules. (And if you don't have policies and are just winging it, you should change that as soon as possible!)

There is always an enemy in any given situation, but that enemy should never be the property manager. Indeed, right now, the [coronavirus](#) and economic shutdown make for a good “enemy” to highlight. But in general, there are four:

1. The Lease



2. The Law
3. The Past
4. Policies/The Owner

## THE LEASE

Of course, you can't just routinely let tenants out of paying their rent because... well, you need to collect rent to make it in the landlording business. However, it's easier to explain to them how the lease mandates such things.

"Given what the lease says, the options we have would be as follows..." is a good line to use. Note the word "we."

This is one major reason that we sit down with each tenant in person (or over a Zoom call if that's not possible) to go over each clause in the lease in detail before we sign it and before they can move in. This process usually takes an hour, but it's worth it. It makes it much easier to reference the terms of the lease if there is ever a dispute over things like late fees, deposit dispositions, maintenance requests, upgrade requests, lease cancellations, pets, adding or removing someone from the lease, [evictions](#), etc.

*Related: [I'll Never Evict a Tenant—Here's Why](#)*

## THE LAW

Fair Housing laws don't allow you to treat one tenant differently than another. Now sure, you can make changes over time (like dropping the rent price on a unit that's on the market) or between different properties (for example, having different [screening criteria for two different apartment buildings](#)), but you can't just drop late fees for one group of tenants without doing it for others unless there is a specific and non-discriminatory reason you did so.



So if, for example, a tenant asks for you to arbitrarily drop a late fee or drop a late fee over a small maintenance item or something like that, you can always reference Fair Housing.

For large maintenance issues, especially if the tenant had their life significantly impacted or had to leave the property, you should grant a

concession, of course. I recommend making this a policy rather than putting it in the lease.

## THE PAST

"What's done is done," as they say. Oftentimes, the past or just the current situation is the enemy. That's certainly true with the coronavirus and current economic shutdown that is going on.

It could also be true of a major maintenance item that came up. Even if it was fixed promptly, many tenants may be upset by it.

Or it could be true of a tenant losing their job. The situation sucks. The situation is thereby the enemy.

But you are not the situation, and you are not at fault for the situation. So, make the situation the enemy. Then ask what the best solution possible is for the tenant, given this situation.

**Related:** [4 Practical Ways to Increase Tenant Happiness \(& Quality\)](#)

## POLICIES/THE OWNER

This is similar to using the lease as the enemy but may extend to policies outside the lease. For example, it may be company policy not to do non-urgent maintenance requests on the weekends.

This could also include blaming the owner. Now, if you are the owner and the property manager, this is probably not a good approach, as it's rather dishonest. But if you are managing for someone else, then you can always say something to the effect of, "Unfortunately, the owner will not allow that," and thereby cast the owner as the enemy.



## CONCLUSION

By making a third party the enemy, you and the tenant can work together toward a successful outcome without getting at each other's throats. My brother Phillip has mastered this approach and even once famously persuaded an upset tenant who wanted to sue us [to ask us if we had anything else to rent](#) by the end of the conversation.

This approach works and is a critical skill for property managers to learn, especially if they want to remain sane. Watch the video above for more tips on handling [landlord](#)-tenant disputes.



By [Andrew Syrios](#)

Andrew Syrios has been investing in real estate for over a decade and is a partner with [Stewardship Investments, LLC](#) along with his brother Phillip and father Bill. Stewardship Investments focuses on the [BRRRR strategy](#)—buying, rehabbing and renting out houses and apartments throughout the Kansas City area. Today, they have over 300 properties and just under 500 units. Stewardship Properties on the whole has just under 1,000 units in six states. Andrew received a Bachelor's degree in Business Administration from the University of Oregon with honors and his Masters in Entrepreneurial Real Estate from the University of Missouri in Kansas City.

## 3 BRILLIANT WAYS TO ATTRACT TENANTS IN CORONAVIRUS TIMES



### **Ashley Wilson**

Someone once said to me, “There are a finite number of people looking to move in any given month, in any given market. Our goal is to capture the highest percentage of movers each month.”



Today, [the finite number of people looking to move, across all markets, has drastically been reduced](#)—mainly due to the shelter-at-home ordinance. Thus, it is more important than ever to capture [prospective tenants](#).

Utilizing the standard methods to identify tenants will most likely not work in this market. So, here are three new takes on traditional tactics to help capture attract new renters.

### 1. ESTABLISH AN EMPLOYER-BASED REFERRAL PROGRAM

Referrals have historically been a “set it and forget it” program. The common school of thought entailed establishing a referral program for residents and employees, paying out some sort of financial compensation to the referrer (in the form of a bonus or a rent credit).





The overhead on the program was minimal and results were reflective of that—minimal. However, taking a more active approach could drastically increase your results.

For example, with my properties, we call weekly to check on the welfare of each resident. During this call, we also ask about any

employment changes. The primary reason we gather this data is to assist with applying for unemployment and to know our rent delinquency exposure.

However, an added benefit is identifying businesses that are still open and are not at risk for laying off their employees. We then take this list and reach out to these businesses to establish a referral program.

***Related:*** [\*Rental Showings & Social Distancing: Creative Ways to Fill Your Vacant Units\*](#)

## 2. TAP INTO WHERE TENANTS SPEND THE MOST TIME ONLINE

Once again, this is a very well-known tactic that most apartments use to attract tenants. While apartment leasing sites like Apartments.com, Rent.com, and so on are still valuable, [people are spending more time than ever before on social media platforms like Tik Tok, Instagram, and Facebook.](#)



Depending on your market, the [frequency and creativity of posts to social media accounts](#) might translate into a greater return than the traditional methods. Who knows, you might even end up with a post that goes viral. Then, people will be begging to live in your property!

## 3. PRIORITIZE CURB APPEAL

Even with the stay-at-home order, people are still going out to run essential errands. This is why the look of the property—whether it is fresh landscaping, updated LED lighting, or overall cleanliness—is still so important.

In fact, after two full months of lockdown, well-maintained properties will likely stand out even more than usual, as other properties have paused upkeep routines.

***Related:*** [\*As a New Landlord, Here's How I'm Keeping Good Tenants During the Coronavirus Crisis\*](#)



## THE BOTTOM LINE

In this unprecedented time, we must take unprecedented measures. Rethinking traditional methods not only creates opportunities for your property, but it also generates buzz within your market. (Look how progressive you are!)

And as Dr. Seuss says, “You’ll never get bored when you try something new. There’s no limit to what you can do.”



By [Ashley Wilson](#)

Ashley Wilson, co-founder of HouseItLook LLC and Bar Down Investments LLC, started investing in real estate in 2010 with a single rental property. HouseItLook, located in the suburbs of Philadelphia, Penn., specializes in flipping early-1900s homes needing full-gut renovations. Bar Down Investments runs construction and asset management on large multifamily projects, while simultaneously offering investors opportunities to invest in real estate passively. Today, Ashley has overseen over \$5 million in construction and completed over \$40 million in transactions, including both single and multifamily real estate. Ashley has been featured on numerous podcasts, including episode 277 of the BiggerPockets Podcast, and was a contributor to BiggerPockets' Facebook Live.



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